

NOTICE TO NOTEHOLDERS AND REQUEST FOR NOTEHOLDER CONSENT

Pennsylvania Higher Education Assistance Agency

\$89,300,000

Student Loan Revenue Notes, Series 2009-2,

Class A-2 (LIBOR Floating Rate Notes)

CUSIP Number: 709163HV4

ISIN Number: US709163HV47

Date of Notice: February 24, 2021

Request for Noteholder Consents through DTC ATOP

Record Date: February 23, 2021

Consent Return Deadline: 5:00 P.M. New York City time March 26, 2021,
unless terminated, shortened or extended by the Issuer in its sole discretion

Contact Information:

Questions regarding this Notice or to obtain copies of this Notice or related documentation:

Visit www.DealVector.com/PHEAA or contact the Information Agent:

DealVector Inc.
180 Harbor Dr. Suite 102
Sausalito, CA 94965
Telephone: (415) 937-0363
E-mail: CorporateActions@DealVector.com

Questions about the Second Supplemental Indenture, Consent, and its effect on holders should be directed to:

Mr. William Walker
Pennsylvania Higher Education Assistance Agency
1200 North Seventh Street
Harrisburg, PA 17120
Telephone: (717) 720-7758
E-mail: William.Walker@pheaa.org

Questions about submitting Consent via the DTC ATOP System should be directed to:

Tabulation Agent (Trustee): Wilmington Trust Company on behalf of
Manufacturers and Traders Trust Company as Trustee
1100 North Market Street
Wilmington, DE 19890
Attention: Robert Rago
Email: rargo@wilmingtontrust.com
Telephone: (302) 636-6470
Fax: (302) 636-4140
Trustee at Manufacturers and Traders Trust Company
Rex Hood: Telephone (717) 255-2323
Email: rhood@wilmingtontrust.com

This Notice to Noteholders and Request for Noteholder Consent (together with its Appendices, this “Notice”) is being provided by the Pennsylvania Higher Education Assistance Agency (“PHEAA”), as Issuer, for the purpose of soliciting Noteholder consent (“Consent Solicitation”) to the Second Supplemental Indenture, (attached as Appendix A to this Notice) to the Indenture, dated as of December 1, 2009, as previously amended by that certain First Supplemental Indenture, dated March 28, 2012 (collectively, and as the same may be further amended in the future by the Second Supplemental Indenture, or otherwise, the “Indenture”), in each case, among the Issuer, and Manufacturers and Traders Trust Company, not in its individual capacity, but solely as trustee (in such capacity, the “Trustee”). Capitalized terms used herein and not defined herein shall have the meanings set forth in the Indenture.

Background

The PHEAA Student Loan Revenue Notes Series 2009-2 were originally issued in two Classes, having an aggregate principal amount of \$268,800,000. The Class A-1 Notes, having an original principal amount of \$179,500,000 have been paid in full, and only the Class A-2 Notes remain outstanding. The interest payable on the Notes is currently based on Three-Month London Interbank Offered Rate (“LIBOR”), denominated in U.S. dollars. LIBOR is currently expected to become unavailable or unrepresentative in the foreseeable future. The Indenture provisions currently applicable to determining a replacement rate of interest in the event Three-Month LIBOR ceases to be available provide that the Three-Month LIBOR in effect when it is last available will apply to all future interest calculations, effectively fixing the Note interest rate. In addition, One-Month LIBOR is the reference rate for approximately 91% of the Special Allowance Payments received by the Issuer from the U.S. Department of Education (the “DOE”) with respect to the Financed Student Loans. The DOE has not yet specified a replacement rate upon which Special Allowance will be paid if LIBOR is not available or becomes unrepresentative, and the impact such a rate may have is not currently ascertainable.

Due to the uncertainty surrounding LIBOR as a reference rate, together with the slower than anticipated prepayment of the Student Loans pledged under the Indenture (the “Student Loans”) as a result of increased borrower utilization of income-based repayment methods, the Issuer’s desire to release the Student Loans, and other business reasons, the Issuer requests your consent to the proposed Second Supplemental Indenture, which would permit the Servicer to purchase all of the remaining Student Loans securing the Notes during a limited period of time, upon the terms and conditions set forth in this Notice.

The Issuer has appointed DealVector, Inc. as Information Agent in connection with this Consent Solicitation (the “Information Agent”). The Information Agent may contact you regarding this Notice and may request brokers, dealers and other nominees to forward this Notice and related materials to the beneficial owners of an interest in the Notes.

The Second Supplemental Indenture.

The proposed form of Second Supplemental Indenture, which sets forth the proposed amendment, is attached as Appendix A to this Notice. Copies of the current Indenture are available from the Trustee upon request at the address shown on page 1 of this Notice. Additional Information about the Issuer, the Notes, the Consent Solicitation, and the Student Loans is provided in Appendices B, C and D to this Notice. Certain information regarding this Consent Solicitation may also be posted to the Information Agent’s website at <http://dealvector.com/PHEAA>.

Under the Indenture, the Issuer may only release Student Loans in limited circumstances while the Notes are Outstanding. The Indenture, as currently in effect, permits the release of the Student Loans following the exercise by the Servicer of its option to purchase all of the Financed Student Loans when their aggregate then-outstanding principal balance is 10% or less of the Initial Pool Balance.

Noteholders as of the Record Date are being asked to consent to (a) the execution of a proposed Second Supplemental Indenture, substantially in the form of Appendix A, which would amend the Indenture to permit the Servicer to exercise an option to purchase all of the Student Loans during a limited period ending on

the Distribution Date in July, 2021, and (b) authorize the Issuer and the Trustee to amend the Servicing Agreement if necessary or desirable to permit such purchase by the Servicer (the actions described in (a) and (b) above, collectively, the “Consent”).

Consent of the holders of the Notes as of the Record Date representing at least a majority of the aggregate principal balance of the Notes then Outstanding (the “Requisite Consent”) is required to approve the Second Supplemental Indenture. If the Servicer exercises its option as set forth in the Second Supplemental Indenture, the Issuer, in accordance with the existing terms of the Indenture, must use the proceeds of such sale, together with other funds on deposit with the Trustee under the Indenture, to redeem the Notes.

U.S. Federal Income Tax Considerations

A discussion of certain potential U.S. federal income tax consequences is included in Appendix B for general information purposes only. Noteholders should consult their tax advisors to determine the tax consequences of the adoption of the proposed Second Supplemental Indenture in light of their particular circumstances, including the application of a U.S. federal, state and local tax laws and non-U.S. tax laws.

Additional Details

- Consents must be electronically delivered in accordance with DTC’S ATOP procedures.

The Tabulation Agent will establish an ATOP account (i.e. Contra CUSIP) on behalf of the Issuer with respect to the securities held in DTC promptly after the date of the Notice. The Tabulation Agent and DTC will confirm that the Consent Solicitation is eligible for ATOP, whereby a DTC Participant may make book-entry delivery of Consents by causing DTC to transfer Notes into the Contra CUSIP or electronically deliver the Consents. Deliveries of Consents are effected through the ATOP procedures by delivery of an Agent’s Message by DTC to the Tabulation Agent. The confirmation of a book-entry transfer into the ATOP Account at DTC is referred to as a “*Book-Entry Confirmation*”. Delivery of required documents to DTC does not constitute delivery to the Tabulation Agent. The term “*Agent’s Message*” means a message transmitted to, and received by, the Tabulation Agent and forming a part of the Book-Entry Confirmation, stating that DTC has received an express acknowledgement from the DTC Participant that such DTC Participant has received and agrees to be bound by the terms of the Consent Solicitation, including the representations set forth, and that the Issuer may enforce such agreement against such DTC Participant. Any Agent’s Message not received by the Tabulation Agent prior to the Consent Return Deadline will be disregarded and have no effect.

Only Direct Participants in DTC may submit Electronic Voting Instructions through DTC. Any beneficial owner who is not a Direct Participant in DTC must contact its broker, dealer, commercial bank, custodian, or DTC Participant and arrange for the Direct Participant through which it holds the Notes to submit an Electronic Instruction on its behalf to DTC prior to the Consent Return Deadline.

- Trading is permitted to continue throughout the consent period with Non-Blocking in place.
- No consent fee will be paid to the Noteholders to submit consent on the Consent Solicitation.
- Noteholders may consent with respect to Note positions in increments of \$1.00.
- Upon execution by or on behalf of Noteholders, Consents shall be irrevocable (a) prior to the Consent Return Deadline, and (b) from and after receipt of the Requisite Consents.
- If Requisite Consents are received prior to the Consent Return Deadline, the Issuer reserves the right to direct an early conclusion of the Consent Solicitation and the immediate execution of the Second Supplemental Indenture.

- If, upon receipt of the Requisite Consent, the Second Supplemental Indenture becomes effective, it will be binding on all Noteholders, and their transferees and assigns, whether or not such Noteholders have consented.
- Notwithstanding anything to the contrary set forth in this Consent Solicitation, the Issuer reserves the right, in its sole discretion and regardless of whether the Requisite Consent has been obtained, subject to applicable law, at any time prior to the effectiveness of the Second Supplemental Indenture, to:
 - (1) discontinue, terminate, or abandon, this Consent Solicitation for any reason,
 - (2) waive any of the conditions to the Consent Solicitation,
 - (3) extend the Consent Return Deadline of the Consent Solicitation, and
 - (4) amend the terms of the Consent Solicitation.

If the Consent Solicitation is abandoned or terminated prior to the Consent Return Deadline, any Consents received pursuant to the Consent Solicitation will be voided.

- The Issuer reserves the right to receive Consents by any other reasonable means or in any form that reasonably evidences the giving of Consent.
- All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Consents will be resolved by the Issuer, whose determinations will be binding.
- Providing Consent does not affect whether your Notes will otherwise be redeemed pursuant to the existing terms of the Indenture. As a result, your Notes may be redeemed at par plus accrued interest, even if you Consent.
- The Issuer intends to give information about this Consent Solicitation to the market and Noteholders by delivery of the information to the following institutions: DTC, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"), and by posting information to the Information Agent's website at <http://dealvector.com/PHEAA>. These institutions and the Information Agent's website are collectively referred to herein as the "**Information Services.**" Delivery by the Issuer of information to the Information Services will be deemed to constitute delivery of this information to each Noteholder.
- **No person has been authorized to give any information or make any representations other than those contained or incorporated by express reference in this Notice, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer or any other person mentioned herein.**
- **The statements made in this Notice are made as of the date hereof, and shall not, under any circumstances, create any implication that the information contained herein is correct after the date hereof.**
- **This Consent Solicitation is not being made to, and no Consents are being solicited from, persons in any jurisdiction in which it is unlawful to make such Consent Solicitation, or to grant such Consents, under applicable federal or state securities laws. This Notice does not constitute an offer to sell, or the solicitation of an offer to buy, any of the securities described or otherwise referred to in this Notice.**
- **Words such as "expects," "intends," "plans," "projects," "believes," "estimates" and similar expressions are used in this Notice to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements. Forward-looking statements speak only as of the date made. The Issuer undertakes no obligation to update any forward-looking statements to reflect the events or circumstances arising after the date as of which they are made. As a result of these risks and uncertainties, readers are cautioned not to place undue**

reliance on the forward-looking statements included in this Notice or that may be made elsewhere from time to time by, or on behalf of, the Issuer.

If you have any questions, concerning any of the foregoing please contact the appropriate individuals designated on the first page of this Notice.

APPENDIX A

FORM OF SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE

by and between

PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY

and

MANUFACTURERS AND TRADERS TRUST COMPANY,

as Trustee

Relating to:

\$268,800,000
original principal amount
Student Loan Revenue Notes, Series 2009-2
(LIBOR Floating Rate Notes)

\$179,500,000 Class A-1

\$89,300,000 Class A-2

Dated as of _____ 1, 2021

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SECOND SUPPLEMENTAL INDENTURE

THIS SECOND SUPPLEMENTAL INDENTURE dated as of _____ 1, 2021 (the “**Second Supplemental Indenture**”), by and among the PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY, a body corporate and politic, and an agency and instrumentality of the Commonwealth of Pennsylvania (the “**Issuer**”), and Manufacturers and Traders Trust Company, a New York banking corporation, having power and authority to execute trusts, and having a corporate trust office in Harrisburg, Pennsylvania, as trustee (the “**Trustee**”), supplements and amends that certain Indenture of Trust, dated as of December 1, 2009, as previously amended by that certain First Supplemental Indenture, dated March 28, 2012, in each case by and between the Issuer and the Trustee (the “**Indenture**”). Capitalized terms that are not otherwise defined herein shall have the meanings given to them in the Indenture.

WHEREAS, Section 9.2 of the Indenture provides that the Issuer and the Trustee, may, with the consent of the Noteholders of at least a majority of the Outstanding Amount of the Notes, enter into supplemental indentures for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Noteholder of each Outstanding Note affected thereby, provide for (i) change the date of payment of principal of or interest on any Note, or reduce the principal amount thereof, the interest rate thereon or the Redemption Price with respect thereto, change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Trust Estate to payment of principal of or interest on the Notes, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable or impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Notes on or after the respective due dates thereof (or, in the case of redemption, on or after the Redemption Date) or, after payment in full of the Notes, any comparable rights of the Certificateholders without the consent of the Certificateholders; (ii) reduce the percentage of the Outstanding Amount of the Notes, the consent of the Noteholders of which is required for any such supplemental indenture, or the consent of the Noteholders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture or make any comparable change affecting the Certificateholders without consent of the Certificateholders; (iii) modify or alter the provisions of the proviso to the definition of the term “Outstanding”; (iv) reduce the percentage of the Outstanding Amount of the Notes (or the required amount of the Certificates, if and when applicable) required to direct the Trustee to direct the Issuer to sell or liquidate the Trust Estate pursuant to Section 5.2 or 5.4, as applicable; (v) modify any provision of this Section except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture or the other Basic Documents cannot be modified or waived without (a) the consent of the Noteholder of each Outstanding Note affected thereby or (b) when the Notes are paid in full, the consent of the Holder of each Class R Certificate affected thereby; (vi) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest or principal due on any Note on any Distribution Date (including the calculation of any of the individual components of such calculation) or to affect the rights of the Noteholders to the benefit of any provisions for the mandatory redemption of the Notes contained herein; or (vii) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of the Trust Estate or, except as otherwise permitted or contemplated herein, terminate the lien of this Indenture on any property at any time subject hereto or deprive any Holder of the security provided by the lien of this Indenture; and

WHEREAS, the Class A-1 Notes have been paid in full, and the Issuer has determined that this Second Supplemental Indenture affects all Outstanding Class A-2 Notes, and does not result in any of the circumstances set forth in subclauses (i) through (vii) of the preceding paragraph; and

WHEREAS, the Trustee has determined that this Second Supplemental Indenture does not modify any of the rights, duties, obligations or immunities of the Trustee in the Indenture; and

WHEREAS, the Issuer has requested the Trustee enter into this Second Supplemental Indenture; and

WHEREAS, the Trustee has caused notice of the proposed execution of this Second Supplemental Indenture to be mailed by registered or certified mail to each Registered Owner at the address shown on the registration books (or, in the case of DTC, in accordance with its procedures) and to be provided to the Rating Agencies pursuant to the Indenture; and

WHEREAS, such notice was prepared by the Issuer and briefly sets forth the nature of this Second Supplemental Indenture and stated that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Holders; and

WHEREAS, the Noteholders of not less than a majority of the aggregate principal amount of the affected Notes Outstanding on the record date established for the purpose of determining such consent, approved and consented in writing to the substance of this Second Supplemental Indenture and the execution hereof; and

WHEREAS, the Certificateholders have approved and consented in writing to the substance of this Second Supplemental Indenture; and

WHEREAS, the Trustee has received and is entitled to rely upon an Opinion of Counsel, and an Officer's Certificate of the Issuer stating that the execution of this Second Supplemental Indenture is authorized or permitted by the Indenture and all conditions to its execution have been satisfied.

NOW, THEREFORE, in consideration of the foregoing, the Issuer and the Trustee agree as follows:

SECTION 1. Definitions. Capitalized terms used herein that are not otherwise defined herein shall have the meanings given to them in the Indenture.

SECTION 2. Amendment of Section 1.1. Section 1.1 of the Indenture is amended to add the following definitions in appropriate alphabetical position:

“**Purchase Window**” shall mean the period from the date first mentioned above to, and including, the Distribution Date occurring in July, 2021.

“**Second Supplemental Indenture**” shall mean that certain Second Supplemental Indenture dated as of _____ 1, 2021 among the parties hereto.

SECTION 3. Amendment and Restatement of Section 4.5. Section 4.5 of the Indenture is amended to provide that the existing language of Section 4.5 shall now comprise subsection 4.5(a) and a

new subsection 4.5(b) shall be added, such that Section 4.5 is hereby amended and restated in its entirety as follows:

Section 4.5. Purchase of All Student Loans by Servicer.

(a) Optional Purchase of All Student Loans by Servicer. The Trustee shall notify the Servicer and the Issuer in writing, within fifteen (15) days after the last day of any Collection Period as of which the then outstanding Pool Balance is 12% or less of the Initial Pool Balance, and of the percentage that the then outstanding Pool Balance bears to the Initial Pool Balance. As of the last day of any Collection Period immediately preceding a Distribution Date as of which the then outstanding Pool Balance is 10% or less of the Initial Pool Balance, the Servicer, or any other Eligible Lender designated by the Servicer in writing to the Issuer and the Trustee, shall have the option to purchase the Student Loans. To exercise such option, the Servicer shall deposit, in the Collection Account, on or prior to the next Distribution Date, an amount equal to the greater of (i) the Minimum Purchase Amount, and (ii) the fair market value of the Student Loans, as determined by the Third Party Financial Advisor. Upon Servicer's exercise of such election, amounts on deposit in the Trust Accounts, including such Student Loan sale proceeds, shall be distributed to Noteholders as provided in Section 5.4(b), 10.1 and 10.3 hereof, and then to the Certificateholders in accordance with the terms of the Class R Certificates. In the event the Servicer fails to notify the Issuer and the Trustee in writing prior to the acceptance by the Trustee of a bid to purchase the Student Loans pursuant to Section 4.4 of the Indenture that the Servicer intends to exercise its option to purchase the Student Loans, the Servicer shall be deemed to have waived its option to purchase the Student Loans as long as the Servicer has received ten (10) Business Days' notice from the Trustee as provided in Section 4.4 above. All expenses of the purchase of Student Loans in accordance with Section 4.4 above and this Section 4.5(a) shall be paid out of the Collection Account in the order of priority set forth in Section 5.4(b) of this Indenture.

(b) Optional Servicer Purchase During Purchase Window. Notwithstanding the foregoing requirements of Section 4.5(a), on any date during the Purchase Window as of which the then outstanding Pool Balance is 13% or less of the Initial Pool Balance, the Servicer, or any other Eligible Lender designated by the Servicer in writing to the Issuer and the Trustee, shall have the option to purchase the Student Loans. To exercise such option, the Servicer shall provide the Trustee with written notice not less than five (5) Business Days prior to the date of such purchase, and the Servicer shall deposit, in the Collection Account, on or prior to the next Distribution Date, an amount equal to the greater of (i) the Minimum Purchase Amount, and (ii) the fair market value of the Student Loans, as determined by the Third Party Financial Advisor. Upon Servicer's exercise of such election, amounts on deposit in the Trust Accounts, including such Student Loan sale proceeds, shall be distributed to Noteholders as provided in Section 5.4(b), 10.1 and 10.3 hereof, and then to the Certificateholders in accordance with the terms of the Class R Certificates. All expenses of the purchase of Student Loans in accordance with this Section 4.5(b) shall be paid out of the Collection Account in the order of priority set forth in Section 5.4(b) of this Indenture. Redemption of Notes in connection with such purchase may occur on the Distribution Date following the date of such sale, without further notice to Noteholders.

SECTION 4. Amendment of Section 10.1. The first sentence of Section 10.1 of the Indenture is hereby amended by deleting the reference therein to "Section 4.5" and replacing it with "Section 4.5(a)".

SECTION 5. Ratification of Indenture. As modified hereby the Indenture is in all respects ratified and confirmed and the Indenture as amended hereby shall be read, taken and construed as one and the same instrument. This Second Supplemental Indenture shall be construed as having been authorized, executed and delivered pursuant to Section 9.2 of the Indenture.

SECTION 6. Headings for Convenience Only. The descriptive headings in this Second Supplemental Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 7. Governing Law. The provision relating to governing law contained in Section 11.12 of the Indenture shall apply to this Second Supplemental Indenture.

SECTION 8. Counterparts. This Second Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this Second Supplemental Indenture to be executed in its name and behalf, and the Trustee, to evidence its acceptance thereof, has caused this Second Supplemental Indenture to be executed in its name and behalf, and the parties have caused this Second Supplemental Indenture to be dated as of the date first shown above.

PENNSYLVANIA HIGHER EDUCATION
ASSISTANCE AGENCY, as Issuer

By: _____
Name: _____
Title: _____

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee

By: _____
Name: _____
Title: _____

APPENDIX B

ADDITIONAL INFORMATION ABOUT THE SECOND SUPPLEMENTAL INDENTURE, THE NOTES, AND THE CONSENT,

The Series 2009-2 Notes are currently Outstanding in the aggregate principal amount of \$19,166,653.41.

The interest payable on the Notes is currently based on Three-Month London Interbank Offered Rate, denominated in U.S. dollars (“LIBOR”), which rate is expected to become unavailable or unrepresentative in the foreseeable future. The Indenture provisions currently applicable to determining a replacement rate of interest in the event LIBOR ceases to be available provide that the Three-Month LIBOR in effect when it is last available will apply to all future interest calculations, effectively fixing the Note interest rate. In addition, One-Month LIBOR is the reference rate for the majority (approximately 91%) of the Special Allowance Payments received by the Issuer from the U.S. Department of Education (the “DOE”) with respect to the Student Loans. The DOE has not yet specified a replacement rate upon which Special Allowance will be paid if LIBOR is not available, and the impact such a rate may have is not currently ascertainable.

Due to the uncertainty surrounding LIBOR as a reference rate, together with the slower than anticipated prepayment of the Student Loans pledged under the Indenture (the “Student Loans”) as a result of increased borrower utilization of income-based repayment methods, the Issuer’s desire to release the Student Loans, and other business reasons, the Issuer requests your consent to the proposed Second Supplemental Indenture, which would permit the Servicer to purchase all of the remaining Student Loans securing the Notes during a limited period of time, upon the terms and conditions set forth in this Notice.

The Second Supplemental Indenture. Under the Indenture, the Issuer may only release Student Loans in limited circumstances while the Notes are Outstanding. The Indenture, as currently in effect, permits the release of the Student Loans following the exercise by the Servicer of its option to purchase the Student Loans when their aggregate then outstanding principal balance is 10% or less of the Initial Pool Balance.

You are being asked to consent to (a) the execution of a proposed Supplemental Indenture, substantially in the form attached hereto as **Appendix A**, (the “**Second Supplemental Indenture**”) which would amend the Indenture to permit the Issuer, in its capacity as Servicer, to exercise an option to purchase the Student Loans during the limited period from the date of execution of such Second Supplemental Indenture to, and including, the Distribution Date occurring in July 2021 (such period, the “**Purchase Window**”) so long as the then-current Pool Balance is less than 13% of the Initial Pool Balance, and (b) authorize each of the Issuer and the Indenture Trustee to amend its agreements with the Servicer, if necessary or desirable, to permit such purchase by the Servicer (the actions described in (a) and (b) above, collectively, the “**Consent**”).

The sale of the Student Loans to the Servicer would occur at a price currently set forth in the Indenture, equal to the greater of (i) the Minimum Purchase Amount, and (ii) the fair market value of the Student Loans, as determined by third-party financial advisor with nationally recognized experience in the securitization of student loans. Upon such sale, the Issuer would redeem your Notes at the Redemption Price set forth in the Indenture on the Distribution Date immediately following the sale of the Student Loans.

The Consent. The Trustee has set a record date for the Consent Solicitation of 5:00 p.m. New York City time, February 23, 2021 (the “**Record Date**”). If the registered owners of Notes as of the Record Date (the “**Registered Owners**”) representing at least a majority of the aggregate principal amount of the Notes then-Outstanding (the “**Requisite Consent**”) consent to the Second Supplemental Indenture, the Issuer and the Trustee will be authorized to execute and deliver the Second Supplemental Indenture and any amendment to the Servicing Agreement that may be necessary or desirable to permit such purchase by the Servicer.

The Consent Process. The Consent Solicitation will commence on the Record Date and will expire at the earlier of (i) 5:00 p.m., New York City time, on March 26, 2021, unless terminated, shortened or extended by the Issuer (as terminated, shortened or extended, the “**Consent Return Deadline**”); or (ii) the time and date of receipt of the Requisite Consents. Notice of any event described in clause (i) or (ii) of the immediately preceding sentence will be posted by the Issuer through DTC, the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”), and by posting information on the Information Agent’s website at <http://dealvector.com/PHEAA>. Without limitation to the immediately preceding two sentences, the Issuer reserves the right to extend the Consent Return Deadline by so posting notice of such extension on EMMA within 24 hours after any termination of the Consent Solicitation by reason of the occurrence of a Consent Return Deadline.

Once submitted, a Consent is irrevocable and binding upon the Registered Owner, all current beneficial owners and all assignees or other successors in interest of the Registered Owner or of any beneficial owner (a) prior to the Consent Return Deadline, and (b) from and after receipt of the Requisite Consents. An abstention, or a failure to deliver a Consent, by a holder of a Note will not be separately tabulated. If the Requisite Consent is obtained, such Consent will be binding on all Noteholders, and their transferees and assigns, whether or not such Noteholder, or any transferees, and assigns have consented.

Limitation on Information. No person has been authorized to give any information or make any representations other than those contained or incorporated by express reference in this Notice, which includes each of the Appendices hereto, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer or any other person mentioned herein.

The statements made in this Notice are made as of the date hereof, and the delivery of this Notice and the accompanying materials shall not, under any circumstances, create any implication that the information contained herein is correct after the date hereof. This Consent Solicitation is not being made to, and no Consents are being solicited from, persons in any jurisdiction in which it is unlawful to make such Consent Solicitation or grant such Consents under applicable federal or state securities laws. This Notice does not constitute an offer to sell or the solicitation of an offer to buy any of the securities described or otherwise referred to in this Notice.

NEITHER THE NOTICE NOR ANY OF ITS APPENDICES, ACCOMPANYING MATERIALS OR RELATED DOCUMENTS HAVE BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE THEY BEEN FILED WITH OR REVIEWED BY ANY SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY STATE OR OTHER COUNTRY. NO SUCH SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONSENT SOLICITATION STATEMENT OR ANY RELATED DOCUMENTS.

Certain Information Regarding the Issuer its Program, the Notes and the Student Loans. The Issuer has posted certain documents concerning the Issuer, its higher education loan program (“**Program**”), the Notes and the Student Loans, including the Official Statement with respect to the Notes, dated December 21, 2009 (the “**Offering Memorandum**”), annual financial information and event notices pursuant to the Continuing Disclosure Agreement with respect to the Notes, dated as of December 1, 2009 (the “**Continuing Disclosure Agreement**”), and certain voluntary filings, all of which are available through EMMA. The Offering Memorandum has not been updated since its date.

In addition, the Issuer has posted Quarterly Servicing Reports and Statements to Noteholders relating to the Notes on its website. The Registered Owners may view such Quarterly Servicing Reports and Statements to Noteholders on the internet at <https://www.pheaa.org/about/pdf/frn-trusts/2009-2/123120.pdf> and <http://www.pheaa.org/about/pdf/frn-trusts/2009-2/123120-Noteholders.pdf>. The foregoing internet address is included for reference only, and the information on the Issuer’s website is not incorporated by reference herein.

This Notice includes certain additional information concerning the Issuer, its Program, the Notes and the Student Loans that secure the Notes, including certain information that has been posted previously through EMMA and is included in this Notice for background purposes. Registered Owners are advised to review the Issuer’s previous postings through EMMA with respect to the Notes for full statements with respect to the information contained therein. **Appendix C** hereto provides certain additional information concerning the Issuer and its Program. **Appendix D** hereto provides certain additional information concerning the Student Loans as of December 31, 2020, certain assumptions relating to the projected repayment performance of the Student Loans and projected Notes weighted average life information.

The Issuer may, but is not required to, make updated or additional information concerning the Issuer, its Program, the Notes and the Student Loans, through EMMA or as a supplement or amendment to this Notice, prior to the Consent Return Deadline. The Issuer does not, by the distribution of this Notice or by the posting or distribution of any such updated or additional information, undertake to make publicly available any further information concerning the Issuer, its Program, the Notes or the Student Loans at any time after the date of such posting or distribution, except as may be expressly stated herein or as may be required of it under the Indenture, the Continuing Disclosure Agreement or by any applicable regulatory requirements relative to the Issuer’s fulfillment of its contractual obligations thereunder.

Most Recent Rating Actions. The Notes were initially assigned ratings of “AAA” by Fitch Ratings, Inc. and “AAA” by S&P Global Ratings. Such ratings have been affirmed by both Fitch Ratings, Inc. and S&P Global Ratings on various dates, with the most recent affirmation by Fitch Ratings, Inc. of “AAA sf” on July 21, 2020 and by S&P Global Ratings of “AAA(sf)” on June 30, 2020.

Such ratings reflect only the view of the respective Rating Agency and an explanation of the significance of such ratings can only be obtained from the respective Rating Agency. There is no assurance that such ratings will be continued for any given period of time or that such ratings will not be revised downward or withdrawn entirely if, in the judgment of the respective Rating Agency, circumstances so warrant. Any such change in, withdrawal of or other Rating Agency announcement with respect to the ratings assigned to the Notes could have an adverse effect on the market price of, or on the liquidity of, the Notes. As of December 31, 2020, the Note Parity Ratio was approximately 1.869%. See “APPENDIX C — UPDATE OF CERTAIN INFORMATION CONCERNING THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY AND ITS LOAN PROGRAM”

Certain Considerations Relating to Providing, or Not Providing, Consent. If the Issuer receives the Requisite Consents and executes the Second Supplemental Indenture to provide for the optional

purchase of the Student Loans during the Purchase Window as described above, the Issuer, in accordance with the existing terms of the Indenture, must use the proceeds of such sale, together with other funds on deposit with the Trustee under the Indenture, to redeem the Notes. This redemption will occur earlier than the Notes would otherwise have been paid if the Second Supplemental Indenture not been executed. The Registered Owners will need to reinvest such redemption proceeds at then current market rates, which may result in a lower yield than would have been received had they continued to own the Notes.

If the Issuer does not receive the Requisite Consents, each Registered Owner will continue to hold its Notes under the terms of the Indenture. The interest rate on the Notes and the calculation of interest and special allowance payments on the Student Loans are currently determined by using the three-month and one-month, respectively, LIBOR (in US Dollars). LIBOR is currently expected to become unavailable or unrepresentative in the foreseeable future, and its replacement and the impact on the Notes is not certain at this time. Under the Indenture, if three-month LIBOR is no longer published and the Reference Banks (as defined therein) are not providing applicable quotations, LIBOR will be the same rate in effect for the prior period (i.e., the LIBOR rate will thereafter be fixed as the last available LIBOR rate). The Indenture does not contain any other backup method for determining the interest rate on the Notes in the event that LIBOR is no longer available or is no longer a reliable method for establishing the interest rate on the Notes. In addition, the Issuer has determined that any modification of the Indenture to provide an alternative method of establishing the interest rate on the Notes will require the consent of 100% of the Registered Owners. See APPENDIX C — UPDATE OF CERTAIN INFORMATION CONCERNING THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY AND ITS LOAN PROGRAM - *LIBOR Developments*.

The Issuer expressly reserves the right, in its sole discretion, and regardless of whether Requisite Consent has been received, to: (i) discontinue, terminate, or abandon, the Consent Solicitation for any reason; (ii) waive any conditions to the Consent Solicitation, (iii) extend the Consent Return Deadline; or (iv) amend the terms of the Consent Solicitation. The Issuer also expressly reserves the right not to execute the Second Supplemental Indenture (even after receiving the Requisite Consents). The Effective Date of the Second Supplemental Indenture will be communicated to the Registered Owners by notice thereof filed with EMMA and delivered to DTC. The Issuer may but shall not be obligated to also post such notice on its website.

Even if the Second Supplemental Indenture becomes effective, it is possible that the purchase of the Student Loans (and the redemption of the Notes in whole) may not be completed during the Purchase Window if the Issuer, in its capacity as Servicer, cannot obtain financing to fund the purchase of the Student Loans on terms that are acceptable to the Issuer or if the Issuer, in its capacity as Servicer, determines for another reason to not proceed with such purchase. Without limitation to the generality of the preceding sentence, the Issuer reserves the right to take either or both such actions, or other actions, to manage its other financed portfolios of Federal Family Education Loan Program loans without completing the redemption of the Notes or without taking any other actions with respect to the Student Loans.

Any notice of redemption of the Notes may be conditioned upon the Issuer providing sufficient money to the Trustee to redeem the Notes. If sufficient moneys are not available to redeem the Notes on the specified redemption date, the redemption may be postponed to another date within the Purchase Window or cancelled.

The price or marketability of the Notes may be adversely affected during the Purchase Window. No assurance may be had as to the existence of a secondary market for the Notes at any time or, during any period in which such a secondary market exists, as to the liquidity of such a secondary market or as to the value that a Registered Owner may be able to realize by selling Notes therein. See “APPENDIX C —

UPDATE OF CERTAIN INFORMATION CONCERNING THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY AND ITS PROGRAM.”

U.S. Federal Income Tax Considerations

Each of the beneficial owners of the Notes should be aware that the adoption of the Second Supplemental Indenture (which, upon receipt of the Requisite Consent, would permit a redemption of the Notes at a specified redemption price) and/or a related redemption of the Notes may have adverse U.S. federal income tax consequences to a beneficial owner, whether or not the beneficial owner consented to the Second Supplemental Indenture. Adverse U.S. federal income tax consequences to a beneficial owner of the Notes could include a deemed exchange under Section 1001 of the Internal Revenue Code of 1986 (as amended) of the current Notes (the “Old Notes”) for the Notes subject to the call right under the Second Supplemental Indenture (the “New Notes”). Such a deemed exchange could result, for example, if the adoption of the Second Supplemental Indenture is treated as a “significant modification” of the Old Notes under §1.1001-3 of the Treasury Regulations, irrespective of whether the New Notes subsequently were called for redemption by the Issuer. A “significant modification” can occur if, based on all facts and circumstances, the legal rights or obligations that are altered and the degree to which they are altered by the adoption of the Second Supplemental Indenture are economically significant.

There is no precise definition of economic significance in this context. If a deemed exchange occurs, a beneficial owner of the Notes could realize taxable gain or loss upon the deemed exchange equal to the difference between (i) the fair market value of its New Notes and (ii) its basis in the Old Notes. In addition, in a deemed exchange, some or all of the New Notes could be treated for U.S. federal income tax purposes as issued with original issue discount or amortizable bond premium depending on the difference, if any, in the fair market value of the New Notes and their par amount.

With respect to the tax consequences of the Consent Solicitation, the adoption of the Second Supplemental Indenture, any deemed exchange of Notes, any redemption of Notes, and any related matter, (i) each beneficial owner of the Notes should understand that the information above is general in nature and does not describe all of the tax consequences that may be relevant to it and (ii) **each beneficial owner of the Notes is strongly urged to consult with its own tax advisors to determine the tax consequences of the adoption of the proposed Second Supplemental Indenture in light of their particular circumstances, including the application of a U.S. federal, state and local tax laws and non-U.S. tax laws.**

The Information Agent. The Issuer has retained DealVector, Inc. to act as Information Agent in connection with the Consent Solicitation. The Information Agent may contact you regarding this Notice and may request brokers, dealers and other nominees to forward this Notice and related materials to the beneficial owners of an interest in the Notes. The Issuer has agreed to pay the Information Agent fees for its services.

The Information Agent does not assume any responsibility for the accuracy or completeness of the information contained in this Notice, in the proposed form of the Second Supplemental Indenture, or in any Quarterly Servicer’s Report, any Statement to Noteholders, or any other information that the Issuer may post through EMMA or may otherwise make available as described under the caption “***Certain Information Concerning the Issuer, its Program, the Notes and the Student Loans,***” or for any failure by the Issuer to disclose events that may have occurred and may affect the significance or accuracy of such information.

REGISTERED OWNERS ARE HEREBY NOTIFIED THAT SUBMITTED CONSENTS ARE IRREVOCABLE AND BINDING UPON EACH SUCH REGISTERED OWNER, ALL CURRENT BENEFICIAL OWNERS AND ALL ASSIGNEES OR OTHER SUCCESSORS IN INTEREST OF THE REGISTERED OWNER OR OF ANY BENEFICIAL OWNER PRIOR TO THE CONSENT RETURN DEADLINE (INCLUDING ANY EXTENSION THEREOF MADE AT THE SOLE DISCRETION OF THE ISSUER, AND FROM AND AFTER RECEIPT OF THE REQUISITE CONSENTS).

APPENDIX C

UPDATE OF CERTAIN INFORMATION CONCERNING THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY AND ITS LOAN PROGRAM

This update provides certain current information concerning the Pennsylvania Higher Education Assistance Agency (“**PHEAA**” or the “**Agency**”). The Agency may, but does not hereby undertake to, provide periodic disclosures of developments with respect to the below matters to the extent that the Agency considers such developments to be potentially material to holders of its debt obligations, by posting such disclosures on EMMA. Any such disclosures that are not made as part of annual financial information or material event filings that are required under continuing disclosure agreements that the Agency has entered into for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 would be voluntary filings. As such, the Agency is not committing to posting such disclosures and, if any such voluntary filings are posted, does not thereby commit to posting any additional voluntary disclosures.

Authorization for Consent Solicitation. At its August 27, 2018 meeting, the Board of Directors of the Agency, adopted a resolution authorizing a range of approved actions, including, among other things, to: (i) repurchase, redeem, acquire, refund, remarket, restructure, replace, refinance or securitize any of the outstanding debt of (x) the Agency, or (y) the PHEAA Student Loan Foundation, Inc., and any of their affiliates; and (ii) to fund or finance the purchase or acquisition of student loans or interest therein by the Agency or any of its affiliates (whether or not such student loans had previously served as collateral for any other obligation of the Agency or any of its affiliates). On October 15, 2020, additional authority was approved by the Board to undertake solicitations for holder consents and amendments to the related Indentures in light of reduced payment speeds on the outstanding debt, the anticipated discontinuance of LIBOR (defined below), and other business reasons.

LIBOR Developments. The Notes bear interest at a variable rate that is periodically adjusted as a function of the London Interbank Offered Rate in United States dollars (“**LIBOR**”) for three-month deposits. The financed student loans included in the trust estate securing the Notes (the “**Student Loans**”) are also effectively variable rate instruments due to their eligibility for special allowance payments in accordance with the federal Higher Education Act (“**HEA**” and “**Special Allowance Payments**”). The majority (approximately 91%) of such Special Allowance Payments are periodically adjusted as a function of one-month LIBOR as a result of the Agency having exercised its right as a holder of Federal Family Education Loan Program loans (“**FFELP Loans**”) to irrevocably elect to receive Special Allowance Payments on this basis for all FFELP Loans that it holds, the remainder are adjusted on the average of the bond equivalent rates of the 13-week Treasury Bills. In the absence of such Special Allowance Payments, a majority of the Student Loans would be fixed rate instruments.

On July 27, 2017, the British Financial Conduct Agency, which currently is the governmental regulator that supervises the periodic setting of LIBOR, stated its intention that it would no longer be necessary for it to use its influence or legal powers to persuade or compel panel banks to participate in such rate-setting by submitting indicative rate quotes after 2021. The Federal Reserve Bank of New York (the “**New York Federal Reserve Bank**”) has acted as the lead United States regulator responsible for coordinating efforts to prepare for the anticipated resulting phase-out of broad capital market reliance upon LIBOR and has convened an Alternative Reference Rate Committee (the “**ARRC**”) to facilitate the participation of other public and private capital market participants in these efforts. The New York Federal Reserve Bank has posted certain information concerning its and the ARRC’s LIBOR-related work at www.newyorkfed.org/arrc. On March 27, 2020, the ARRC released a *Consultation Regarding More Robust LIBOR Fallback Language for New Variable Rate Private Student Loans* (the “**March 27, 2020 Consultation**”). On May 27, 2020, the ARRC released “*ARRC Recommended Best Practices for Completing the Transition From LIBOR*”, which includes date based recommendations for cessation of

new issues or remarketing of instruments utilizing LIBOR as a primary reference rate. On November 30, 2020, ICE Benchmark Administration (“IBA”), the administrator of USD LIBOR announced that, following a consultation in December and January of 2021, (i) it intends to cease publication of 1-week and 2-month USD LIBOR at the end of 2021 and (ii) subject to compliance with applicable regulations, including as to representativeness, it does not intend to cease publication of the remaining USD LIBOR tenors until June 30, 2023. On the same date, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively, the agencies) issued a statement to encourage banks to transition away from U.S. Dollar (USD) LIBOR as reference rate as soon as practicable.

The March 27, 2020 Consultation does not address FFELP Loans. Applicable provisions of the HEA do not currently expressly address the effect upon Special Allowance Payment rate-setting of a cessation of LIBOR rate-setting or of other consequences of reduced capital market reliance on LIBOR. No assurance can be had as to whether such provisions of the HEA may be amended or, if they are amended, as to either the timing or the effect of such amendment. Under the Indenture relating to the Notes, if three-month LIBOR is no longer published and the Reference Banks (as defined therein) are not providing applicable quotations, LIBOR will be the same rate in effect for the previous accrual period (i.e., the LIBOR rate will thereafter be fixed as the last available LIBOR rate). The Indenture does not contain any other backup method for determining the interest rate on the Notes in the event that LIBOR is no longer available or is no longer a reliable method for establishing the interest rate on the Notes. In addition, the Agency has determined that any modification of the Indenture to provide an alternative method of establishing the interest rate on the Notes will require the consent of the Noteholder of each Outstanding Note.

It is possible that events relating to LIBOR may result in one or more of: (i) increased basis risk between the effective rate of interest on the Notes and the rate of interest on the Student Loans; (ii) increased volatility in the rates of interest on one or both of the Notes and the Student Loans; and (iii) one or both of the Notes and the Student Loans bearing interest at a rate that is effectively a fixed rate as a result of the unavailability of a continued series of published LIBOR rates or at a variable rate that is not fully representative of contemporaneous rates in the applicable variable rate market.

COVID-19 Pandemic. On January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency in response to the spread of the novel coronavirus (“COVID-19” and the “COVID-19 Pandemic”). On March 13, 2020, the President of the United States declared a national emergency beginning March 1, 2020. The Agency has advised its loan borrowers that it or the Department of Education has adopted a number of temporary relief measures, including:

- disaster forbearance allowing a borrower facing financial hardship to suspend interest and principal payments for up to 90 days; then 30-day increments at the verbal request of the borrower following the original 90 days;
- temporary waiver or reduction of certain non-negotiable funds fees and late fees; and
- reports of delinquencies on non-defaulted loans to credit reporting agencies does not occur until 90 days past due.

These temporary relief measures apply to the Student Loans. Forbearance usage rates by principal amount of Student Loans in forbearance as a percentage of all Student Loans was approximately 7.7% as of December 31, 2019, 8.0% as of March 31, 2020, 12.7% as of June 30, 2020, 8.1% as of September 30, 2020, and 7.9% as of December 31, 2020. The Agency reserves the right to adopt additional relief measures in response to the COVID-19 Pandemic.

During the first few weeks of the COVID-19 Pandemic, the Agency successfully increased the percentage of operations performed in a remote or “work at home” manner utilizing full system interfaces. The Agency has begun to gradually phase in personnel to begin working in its facilities while complying with applicable federal, state and county restrictions. The Agency has the ability to redeploy its employees to work from home if needed based on the future status of the COVID-19 Pandemic.

The Federal CARES Acts. The United States Congress has enacted several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020, the Paycheck Protection and Health Care Enhancement Act, signed into law on April 24, 2020 and the Student Veteran Coronavirus Response Act, signed into law on April 28, 2020 (collectively, the “**CARES Acts**”), that authorize numerous measures in response to the economic effects of the COVID-19 Pandemic. Such measures include, but are not limited to: direct financial aid to American families; temporary relief from certain federal tax requirements; the scheduled payment of federally owned education loans, including federally owned FFELP Loans and loans originated under the Federal Direct Student Loan Program, and from certain other federal higher education aid requirements; temporary relief for borrowers with federally-related mortgage loans; payroll and operating expense support for small businesses and nonprofit entities; federal funding of higher education institutions’ emergency aid to students and operations and support for the capital markets loan assistance for distressed industries; and capital market support.

The CARES Acts also authorize the United States Department of the Treasury (the “**Treasury**”) to provide up to approximately \$450 billion in loans, loan guarantees and other investments to support programs and facilities established by the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”) that are intended to provide liquidity to the financial system and facilitate lending to eligible businesses and to states, political subdivisions and instrumentalities. Such injection of liquidity follows recent actions by the Federal Reserve, including the purchase of Treasury securities and mortgage-backed securities, facilitating the flow of credit to municipalities by expanding its Money Market Mutual Fund Liquidity Facility to include a wider range of securities, including certain municipal variable rate demand notes, and facilitating the flow of credit to municipalities by expanding its Commercial Paper Funding Facility to include high-quality, tax-exempt commercial paper as eligible securities. No assurance can be given that such liquidity assistance from the federal government will assure that a secondary market exists for Agency debt obligations, including the Notes, or the availability to the Agency of adequate liquidity to fully fund its Program needs at any particular time.

Proposed Legislation Impacting Student Loans

Certain legislation impacting student loans that was proposed during the term of the 116th Congress but not signed into law is described in the section that follows. Such proposed legislation may be reintroduced by the 117th Congress. There can, however, be no assurance as to whether any of the following proposed legislation will ever become law or, if any of the following do become law, as to the nature of any changes to the current provisions, or as to the timing of enactment or implementation.

The Proposed Federal Heroes Act. On May 15, 2020, the United States House of Representatives approved the Health and Economic Recovery Omnibus Emergency Solutions Act (the “**Heroes Act**”). As so approved, the Heroes Act includes provisions that would directly affect the payment performance of privately held portfolios of FFELP Loans, such as the Student Loans, and of other post-secondary education loans, such as the Student Loans, and numerous other provisions that might indirectly affect such performance and the administrative and servicing costs and revenues associated with such post-secondary education loans.

With respect to privately held FFELP Loans, such as the Student Loans, such directly applicable provisions include: (i) suspended borrower payment obligations during a period beginning on March 13, 2020 and ending on September 30, 2021; (ii) federal payment to holders of reasonable compensation for their resulting losses; (iii) federal payment of interest that would otherwise be payable by the borrower during a period beginning on March 13, 2020 and ending on the later of (x) September 30, 2021 or (y) the date of satisfaction of certain reduced unemployment tests; (iv) federal prepayment in amounts equivalent to interest payments that were made by borrowers during the period beginning on March 13, 2020 and ending on the date of enactment; and (v) additional federal prepayment of up to \$10,000 with respect to such loans whose borrowers, as of March 12, 2020, were economically distressed on the basis of FFELP Loan default, delinquency, forbearance or deferment status or of having a monthly payment amount of \$0.00 pursuant to a FFELP income-contingent payment plan. If the Heroes Act were to become law, such provisions might apply to Student Loans and to other FFELP Loans that are owned, administered or serviced by the Agency.

With respect to other privately held loans that (a) were made expressly to fund post-secondary educational expenses, (b) were neither made under either Title IV of the federal Higher Education Act or an open-ended consumer credit plan nor secured by real property, and (c) whose borrowers, as of March 12, 2020, were economically distressed on the basis of post-secondary educational expense loan default, delinquency, forbearance or deferment status or on the basis that the borrower's income would have qualified the borrower for a monthly payment due of \$0.00 pursuant to certain HEA income-contingent repayment plans if such a plan were applicable to her or his loan, such directly applicable provisions include: (i) federal payment of the total scheduled amount due on such loans from the date of enactment through September 30, 2021, up to \$10,000 per borrower; (ii) federal prepayment by December 29, 2020 of the then outstanding principal amount of such loans, up to the difference between \$10,000 and the amount of prior federal payments made on behalf of the borrower as described in clause (i) of this sentence; (iii) requirements that borrowers be granted forbearance with respect to any delinquent amounts, and cessation of all payment requirements with respect to any additional amounts, that would otherwise be due on such loans during such period; (iv) a prohibition upon capitalization of interest, involuntary collection activity and furnishing adverse credit information with respect to such loans that are in repayment during such period (which period shall not toll any applicable state statute of limitations; and (v) a requirement that such loans be modified to provide for the same repayment plan and forgiveness terms that were available to Federal Direct Student Loan Program borrowers under the Revised Pay As You Earn repayment plan as provided on January 1, 2020 by Section 685.209(c) of Title 34 of the Code of Federal Regulations. If the Heroes Act were to become law such provisions might apply to post-secondary educational expense loans, other than FFELP Loans, that are owned or serviced by the Agency.

There can be no assurance as to whether the Heroes Act will become law or, if it does become law, as to the nature of any changes to its current provisions or as to the timing of its enactment or implementation. There can also be no assurance as to the likelihood that any of its current provisions may not become law, in their current or a modified form, by operation of other legislation.

The Proposed Student Loan Fairness Act. On July 21, 2020, Senate Bill 4237 titled the Student Loan Fairness Act (the "**Fairness Act**") was introduced in the United State Senate. The Fairness Act would extend benefits included in the CARES Act (as described above) for borrowers with federally-held FFELP Loans to borrowers of privately-held FFELP Loans, such as the Student Loans held by the Agency. These benefits include covering the cost of interest and suspending monthly principal payments for the period of March 13, 2020 through September 30, 2020, and suspending all involuntary collections, such as administrative wage garnishment or offsets from tax refunds, for this period. The Fairness Act has been referred to the Senate Committee on Health, Education, Labor and Pensions but no further action has been taken on the Fairness Act as of the Record Date.

There can be no assurance as to whether the Fairness Act will become law or, if it does become law, as to the nature of any changes to its current provisions or as to the timing of its enactment or implementation. There can also be no assurance as to the likelihood that any of its current provisions may not become law, in their current or a modified form, by operation of other legislation.

The Proposed Student Loan Relief Act. On October 2, 2020, House Resolution 8514 titled the Student Loan Relief Act (the “**Relief Act**”) was introduced in the United States House of Representatives. The Relief Act would require the Department of Education to cancel or repay up to \$25,000 in outstanding student loan debt for each borrower. Furthermore, the bill outlines the method of loan discharge and, for tax purposes, excludes loan cancellation or repayment from a borrower’s gross income.

There can be no assurance as to whether the Relief Act will become law or, if it does become law, as to the nature of any changes to its current provisions or as to the timing of its enactment or implementation. There can also be no assurance as to the likelihood that any of its current provisions may not become law, in their current or a modified form, by operation of other legislation.

The Proposed Pandemic Accommodation to Support Students Act. On November 24, 2020, House Resolution 8820 titled the Proposed Pandemic Accommodation to Support Students (the “**PASS Act**”) was introduced in the United States House of Representatives. The PASS Act would amend section 3513 of the CARES Act, updating the date of the temporary relief for federal student loan borrowers from September 30, 2020 to September 30, 2021.

There can be no assurance as to whether the Relief Act will become law or, if it does become law, as to the nature of any changes to its current provisions or as to the timing of its enactment or implementation. There can also be no assurance as to the likelihood that any of its current provisions may not become law, in their current or a modified form, by operation of other legislation.

Uncertainty of Future Impacts. As of the date hereof, the Agency is not aware of federal or state consumer lending law changes in response to the COVID-19 Pandemic that it expects to materially and adversely affect its operation of the Agency. Any further COVID-19 Pandemic relief measures that may be required by law or voluntarily implemented by the Agency and that are applicable to the Student Loans would be expected to result in a delay in the receipt of, or in a reduction of, the revenues received from the Student Loans. The Agency cannot accurately predict the number of Student Loan borrowers that would utilize any benefit program that requires borrower action. The greater the number of borrowers that utilize any relief measures, the lower the total current loan receipts on Student Loans. If actual receipt of Student Loan revenues or actual Student Loan administrative expenditures were to vary materially from those projected, the ability of the Trust Estate with respect to the Notes to provide sufficient revenues to fund interest and administrative costs and to amortize the Notes might be adversely affected.

The full impact of the COVID-19 Pandemic, and of directly and indirectly related developments, on the Agency’s finances and operations, on the performance of FFELP Loans, including Student Loans constituting security for Notes, and on the security, market value and liquidity of Notes cannot be predicted at this time. It is not currently possible to project with certainty the nature, degree and duration of economic and legal changes that may result from the COVID-19 Pandemic. The COVID-19 Pandemic could adversely affect global, national, regional or local economies in a manner that might reduce the ability of certain Student Loan borrowers to make full and timely loan repayment. The number and aggregate principal balance of Student Loans for which repayment may be so affected by the COVID-19 Pandemic is not known at this time, but may be significant. As a result, there may be a delay in, or reduction of, total Student Loan collections that might materially and adversely affect the ability of the Trust Estate with respect to the Notes to provide sufficient revenues to fund interest and administrative

costs and to amortize the Notes, as initially projected or as projected herein. Further federal legislative or administrative action could result in an increase in the percentage of incidence of on-time payments of Student Loan or of prepayments of Student Loans. There can be no assurance, however, that such further federal action will occur, or as to the number or aggregate principal balance of Student Loans that might be so affected. The Agency is monitoring and assessing the economic and legal impact of the COVID-19 Pandemic and of governmental responses thereto, including orders, laws, regulations and mandates adopted by the Agency, the State or the federal government, on its operations and financial position.

Continuing Disclosure. The Agency may provide periodic disclosures of developments with respect to the above matters to the extent that the Agency considers such developments to be potentially material to holders of its debt obligations, by posting such disclosures on EMMA, but does not hereby undertake to make any such disclosures. Any such disclosures that are not made as part of annual financial information or material event filings that are required under continuing disclosure agreements that the Agency has entered into for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 would be voluntary filings. As such, the Agency is not committing to posting such disclosures and, if any such voluntary filings are posted, does not thereby commit to posting any additional voluntary disclosures.

APPENDIX D

ADDITIONAL INFORMATION CONCERNING THE STUDENT LOANS AND THE NOTES

The projections contained in this **Appendix D** were prepared on behalf of the Issuer on the basis of data that was provided by the Agency concerning the Student Loans and of assumptions that included those set forth below. The projections are included herein for illustrative purposes only, and no representation is made by the Agency, by the Information Agent or by any other entity referred to herein that the actual performance of the Student Loans will conform to these assumptions, that the actual rates, fees and time periods included in these assumptions will conform to them or that the actual Note principal payment rates will conform to any of these projections. The percentages set forth in the tables below may not always add to 100% due to rounding. The Agency has not undertaken to update, and does not intend to make available information updating, the assumptions or the projections contained in this **Appendix D**.

\$268,800,000
 Pennsylvania Higher Education Assistance Agency
 Floating Rate Student Loan Asset-Backed Notes, Series 2009-2,
 \$179,500,000 Class A-1 (Paid in full)
 \$89,300,000 Class A-2
 CUSIP Number: 709163HV4
 ISIN Number: US709163HV47
 Student Loans as of December 31, 2020

Composition of Student Loans	
Aggregate Outstanding Principal Balance:	\$35,282,825.79
Number of Borrowers:	4,001
Average Outstanding Principal Balance Per Borrower:	\$8,818.50
Number of Loans:	8,483
Average Outstanding Principal Balance Per Loan:	\$4,159.24
Weighted Average Remaining Term (Months):	140
Weighted Average Annual Borrower Interest Rate:	3.51%

Loan Type	Principal Balance	Principal Balance Outstanding (PBO) %	Loans
Consolidation- Unsubsidized	\$10,795,588.71	30.60%	957
Consolidation- Subsidized	7,821,286.08	22.17%	923
Stafford- Subsidized	8,509,984.91	24.12%	4,028
Stafford- Unsubsidized	8,012,176.90	22.71%	2,549
PLUS	143,789.19	0.40%	26
Total	\$35,282,825.79	100.00%	8,483

Current Borrower Rates	Principal Balance	PBO %	Loans
<= 1.50%	\$1,695,499.50	4.81%	698
1.51% - 2.00%	1,834,495.67	5.20%	540
2.01% - 2.50%	13,124,346.97	37.20%	4,955
2.51% - 3.00%	1,946,437.29	5.52%	263
3.01% - 3.50%	3,591,267.68	10.18%	674
3.51% - 4.00%	2,079,395.38	5.89%	250
4.01% - 4.50%	2,112,510.88	5.99%	202
4.51% - 5.00%	2,037,385.25	5.77%	237
5.01% - 5.50%	1,299,722.93	3.68%	166
5.51% - 6.00%	1,096,832.35	3.11%	88
6.01% - 6.50%	1,454,336.71	4.12%	102
6.51% - 7.00%	1,282,135.19	3.63%	146
7.01% - 7.50%	1,060,653.55	3.01%	88
7.51% - 8.00%	485,462.28	1.38%	42
8.01% - 8.50%	110,273.63	0.31%	8
8.51% >=	72,070.53	0.20%	24
Total	\$35,282,825.79	100.00%	8,483

Current Borrower Payment Status	Principal Balance	PBO %	Loans
Level Repayment	\$12,393,827.63	35.13%	2,827
PFH	10,471,121.55	29.68%	2,610
Permanent Standard	3,643,299.75	10.33%	1,293
Select Option 2	2,032,259.77	5.76%	282
Select Option 5	1,896,796.22	5.38%	231
Extended Level	1,549,933.52	4.39%	464
Graduated	581,168.62	1.65%	86
Income Sensitive	430,554.31	1.22%	126
Extended Select 2	273,641.34	0.77%	36
Extended Grad	190,617.26	0.54%	48
Extended Select 5	90,163.93	0.25%	11
Unknown	1,729,441.89	4.90%	469
Total	\$35,282,825.79	100.00%	8,483

Days Delinquent	Principal Balance	PBO %	Loans
<= 30	\$27,323,256.76	77.44%	6,438
31 - 60	1,132,421.18	3.21%	303
61 - 90	661,355.80	1.87%	138
91 - 120	289,891.22	0.82%	82
121 - 180	545,511.32	1.55%	141
181 - 270	576,459.79	1.63%	116
>= 271	95,627.43	0.27%	38
	30,624,523.50	86.79%	7,256
Forbearance	2,782,629.93	7.89%	665
Deferment	1,875,672.36	5.32%	562
Total	\$35,282,825.79	100.00%	8,483

Remaining Term	Principal Balance	PBO %	Loans
<= 60	\$3,317,778.50	9.40%	2,714
61 - 120	8,915,599.65	25.27%	2,261
121 - 180	15,042,112.92	42.63%	2,823
181 - 240	6,453,574.46	18.29%	608
241 - 300	1,311,845.49	3.72%	66
301 - 360	211,738.75	0.60%	8
361 >=	30,176.02	0.09%	3
Total	\$35,282,825.79	100.00%	8,483

Servicer	Principal Balance	PBO %	Loans
PHEAA	\$35,282,825.79	100.00%	8,483
Total	\$35,282,825.79	100.00%	8,483

Guarantor	Principal Balance	PBO %	Loans
PHEAA	\$35,280,978.25	99.99%	8,482
ECMC	1,847.54	0.01%	1
Total	\$35,282,825.79	100.00%	8,483

School Type	Principal Balance	PBO %	Loans
4 Year Public	\$16,081,017.87	45.58%	3,509
4 Year Private	12,239,897.87	34.69%	2,631
2 Year Public	2,783,655.83	7.89%	909
2 Year Private	948,171.18	2.68%	344
Prop/VOC/Tech	2,875,550.20	8.15%	1,012
Other	354,532.84	1.01%	78
Total	\$35,282,825.79	100.00%	8,483

SAP Index	Principal Balance	PBO %	Loans
1 Month LIBOR Index	\$31,932,665.40	90.50%	7,260
91-Day T-Bill Index	3,350,160.39	9.50%	1,223
Total	\$35,282,825.79	100.00%	8,483

Date Loans First Disbursed	Principal Balance	PBO %	Loans
<= Oct 1, 2003	\$20,034,883.47	56.78%	6,802
<= Oct 1, 2007	15,228,536.27	43.16%	1,679
> Oct 1, 2007	19,406.05	0.06%	2
Total	\$35,282,825.79	100.00%	8,483

Guarantor Percentage	Principal Balance	PBO %	Loans
< Oct 1, 1993	\$201,295.74	0.57%	101
Oct 1, 1993 – June 30, 2006	25,076,373.08	71.07%	7,377
>= July 1, 2006	10,005,156.97	28.36%	1,005
Total	\$35,282,825.79	100.00%	8,483

Rehab/Non-Rehab	Principal Balance	PBO %	Loans
Non-Rehab	\$34,431,714.35	97.59%	8,084
Rehab	851,111.44	2.41%	399
Total	\$35,282,825.79	100.00%	8,483

**Note Cash Flows and Weighted Average Life (WAL)
At Certain Quarterly Distribution Dates at Various Percentages of CPR**

Scenario	0% of CPR Assumption	1% of CPR Assumption	2% of CPR Assumption	3% of CPR Assumption	4% of CPR Assumption
WAL	2.3	2.1	2.1	1.9	1.8
Distribution Date					
1/25/2021	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
4/25/2021	670,264	718,103	765,905	813,669	861,396
7/25/2021	751,535	833,710	915,510	996,939	1,077,996
10/25/2021	749,131	828,782	907,666	985,786	1,063,149
1/25/2022	758,280	834,641	909,866	983,967	1,056,953
4/25/2022	764,834	837,557	908,804	978,594	1,046,947
7/25/2022	777,116	846,608	914,309	980,252	1,044,469
10/25/2022	802,891	870,341	935,715	999,056	1,060,407
1/25/2023	811,787	875,790	937,451	996,829	1,053,982
4/25/2023	820,146	880,420	938,114	993,306	11,100,139
7/25/2023	829,230	885,741	939,469	10,637,040	
10/25/2023	834,954	10,953,745	10,292,629		
1/25/2024	10,795,270				

Assumptions

For the purposes of calculating the information presented in the tables in this Appendix, it is assumed, among other things, that:

- The statistical cutoff date is December 31, 2020
- A Constant Prepayment Rate ranging from 0% to 4%

The Constant Prepayment Rate (“CPR”) model is based on prepayments assumed to occur at a flat, constant percentage rate. CPR is stated as an annualized rate and is calculated as the percentage of the loan amount outstanding at the beginning of a period (including accrued interest to be capitalized), after applying scheduled payments, that is paid during the period.

- Index levels for calculation of borrower and government payments are:
 - The 91-day Treasury bill rate is 0.09%
 - The 1-year Treasury bill rate equals the 91-day Treasury bill rate
 - The 1-month LIBOR rate is 0.14%
 - The 3-Month LIBOR rate is 0.24%
- Interest rate reductions due to borrower benefits remain at their current levels for life. Currently, on a weighted average basis, borrower benefits are reducing loan yield by 0.314% for the student loan portfolio.
- Student loans are modeled based on data received from the servicer as of the statistical cutoff date. Loan terms are governed by statute for the FFELP program. All student loans remain in their current status until their status end date and then move to repayment.
- 95% of borrower payments are received on time and 5% are received 30 days late
- A servicing fee of 0.70% of the student loan portfolio balance is assumed paid monthly
- A trustee fee of 0.025% of the bond balance is assumed paid quarterly
- The student loan portfolio is assumed to be sold when it reaches 10% of its initial balance with proceeds used to redeem the remaining bonds in full

General Information Regarding the Agency

The Agency, a body corporate and politic constituting a public corporation and government instrumentality created by the Commonwealth's General Assembly pursuant to the Pennsylvania Higher Education Assistance Agency Act, Act of August 7, 1963, P.L. 549, No. 290 as amended. The Agency's mission is to provide affordable access to higher education. The Agency's vision is to be a respected leader in higher education technology and student aid, devoting our energy, resources, and imagination to helping current and future generations of students achieve their educational goals. The Agency is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach, and other student aid programs.

The Agency's address is 1200 North 7th Street, Harrisburg, Pennsylvania 17102-1444. The Agency's website address is <http://www.PHEAA.org>, where its financial statements and additional information can be found in the "Investor Information" section.

Guaranty Operations

1) Federal Programs

As of June 30, 2020*, the Agency has guaranteed a total of approximately \$48.8 Billion principal amount of Stafford Loans, approximately \$7.9 Billion principal amount of PLUS and SLS Loans and approximately \$52.1 Billion of Consolidation Loans under the Higher Education Act of 1965, as amended (the "Higher Education Act"). Of the total amount of all such loans the Agency estimates that approximately \$18.1 Billion original principal amount are outstanding as of June 30, 2020.

For the last five federal fiscal years ending September 30, the annual default claims percentages have been as follows:

<u>Year</u>	<u>Percentage</u>
2016	0.46%
2017	0.59%
2018	1.10%
2019	1.49%
2020	0.82%

* As of June 30, 2020, the Agency held guarantee reserves of approximately \$86.4 Million.

2) Other Programs

The Agency has outstanding approximately \$50.2 Million of private student loans which carry no guarantee as of June 30, 2020.

3) Federal Direct Student Loan Programs (Direct Loan)

The Direct Loan program was enacted in 1993 under the Student Loan Reform Act of 1993, part of the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66). The federal government established the Direct Loan program in order to streamline the student loan delivery system and achieve cost savings. Under the Direct Loan program, the federal government serves as the banker and makes loans to students and their families using federal funds from the U.S. Treasury. Schools may serve as a direct loan originator or an ED contractor may originate the loans. Third party contractors perform loan servicing and collections of the Direct Loans.

Loan Servicing

As of June 30, 2020, the Agency was servicing under its Commercial Servicing line of business approximately 3.1 Million student loans with an outstanding principal amount of approximately \$29.3 Billion (\$21.3 Billion in Federal Family Education Loan Program (FFELP) loans and \$8.0 Billion in private loans), inclusive of loans owned by the Agency and the PHEAA Student Loan Trusts, for more than 304 unique lender codes; in addition, 3 remote clients were servicing FFELP and private loans of approximately 1.1 Million additional loans with an outstanding principal amount of approximately \$26.3 Billion on the Agency's system.

The Agency is one of the four servicers nationally known as Title IV Additional Servicers (TIVAS) in addition to five Not-For-Profit servicers that service a portion of the nation's growing federally owned student loan portfolio under the Direct Loan Program. As of June 30, 2020, the Agency was servicing 37.1 Million student loans with an outstanding principal amount of \$355.1 Billion. The Agency also supports, on its system, more than 12.3 Million student loans representing approximately \$69.2 Billion for two of the Not-for-Profit servicers that service loans for the Direct Loan Program. During October 2020, Cornerstone Education Loan Services (Cornerstone), a subsidiary of the Utah Higher Education Assistance Authority and one of the Not-For-Profit servicers, terminated its loan servicing contract with the Office of Federal Student Aid. Cornerstone's student loan volume was subsequently transferred to PHEAA during December 2020.

In December 2019, the Department of Education's (ED) Office of Federal Student Aid (FSA) amended the Agency's contract by extending the ending period of performance from December 15, 2019 to December 14, 2020. In addition, there are two options to extend the contract for an additional six months each, which would extend the contract period up to December 14, 2021. On October 13, 2020, the Agency received notification from FSA of its intent to exercise the first option to extend the term of the contract to approximately June 15, 2021. However, this notice of intent does not commit FSA to extend the contract, which can only occur upon a unilateral modification of the current contract. Elimination of the Agency as a servicer for student loans under the Direct Loan Program could have a material adverse impact on the Agency.

ED continues to embark on a new transformation initiative known as the Next Generation Financial Services Environment (NextGen). Through this initiative, ED seeks to implement a flexible, efficient and effective financial solution to leverage in supporting its customers. On June 24, 2020, ED announced it had entered into contracts with five other companies through the Business Process Operations solicitation. On July 10, 2020, ED announced they were cancelling the existing Enhanced Processing Solution solicitation and they would be introducing a new solicitation in the coming months. On September 4, 2020, ED announced a pre-solicitation conference which was held on September 8, 2020, for the Interim Servicing Solution as a follow on to the existing TIVAS and Not-for-Profit servicing contracts. On October 28, 2020 ED issued the Interim Servicing Solution (ISS) solicitation to provide continued servicing capabilities for FSA's customers and support the transition to Next Gen. On January 8, 2021, ED suspended the ISS solicitation, stating that the Government will reassess its needs in consideration of the Consolidated Appropriations Act, 2021, and amend or cancel the solicitation in the future. PHEAA continues to monitor and participate in the proposal processes for ISS and Next Gen as they arise, however, the Agency cannot predict the ultimate timing, nature, or outcome of these processes.

On March 27, 2020, the CARES Act was signed into law as a response to the COVID-19 pandemic. Under the CARES Act, loan payments and interest accruals were suspended on loans owned by ED effective March 13, 2020 through September 30, 2020. On August 8, 2020, the Secretary of Education was directed by the President of the United States through an Executive Order to extend these waivers through December 31, 2020. On August 21, 2020, the Secretary of Education directed FSA to extend the CARES Act benefits through December 31, 2020. On December 4, 2020, the Secretary of Education directed FSA to extend the CARES Act benefits through January 31, 2021. On January 20, 2021, the President of the United States directed the Acting Secretary of Education to extend the zero interest, zero payment and zero collections set forth by the CARES Act

until "at least" September 30, 2021. As a result, under the CARES Act, TIVAS and other Direct Loan Servicers will be receiving less servicing revenue per borrower from the U.S. Department of Education, which is based on a per borrower status, at least through September 30, 2021. In addition, revenue for originating consolidation loans was adversely impacted as a result of borrowers receiving relief on their existing student loans by not initiating the consolidation loan process. These revenues could continue to be negatively impacted while student loan payments and interest accruals are suspended through existing and future extensions of the CARES Act benefits.

On June 24, 2020, PHEAA announced that in order to provide relief to borrowers and co-signers of their private student loan programs because of the COVID-19 outbreak, amongst other things, PHEAA waive interest on all PHEAA owned private student loans (non-defaulted student loans) for the period March 13, 2020 through September 30, 2020 (COVID-19 Forbearance Period); provide a special forbearance period that coincides with the COVID-19 Forbearance Period that was automatically granted to the borrowers and co-signers that had received any Hardship Forbearance; permit borrowers and co-signers to verbally decline the COVID-19 Forbearance Period.

Origination

The Student Aid and Fiscal Responsibility Act (SAFRA) terminated the authority to make loans under the FFEL program after June 30, 2010, limited special allowance payments to lenders under the FFEL program to loans first disbursed before July 1, 2010, and converted all new federal student lending to the William D. Ford (Direct Loan) program beginning July 1, 2010. Prior thereto, the Agency had suspended its activities as a lender for any student loan first disbursed on or after March 7, 2008.

On April 30, 2019, the Agency launched the PA Forward Private Student Loan Program, a suite of private loan products designed specifically for Pennsylvania students and families to finance higher education costs beyond federal loans and financial aid, grants and scholarships. The products are structured to provide loans to undergraduate students, graduate students and parents, when the borrower is either a Pennsylvania resident attending any eligible school located within or outside of Pennsylvania, or who is a resident of an Agency-approved state attending an eligible school located within Pennsylvania. The products are fixed rate loans and the repayment terms are 10 or 15 years. As of June 30, 2020, the original principal balance outstanding of student loans originated under the undergraduate, graduate and parent loan programs was \$39.3 million.

The Agency subsequently launched a refinance loan to round out available PA Forward Private Student Loan products. The refinance loan product gives borrowers an opportunity to consolidate their existing private and federal education loans into one loan, simplifying repayment, as well as providing borrowers with repayment terms that may not be available on their existing loans. The refinance product is a fixed rate loan with repayment terms of 5, 7, 10, 15 or 20 years. At present, in addition to Pennsylvania, the Agency-approved states are Delaware, Maryland, New Jersey, New York, Ohio and Virginia. As the Refinance Program evolves, the geographic footprint may increase, extending availability to students who reside in neighboring states and enroll in Pennsylvania institutions of higher education. As of June 30, 2020, the original principal balance outstanding of student loans originated under the refinance program was \$3.6 Million.

Education loans held by the Agency or pledged to payment of PHEAA-issued bonds or Lines of Credit at June 30, 2020, consisted of the following:

(In millions)⁽¹⁾

Stafford Loans	\$ 40.8
Parent Loans for Undergraduate Students ("PLUS") and Supplemental Loans for Students ("SLS")	1.6
Consolidated Loans	417.3
Privately Insured and Uninsured Loans ⁽²⁾	<u>40.4</u>
Total education loans	<u>\$ 500.1</u>

(1) The data in the table above does not include approximately \$2,882.2 (in millions) of education loans owned by, and pledged to the payment of certain asset-backed securities and line(s) of credit issued by, certain special purpose entity affiliates of the PHEAA Student Loan Foundation, Inc., a PA non-stock, non-member, not-for-profit organization, for which PHEAA is the sole beneficiary.

(2) These loans include Agency self-insured loans and loans not guaranteed by HHS or any guaranty agency.

As of June 30, 2020, the Education Loan Assistance Fund contained the following approximate outstanding principal amounts of student loans: \$8.5 Million of student loans which are not insured or reinsured; \$25.8 Million of student loans guaranteed by the Agency or other Guarantors under the Higher Education Act which are reinsured (approximately \$20.0 Million of which are Consolidation Loans); \$3.0 Million of HEAL Loans which are federally insured; and \$9.2 Million of Private Student Loans which are not insured.