

**CONSENT SOLICITATION STATEMENT  
AND ACCOMPANYING CONSENT SOLICITATION RESPONSE FORM  
DATED JULY 5, 2022**

Custodians/Owners: eliminate manual re-keying of data by completing the consent online at:  
<https://my.dealvector.com/vote/NCSEA-2011-2>

PDF copies of completed consents are subject to proof of execution set forth herein and  
must be returned to the Information and Tabulation Agent with a copy to the Trustee  
using the procedures set forth herein.

\$113,000,000

State Education Assistance Authority  
Student Loan Backed Notes, 2011-2, A-3 Series (LIBOR Floating Rate Notes)  
(CUSIP Number: 658262GD6)  
(ISIN Number: US658262GD64)  
Current Ratings: “AAA(sf)” S&P; “AAA(sf)” Fitch

Dated: July 5, 2022

The State Education Assistance Authority, a political subdivision of the State of North Carolina (the “Authority”) hereby solicits consents (the “Consents”) of owners of the above-captioned notes (the “Notes”), currently outstanding in the principal amount of \$102,368,739.96, to the adoption of a Supplemental Resolution, substantially in the form of Appendix B hereto (the “Supplemental Resolution”) upon the terms and conditions set forth in this Consent Solicitation Statement and Accompanying Consent Solicitation Response Form, including the appendices hereto (as the same may be amended or supplemented, the “Consent Solicitation Statement” and together with the Authority’s solicitation of Consents, the “Consent Solicitation”). BofA Securities, Inc. is acting as consent solicitation agent (the “Consent Solicitation Agent”) and DealVector, Inc. is acting as information agent and tabulation agent (the “Information and Tabulation Agent”) for the Consent Solicitation.

THE AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS CONSENT SOLICITATION AT ANY TIME ON OR PRIOR TO THE SOLICITATION DEADLINE, AS EXTENDED FROM TIME TO TIME, IN ITS SOLE DISCRETION. NOTICE OF ANY SUCH TERMINATION WILL BE GIVEN TO THE NOTEHOLDERS AS DESCRIBED HEREIN. ANY PROPERLY EXECUTED CONSENT FORMS ACCEPTED BY THE AUTHORITY PRIOR TO SUCH TERMINATION WOULD BE DEEMED NULL AND VOID AND OF NO FORCE AND EFFECT.

*The Notes and the Resolution.* The Notes were issued pursuant to “A 2011-2 GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN BACKED NOTES, 2011-2 SERIES, AND OTHER MATTERS RELATING THERETO”, effective May 25, 2011 (the “General Resolution”) as amended and supplemented by “A 2011-2 SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING FIVE HUNDRED FORTY-FIVE MILLION DOLLARS (\$545,000,000) STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN BACKED NOTES, 2011-2 SERIES; AND OTHER MATTERS RELATING THERETO”, effective May 25, 2011 (the “Series Resolution”, and together with the General Resolution, the “Resolution”). The Bank of New York Mellon Trust Company,

National Association serves as trustee (the “Trustee”). All capitalized terms not otherwise defined herein shall have the meaning given to them in the Resolution.

*The Supplemental Resolution.* Due to the uncertainty surrounding the expected discontinuance of the U.S. Dollar London Interbank Offered Rate (“LIBOR”), which is the reference rate for both the Notes and the Special Allowance Payments from the Department of Education received by the Authority with respect to the financed student loans included in the Trust Estate securing the Notes under the Resolution (the “Financed Student Loans”), the Authority’s desire to release the Financed Student Loans and other business reasons, the Authority is exploring the feasibility of paying all of the Notes. Under the General Resolution as currently in effect, the Authority may not release the Financed Student Loans from the Resolution while the Notes are Outstanding except in an Event of Default or in connection with a “clean up” call redemption. The Notes are not subject to a “clean up” call redemption until the outstanding principal balance of the loan portfolio is 10% or less of the original principal balance of the loan portfolio. No other redemptions are authorized. However, the General Resolution may be amended with the consent of Noteholders of the Notes (the “Noteholders”) representing not less than a majority of the collective aggregate principal amount of the Notes Outstanding. The proposed Supplemental Resolution would amend the General Resolution to permit the Authority to release Financed Student Loans from the lien of the Resolution in exchange for cash derived from any source. Pursuant to the terms of the Resolution, the Supplemental Resolution would become effective on the Effective Date (defined herein), and the cash proceeds from any release of the Financed Student Loans effected thereby together with other amounts available under the Resolution will be applied to pay all of the Noteholders of the Outstanding Notes in full on the next Distribution Date following the release of the Financed Student Loans (no later than the October 25, 2022 Distribution Date) at a price of 100% of outstanding principal plus accrued interest to such Distribution Date. Pursuant to the Resolution, the adoption of the Supplemental Resolution will be permitted if the Authority obtains no less than a majority of the collective aggregate principal amount of Notes Outstanding (the “Requisite Consents”). If the Requisite Consents are received, the Supplemental Resolution may be adopted at any time on any Business Day on or prior to September 30, 2022 (the “Execution Window”) (subject to satisfaction of the conditions set forth herein), but the Authority in its discretion may not proceed even if the Requisite Consents are received.

*The Consent Process.* The Trustee will set a record date for the Consent Solicitation of 5:00 p.m. New York City time, July 5, 2022 (the “Record Date”). The Consent Solicitation will commence on the Record Date and will expire at 5:00 p.m., New York City time, on July 29, 2022, unless terminated, shortened or extended by the Authority (as terminated, shortened or extended, the “Solicitation Deadline”). Notice of any termination, shortening or extension of the Solicitation Deadline will be posted by the Authority through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”) and the Authority will provide notice through the Depository Trust Company (“DTC”). Without limitation to the immediately preceding two sentences, the Authority reserves the right to extend the Solicitation Deadline by so posting notice of such extension on EMMA and DTC within 24 hours after any termination of the Consent Solicitation by reason of the occurrence of a Solicitation Deadline or to terminate the Consent Solicitation at any time prior to the Solicitation Deadline in its sole and absolute discretion. The Authority may but shall not be obligated to also post such notice on its website.

A PDF of each executed Consent must be submitted to the Information and Tabulation Agent using the form included in Appendix A hereto (the “Consent Solicitation Response Form”) which includes delivery instructions. The Consent Solicitation Response Form must be either (i) medallion guaranteed or (ii) the Authority and the Trustee have authorized the Information and Tabulation Agent to accept other evidence of valid execution set forth in the Consent Solicitation Response Form in lieu of a signature medallion guarantee in a form that is satisfactory to the Authority and the Trustee.

All of the Outstanding Notes are held in book-entry form and registered in the name of Cede & Co., as the nominee of DTC. Only Noteholders are authorized to deliver Consents with respect to their Outstanding Notes, and only the direct or indirect participant of DTC (each, a “DTC Participant”) holding positions in the Outstanding Notes at that time and their duly authorized proxies may give Consents, as described more fully below. Therefore, to deliver Consents with respect to the Outstanding Notes that are held through a broker, dealer, commercial bank, trust company or other nominee, the Beneficial Owner thereof must instruct such nominee to deliver the Consents on the Beneficial Owner’s behalf according to the procedures described below.

Any Beneficial Owner wishing to provide their response may direct their respective DTC Participant to deliver the Consent Solicitation Response Form on such Beneficial Owner’s behalf to the Information and Tabulation Agent no later than the Solicitation Deadline.

Each DTC Participant has been authorized, by Omnibus Consent from DTC, to consent to the adoption of the Supplemental Resolution, with respect to the principal amount of the Outstanding Notes specified at such DTC Participant’s name in such Omnibus Consent, and constituting the original principal amount of Outstanding Notes shown as custodied by such DTC Participant on the books of DTC as of the Record Date.

Please deliver the executed Consent Solicitation Response Forms to the Information and Tabulation Agent no later than the Solicitation Deadline, via e-mail or facsimile to the following:

CorporateActions@DealVector.com  
with a copy to ramon.olivas@bnymellon.com

Custodians/Owners: eliminate manual re-keying of data by completing the consent online at:  
<https://my.dealvector.com/vote/NCSEA-2011-2>

PDF copies of completed Consents are subject to proof of execution set forth herein and must be returned to the Information and Tabulation Agent with a copy to the Trustee using the procedures set forth herein.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Consents will be resolved by the Authority, whose determinations will be binding. The Authority reserves the absolute right to reject any or all Consents that are not in proper form or the acceptance of which could, in the opinion of the Authority or its counsel, be unlawful. The Authority also reserves the right to waive any irregularities in connection with deliveries of Consents, which the Authority may require to be cured within such time as the Authority determines. None of the Authority, the Consent Solicitation Agent, the Information and Tabulation Agent, the Trustee, their agents or any person shall have any duty to give notification of any irregularities or waiver, nor shall any of them incur any liability for failure to give such notification. Deliveries of Consents will not be deemed to have been made until such irregularities have been cured or waived. The Authority’s interpretation of the terms and conditions of the Consent Solicitation (including this Consent Solicitation Statement and the instructions hereto) will be final and binding on all parties.

A Consent is irrevocable and binding upon the Noteholder, all current Beneficial Owners and all assignees or other successors in interest of the Noteholder or of any Beneficial Owner upon notice from the Trustee to the Authority that the Trustee has received the Requisite Consents (which notice shall be provided by the Trustee after receipt of a certificate from the Information and Tabulation Agent with respect to such receipt which the Trustee shall be entitled to conclusively rely on in rendering such notice). The

Authority requests that any communications expressing a Noteholder's current intent not to submit a Consent be transmitted to the Information and Tabulation Agent. Such an indication is advisory only and is neither irrevocable nor binding.

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 Consent Solicitation Statement, 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 Authority or any other person mentioned herein. The statements made in this Consent Solicitation Statement are made as of the date hereof, and the delivery of this Consent Solicitation Statement 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 Statement 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 Consent Solicitation Statement 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 Consent Solicitation Statement. You should read each document thoroughly in order to make an informed decision regarding the request for consent.

NEITHER THIS CONSENT SOLICITATION STATEMENT NOR ANY 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 Authority, its Loan Finance Program, the Notes and the Financed Student Loans. The Authority has posted certain documents concerning the Authority, its Student Loan Finance Program, the Notes and the Financed Student Loans, including the Offering Memorandum dated May 25, 2011 (the "Offering Memorandum") with respect to the Notes, annual financial information and event notices pursuant to the Continuing Disclosure Certificate dated June 2, 2011 (the "Continuing Disclosure Certificate") with respect to the Notes and certain voluntary filings, all of which are available through EMMA. The Offering Memorandum has not been updated since its date.

In addition, the Authority has posted Quarterly Reports relating to the Notes on its website. The Noteholders may view such Quarterly Reports on the internet at [www.ncseaa.edu/about/investor-information/monthly-and-quarterly-reports/2011-2-general-resolution-reports/](http://www.ncseaa.edu/about/investor-information/monthly-and-quarterly-reports/2011-2-general-resolution-reports/). The foregoing internet address is included for reference only, and the information on the Authority's website is not incorporated by reference herein.

This Consent Solicitation Statement includes certain information concerning the Authority, its Student Loan Finance Program and Appendix C hereto (the "Program"), the Notes and the Financed Student Loans that secure the Notes, including certain information that has been posted previously through EMMA and is included herein for background purposes. Noteholders are advised to review the Authority'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 Authority and its Program. Appendix D hereto provides certain additional information concerning the Financed Student Loans as of March 31, 2022, certain assumptions relating to the projected repayment performance of the Financed Student Loans and projected Notes weighted average life information.

The Authority may, but is not required to, make updated or additional information concerning the Authority, its Program, the Notes and the Financed Student Loans through EMMA or as a supplement or amendment to this Consent Solicitation Statement, prior to the Solicitation Deadline. The Authority does not, by the distribution of this Consent Solicitation Statement or by the posting or distribution of any such updated or additional information, undertake to make publicly available any further information concerning the Authority, its Program, the Notes or the Financed 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 Resolution, the Continuing Disclosure Certificate or by any applicable regulatory requirements relative to the Authority's fulfillment of its contractual obligations thereunder.

*Most Recent Rating Actions.* The Notes were initially assigned ratings of "AAA" by Fitch Ratings, Inc. ("Fitch") and "AAA" by S&P Global Ratings ("S&P"). On October 21, 2011, S&P lowered the rating it had most recently assigned to the Notes from "AAA(sf)" to "AA+(sf)". On December 8, 2020, S&P raised the rating it had most recently assigned to the Notes from "AA+(sf)" restoring it to "AAA(sf)". No further change has been made to the rating assigned to the Notes by S&P. No change has been made to the rating assigned to the Notes by Fitch. 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 April 25, 2022, the Parity Percentage (as defined in the Offering Memorandum) was approximately 120.78%. See "APPENDIX C — UPDATE OF CERTAIN INFORMATION CONCERNING THE STATE EDUCATION ASSISTANCE AUTHORITY AND ITS PROGRAM."

*Certain Considerations Relating to Providing, or Not Providing, Consent.* If the Authority receives the Requisite Consents, the Supplemental Resolution is adopted and the Financed Student Loans are released from the Trust Estate pursuant thereto, resulting in the payment in full of the Outstanding Notes, this will result in the payment of the Outstanding Notes earlier than the Notes would otherwise have been paid had the Financed Student Loans not been so sold, and the Noteholders will need to reinvest such proceeds at then current market rates, which may result in a lower yield than would have been received had they continued to own the Outstanding Notes.

If the Authority does not receive the Requisite Consents, each Noteholder will continue to hold its Outstanding Notes under the terms of the Resolution. The interest rate on the Notes and the calculation of interest and Special Allowance Payments on the Financed Student Loans are currently determined by using the three-month and one-month, respectively, LIBOR. Currently LIBOR is scheduled to be terminated at the end of June 2023 (but could terminate earlier). It is possible that one-month and/or three-month LIBOR may continue after June 2023 but the Authority cannot assure you that LIBOR will survive in their current forms, or at all. See "Elimination of LIBOR" in Appendix C. Under the Resolution, if the LIBOR Rate is no longer published and the Reference Banks are not providing applicable quotations, the LIBOR Rate 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 Resolution does not contain any other backup method for determining the interest rate on the Notes in the event that the LIBOR Rate is no longer available or is no longer a reliable method for establishing the interest rate on the Notes. However, the Adjustable Interest Rate (LIBOR) Act (the "Federal LIBOR Act") recently passed by Congress and signed by the President as part of the Consolidated Appropriations Act of 2022, in part, may provide a mechanism to change the interest rate index on the Notes from three-month LIBOR to a 90-day Average Secured Overnight Financing Rate ("SOFR") plus a tenor as further described in the Federal LIBOR Act. Pursuant to the Federal LIBOR Act,

transition of the rate-setting mechanism for Special Allowance Payments is expected to transition from LIBOR to SOFR some time prior to June 30, 2023. See the caption “Elimination of LIBOR” in Appendix C.

*No Recommendation is Being Made or Advice Given.* None of the Authority, the Consent Solicitation Agent, the Information and Tabulation Agent, the Trustee nor any other person makes any recommendation to any Noteholder or Beneficial Owner whether to consent to the Supplemental Resolution pursuant to the Consent Solicitation. This Consent Solicitation Statement does not constitute accounting, legal or tax advice. Noteholders are urged to evaluate carefully all information in this Consent Solicitation Statement, consult their own investment and tax advisors and make their own decision with respect to the Consent Solicitation.

*Conditions to the Effectiveness of the Supplemental Resolution.* If the Requisite Consents are received, the Supplemental Resolution may be adopted on any Business Day during the Execution Window after clause (i) in the following sentence is satisfied. The Supplemental Resolution will become effective upon the occurrence of the following (collectively, the “Conditions to the Consent Solicitation”): (i) the Authority’s receipt of written notice from the Trustee (which notice it will provide upon receipt of a certificate from the Information and Tabulation Agent which the Trustee shall be entitled to conclusively rely on in rendering such notice) that it has received the consent of the Noteholders of not less than the Requisite Consents and 30 days have passed after notification to the Noteholders by the Authority that the Trustee has received the Requisite Consents; and (ii) confirmation from the Authority that the Conditions to the Consent Solicitation have been satisfied and its election to proceed by adopting the Supplemental Resolution as of the date specified (the “Effective Date”) during the Execution Window. The Authority expressly reserves the right, in its sole discretion and regardless of whether any of the Conditions to the Consent Solicitation have been satisfied, subject to applicable law, at any time prior to the Solicitation Deadline to: (i) terminate the Consent Solicitation for any reason; (ii) extend the Solicitation Deadline; or (iii) amend the terms of the Consent Solicitation. The Authority also expressly reserves the right not to adopt the Supplemental Resolution (even after receiving the Requisite Consents) and to not release the Financed Student Loans (even if the Supplemental Resolution is adopted). The Effective Date will be communicated to the Noteholders by notice thereof filed with EMMA and delivered to DTC. The Authority may but shall not be obligated to also post such notice on its website.

Even if the Requisite Consents are received, it is possible that the Authority will not adopt the Supplemental Resolution within the Execution Window, or that the Supplemental Resolution will be adopted, but in either case the Authority may not cause the payment of the Outstanding Notes on a Distribution Date on or prior to the October 25, 2022 Distribution Date in the event that the Authority cannot obtain financing to fund the release of the Financed Student Loans from the lien of the Resolution on terms that are acceptable to the Authority or if the Authority determines for another reason to not proceed with such a release of the Financed Student Loans and resulting payment in full of the Outstanding Notes. Without limitation to the generality of the preceding sentence, the Authority 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 release of the Financed Student Loans and the resulting payment of the Outstanding Notes or without taking any other actions with respect to the Financed Student Loans.

It is the Authority’s current intention to adopt the Supplemental Resolution within the Execution Window and pay the Outstanding Notes on a Distribution Date no later than the October 25, 2022 Distribution Date. If the Effective Date does not occur during the Execution Window (or if the Authority does not release Financed Student Loans from the Trust Estate such that amounts then credited to the Collection Fund together with other amounts available under the Resolution are sufficient to cause the payment in full of the Outstanding Notes), the Authority will have no further right to adopt the Supplemental

Resolution and/or to cause the payment of the Outstanding Notes by no later than the October 25, 2022 Distribution Date, and the Outstanding Notes will continue to remain Outstanding under the Resolution.

*Fees and Expenses.* The Authority will (i) bear all the costs of the Consent Solicitation, (ii) reimburse the Trustee for the reasonable and customary expenses that the Trustee incurs in connection with the Consent Solicitation and the adoption of the Supplemental Resolution and (iii) pay the costs of its lawyers, financial advisors, accountants and other consultants. The Issuer will not pay any fees or commissions to any broker, dealer or other person (other than BofA Securities, Inc., DealVector, Inc. and the Trustee) in connection with the Consent Solicitation.

*Investment Considerations Relating to the Supplemental Resolution.* It is possible that the Supplemental Resolution will not go into effect, either because Requisite Consents are not received, or because the Authority elects not to execute and deliver the Supplemental Resolution during the Execution Window (which it may do in its sole and absolute discretion). In either case, the price or marketability of the Outstanding Notes may be adversely affected during the solicitation period.

The price or marketability of the Notes may be adversely affected between the Effective Date and the date on which all of the Notes are paid in full. 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 Noteholder may be able to realize by selling Notes therein. See “APPENDIX C — UPDATE OF CERTAIN INFORMATION CONCERNING THE STATE EDUCATION ASSISTANCE AUTHORITY AND ITS PROGRAM.”

Other investment considerations relating to the Supplemental Resolution and the transactions contemplated thereby are set forth in Appendix C hereto.

*U.S. Federal Income Tax Considerations.*

Each of the Beneficial Owners of the Notes should be aware that the adoption of the Supplemental Resolution (which, upon receipt of the Requisite Consents, would permit release of the Financed Student Loans from the lien of the Resolution in exchange for cash and a payment of the Notes at par plus accrued interest on the next applicable Distribution Date following the Effective Date) (the “Amendment”) and/or a related payment 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 Amendment. 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 changes made by the Amendment (the “New Notes”). Such a deemed exchange could result, for example, if the adoption of the Amendment 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 paid in full by the Authority. 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 Amendment 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 Amendment, any deemed exchange of Notes, any payment 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.

*The Consent Solicitation Agent.* The Authority has retained BofA Securities, Inc. to act as Consent Solicitation Agent in connection with the Consent Solicitation. The Consent Solicitation Agent may contact you regarding this Consent Solicitation Statement and may request brokers, dealers and other nominees to forward this Consent Solicitation Statement and related materials to the Beneficial Owners of an interest in the Notes. The Authority has agreed to pay the Consent Solicitation Agent fees for its services. Bank of America, N.A., an affiliate of BofA, is expected to provide a credit facility which will provide liquidity for the Authority to cause the release of the Financed Student Loans from the Resolution and that will result in the payment in full of the Outstanding Notes.

The Consent Solicitation Agent and its affiliates have in the past provided, and may currently or in the future provide, various investment banking and other financial services to the Authority, for which they would receive customary compensation from the Authority. Such services may include, without limitation, acting as an underwriter, placement agent or lender in connection with Authority financings done, in whole or in part, to fund the prepayment of the Notes or the purchase of Financed Student Loans and similar services in connection with other debt obligations of the Authority or of other issuers.

The Consent Solicitation Agent does not assume any responsibility for the accuracy or completeness of the information contained in this Consent Solicitation Statement, in the proposed form of the Supplemental Resolution or in any Quarterly Reports or any other information that the Authority may post through EMMA or may otherwise make available as described under the caption "*Certain Information Concerning the Authority, its Program, the Notes and the Financed Student Loans,*" or for any failure by the Authority to disclose events that may have occurred and may affect the significance or accuracy of such information.

A CONSENT IS IRREVOCABLE AND BINDING UPON THE NOTEHOLDER, ALL CURRENT BENEFICIAL OWNERS AND ALL ASSIGNEES OR OTHER SUCCESSORS IN INTEREST OF THE NOTEHOLDER OR OF ANY BENEFICIAL OWNER UPON NOTICE FROM THE TRUSTEE TO THE AUTHORITY THAT THE TRUSTEE HAS RECEIVED THE REQUISITE CONSENTS (WHICH NOTICE SHALL BE PROVIDED BY THE TRUSTEE UPON RECEIPT OF A CERTIFICATE FROM THE INFORMATION AND TABULATION AGENT THAT THE REQUISITE CONSENTS HAVE BEEN RECEIVED, WHICH CERTIFICATE THE TRUSTEE MAY CONCLUSIVELY RELY ON IN RENDERING SUCH NOTICE). THE AUTHORITY REQUESTS THAT ANY COMMUNICATIONS EXPRESSING A CURRENT NOTEHOLDER'S CURRENT INTENT NOT TO SUBMIT A CONSENT BE TRANSMITTED TO THE INFORMATION AND TABULATION AGENT. SUCH AN INDICATION IS ADVISORY ONLY AND IS NEITHER IRREVOCABLE NOR BINDING.

Forward-Looking Statements. Some of the statements included in this Consent Solicitation Statement and the documents incorporated by reference may include forward looking statements within the meaning of federal or state securities laws. These forward-looking statements include statements concerning the Authority's plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends and other information that is not historical information. When used in this Consent Solicitation Statement and the documents incorporated herein by reference, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "forecasts," or future or conditional verbs, such as "should," "could" or



“may,” and variations of such words or similar expressions are intended to identify forward looking statements. All forward looking statements, including, without limitation, the Authority’s examination of historical operating trends and data, are based upon the Authority’s current expectations and various assumptions. The Authority’s expectations, beliefs and projections are expressed in good faith and it believes there is a reasonable basis for them. However, there can be no assurance that the Authority’s expectations, beliefs, and projections will be achieved.

The Consent Solicitation is not being made to, nor will electronically delivered consents be accepted from or on behalf of, Noteholders in any jurisdiction in which the making of the Consent Solicitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Authority may in its discretion take such action as it may deem necessary to make the Consent Solicitation in any such jurisdiction and extend the Consent Solicitation to Noteholders in such jurisdiction. In any jurisdiction in which the securities laws or blue-sky laws require the Consent Solicitation to be made by a licensed broker or dealer, the Consent Solicitation will be deemed to be made on behalf of the Authority by one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

## APPENDIX A

### CONSENT SOLICITATION RESPONSE FORM

This Consent Solicitation Response Form relates to the proposed supplemental resolution (the “Supplemental Resolution”) adopted by the State Education Assistance Authority (the “Authority”), in substantially the form attached as Appendix B to the Consent Solicitation Statement and Accompanying Consent Solicitation Response Form dated July 5, 2022 (the “Consent Solicitation Statement”), which, if approved by the Authority, would amend “A 2011-2 GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN BACKED NOTES, 2011-2 SERIES, AND OTHER MATTERS RELATING THERETO”, effective May 25, 2011 securing the State Education Assistance Authority Student Loan Backed Notes, 2011-2, A-3 Series (LIBOR Floating Rate Notes) (CUSIP Number 658262GD6) (the “Notes”).

The Notes were issued in minimum denominations of \$100,000 and increments of \$1,000 in excess thereof.

Execution by the Noteholders of this Consent Solicitation Response Form may be in one or more instruments of similar tenor, and shall be signed or executed by such Noteholders in person or by their attorneys appointed in writing. Proof of (a) the execution of this Consent Solicitation Response Form, or of an instrument appointing any such attorney, or (b) the ownership by any person of the Notes shall be sufficient if made in the following manner, but the Trustee may nevertheless in its sole discretion require further or other proof in cases where it deems the same desirable:

(i) the fact and date of the execution by any Noteholder or his or her attorney of this Consent Solicitation Response Form may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer;

(ii) the authority of the person or persons executing this Consent Solicitation Response Form on behalf of a corporate Noteholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary; and

(iii) the amount of Notes transferable by delivery held by any person executing such request or other instrument as a Noteholder, and the numbers and other identification thereof, and the date of his or her holding such Notes, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an institution that is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The ownership of the Notes registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request, consent or vote of the Noteholder of any Note shall bind all future owners of such Note in respect of anything done or suffered to be done by the Authority or any fiduciary in accordance therewith.

Executed copies of the Consent Solicitation Response Form, with proof of signature/certification, should be sent in PDF format prior to the Solicitation Deadline, to DealVector, Inc., as the Information and Tabulation Agent, at the following email addresses:

CorporateActions@dealvector.com  
with a copy to ramon.olivas@bnymellon.com

Custodians/Noteholders: eliminate manual re-keying of data by completing the consent online at:  
<https://my.dealvector.com/vote/NCSEA-2011-2>

PDF copies of completed consents are subject to signature proof/certification  
(as provided in the Consent Solicitation Statement)

The Noteholder consents to the adoption of the Supplemental Resolution on any Business Day on or prior to September 30, 2022 to permit the Authority to cause the release of the Financed Student Loans from the lien of the Resolution, the proceeds of which, together with amounts then credited to the Collection Fund are in an amount sufficient to pay the Outstanding Notes in full on a Distribution Date no later than the October 25, 2022 Distribution Date, and to use the proceeds from such release (and other amounts credited to the Collection Fund together with other amounts available under the Resolution) to pay in full and retire the Notes on a Distribution Date no later than the October 25, 2022 Distribution Date.

CONSENTED TO BY:

\_\_\_\_\_,  
as Noteholder of \$\_\_\_\_\_ original principal amount  
of STATE EDUCATION ASSISTANCE AUTHORITY  
Student Loan Backed Notes, 2011-2, A-3 Series (LIBOR  
Floating Rate Notes)  
(CUSIP Number: 658262GD6)  
(ISIN Number: US658262GD64)

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DTC Participant Number: \_\_\_\_\_

**[Signature Guaranteed:<sup>1</sup>**

\_\_\_\_\_  
***Participant in a Recognized Medallion Signature  
Guarantee Program***

Dated: \_\_\_\_\_, 2022

<sup>1</sup> The execution of this Consent Solicitation Response Form by the Noteholder should either (a) if confirmed by the Medallion Signature Program should be confirmed below such signature by a signature guarantee by a recognized participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program, the Stock Exchange Medallion Program or another similar medallion stamp signature guarantee program acceptable to the Authority and the Trustee or (b) provide other evidence to the Information and Tabulation Agent and the Trustee and acceptable to the Authority and the Trustee of the valid execution of this Consent Solicitation Response Form.

**APPENDIX B**  
**FORM OF SUPPLEMENTAL RESOLUTION**

A 2011-2 SUPPLEMENTAL RESOLUTION

OF THE STATE EDUCATION ASSISTANCE AUTHORITY PROVIDING FOR THE AMENDMENT OF  
“A 2011-2 GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE  
EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN BACKED NOTES, 2011-2 SERIES, AND  
OTHER MATTERS RELATING THERETO” effective May 25, 2011; AND OTHER MATTERS  
RELATING THERETO” approved June 23, 2022

Effective \_\_\_\_\_, 2022

BE IT RESOLVED BY THE EXECUTIVE DIRECTOR, CHIEF FINANCIAL OFFICER OR GENERAL COUNSEL OF THE STATE EDUCATION ASSISTANCE AUTHORITY (the "Authority") PURSUANT TO THE AUTHORIZATION GRANTED ON JUNE 23, 2022:

## RECITALS

### FINDINGS OF FACT AND INTENT OF RESOLUTION

1. Effective May 25, 2011, the Authority adopted a resolution entitled "A 2011-2 GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN BACKED NOTES, 2011-2 SERIES, AND OTHER MATTERS RELATING THERETO" (the "2011-2 General Resolution").

2. The Authority hereby determines that it is necessary to amend the 2011-2 General Resolution in order to amend certain sections of such 2011-2 General Resolution. Such amendment is necessary and desirable to the Authority.

3. In order for the amendments set forth above and herein to be effective, the written consent of the requisite Noteholders of no less than a majority of the Outstanding Notes as set forth in the 2011-2 General Resolution is required by Article VII thereof, and such written consents have been received and filed with the Trustee.

4. The Trustee has received a Counsel's Opinion in connection herewith as required by Article VII of the 2011-2 General Resolution.

5. Pursuant to Article VII, Section 704 of the 2011-2 General Resolution, and on the basis of the matters recited herein, the Authority adopts this 2011-2 Supplemental Resolution (the "2011-2 Supplemental Resolution") to amend the 2011-2 General Resolution, as follows:

## ARTICLE I

### AMENDMENT TO 2011-2 GENERAL RESOLUTION

Section 101. The first paragraph of Article V, Section 501(c), of the 2011-2 General Resolution is hereby amended and restated to read as follows:

(c) It is expressly understood that, subject to the limitations set forth herein, in the 2011-2 Series Resolution or any Supplemental Resolution, there shall be released from the lien of this pledge such Trust Estate assets as may be sold, disposed of or transferred by the Authority to the extent that such sale, disposition or transfer (i) is authorized in the 2011-2 Series Resolution for the payment of Redemption Price on any Distribution Date as directed by a Certificate of an Authorized Officer of the Authority or (ii) results in the credit of cash into the Collection Fund from such sale, disposition or transfer such that amounts credited to the Collection Fund and other amounts available under the 2011-2 General Resolution are sufficient to pay in full and retire all the Notes Outstanding as described in Section 505(g) no later than the October 25, 2022 Distribution Date. The Trustee shall, upon receipt of a Certificate from such Authorized Officer and subject to the provisions of this 2011-2 General Resolution, the 2011-2 Series Resolution or any Supplemental Resolution, take all actions reasonably necessary to effect the release of any Trust Estate assets from the lien of this 2011-2 General Resolution as directed by such Certificate to permit the sale, disposition or transfer of such Trust Estate assets.

Section 102. Article VI, Section 610(b), of the 2011-2 General Resolution is hereby amended and restated to read as follows:

(b) The Authority also covenants that it will not, and will not permit the Eligible Lender, to sell, transfer or otherwise dispose of Financed Student Loans unless, (i) the Authority has been directed to make any such sale pursuant to Article VIII, (ii) such sale, transfer or disposition is authorized in the 2011-2 Series Resolution for the payment of Redemption Price on any Distribution Date, or (iii) such sale, transfer or disposition is authorized in and made pursuant to Section 501(c)(ii).

Section 103. Article VI, Section 617, of the 2011-2 General Resolution is hereby amended and restated to read as follows:

The Authority covenants not to deposit other assets to the Trust Estate except as it may elect to do so in its sole discretion to avoid an Event of Default. None of the transactions described in Section 501(c)(ii) shall constitute a deposit for the purpose of this Section 617.

## ARTICLE II

### MISCELLANEOUS

Section 201. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the 2011-2 General Resolution.

Section 202. Except as modified by this 2011-2 Supplemental Resolution or otherwise by valid amendment, the 2011-2 General Resolution remains unchanged and in full force and effect and is hereby in all respects ratified and confirmed and the 2011-2 General Resolution as so amended hereby shall be read, taken and construed as one and the same instrument.

Section 203. This 2011-2 Supplemental Resolution shall be construed and interpreted in accordance with the laws of the State of North Carolina.

Section 204. This 2011-2 Supplemental Resolution shall become effective \_\_\_\_\_, 2022 upon its execution by the Executive Director, Chief Financial Officer or General Counsel of the Authority.

Section 205. The provisions of this 2011-2 Supplemental Resolution are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder.

Section 206. All orders, resolutions, and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this 2011-2 Supplemental Resolution shall take effect and be in full force from and after its passage and approval.

*[Remainder of page intentionally left blank]*



I, the undersigned, being the duly qualified officer of the State Education Assistance Authority (the "Authority"), pursuant to the authorization granted on June 23, 2022, do hereby certify that the foregoing is a copy of "A 2011-2 SUPPLEMENTAL RESOLUTION OF THE STATE EDUCATION ASSISTANCE AUTHORITY PROVIDING FOR THE AMENDMENT OF 'A 2011-2 GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN BACKED NOTES, 2011-2 SERIES, AND OTHER MATTERS RELATING THERETO' effective May 25, 2011'; AND OTHER MATTERS RELATING THERETO", approved June 23, 2022.

IN WITNESS WHEREOF, I have executed this certificate for delivery on the \_\_\_\_\_ day of \_\_\_\_\_, 2022 to be effective as of \_\_\_\_\_, 2022.

STATE EDUCATION ASSISTANCE AUTHORITY

\_\_\_\_\_  
Name:  
Title:

## APPENDIX C

### UPDATE OF CERTAIN INFORMATION CONCERNING THE STATE EDUCATION ASSISTANCE AUTHORITY AND ITS PROGRAM

This update provides certain current information concerning the State Education Assistance Authority, a political subdivision of the State of North Carolina (the “Authority”) and its Student Loan Finance Program (the “Program”). The Authority may, but does not hereby undertake to, provide periodic disclosures of developments with respect to the below matters to the extent that the Authority 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 the Continuing Disclosure Certificates that the Authority has entered into would be voluntary filings. As such, the Authority 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.

*Elimination of LIBOR.* As a result of longstanding initiatives, LIBOR is being discontinued as a floating rate benchmark. A payment of the Outstanding Notes pursuant to the Supplemental Resolution should occur prior to the date that the one-month LIBOR and/or three-month LIBOR may cease to be available, and Noteholders would avoid any risk in connection with (i) the potential future volatility and unavailability of one-month LIBOR and/or three-month LIBOR with respect to the Outstanding Notes and the Financed Student Loans, (ii) the eventual change in the interest rate on the Outstanding Notes to a SOFR based interest rate pursuant to the terms of the Federal LIBOR Act recently passed by Congress and signed by the President and (iii) the eventual change in the Special Allowance Payments from one-month LIBOR to the 30-day average SOFR as described below.

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 “Financed Student Loans”) are also effectively variable rate instruments due to their eligibility for Special Allowance Payments in accordance with the Federal Family Education Loan Program (“Higher Education Act”). Such Special Allowance Payments are also periodically adjusted, for all but an immaterial portion of the Financed Student Loans, as a function of one-month LIBOR as a result of the Authority having exercised its right as a holder of Higher Education Act loans (“FFELP Loans”) to irrevocably elect to receive Special Allowance Payments on this basis for all FFELP Loans that it holds. In the absence of such Special Allowance Payments, most, if not all, of the Financed Student Loans would be fixed rate instruments.

Pursuant to rules and regulations that became effective on April 1, 2013, the U.K.’s Financial Conduct Authority (the “FCA”) assumed regulatory oversight and supervision of LIBOR, removing it from the control of the British Bankers’ Association, and on February 1, 2014 the administration of LIBOR was transferred from the British Bankers’ Association to the Intercontinental Exchange Group (“ICE”), such that LIBOR is currently administered by ICE Benchmark Administration Ltd. (the “IBA”).

On March 5, 2021, the FCA announced that LIBOR settings will cease to be provided by any administrator or will no longer be representative after specified dates, which will be June 30, 2023, in the case of the principal U.S. dollar LIBOR tenors (overnight and one, three, six and 12 months); and was December 31, 2021, in all other cases (i.e., one week and two-month U.S. dollar LIBOR and all tenors of non-U.S. dollar LIBOR).

These matters may result in a sudden or prolonged increase or decrease in reported LIBOR rates, LIBOR rates being more volatile than they have been in the past and/or fewer loans utilizing LIBOR as an

index for interest payments. In addition, questions surrounding the integrity in the process for determining LIBOR may have other unforeseen consequences, including potential litigation against banks and/or obligors on loans. Any uncertainty in the value of LIBOR or the development of a market view that LIBOR was manipulated or may be manipulated may adversely affect the liquidity of the Outstanding Notes in the secondary market and their market value.

There are important fundamental differences between LIBOR and SOFR. LIBOR is an unsecured rate that represents interbank funding costs for different short-term maturities or “tenors.” LIBOR is a forward-looking rate reflecting expectations regarding interest rates for those tenors. LIBOR is intended to be sensitive, in certain respects, to bank credit risk and to term interest rate risk. SOFR, on the other hand, is a secured, risk free rate, intended to be a broad measure of the cost of borrowing funds overnight in transactions that are collateralized by U.S. Treasury securities. Thus, SOFR is largely insensitive to credit risk considerations and to short-term interest rate risks. As a result, SOFR will not be representative of LIBOR. Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or market rates, and SOFR over the term of the Notes may bear little or no relation to the historical actual or historical indicative data. For these reasons, among others, there is no assurance that SOFR or rates derived from SOFR will perform in the same or similar ways as LIBOR would have performed at any time, and there is no assurance that SOFR-based rates will be a suitable substitute for LIBOR and that SOFR-based rates, as modified by an applicable spread adjustment, will be the economic equivalent of LIBOR.

The Federal LIBOR Act, in part, amends the Higher Education Act to substitute the current Special Allowance Payment rate-setting from the one-month LIBOR to the 30-day Average SOFR in effect for each of the days in an applicable calendar quarter, adjusted daily by adding the tenor spread adjustment as defined in the Federal LIBOR Act. Transition of the rate-setting mechanism for Special Allowance Payments is expected to transition from LIBOR to SOFR some time prior to June 30, 2023.

The Federal LIBOR Act further provides in part that the replacement benchmark selected by the Board of Governors of the Federal Reserve System (“Federal Reserve Board”) shall, by operation of law, be the benchmark replacement for LIBOR Contracts (which include, among others, contracts, indentures and instruments) that continue to use LIBOR as a benchmark as of the applicable LIBOR replacement date and that do not contain (a) fallback provisions identifying a benchmark replacement for LIBOR and (b) a Determining Person, which is a person with the authority, right or obligation to determine a benchmark replacement for LIBOR, and that any fallback provisions in such LIBOR Contracts that are based on LIBOR (except to account for the differences between LIBOR and a benchmark replacement) shall be disregarded. The Federal LIBOR Act also provides that a Determining Person has the authority but not the obligation to select the benchmark replacement selected by the Federal Reserve Board as the benchmark replacement. Under the Resolution under which the Outstanding Notes were issued, if the LIBOR Rate is no longer published and the Reference Banks as described in the Resolution are not providing applicable quotations, the LIBOR Rate 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 Resolution does not contain any other backup method for determining the interest rate on the Notes in the event that the LIBOR Rate is no longer available or is no longer a reliable method for establishing the interest rate on the Notes.

It is possible that events relating to the elimination of one-month LIBOR and/or three-month LIBOR and subsequent change to SOFR based indexes may result in one or more of: (i) increased basis risk between the effective rates of interest on the Outstanding Notes and the rate of interest on the Financed Student Loans; (ii) increased volatility in the rates of interest on the Outstanding Notes and/or the Financed Student Loans; and (iii) the Outstanding Notes and/or the Financed Student Loans bearing interest at rates that are SOFR based rates that are not fully representative of current contemporaneous rates in the applicable LIBOR rate markets.

*COVID-19 Pandemic.* The ongoing global outbreak of the respiratory disease caused by a novel coronavirus, coronavirus 19 or COVID-19 (“COVID-19” and the “COVID-19 Pandemic”) has caused significant disruptions in the United States economy and various world economies, including significantly higher unemployment and underemployment, a constrained labor market, significantly lower interest rates and equity market valuations, and extreme volatility in the U.S. and world markets and, more recently, inflation associated with supply chain disruptions. Beginning in March 2020, in many metropolitan areas of the United States, the COVID-19 pandemic has caused, at times, a near total cessation of all non-essential economic activities, as state and local governments have periodically implemented various containment efforts, including lockdowns on non-essential business, stay at home orders, shelter in place orders, banned large gatherings, required all non-essential businesses to close, and curtailed other business activities. While certain business and economic conditions have improved since the pandemic began, and certain COVID-19 vaccines have been approved and have become widely available for use in the United States, significant uncertainties remain, including with respect to the effectiveness of vaccines against existing and new variant strains of the COVID-19 virus which could be vaccine resistant, the potential impacts of variations in vaccination rates among different geographical areas and demographic segments, vaccine mandates, booster vaccines, and the potential impacts of future spikes in infection rates including through breakthrough infections among the fully vaccinated.

The President’s declaration of a national emergency in March 2020 as a result of the COVID-19 Pandemic allowed the College Foundation, Inc. (the “Foundation”) to grant administrative forbearance under the federal regulations. The Foundation has advised its loan borrowers that it 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 three months for payments due between March 13, 2020 and June 11, 2020;
- after the period set forth above discretionary forbearance upon request;
- all otherwise available options to suspend or reduce monthly payments remain in full force; and
- availability of reduced monthly payments for Federal Family Education Loan Program borrowers requesting relief continues to be available and is based on regulations and eligibility.

These temporary relief measures apply to Financed Student Loans. Forbearance usage rates by principal amount of all of the Authority’s student loans in forbearance as a percentage of all student loans was approximately 3.62% as of December 31, 2019, 7.99% as of March 31, 2020, 1.80% as of June 30, 2020, 2.84% as of September 30, 2020, 5.10% as of June 30, 2021 and 4.72% as of March 31, 2022. The Authority reserves the right to adopt additional relief measures in response to the COVID-19 Pandemic.

Since March 2020, the disruption to the operations of the Authority and its servicer of FFELP Loans, the Foundation due to the COVID-19 Pandemic has been isolated and minimal. Both the Authority and the Foundation have implemented various technologies to support a remote workforce, including VPN and telephone technologies and remain well-positioned to respond effectively and flexibly to any future health concerns impacting their workforces.

As of June 2022, the Authority has largely returned staff to their respective facilities and continue to monitor effective State and local public health guidance.

The Authority is not aware of any federal or State law changes in response to the COVID-19 Pandemic that it expects would materially and adversely affect the operation of its programs nor does it anticipate the consequences arising from the spread of COVID-19 or similar diseases to have a material impact on its financial condition.

*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, the Student Veteran Coronavirus Response Act, signed into law on April 28, 2020, and the COVID-19 Consumer Protection Act (Title XIV of the Consolidated Appropriations Act, 2022), signed into law on December 27, 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 Direct Loan Program (“Direct Loans”), 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.

Many of the measures adopted in the CARES Acts as described in the preceding paragraph were extended as the result of the passage of the Coronavirus Response and Relief Supplemental Appropriations Act (the “Coronavirus Relief Act”), which was signed into law on December 27, 2020.

The CARES Acts also authorized 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 followed 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. Most of this amount was unused and was moved by Treasury into the Treasury’s general account and as a result would require further congressional action before being utilized as described above.

The CARES Act suspended federal student loan payments and interest accruals on all loans owned by the Department of Education (which do not include the Financed Student Loans) beginning as of March 13, 2020. The President of the United States has signed multiple executive orders instructing the Department of Education to extend the student loan payment forbearance and the halting of interest accrual and collections activities through August 31, 2022 for federally-owned loans. If the suspension period is extended further, more borrowers may consolidate their FFELP Loans to the federal Direct Loan Program, which could further increase prepayments on the Authority’s loan portfolio.

In addition, although the student loan-specific relief measures under the CARES Acts, the Coronavirus Relief Act, the suspension of federal student loan payments and interest accruals by the CARES Acts and subsequent extensions by the Department of Education as the result of execution orders as described in the preceding paragraph to date do not apply to the Financed Student Loans or the other FFELP Loans of the Authority, the Foundation provides COVID-19 related forbearances to borrowers of the Financed Student Loan as set forth above. Interest continues to accrue on any Financed Student Loans

for which a COVID-19 related forbearance is requested and granted. Such forbearances could cause the rate of repayment of the Financed Student Loans to be slower than expected, which would have a corresponding impact on the payment of the Notes.

*Uncertainty of Future Impacts.* As of the date hereof, the Authority 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 Program. Any further COVID-19 Pandemic relief measures that may be required by law or voluntarily implemented by the Authority and that are applicable to Financed Student Loans would be expected to result in a delay in the receipt of, or in a reduction of, the revenues received from the Financed Student Loans. The Authority cannot accurately predict the number of Financed 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 Financed Student Loans. If actual receipt of Financed Student Loans revenues or actual Financed 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 COVID-19 Pandemic most recently has resulted in inflation associated with supply chain disruptions, a constrained labor market and extensive government stimulus programs initiated in efforts to counteract the economic disruptions from the pandemic. The long-term impact of a continuation of these developments, while currently unknown, could result in an increase in delays by borrowers in paying Financed Student Loans, thus causing increased default claims to be paid by a Guaranty Agency (including the Authority). It is impossible to predict the status of the economy or unemployment levels or at what point a downturn in the economy would significantly reduce Authority revenues or the Authority's ability to pay default claims. The COVID-19 Pandemic and the economic downturn might also affect the ability of the transaction parties to perform their duties and obligations under the transaction documents, which could adversely affect the market value of the Notes or limit the ability of an investor to resell its Notes.

The full impact of the COVID-19 Pandemic, and of directly and indirectly related developments, on the Authority's finances and operations, on the performance of FFELP Loans, including Financed Student Loans constituting security for Notes, on the other parties participating in the Consent Solicitation and on the security, market value and liquidity of Notes cannot be predicted at this time, and will depend on future developments, which are highly uncertain and largely beyond the Authority's control. 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 Financed Student Loan borrowers to make full and timely loan repayment. The number and aggregate principal balance of Financed 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 Financed 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, administrative or executive action could result in an increase in the percentage of incidence of on-time payments of Financed Student Loans or prepayments of Financed Student Loans (whether as a result of consolidation into Direct Loans or otherwise). There can be no assurance, however, that such further federal action will occur, or as to the number or aggregate principal balance of Financed Student Loans that might be so affected. There are many accounts in the media relating to whether or if the President of the United States will sign an executive order instructing the Department of Education to implement a large scale program of loan forgiveness. The size and scope of such a program, if any, is not clear. If such a program is implemented it could result in prepayments on FFELP Loans which in turn could result in prepayments on the Notes. The Authority 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 Authority, the State or the federal government, on its operations and financial position.

*General Economic Conditions.* Regional and national economic developments since the beginning of the COVID-19 Pandemic have resulted in a reduction in household wealth and in the availability of civilian employment. The United States is now experiencing inflation at a rate of approximately 8% per annum. This inflation is resulting in stress on the consumer together with an upward movement of short, medium and long term interest rates. It is impossible to predict how long these conditions may continue or whether such conditions may worsen. If the United States goes into another recession, higher levels of unemployment, either regionally or nationally, may result. Rising interest rates will have an adverse effect on the market price of, and/or on the liquidity of, the Notes.

*Continuing Disclosure.* The Authority may provide periodic disclosures of developments with respect to the above matters to the extent that the Authority 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 Certificates that the Authority has entered into would be voluntary filings. As such, the Authority 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 FINANCED  
STUDENT LOANS AND THE NOTES**

The projections contained in this Appendix D were prepared on the basis of data that was provided by the Authority concerning the Financed Student Loans and of assumptions that included those set forth below. The tables set forth below relating to the Financed Student Loans are as of March 31, 2022. The projections are included herein for illustrative purposes only, and no representation is made by the Authority, by the Consent Solicitation Agent or by any other entity referred to herein that the actual performance of the Financed 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 Authority has not undertaken to update, and does not intend to make available information updating, the assumptions or the projections contained in this Appendix D.

**Composition of Financed Student Loans**

Aggregate Outstanding Principal Balance:	\$122,583,819.59
Number of Borrowers:	13,311
Average Outstanding Principal Balance Per Borrower:	\$9,209.21
Number of Financed Student Loans:	24,273
Average Outstanding Principal Balance Per Financed Student Loan:	\$5,050.21
Weighted Average Remaining Term:	109
Weighted Average Statutory Interest Rate:	5.62%

<b>Financed Student Loan Type</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
Stafford - Subsidized	\$32,036,537.23	26.13%	10,242
Stafford - Unsubsidized	45,684,030.06	37.27%	9,541
SLS	0.00	0.00%	0
PLUS - Parent	1,985,687.83	1.62%	249
PLUS - Graduate/Professional	1,784,640.34	1.46%	118
Consolidation - Subsidized	18,357,423.24	14.98%	1,968
Consolidation - Unsubsidized	22,735,500.89	18.55%	2,155
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>



<b>Statutory Interest Rates</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
<= 2.00%	596,780.50	0.49%	180
2.01% - 2.50%	6,834,925.14	5.58%	2,354
2.51% - 3.00%	11,790,562.82	9.62%	1,544
3.01% - 3.50%	8,901,654.49	7.26%	1,302
3.51% - 4.00%	3,738,307.01	3.05%	348
4.01% - 4.50%	3,640,809.41	2.97%	319
4.51% - 5.00%	3,622,515.34	2.96%	321
5.01% - 5.50%	3,889,666.26	3.17%	322
5.51% - 6.00%	11,386,874.26	9.29%	3,873
6.01% - 6.50%	1,047,899.22	0.85%	70
6.51% - 7.00%	60,046,498.45	48.98%	13,117
7.01% - 7.50%	1,015,988.46	0.83%	61
7.51% - 8.00%	248,307.16	0.20%	16
8.01% >=	5,823,031.07	4.75%	446
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

<b>Current Borrower Payment Status</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
Deferment	\$7,835,812.41	6.39%	1,611
Forbearance	6,086,960.78	4.97%	1,070
Grace	7,843.62	0.01%	5
In School	103,889.23	0.08%	32
Repayment (First year)	1,143,423.71	0.93%	217
Repayment (Second Year)	3,410,290.20	2.78%	618
Repayment (Third Year)	6,686,000.34	5.45%	1,238
Repayment (More than 3 Years)	96,694,926.86	78.88%	19,357
Paid In Full	0.00	0.00%	0
Claims Filed	614,672.44	0.50%	125
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

<b>Days Delinquent</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
<= 30	\$106,377,400.40	86.78%	21,365
31 - 60	4,705,343.05	3.84%	848
61 - 90	2,905,275.46	2.37%	537
91 - 120	2,349,401.67	1.92%	425
121 - 150	1,729,724.25	1.41%	261
151 - 180	1,097,056.66	0.89%	211
181 - 210	1,214,685.12	0.99%	193
211 - 240	516,985.60	0.42%	117
241 - 270	731,267.93	0.60%	123
>= 271	956,679.45	0.78%	193
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

<b>Remaining Term (Months)</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
<= 24	\$12,068,204.61	9.84%	4,724
25 - 48	16,286,332.11	13.29%	5,017
49 - 72	19,116,514.40	15.59%	4,362
73 - 96	18,777,758.40	15.32%	3,620
97 - 120	11,524,475.37	9.40%	1,827
121 - 144	5,834,005.44	4.76%	634
145 - 168	8,614,253.18	7.03%	1,179
169 - 192	9,031,914.95	7.37%	992
193 - 216	7,893,544.64	6.44%	776
217 - 240	6,187,087.70	5.05%	536
241 >=	7,249,728.79	5.91%	606
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

<b>Servicer</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
College Foundation, Inc.	\$122,583,819.59	100.00%	24,273
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

<b>Seasoning (Months)</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
0	\$119,947.77	0.10%	40
1 - 24	7,557,318.20	6.17%	1,401
25 - 48	19,933,544.35	16.26%	3,587
49 - 72	22,784,458.37	18.59%	4,331
73 - 96	22,105,667.28	18.03%	5,101
97 - 120	20,682,734.31	16.87%	5,393
121 - 144	9,844,383.85	8.03%	1,387
145 - 168	7,833,760.98	6.39%	1,285
169 - 192	6,787,392.41	5.54%	878
193 - 216	4,713,110.84	3.84%	850
217 - 240	116,351.89	0.09%	9
241 - 264	53,151.89	0.04%	5
265 - 288	51,997.45	0.04%	6
>288	0.00	0.00%	0
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

<b>School Type</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
Unknown	\$940,861.50	0.77%	61
2-Year	5,497,189.77	4.48%	1,726
4-Year	108,799,404.84	88.76%	20,926
Proprietary	7,346,363.48	5.99%	1,560
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

<b>SAP Index</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
1-Month LIBOR Index	\$119,399,265.58	97.40%	23,699
91-Day T-Bill Index	3,184,554.01	2.60%	574
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

<b>Payment Plan</b>	<b>Aggregate Outstanding Principal Balance</b>	<b>Percent of Total</b>	<b>Number of Financed Student Loans</b>
IBR - Partial Financial Hardship	\$38,527,009.90	31.43%	5,933
Standard	35,620,328.49	29.06%	9,000
IBR - Permanent Standard	28,337,532.45	23.12%	5,778
Extended	12,697,625.30	10.36%	2,460
Graduated	6,122,190.59	4.99%	924
Graduated extended	1,247,425.03	1.02%	176
Income-Sensitive	31,707.83	0.03%	2
<b>Total</b>	<b>\$122,583,819.59</b>	<b>100.00%</b>	<b>24,273</b>

## Cash Flow Assumptions

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

- The statistical cutoff date is March 31, 2022.
- A Constant Prepayment Rate of 0%, 2%, 4%, 6% and 8% assumed for all Financed Student Loans.

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.

- The 91-day T-Bill rate is 0.520%.
- The 1-Month LIBOR rate is 0.452%.
- The 3-Month LIBOR rate is 0.962%.
- 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 0.37% for the Financed Student Loan portfolio.
- Financed 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 Federal Family Education Loan Program. All Financed Student Loans remain in their current status until their status end date and then move to repayment.
- Zero delinquencies are assumed.
- An administrative fee of 0.02% of the Financed Student Loan portfolio balance is assumed paid monthly.
- A servicing fee of 0.63% of the Financed Student Loan portfolio balance is assumed paid monthly.
- An operating fee of \$100,000 is assumed paid annually.

### Weighted Average Lives of the Notes at Various Percentages of CPR<sup>1</sup>

<b><u>Distribution Dates</u></b>	<b><u>0%</u></b>	<b><u>2%</u></b>	<b><u>4%</u></b>	<b><u>6%</u></b>	<b><u>8%</u></b>
4/25/2022	91%	91%	91%	91%	91%
10/25/2022	84%	83%	83%	82%	81%
10/25/2023	73%	71%	68%	66%	63%
10/25/2024	62%	58%	54%	50%	47%
10/25/2025	49%	45%	40%	36%	32%
10/25/2026	36%	32%	27%	23%	19%
10/25/2027	23%	18%	14%	10%	7%
10/25/2028	9%	5%	2%	0%	0%
10/25/2029	0%	0%	0%	0%	0%
<b>Weighted Average Life (years)<sup>2</sup></b>	<b>3.7</b>	<b>3.4</b>	<b>3.2</b>	<b>3.0</b>	<b>2.8</b>

<sup>1</sup> Represents the amount of the Notes outstanding based on the original par amount

<sup>2</sup> Weighted Average Life remaining on the Notes based on data as of March 31, 2022

## **The Authority, the Guaranty Agency and the Servicers**

### **THE AUTHORITY**

The Authority was created under Chapter 1180 of the 1965 Session Laws of North Carolina, as amended, being Sections 116-201 to 116-209, inclusive, of the General Statutes of North Carolina (the “Act”), and is a political subdivision of the State governed by a Board of Directors (the “Board”) consisting of nine members, seven of whom are appointed for four-year terms and two who serve by virtue of their positions with the State’s higher education systems. The constitutionality of the Act was upheld by the North Carolina Supreme Court in 1970. Prior to the enactment of Section 8A.4 of Chapter 180 of the 2021 Session Laws of North Carolina, seven members of the Board were appointed by the Governor of the State. Due to the recent change in State law, the seven appointed members of Board, as terms of currently serving members expire, will consist of four members appointed by the Governor of the State and three members appointed by the Board of Governors of The University of North Carolina. The Authority exercises its statutory powers independently from the Board of Governors of The University of North Carolina and The University of North Carolina System Office but is administratively housed within The University of North Carolina System Office. As of June 30, 2022 the Authority has 84 full-time employees. All permanent Authority staff are employees of the University of North Carolina System Office. The principal executive officer of the Authority, the Executive Director, is appointed by the President of The University of North Carolina. The Authority’s current website is [www.ncseaa.edu](http://www.ncseaa.edu).

Among other powers authorized under the Act, the Authority may:

- (1) develop and administer programs and perform all functions and services necessary or convenient to promote and facilitate the making and insuring of student loans and loans to parents of resident students or students who attend postsecondary institutions in North Carolina and to administer other programs of student assistance for resident students, students who attend postsecondary institutions in North Carolina or parents of resident students as authorized under federal and State law;
- (2) do all things necessary to qualify for loans, grants, insurance and other benefits under any program of the United States now or hereafter authorized to foster student loans and loans to parents of resident students; and
- (3) buy and sell obligations of students who are residents of the State or enrolled in qualified institutions of higher learning or postsecondary business, trade, technical or other vocational schools in North Carolina and buy and sell obligations of parents of such students.

At a special meeting held by the Board on June 23, 2022, it adopted a resolution authorizing the Consent Solicitation for the purpose of amending the General Resolution.

The Authority administers 58 separate programs in the following five primary categories: Grants and Scholarship, Forgivable Loans, Student and Parent Loans, Outreach and College Access and 529 Savings Program.

In June of 1966, the Authority assumed the function of a guaranty agency as set forth in the Higher Education Act and entered into certain agreements with the United States Secretary of Education (the “Secretary”). Pursuant to such agreements, the Authority guaranteed loans held by an “eligible lender” under the Higher Education Act. The Foundation is an eligible lender and served as the central loan originator and continues to serve as servicer for such loans. All of the FFELP Loans currently guaranteed by the Authority and all of the student loans owned by the Authority were originated and are serviced by the Foundation.

The Reconciliation Act eliminated the FFELP Loans effective July 1, 2010 and the origination of new FFELP Loans after June 30, 2010. Notwithstanding the elimination of the Federal Family Education Loan Program as it existed prior to the Reconciliation Act, the Authority continues its role as guarantor of the existing loans and also carries out its other programs in support of education in the State.

**Board of Directors and Officers**

The Board’s current members and officers are as follows:

<u>Name</u>	<u>Title</u>	<u>Occupation</u>
James O. Roberts	Chairman	Finance Director, City of Dunn, North Carolina
Clay H. Jackson	Vice Chairman	Founding Member, Jackson Hill & Fish
Andrea Poole	Secretary	Executive Director, North Carolina State Education Assistance Authority
Brandy Andrews	Member	Vice President and Chief Financial Officer, North Carolina Community College System (Ex-Officio)
Jamie A. Applequist	Member	Chief Administrative Officer, State Employees’ Credit Union
Jennifer H. Haygood	Member	Senior Vice President for Finance and Administration and Chief Financial Officer, University of North Carolina System (Ex-Officio)
W. Rita Jerman	Member	Senior Vice President for Enrollment and Student Services and Chief Campus Officer, Wake Technical Community College (Retired)
Terri E. LeGrand	Member	Director of Enrollment Compliance and Technology, Wake Forest University
Timothy Montgomery	Member	Head of School, The Piedmont School and John Yowell Academy
Janet L. Williams	Member	Vice President for Finance and Administration, Elon University

Andrea Poole is Executive Director and the principal executive officer of the Authority. She is also Secretary of the Board. Ms. Poole has dedicated more than 20 years of service to the State of North Carolina, of which, the majority focused on higher education. She began her State career as a Policy Analyst for the North Carolina Housing Finance Agency and later worked as a Financial Analyst with the North Carolina General Assembly’s nonpartisan Fiscal Research Division, specializing in the issues of higher education, financial aid, and health and human services. In 2013, Andrea joined the University of North Carolina System Office as its first Associate Vice President of Finance and University Budgets, where she went on to serve as Secretary of the University until 2019. She then served as Vice President for Strategic Initiatives with the North Carolina Community College System until joining the Authority in 2021. Ms. Poole earned a Bachelor of Science from Duke University and a Master of Public Administration from North Carolina State University.

Leslie A.A. Karkanawi joined the Authority in August 2021 as Director of Legal and Regulatory Affairs and General Counsel. As Director of Legal and Regulatory Affairs and General Counsel, Ms. Karkanawi serves as the chief legal advisor to the Authority’s executive director, board of directors and senior management, oversees transactions for the agency’s student loan finance program and the State’s

529 college savings plan, and otherwise manages the legal affairs of the agency, including the provision of litigation services. Prior to assuming her current position, she worked as a principal staff attorney for the North Carolina General Assembly. Ms. Karkanawi graduated from the University of Massachusetts at Amherst in 2001 with a bachelor of science degree. She received her Juris Doctor from Northeastern University School of Law in 2007.

Elizabeth I. Rozakis has been the Chief Financial Officer of the Authority since 2016. Prior to joining the Authority, she was the Chief Financial Officer of the North Carolina Housing Finance Agency from 2004 to 2016. She held other management positions at the Housing Finance Agency from 2000 to 2004. Before joining the Housing Finance Agency, she held various supervisory and management positions with Carolina Power and Light Company from 1994 to 2000, and accounting and management positions at Deloitte & Touche from 1989 to 1994. She graduated from the University of North Carolina-Chapel Hill in 1988 with a BS in Business Administration/Accounting. She is a licensed Certified Public Accountant.

Wayne E. Johnson joined the Authority in April 1999 as Director of Guaranty Agency and Repayment Services. He also serves as an assistant secretary to the Board. Prior to joining the Authority, Mr. Johnson worked for over fourteen years in the admissions and financial aid professions at Wake Forest University. He graduated from Northwestern University in 1980 with a Bachelor of Arts degree and received his Juris Doctor from Wake Forest University in 1984.

Kathryn C. Marker is the Director for Grants, Training and Outreach. Before joining the Authority in 2014, Kathryn taught several courses in the teacher preparation program at North Carolina State University and previously worked as a high school teacher. Kathryn has a Ph.D. in Educational Evaluation and Policy Analysis from North Carolina State University, and holds degrees from George State University and Miami University (Ohio) as well. She oversees North Carolina's K12 Programs administered by the Authority and provides leadership for higher education programming and training, as well as for FAFSA and college access outreach efforts.

### **Student Loan Insurance Program**

On June 1, 1966, the Authority initiated its Student Loan Insurance Program and commenced guaranteeing student loans as the guaranty agency for the State under Section 428(c) of the Higher Education Act. Either the Authority or the Foundation (as the agent of the Authority), as the case may be, processes loans submitted for guarantee. In addition, the Authority provides collection assistance for delinquent loans, pays claims for loans in default, collects loans on which default claims have been paid and makes appropriate responses to the Secretary. The Authority is also responsible for initiating policy and performing compliance reviews as required by the Higher Education Act with respect to certain schools participating in the Student Loan Insurance Program. As of November 30, 2012, the outstanding principal amount of student and parent loans guaranteed by the Authority, and originated and serviced by the Foundation was approximately \$2.6 billion.

Pursuant to the Authority's Student Loan Insurance Program, any eligible holder of a loan guaranteed by the Authority is entitled to reimbursement from the Authority for 98% of any proven loss of principal and interest resulting from a default by a borrower (and 100% of any proven loss with respect to certain other claims) for loans disbursed on or after October 1, 1993, but prior to July 1, 2006. For loans first disbursed on or after July 1, 2006 but before July 1, 2010, the reimbursement rate is 97%. No loans with a first disbursement date after June 30, 2010 will be originated under the Student Loan Insurance Program as a result of the enactment on March 30, 2010 of the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152). Loans made under the Program, however, continue to be guaranteed by the Authority and reinsured by the federal government, as discussed herein.



The Authority, as a guaranty agency under the Higher Education Act, must pay a lender for a defaulted loan prior to submitting a claim to the Secretary for reimbursement. The Higher Education Act requires that the Authority submit a request for reimbursement to the Secretary within 30 days from the date the claim is paid. Reimbursement from the Secretary occurs approximately 45 days from the time that the Authority requests reimbursement. Under present practice, after the Secretary reimburses the Authority for a default claim paid on a Student Loan, the Authority must continue to seek repayment from the borrower. The following are default rates for loans insured by the Authority for the past five federal fiscal years:

Federal Fiscal Year Ended <u>September 30</u>	<u>Default Claims Paid*</u>	<u>Default Trigger Rate*</u>
2017	\$37,638,928	1.89%
2018	50,408,588	2.93
2019	35,535,826	2.43
2020	17,324,409	1.39
2021	16,344,250	1.55

\* "Default Claims Paid" represents the dollar amount of default claims reimbursed to the guaranty agency through reinsurance during the federal fiscal year ending September 30. This is the dollar amount used by the Department of Education to calculate the "Default Rate," otherwise known as the "trigger figure." The "trigger figure" indicates loans defaulted during a federal fiscal year as a percentage of the loans in repayment at the beginning of such fiscal year. An annual "trigger figure" of 5% or less qualifies a guaranty agency for the maximum federal reinsurance payment.

The following are the Authority's receivable recovery rates for the past five federal fiscal years:

Federal Fiscal Year Ended <u>September 30</u>	<u>Federal Fiscal Year Recoveries</u>	<u>Receivable Recovery Rate</u>
2017	\$36,255,380	19.36%
2018	36,156,272	19.29
2019	39,491,716	19.81
2020	35,496,316	17.50
2021	21,959,605	11.17

A guaranty agency's receivable recovery rate is based upon total recoveries received during the current federal fiscal year divided by the federal receivables as of the end of the previous fiscal year. Recoveries include principal, interest and fees received from: rehabilitated loan sales, consolidated loan sales, default collections, administrative wage garnishment collections, tax offset collections, litigation and bankruptcy collections.

### **Reserve Trust Fund**

Pursuant to the Act, the Authority has established the Reserve Trust Fund to further secure its loan guarantee obligations. The Reserve Trust Fund is the cash reserve from which the Authority remedies defaults on student or parent loans pending reimbursement from the student loan insurance fund established under Section 431 of the Higher Education Act. Under current law, each guaranty agency is required, for each fiscal year, to maintain a cash reserve level of at least 0.25% of the original principal amount of the outstanding insured loans. Such reserve level requirement is subject to reduction by future changes in law or regulations. Such cash reserve is provided by the Authority through the Reserve Trust Fund, an account maintained for the Authority by the State Treasurer.

A guaranty agency's reserve ratio is determined by dividing its federal fund (in the case of the Authority, Reserve Trust Fund) balance by the original principal amount of outstanding loans it has agreed

to guarantee. The following table sets forth the Authority’s reserve ratio as of the end of recent federal fiscal years:

<u>Federal Fiscal Year Ended</u> <u>September 30</u>	<u>Original Principal Amount</u> <u>of Outstanding Loans</u>	<u>Federal Fund Balance</u>	<u>Reserve Ratio</u>
2017	\$1,804,256,603	\$14,409,104	0.83%
2018	1,554,578,929	14,757,347	1.01%
2019	1,341,356,953	15,072,495	1.21%
2020	1,165,983,590	16,031,202	1.52%
2021	1,008,460,696	16,258,331	1.82%

Sources of funds for the Reserve Trust Fund include all premiums received by the Authority for guaranteeing student or parent loans and all moneys made available to the Authority for the guaranteeing of loans, including federal funds made available for such purpose. Moneys in the Reserve Trust Fund are not pledged to the repayment of the Notes. The liability of the Authority with respect to its guaranteeing of student loans does not constitute a pledge of the faith and credit of the State but is payable solely from the moneys in the Reserve Trust Fund. Funds available in the Reserve Trust Fund are restricted by federal regulations and the Higher Education Act.

### **Change to Index for Calculation of Special Allowance Payments**

The Authority made an affirmative election under Public Law 112-74 to permanently change the index for Special Allowance Payments on all of the FFELP Loans guaranteed by the Authority and disbursed on or after January 1, 2000 from the three-month commercial paper rate to the one-month LIBOR index, commencing with Special Allowance Payments for the calendar quarter that began April 1, 2012.

### **THE FOUNDATION**

The Foundation, a nonprofit corporation, was chartered in 1955 by the Governor of the State and two other State officials under the General Statutes of North Carolina for the purpose of assisting students in defraying their education expenses in attending eligible educational institutions. The Foundation received its final 501(c)(3) determination letter from the IRS on October 11, 1956, which determination letter has not been amended, revoked, withdrawn or rescinded. The charter of the Foundation was amended in 1962 to permit it to administer certain aspects of the North Carolina Bankers’ Student Loan Plan, the forerunner of the Program. The Foundation has served as an “eligible lender” pursuant to Section 435(d)(1)(D) of the Higher Education Act since enactment.

The Foundation, as agent and independent contractor for the Authority, has served as the central loan originator and continues to serve as the servicer for the Program. Pursuant to an agreement with the Authority entitled “Seventh Amended and Restated Contract Providing for the Performance of Certain Services and Functions for the State Education Assistance Authority,” dated as of October 1, 2013, as amended and supplemented from time to time (the “Amended and Restated Contract”), the Foundation acts for the Authority in servicing and administering certain aspects of the Program.

Since its inception and through May 31, 2022, the Foundation has serviced more than 2.2 million loans totaling approximately \$9.96 billion to more than 605,000 student and parent borrowers with funds from the Foundation, the Authority, banks in the State and other financial institutions, educational institutions, and certain other investors. All of the FFELP Loans serviced by the Foundation are guaranteed by the Authority. As of June 30, 2021, the combined net assets (total assets minus total liabilities) of the Foundation’s general operating fund, which includes property and equipment, were approximately

\$36 million. As of May 31, 2022, the principal amount of student and parent loans being serviced by the Foundation was approximately \$747.4 million.

As of the fiscal year ended June 30, 2021, the Foundation was servicing a FFELP Loan volume of \$851,278,490.

Shown in the table below is information regarding guarantee claims filed by the Foundation for all FFELP Loans serviced by the Foundation for the last five calendar years. There can be no assurance that the Foundation's experience, as reflected in the table, will not be materially different in the future.

Calendar Year	Total Claims Filed <sup>(1)</sup>	Gross Reject Amount <sup>(1)</sup>	Gross Reject Rate	Cure Amount	Cure Rate	Net Reject Amount	Net Reject Rate
2017	\$ 55,388,418	\$0	0.00%	\$0	0.00%	\$0	0.00%
2018	73,596,525	0	0.00	0	0.00	0	0.00
2019	47,825,002	0	0.00	0	0.00	0	0.00
2020	14,817,018	0	0.00	0	0.00	0	0.00
2021	<u>33,372,265</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	\$224,999,228	\$0	0.00%	\$0	0.00%	\$0	0.00%

<sup>(1)</sup> Includes 100% of principal claims, rather than only the guaranteed portion. Also includes deaths, disabilities, and bankruptcies. Rehabilitations and repurchases are not netted from the total claims filed.

### The Amended and Restated Contract

Pursuant to the Amended and Restated Contract, the Foundation acts for the Authority in administering certain aspects of the Authority's education loan programs, including the Program. The Amended and Restated Contract sets forth certain functions and services to be provided by the Foundation to the Authority in connection with the loan programs for which it provides services, as well as the compensation to be paid by the Authority to the Foundation for such functions and services. Among such functions and services to be provided by the Foundation with respect to the loan program for which it provides services to the Authority, including the Program, are:

- (1) the safekeeping and custody of promissory notes acquired through the making or acquisition of student loans, which promissory notes must remain clearly identifiable and distinguishable from other promissory notes, documents and moneys, contracts, obligations or other legal instruments and held in trust by the Foundation as property of the Authority;
- (2) the maintenance of and access to full and complete records (whether electronic or otherwise) and accounts with respect to student loans; and
- (3) the collection and enforcement of payments of principal and interest with respect to student loans.

As provided for by the Amended and Restated Contract, the Authority reimburses the Foundation for a pro rata share of its reasonable operating costs and expenses plus reasonable capital costs incurred in the administration of loans funded by the Authority.

## Foundation as Servicer

In connection with the issuance of the Notes, the Authority and the Foundation entered into a letter agreement, appointing the Foundation as the Servicer for the Financed Student Loans and detailing certain terms with respect to the servicing of the Financed Student Loans. The letter agreement:

- (1) incorporated applicable provisions of the Amended and Restated Contract by reference;
- (2) places a cap on the amount of Servicing Fees payable by the Authority to the Foundation for the servicing of the Financed Student Loans;
- (3) provides that, subject to a 90-day cure period, the Foundation will purchase any Financed Student Loans that are no longer guaranteed as a result of the Foundation's improper origination or servicing;
- (4) requires that, as long as the Foundation is Servicer of any Financed Student Loans and during the conversion of any Financed Student Loans to Nelnet Servicing, LLC as back-up servicer, the Foundation maintain certain licensure to use the Student Loan Servicing System ("SLSS") platform, unless otherwise consented to by the Authority; and
- (5) establishes certain procedures and parameters related to the termination of the letter agreement and the Amended and Restated Contract and the transfer of the servicing function from the Foundation to a successor.

## Board of Trustees and Senior Managers

The Foundation's charter specifies that the Board of Trustees of the Foundation shall consist of nine trustees (five bankers and four members of the public at large) appointed by the Governor of the State. The present trustees are as follows:

<u>Name</u>	<u>Title</u>	<u>Occupation</u>
Charles J. Stewart	Chairman	Retired – Former Vice President, PNC Bank
Robert E. Hammersley, Jr.	Vice Chairman	Senior Vice President, Wells Fargo Bank, N.A.
Hal S. Johnson	Treasurer	Principal, Hal Johnson, LLC
Charles W. Cole, III	Member	Community Volunteer
Hyacinth Drummond	Member	Community Advocate
Hugh Holston	Member	Retired – Former Director, Lincoln Financial Group
Brian K. Reid	Member	President, TowneBank
Donna Samuels	Member	Retired – Former public school teacher
A. Hope Williams	Member	President, N.C. Independent Colleges and Universities

The Foundation's senior management staff is as follows:

Wendy H. McAlister serves as President and Chief Executive Officer of the Foundation and as Secretary of the Board of Trustees. Ms. McAlister graduated from North Carolina State University in 1984 with a baccalaureate degree in accounting. She is a licensed Certified Public Accountant and is a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified

Public Accountants. From January 1985 until January 1993, she worked for the public accounting firm of Koonce, Wooten & Haywood, CPAs in Raleigh, North Carolina. During that period, Ms. McAlister served as the senior in charge of the audits (financial and compliance) for both the Authority and the Foundation. In January 1993, Ms. McAlister joined the Foundation as Vice President for Quality Assurance; she assumed responsibility for Financial Services in April 1997. From July 2003 to June 2012, she served as Senior Vice President and was responsible for origination services, borrower services, office services, financial services, grant and scholarship services and quality assurance services. Ms. McAlister currently serves as the Chairman of the Board for the Education Alliance, Incorporated as well as a Board member and Treasurer for the National Council of Higher Education Resources.

Laura Morgan, Vice President of Communications, Savings, and Legal Affairs, is responsible for marketing each of the Foundation's lines of business, oversight of the North Carolina College Savings and Investment Program (the NC 529 Plan), and coordination of college access and success services provided through the College Foundation of North Carolina initiative (CFNC). CFNC is a collaboration between the Foundation, the Authority, and Pathways of North Carolina to help students and families plan, apply, and pay for college. She joined the Foundation in 2005 as Associate General Counsel, with a promotion to General Counsel in 2006. Ms. Morgan served in this position until 2017 when she became the Vice President of Communications, Savings and Legal Affairs. Ms. Morgan is a graduate of the University of North Carolina with a bachelor's degree in Political Science and a J.D. with Honors in Law.

Peter O. Rau, Vice President of Technology Services, joined the Foundation in 2019 and is responsible for information technology development and operations. Before joining the Foundation, Mr. Rau was co-founder and lead consultant with Farmhouse, a software product consulting firm, developing software and product strategies for corporate clients from 2016 to 2019. Prior to this role, he served as the Director of Technology for Thinking Maps, Inc., a K-12 educational publisher, leading the organization in developing a new online business model and suite of products. Mr. Rau earned a bachelor's degree from Harvard University and a master's degree from the University of North Carolina at Chapel Hill.

Marcia Southerland, General Counsel & Interim Vice President of Program Services, joined the Foundation in 2011 as General Counsel. She became General Counsel & Interim Vice President of Program Services in 2022 and her responsibilities expanded to include loan origination services, repayment services, collection services, grant and scholarship services, residency determination service, and the CFNC Call Center. Prior to joining the Foundation, Ms. Southerland was an attorney with McDaniel & Anderson, LLP and the Stephenson Law Firm. She earned her bachelor's degree in Political Science from N. C. State University in 1989 and her Juris Doctor, with Honors, from Campbell University, Norman Adrian Wiggins School of Law in 1994.

Karl D. Vass, Jr., Vice President of Financial Services, serves as Secretary and Treasurer of the Foundation and as Assistant Secretary and Assistant Treasurer to the Board of Trustees. He is responsible for financial services, office services, quality assurance services, internal auditing, and facilities management. He graduated in 1983 from Davidson College with a Bachelor's degree in History. He is a licensed Certified Public Accountant and is a member of the North Carolina Association of Certified Public Accountants. Mr. Vass joined the Foundation in 1992 as an internal auditor and then as an internal audit manager. He later served as Financial Services Manager and then Assistant Vice President of Financial Services until July 2011, when he became Vice President of Financial Services.

### **Servicing of Student Loans**

The Foundation provides the personnel and technology necessary to perform all servicing of student loans, which services include, but are not limited to: (i) verifying that all required documents for each student loan have been delivered and that each loan qualifies as a Student Loan; (ii) maintaining and

updating all loan records; (iii) performing due diligence necessary to collect loans according to standards set by the Authority; (iv) taking any action necessary to collect delinquent payments; and (v) performing any other functions associated with the servicing of student loans. The Foundation stores, protects and retains promissory notes and other collateral documents for the student loans in a secure environment.

As of May 31, 2022, the Foundation had a staff of 166 full-time and three part-time employees with an additional 10 individuals retained through personnel agencies. For collection activities related to delinquent payments, staff work from 8:00 a.m. until 7:00 p.m. (Eastern Time) Monday through Thursday and 8:00 a.m. until 5:00 p.m. (Eastern Time) on Friday.

The Foundation stores, protects and retains promissory notes and other collateral documents for the student loans it services in a secure environment. Original promissory notes are maintained in a separate storage area with restricted access. As an additional safeguard, the Foundation stores imaged copies of each promissory note and other servicing and collateral documents. True and exact copies of the promissory notes are mailed to borrowers upon request after the applicable loans are paid in full.

### **Other Programs**

The Foundation has served as an “eligible lender” pursuant to Section 435(d)(1)(D) of the Higher Education Act since enactment. As of May 31, 2022, the Foundation was servicing 133,333 loans for 40,870 borrowers totaling \$747.4 million under the Higher Education Act. The Foundation also originates and services one newer alternative loan program and services two older alternative education loan programs for the Authority and one alternative education loan program for an educational institution. Since its inception and through May 31, 2022, the Foundation has serviced more than 2.2 million loans totaling approximately \$9.959 billion to more than 605,000 student and parent borrowers with funds from the Foundation, the Authority, banks in the State and other financial institutions, educational institutions, and certain other investors.

The Authority contracts with the Foundation for the administration of five grant and scholarship programs that will provide approximately \$254 million during the 2021-22 academic year to North Carolina college students. In addition, the Foundation administers several small, private scholarship and education award programs for private foundations and organizations.

In December 2001, the Authority launched the North Carolina College Savings and Investment Program (“NCSP”), which offers a variety of investment options for participants. NCSP was developed and is maintained as a “qualified tuition program” within the meaning of Section 529 of the Internal Revenue Code and had assets of approximately \$3.1 billion as of May 31, 2022. The Foundation has provided the administrative services for the NCSP and the State’s previous college savings program since 1997.

In response to concerns about inconsistency in residency determinations across colleges and universities in North Carolina, in 2013 the North Carolina General Assembly mandated the creation of coordinated and centralized process to be used when determining residency for tuition purposes and administration of state financial aid. The University of North Carolina, the North Carolina Community College System and the Authority, in consultation with the North Carolina Independent Colleges and Universities, were tasked to jointly develop and implement the process. Given its experience implementing annual updates to college applications and managing the distribution of state grants to students across North Carolina, the Foundation was selected to help develop and administer the centralized process. The Residency Determination Service launched in December 2016 and is now operational for all eligible colleges and universities in North Carolina to determine residency status for their undergraduate, graduate and professional students.

## **North Carolina Assist Loan Program**

In 2018, the Authority launched the North Carolina Assist Loan Program administered by the Foundation. North Carolina Assist Loans are higher education loans that help bridge the gap between the cost of attendance and other financial aid and are not FFELP Loans. These loans have no application, origination or prepayment fees. The North Carolina Student Assist Loan is available to creditworthy North Carolina resident students and students who reside outside of North Carolina but are attending an eligible non-profit Title IV institution in North Carolina. The North Carolina Parent Assist Loan is also available to creditworthy North Carolina resident parents of students attending any eligible in-state or out-of-state school, or out-of-state parents of students who are attending an eligible North Carolina school.