HIGHER EDUCATION LOAN AUTHORITY OF THE STATE OF MISSOURI
ANNUAL FILING
DECEMBER, 2008

The Higher Education Loan Authority of the State of Missouri (the "Authority" or "MOHELA") is making this annual filing pursuant to its various continuing disclosure obligations (the "Continuing Disclosure Obligations") with respect to certain of its outstanding student loan revenue bond issues (as described herein, the "Bonds"). While the Authority is not obligated to file annual continuing disclosure with respect to all of its Bonds, and while the Continuing Disclosure Obligations may differ from series to series of Bonds which do require continuing disclosure, the Authority has determined to voluntarily provide comparable information regarding each of its issuances in an effort to provide its bondholders and other interested parties with information that might be relevant to them. This Annual Filing contains certain information (typically as of September 30, 2008) with respect to each of the Student Loan Program Bond Resolutions or Indentures under which the Authority had debt outstanding during the disclosure year, information regarding the Authority, including additional information regarding its outstanding debt, as well as information regarding recent student loan industry developments. Additional information regarding the various series of Bonds can be found in the Material Event and other filings that have been filed with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA in connection therewith, some of which are referenced herein, and by reference to the Official Statements for such Bonds. The Authority reserves the right in the future to discontinue providing certain information not otherwise required by its Continuing Disclosure Obligations.

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GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 6TH GENERAL STUDENT LOAN PROGRAM BOND RESOLUTION

The proceeds of the Bonds issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") pursuant to the 6th General Student Loan Program Bond Resolution, as amended to date (collectively, the "6th Resolution"), are used to finance or refinance Eligible Loans (defined hereafter), to fund a reserve account and to pay certain costs of issuance.

As of September 30, 2008, the trust estate under the 6th Resolution held (a) $50 million in Bonds outstanding , (b) approximately $3.5 million in cash, accrued receivables and investments on deposit and (c) approximately $53 million in student loans insured, guaranteed or otherwise permitted pursuant to the 6th Resolution ("Eligible Loans") having characteristics substantially similar to those described below. **Eligible Loans financed or refinanced thereafter and held under the 6th Resolution may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

The principal of and interest on the Bonds is insured by Ambac Assurance Corporation ("Ambac"). During the 2008 disclosure year, Ambac's Insurer Financial Strength rating underwent a series of downgrades by the various rating agencies. Additional information about these rating downgrades can be found under those filings filed by the Authority during the 2008 disclosure year with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA.

Distribution of Portfolio by Loan Type (as of September 30, 2008)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$40,513,325.00	76.09%
Consolidation	5,352,087.95	10.05%
PLUS/SLS	7,379,640.86	13.86%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$53,245,053.81	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2008)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 6,626,725.83	12.45%
In Grace	3,113,614.59	5.85%
Forbearance	8,622,338.32	16.19%
Deferment	9,169,383.22	17.22%
Repayment	25,712,991.85	48.29%
TOTALS:	$53,245,053.81	100.00%

Distribution of Portfolio by School Type (as of September, 30, 2008)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$39,577,041.22	74.33%
Two-Year Schools	12,533,506.61	23.54%
Graduate Schools	8,542.72	0.02%
Other	1,125,963.26	2.11%
TOTALS:	$53,245,053.81	100.00%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 8TH GENERAL STUDENT LOAN PROGRAM BOND RESOLUTION

The proceeds of the Bonds issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") pursuant to the 8th General Student Loan Program Bond Resolution, as amended to date (collectively, the "8th Resolution"), are used to finance or refinance Eligible Loans (defined hereafter), to fund a reserve account and to pay certain costs of issuance.

As of September 30, 2008, the trust estate under the 8th Resolution held (a) $40,800,000 in Bonds outstanding, (b) approximately $3.4 million in cash, accrued receivables and investments on deposit, (c) approximately $40 million in student loans insured, guaranteed or otherwise permitted pursuant to the 8th Resolution ("Eligible Loans") having characteristics substantially similar to those described below and (d) a reserve account balance of approximately $255 thousand. **Eligible Loans financed or refinanced thereafter and held under the 8th Resolution may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

The Bonds are secured by an irrevocable direct-pay letter of credit (the "Letter of Credit") issued by Bank of America, N.A. ("Bank of America"). The Authority recently received notice from Bank of America regarding its election not to renew the Letter of Credit, which expires in March of 2009. The Authority is in the process of negotiating renewal of the Letter of Credit with Bank of America or seeking a replacement letter of credit or other liquidity from another entity.

Distribution of Portfolio by Loan Type (as of September 30, 2008)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$34,009,239.25	85.27%
Consolidation	0.00	0.00%
PLUS/SLS	5,873,814.33	14.73%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$39,883,053.58	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2008)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 4,173,715.45	10.47%
In Grace	2,775,733.97	6.96%
Forbearance	6,287,483.47	15.76%
Deferment	6,090,482.42	15.27%
Repayment	20,555,638.27	51.54%
TOTALS:	$39,883,053.58	100.00%

Distribution of Portfolio by School Type (as of September 30, 2008)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$30,170,517.22	75.64%
Two-Year Schools	9,144,324.34	22.93%
Graduate Schools	6,032.04	0.02%
Other	562,179.98	1.41%
TOTALS:	$39,883,053.58	100.00%

DESCRIPTION OF LOANS UNDER
AUTHORITY 9TH GENERAL STUDENT LOAN PROGRAM BOND RESOLUTION

The proceeds of the Bonds issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") pursuant to the 9th General Student Loan Program Bond Resolution, as amended to date (collectively, the "9th Resolution"), are used to finance or refinance Eligible Loans (defined hereafter), to fund a reserve account and to pay certain costs of issuance.

As of September 30, 2008, the trust estate under the 9th Resolution held (a) $37.5 in Bonds outstanding, (b) approximately $5.6 million in cash, accrued receivables and investments on deposit, (c) approximately $34 million in student loans insured, guaranteed or otherwise permitted pursuant to the 9th Resolution ("Eligible Loans") having characteristics substantially similar to those described below and (d) a reserve account balance of approximately $2.6 million in investments. **Eligible Loans financed or refinanced thereafter and held under the 9th Resolution may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.** On October 16, 2008, the proceeds of the Authority's aggregate principal amount of $37,500,000 Student Loan Revenue Bonds, Senior Series 2008A-1 (Tax-Exempt Variable Rate Demand Bonds) were used to redeem and pay in full all of those Bonds outstanding under the 9th Resolution.

Distribution of Portfolio by Loan Type (as of September 30, 2008)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$31,329,037.83	92.80%
Consolidation	0.00	0.00%
PLUS/SLS	2,432,389.15	7.20%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$33,761,426.98	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2008)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$12,997,651.04	38.50%
In Grace	2,827,836.73	8.38%
Forbearance	4,071,451.08	12.06%
Deferment	3,785,692.66	11.21%
Repayment	10,078,795.47	29.85%
TOTALS:	$33,761,426.98	100.00%

Distribution of Portfolio by School Type (as of September 30, 2008)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$21,631,741.56	64.07%
Two-Year Schools	11,602,987.73	34.37%
Graduate Schools	0.00	0.00%
Other	526,697.69	1.56%
TOTALS:	$33,761,426.98	100.00%

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

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

As of September 30, 2008, the trust estate under the 11th Resolution held (a) approximately $4.02 billion in Bonds outstanding (the amount of bonds outstanding as of the date of this filing after the purchase and cancellation referenced below was approximately $3.65 billion), (b) approximately $187 million in cash, accrued receivables and investments on deposit under the 11th Resolution, (c) approximately $3.8 billion in student loans insured, guaranteed or otherwise permitted pursuant to the 11th Resolution ("Eligible Loans") having characteristics substantially similar to those described below and (d) a Reserve Account balance of approximately $20 million. **Eligible Loans financed or refinanced thereafter and held under the 11th Resolution may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

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

In December 2008, the 11th Resolution was amended to approve the purchase by Commerce Bank, N.A. ("Commerce") of certain Eligible Loans financed with the proceeds of those bonds outstanding under the 11th Resolution from the Authority to provide funds to the Authority to purchase and cancel $369,050,000 of auction rate bonds owned by Commerce. Additional information about this sale and purchase can be found under those filings dated December 16, 2008 and December 19, 2008 filed by the Authority with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA.

Distribution of Portfolio by Loan Type (as of September 30, 2008)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$1,879,987,150.77	49.16%
Consolidation	1,627,026,618.57	42.54%
PLUS/SLS	316,707,370.59	8.28%
HEAL Loans	622,443.64	0.02%
Supplemental Loans	0.00	0.00%
TOTALS:	$3,824,343,583.57	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2008)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 481,665,254.35	12.59%
In Grace	234,689,655.75	6.14%
Forbearance	598,359,960.52	15.65%
Deferment	558,839,092.42	14.61%
Repayment	1,950,789,620.53	51.01%
TOTALS:	$3,824,343,583.57	100.00%

Distribution of Portfolio by School Type (as of September 30, 2008)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$2,926,092,423.65	76.52%
Two-Year Schools	799,343,273.55	20.90%
Graduate Schools	6,615,825.16	0.17%
Other	92,292,061.21	2.41%
TOTALS:	$3,824,343,583.57	100.00%

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

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

As of September 30, 2008, the trust estate under the 12th Resolution held (a) $357 million in Bonds outstanding, (b) approximately $39.5 million in cash, accrued receivables and investments on deposit and (c) approximately $331 million in student loans insured, guaranteed or otherwise permitted pursuant to the 12th Resolution ("Eligible Loans") having characteristics substantially similar to those described below. The Debt Service Reserve Fund under the 12th Resolution is funded with a surety bond from Ambac Assurance Corporation ("Ambac"). **Eligible Loans financed or refinanced thereafter and held under the 12th Resolution may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.** Recycling is no longer in place for the 12th Resolution and the Authority is no longer purchasing additional Eligible Loans with proceeds received thereunder.

The principal of and interest on the Bonds is insured by Ambac. During the 2008 disclosure year, Ambac's Insurer Financial Strength rating underwent a series of downgrades by the various rating agencies. Additional information about these rating downgrades can be found under those filings filed by the Authority during the 2008 disclosure year with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA.

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

On December 8, 2008 (the "Redemption Date"), approximately $9,000,000 of the fixed rate bonds issued by the Authority under the 12th Resolution were redeemed at a redemption price of 100% plus accrued interest, if any, to such Redemption Date from excess revenues of the Authority held in the trust estate for the 12th Resolution. The remaining $7,000,000 of such fixed rate bonds are scheduled to mature in February 2009.

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Distribution of Portfolio by Loan Type (as of September 30, 2008)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$49,734,680.48	15.03%
Consolidation	32,557,578.94	9.84%
PLUS/SLS	7,437,670.66	2.25%
HEAL Loans	129,840.23	0.04%
Supplemental Loans	241,095,586.83	72.84%
TOTALS:	$330,955,357.14	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2008)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$67,866,212.42	20.51%
In Grace	28,984,472.66	8.76%
Forbearance	25,772,507.23	7.79%
Deferment	35,256,701.19	10.65%
Repayment	173,075,463.64	52.29%
TOTALS:	$330,955,357.14	100.00%

Distribution of Portfolio by School Type (as of September 30, 2008)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$290,049,481.07	87.64%
Two-Year Schools	38,848,913.19	11.74%
Graduate Schools	100,874.85	0.03%
Other	1,956,088.03	0.59%
TOTALS:	$330,955,357.14	100.00%

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GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY'S SERIES 2005 TRUST INDENTURE

The proceeds of the Bonds issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") pursuant to the Series 2005 Trust Indenture, as amended to date (collectively, the "Series 2005 Indenture"), are used to finance or refinance Eligible Loans (defined hereafter), to fund a reserve account and to pay certain costs of issuance.

As of September 30, 2008, the trust estate under the Series 2005 Indenture held (a) $382.9 in Bonds outstanding, (b) approximately $16 million in cash, accrued receivables and investments on deposit, (c) approximately $353 million in student loans insured, guaranteed or otherwise permitted pursuant to the Series 2005 Indenture ("Eligible Loans") having characteristics substantially similar to those described below and (d) a reserve account balance of approximately $2.9 million. **Eligible Loans financed or refinanced thereafter and held under the Series 2005 Indenture may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.** Recycling is no longer in place for the Series 2005 Indenture and the Authority is no longer purchasing additional Eligible Loans with proceeds received thereunder.

The principal of and interest on the Bonds is insured by MBIA Insurance Corp. ("MBIA"). During the 2008 disclosure year, MBIA's Insurer Financial Strength rating was downgraded by various rating agencies at the time of issuance of the Bonds. The Authority further entered into separate liquidity facilities with DEPFA Bank plc ("DEPFA") with respect to the Bonds to provide for payment of the purchase price of properly tendered Bonds. The Bonds have all been tendered and are now held by DEPFA. Also during the 2008 disclosure year, DEPFA's short-term debt rating was downgraded. Additional information about all of these rating downgrades can be found under those filings filed by the Authority during the 2008 disclosure year with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA.

Distribution of Portfolio by Loan Type (as of September 30, 2008)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$114,025,629.97	32.32%
Consolidation	199,196,520.54	56.45%
PLUS/SLS	39,629,839.47	11.23%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$352,851,989.98	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2008)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 26,361,138.40	7.47%
In Grace	11,028,039.10	3.12%
Forbearance	49,036,558.68	13.90%
Deferment	66,074,085.30	18.73%
Repayment	200,352,168.50	56.78%
TOTALS:	$352,851,989.98	100.00%

Distribution of Portfolio by School Type (as of September 30, 2008)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$302,101,423.17	85.62%
Two-Year Schools	45,346,801.82	12.85%
Graduate Schools	59,539.23	0.02%
Other	5,344,225.76	1.51%
TOTALS:	$352,851,989.98	100.00%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY SERIES 2008 TRUST INDENTURE

The proceeds of the Series 2008A Bonds (the "Series 2008A Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") on October 16, 2008 pursuant to the Series 2008 Trust Indenture, as amended to date (collectively, the "Series 2008 Indenture"), are used to finance or refinance Eligible Loans (defined hereafter) including the redemption of the \$37.5 million outstanding amount of 9th Resolution Authority Bonds. Upon issuance of the Series 2008A Bonds, the Authority contributed cash and Eligible Loans to the Trust Estate pursuant to the Series 2008 Indenture.

The following tables from the Official Statement dated October 10, 2008 with respect to the Series 2008A Bonds describe certain anticipated characteristics of the Eligible Loans identified as of September 30, 2008 to be financed and refinanced with proceeds of the Series 2008A Bonds. **Eligible Loans financed or refinanced thereafter and held under the trust estate for the Series 2008 Indenture may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Projected Distribution of Portfolio by Loan Type (as of August 31, 2008)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	\$ 96,828,635	36%
Consolidation	134,747,798	50%
PLUS/SLS	39,004,372	14%
TOTALS:	\$ 270,580,805	100%

Projected Distribution of Portfolio by Borrower Payment Status (as of August 31, 2008)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	\$ 42,352,442	16%
In Grace	10,105,437	4%
Forbearance	37,283,079	14%
Deferment	27,872,999	10%
Repayment	152,966,848	57%
TOTALS:	\$ 270,580,805	100%

Projected Distribution of Portfolio by School Type (as of August 31, 2008)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	\$ 114,730,214	42%
Two-Year Schools	16,837,080	6%
Vocational/Trade/Proprietary	3,498,433	1%
State Related	767,280	0%
Unknown—Consolidation	134,747,798	50%
TOTALS:	\$ 270,580,805	100%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY MULTI-SELLER ASSET BACKED COMMERCIAL PAPER CONDUIT

The proceeds of the Indenture between the Higher Education Loan Authority of the State of Missouri (the "Authority") and YC Susi Trust and Kitty Hawk Funding Corporation, as conduit lenders, pursuant to the Multi-Seller Asset Backed Commercial Paper Conduit, as amended to date (collectively, the "Conduit"), are used to finance or refinance Eligible Loans (defined hereafter), to fund a reserve account and to pay certain borrowing costs.

As of September 30, 2008, the trust estate under the Conduit held (a) approximately $157.5 million outstanding, (b) approximately $7.3 million in cash, accrued receivables and investments on deposit under the Conduit and (c) approximately $164 million in student loans insured, guaranteed or otherwise permitted pursuant to the Conduit ("Eligible Loans") having characteristics substantially similar to those described below. **Eligible Loans financed or refinanced thereafter and held under the Conduit may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Distribution of Portfolio by Loan Type (as of September 30, 2008)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$ 70,070,016.65	42.83%
Consolidation	58,237,353.24	35.60%
PLUS/SLS	35,288,335.73	21.57%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$163,595,705.62	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2008)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 21,175,261.69	12.94%
In Grace	11,152,073.08	6.82%
Forbearance	16,089,861.19	9.84%
Deferment	19,600,004.37	11.98%
Repayment	$ 95,578,505.29	58.42%
TOTALS:	$163,595,705.62	100.00%

Distribution of Portfolio by School Type (as of September 30, 2008)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$145,974,089.39	89.22%
Two-Year Schools	16,552,538.53	10.12%
Graduate Schools	78,639.86	0.05%
Other	990,437.84	0.61%
TOTALS:	$163,595,705.62	100.00%

THE AUTHORITY

The Authority was established in 1981 pursuant to the Missouri Higher Education Loan Authority Act (the "Authorizing Act") for the purpose of assuring that all eligible post-secondary education students have access to guaranteed student loans. The Authorizing Act was amended, effective August 28, 1994, to provide the Authority with generally expanded powers to finance, acquire and service student loans, including, but not limited to, those guaranteed or insured pursuant to the Higher Education Act. Capitalized words and terms used in this **"THE AUTHORITY"** section but not otherwise defined shall have the respective meanings set forth in the Official Statement with respect to the Series 2008A Bonds. The Official Statement in connection with the Series 2008A Bonds may be accessed in its entirety at http://emma.msrb.org.

The Authority is governed by a board of seven members, five of whom are appointed by the Governor of the State of Missouri (the "State"), subject to the advice and consent of the Senate of the State, and two others who are designated by statute: the State Commissioner of Higher Education and a member of the State Coordinating Board for Higher Education. The present members are:

Name	Term Expires	Occupation/Affiliation
Randy Etter	October 2009	NETWork Center Project Director, University of Missouri— Research Reactor
Jennifer L. Kneib	October 2012	MetLife Home Loans St. Joseph, Missouri
W. Thomas Reeves	October 2011	President, Pulaski Bank St. Louis, Missouri
Dr. John Smith	October 2010	Educational Consultant St. Charles, Missouri
Dr. Robert Spence	October 2008*	President, Evangel University Springfield, Missouri
Dr. Robert Stein	Indefinite	Commissioner, Missouri Department of Higher Education
Greg Upchurch	Indefinite	Missouri Coordinating Board for Higher Education

* Dr. Spence continues to serve until a replacement has been appointed and takes office pursuant to the Act.

The address of the Authority is 633 Spirit Drive, Chesterfield, Missouri 63005-1243. The telephone number of the Authority is (636) 532-0600 or 1-800-6MOHELA. The Authority web site address is http://www.mohela.com. Notwithstanding the foregoing reference, nothing on the Authority web site is incorporated by such reference into this document. The Authority has a staff of approximately 226 individuals performing customary loan servicing, administrative and related functions.

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

Finance degree from Webster University. Mr. Bayer was an active participant in the Education Finance Council and serves on the Advisory Board of the Webster University's School of Business and Technology.

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

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

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

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

Carol Malon serves as Controller for the Authority. She is responsible for Accounting, Accounts Payable and Accounts Receivable. Ms. Malon is a certified public accountant and holds a Bachelor of Science degree in Business Administration with emphasis in Accounting from the University of Missouri-St. Louis and a Masters of Business Administration degree from Washington University in St. Louis, Missouri. Ms. Malon joined the Authority in September 2008 and has over 20 years progressive experience in accounting and finance for Fortune-500, Mid-Cap and private companies.

Lewis and Clark Discovery Initiative

Legislation regarding the Authority was adopted by the 2007 Missouri General Assembly relative to Missouri Governor Matt Blunt's Lewis and Clark Discovery Initiative to provide funding for certain capital projects for Missouri's public higher education institutions (the "Initiative"). That law became effective on August 28, 2007. The legislation (the "LCDI Legislation") directs the Authority to distribute $350 million into a new fund in the State treasury known as the "Lewis and Clark Discovery Fund" (the "Fund") on the following schedule: $230 million no later than September 15, 2007; and installments of $5 million each calendar quarter ending September 30, 2013. Investment earnings on the Fund are credited against subsequent payments by the Authority. The General Assembly has appropriated the amounts in the Fund for capital projects that it approved at Missouri public colleges and universities.

Under the LCDI Legislation, the Missouri Director of Economic Development is to allocate to and reserve for the Authority in each year through 2021 at least 30% of Missouri's tax-exempt bond volume cap allocation. If any part of the $350 million to be paid into the Fund by the Authority is not paid by the end of 2013, the amount of this allocation may be reduced for 2014 and later years by the percentage of the $350 million not paid by the Authority to the Fund by the end of the preceding year.

In anticipation of the adoption of some legislation requiring the Authority to provide funding for the Initiative, the Authority sold approximately $1.43 billion in principal amount of student loans (approximately 24% of its then loan portfolio) over a four-month period. All of the loans sold were consolidation loans believed by the Authority to involve non-Missouri residents. The loan sales resulted in the redemption of over $800 million in principal amount of outstanding taxable bonds of the Authority. The loan sales generated approximately $100 million in premiums, which amounts were used to partially fund the Initiative. In addition, the Authority was able to obtain the release of approximately $75 million in excess collateral under one of its bond resolutions.

These amounts, along with other excess collateral releases under other bond resolutions of the Authority, and other funds on hand, permitted the Authority to make the initial $230 million payment in September 2007 and the first $5 million payment in the fourth quarter of 2007. In the first quarter of 2008, a partial distribution (from investment earnings in the Fund) was made, but the remainder was withheld in accordance with the LCDI Legislation due to concerns that the distribution could materially adversely affect the service and benefits provided to Missouri students or residents, the borrower benefit programs of the Authority or the economic viability of the Authority. In the second quarter of 2008, the Authority voted to make the remainder of the distribution for the first quarter of 2008 but to delay the distribution for the second quarter of 2008 for the same reasons. On September 12, 2008, the Authority voted to distribute the approximately $1,350,000 in investment earnings on the Fund plus a $100,000 contribution from Authority funds, but to delay the remainder of the second quarter distribution and the distribution for the third quarter of 2008. On December 16, 2008, the Authority voted to delay the distribution for the fourth quarter of 2008 as well. The LCDI Legislation provides that the entire $350 million is to be paid by September 30, 2013 unless otherwise approved by the Authority and the Missouri Commissioner of the Office of Administration.

The Authority is unsure whether it will be able to make any significant future distributions required by the LCDI Legislation on a timely basis. Any such distributions by the Authority could substantially decrease the amount of its capital and, accordingly, erode its funds for new programs and contingencies related to current operations.

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Outstanding Debt of the Authority

As of September 30, 2008, the Authority had outstanding bonds and notes in the following amounts issued under the following bond resolutions and indentures. All such debt obligations are secured under such bond resolutions and indentures by collateral separate and distinct from, and such debt obligations have no interest in, each other.

		Amount Outstanding
6th General Bond Resolution		$ 50,000,000
8th General Bond Resolution		40,800,000
9th General Bond Resolution		37,500,000
11th General Bond Resolution		4,013,075,000
12th General Bond Resolution		357,000,000
2005 Indenture		382,900,000
	Total	$4,881,275,000

Auction Rate Securities Outstanding. As of September 30, 2008, $3,201,725,000 of the Bonds issued under the 11th Resolution and $341,000,000 of the Bonds issued under the 12th Resolution were Auction Rate Securities; the Authority had an aggregate amount of $3,542,725,000 in Auction Rate Securities outstanding as of September 30, 2008. Since September 30, 2008 the Authority has purchased and cancelled $369,050,000 in Auction Rate Securities under the 11th Resolution; the total aggregate amount of Authority Auction Rate Securities outstanding as of the date of this filing is $3,173,675,000.

Short-Term Indebtedness. In addition, as of September 30, 2008, the Authority had outstanding short-term indebtedness of $157,500,000 under its Conduit financing. The Authority had a $300 million Line of Credit from Bank of America on which $292 million was drawn as of September 30, 2008. The Line of Credit terminated on October 16, 2008 in conjunction with the issuance of the Series 2008 Bonds.

Outstanding Debt of the Authority by Series of Bonds

The following principal amounts of the Authority's various series of bonds issued under the respective resolutions and indentures were outstanding as of September 30, 2008 (except as noted):

6th General Resolution

Series 1988A Bonds $50,000,000

8th General Resolution

Series 1990B Bonds $40,800,000

9th General Resolution

(redeemed in full Oct. 16, 2008 with issuance of 2008A Bonds under 2008 Indenture)

Series 1991B Bonds $37,500,000

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11th General Resolution

Series 1994C Bonds	$35,000,000	Series 2002J Bonds	$60,000,000
Series 1994D Bonds	$30,000,000	Series 2002K Bonds	$60,000,000
Series 1996I Bonds	$20,000,000	Series 2002L Bonds	$60,000,000
Series 1996J Bonds	$20,000,000	Series 2002M Bonds	$25,000,000
Series 1996K Bonds	$25,000,000	Series 2002N Bonds	$25,000,000
Series 1997O Bonds	$6,045,000	Series 2003A Bonds	$100,000,000
Series 1997R Bonds	$18,000,000	Series 2003B Bonds	$100,000,000
Series 1997S Bonds	$20,000,000	Series 2003C Bonds	$100,000,000
Series 1998U Bonds	$8,150,000	Series 2003D Bonds	$75,000,000
Series 1998X Bonds	$7,850,000	Series 2003E Bonds	$75,000,000
Series 1998Y Bonds	$20,000,000	Series 2003F Bonds	$50,000,000
Series 1998Z Bonds	$30,000,000	Series 2004A Bonds	$25,000,000
Series 1999EE Bonds	$7,750,000	Series 2004B Bonds	$55,000,000
Series 1999LL Bond	$35,000,000	Series 2004C Bonds	$45,000,000
Series 1999MM Bonds	$58,000,000	Series 2004D Bonds	$80,000,000
Series 1999RR Bonds	$6,825,000	Series 2004E Bonds	$80,000,000
Series 2000SS Bonds	$40,000,000	Series 2004F Bonds	$80,000,000
Series 2001A Bonds	$100,000,000	Series 2004G Bonds	$75,000,000
Series 2001B Bonds	$100,000,000	Series 2004H Bonds	$75,000,000
Series 2001C Bonds	$50,000,000	Series 2004I Bonds	$67,500,000
Series 2001D Bonds	$100,000,000	Series 2004J Bonds	$67,500,000
Series 2001E Bonds	$100,000,000	Series 2004K Bonds	$50,000,000
Series 2001F Bonds	$50,000,000	Series 2006F1 Bonds	$100,000,000
Series 2001TT Bonds	$1,000,000	Series 2006F2 Bonds	$100,000,000
Series 2001TT Bonds	$6,100,000	Series 2006F3 Bonds	$100,000,000
Series 2001UU Bonds	$74,000,000	Series 2006F4 Bonds	$100,000,000
Series 2001VV Bonds	$74,000,000	Series 2006F5 Bonds	$100,000,000
Series 2001XX Bonds	$12,000,000	Series 2006F6 Bonds	$100,000,000
Series 2002B Bonds	$32,580,000	Series 2006F7 Bonds	$100,000,000
Series 2002C Bonds	$30,000,000	Series 2006F8 Bonds	$50,000,000
Series 2002D Bonds	$82,000,000	Series 2007G Bonds	$80,775,000
Series 2002E Bonds	$82,000,000	Series 2007H Bonds	$75,000,000
Series 2002F Bonds	$82,000,000	Series 2007I Bonds	$30,000,000
Series 2002G Bonds	$82,000,000	Series 2007J Bonds	$30,000,000
Series 2002H Bonds	$82,000,000	Series 2007K Bonds	$30,000,000
Series 2002I Bonds	$60,000,000		

12th General Resolution

Series 1995A Bonds	$20,000,000	Series 1996G Bonds	$16,000,000
Series 1995B Bonds	$55,000,000	Series 1996H Bonds	$55,000,000
Series 1995C Bonds	$45,000,000	Series 2006I Bonds	$63,000,000
Series 1995D Bonds	$40,000,000	Series 2006J Bonds	$63,000,000

Series 2005 Indenture

Series 2005A Bonds	$118,800,000
Series 2005B-2 Bonds	$34,800,000
Series 2005B-3 Bonds	$900,000
Series 2005B-4 Bonds	$4,200,000
Series 2005B-5 Bonds	$100,000
Series 2005C-1 Bonds	$100,000
Series 2005C-2 Bonds	$19,900,000
Series 2005D Bonds	$20,000,000
Series 2005E-02 Bonds	$16,000,000
Series 2005E-03 Bonds	$4,000,000
Series 2006A Bonds	$89,100,000
Series 2006B-2 Bonds	$21,900,000
Series 2006B-3 Bonds	$8,100,000
Series 2006C-1 Bonds	$300,000
Series 2006C-2 Bonds	$14,700,000
Series 2006D Bonds	$15,000,000
Series 2006E Bonds	$15,000,000

Series 2008 Indenture
(issued Oct. 16, 2008)

Series 2008A-1 Bonds	$37,500,000
Series 2008A-2 Bonds	$225,000,000

RECENT STUDENT LOAN INDUSTRY DEVELOPMENTS

Changes in the Higher Education Act or Other Relevant Laws

Recent and Future Changes in Relevant Law. No assurance can be given that relevant federal laws, including the Higher Education Act, or regulations, will not be further changed in the future in a manner that might further adversely affect the Trust Estate. Both Title IV of the Higher Education Act and the regulations promulgated thereunder have been the subject of frequent and extensive amendments in recent years and there can be no assurance that further amendment will not materially change the provisions described herein or the effect thereof. In addition, the operation of the Federal Family Education Loan Program (the "FFEL Program") has recently been, and may in the future be, affected by proposed and enacted federal budgetary, bankruptcy and tax legislation. Capitalized words and terms used in this **"RECENT STUDENT LOAN INDUSTRY DEVELOPMENTS"** section but not otherwise defined shall have the respective meanings set forth in the Official Statement with respect to the Series 2008A Bonds. The Official Statement in connection with the Series 2008A Bonds may be accessed in its entirety at http://emma.msrb.org.

Since its original enactment in 1965, the Higher Education Act has been amended and reauthorized numerous times and Congress is currently engaged in the reauthorization process. Certain of these amendments have significantly affected the federal student loan programs under the Higher Education Act. In addition, the Department of Education continues to engage in the rulemaking process to revise the regulations promulgated by the Department of Education under the Higher Education Act. The Department of Education's authority to provide interest subsidies and federal insurance for loans originated under the Higher Education Act terminates on a date specified in the Higher Education Act, which Act is periodically reauthorized and extended. In 2005, the President signed into law the Higher Education Reconciliation Act of 2005 ("HERA"), which amended several provisions of the Higher Education Act governing the FFEL Program. HERA extended various provisions of the Higher Education Act through September 30, 2012 and included provisions, among other things, that (a) reduced student loan insurance from 98% to 97% for loans for which the first disbursement is made after July 1, 2006; (b) reduced the reimbursement available for student loan servicing by servicers designated for exceptional performance from

100% to 99%; (c) required payment by lenders to the Department of Education of any interest paid by borrowers on student loans first disbursed on or after April 1, 2006; and (d) eliminated (or, in certain limited instances, phased out by the year 2010) 9.5% floor loan recycling for lenders (which in subsequent legislation was entirely eliminated with certain limited exceptions).

In September 2007, the President signed into law the College Cost Reduction and Access Act of 2007, which amended the Higher Education Act to make major changes to the FFEL Program, including the elimination of certain government subsidies to student loan lenders. The legislation also included provisions that: (a) progressively lower the rates borne by Subsidized Stafford Loans disbursed on or after July 1, 2006 but before July 1, 2012 from 6.8% to, eventually, 3.4%; (b) reduce the FFEL Program lender insurance reimbursement percentage from 97% to 95% of the unpaid balance of FFEL Program loans ("FFELP Loans") disbursed on or after October 1, 2012; (c) reduce special allowance payments made to FFEL Program lenders; and (d) eliminate the "exceptional performance" status for lenders, servicers and Guaranty Agencies as of October 1, 2007.

In response to recent disruptions in the credit markets and the announcement by a number of lenders that they will no longer originate FFELP Loans, the President signed into law on May 7, 2008 the Ensuring Continued Access to Student Loans Act of 2008 (the "Ensuring Continued Access Act"). The Ensuring Continued Access Act amended the Higher Education Act to (a) increase annual loan limits and aggregate loan limits on federal unsubsidized loans for dependent and independent undergraduate students; (b) provide deferrals to parent borrowers to begin repayment of PLUS loans which were first disbursed on or after August 1, 2008, six months and one day after students cease to carry at least one-half the normal full-time academic workload; and (c) provide temporary authority to the Department of Education until July 1, 2009 to purchase FFELP Loans first disbursed on or after October 1, 2003 and before July 1, 2009 from any eligible lender. In a May 21, 2008 "Dear Colleague" letter, the Secretary, however, only offered to purchase eligible loans from lenders originated during the 2008-2009 academic year. The Secretary's May 21, 2008 "Dear Colleague" letter also announced a new financing program to make capital available to FFEL Program lenders, whereby the Secretary will purchase participation interests in pools of loans made by FFEL Program lenders for the 2008-2009 academic year, and hold those participation interests up to September 30, 2009. Public Law 110-350, enacted and signed into law by the President on September 17, 2008, among other things, extends the Department of Education's temporary authority to purchase FFELP Loans for an additional year and includes those FFELP Loans originated for the 2009-2010 academic year. The Authority has submitted a letter of intent to participate in the program, and has been working with participants in its Program to assist them in submitting their letters of intent as well, to ensure that FFELP Loans that the Authority or its lender-partners originate for the 2008-2009 academic year will be eligible for purchase pursuant to the program. The Authority's participation will depend on its ability to finance or secure financing on acceptable terms for such FFELP Loans in advance of selling the FFELP Loans or a participation therein to the Secretary.

Further, the Higher Education Opportunity Act was enacted and signed into law by the President on August 14, 2008. The Higher Education Opportunity Act further amends the Higher Education Act and includes, among other things, the following changes to the FFEL Program: (a) loans covered by federal loan insurance will continue to be covered until (but not including) October 1, 2014 (for first-time borrowers) and October 1, 2018 (for borrowers with previous FFELP Loans), such that the authority to make interest subsidized loans has been extended by two years; (b) parents and graduate and professional students are eligible to receive in-school deferment for PLUS Loans first disbursed on or after July 1, 2008 for a six month period beginning on the day after the date the student ceases to carry at least one-half the normal full-time academic workload; (c) FFEL Program borrowers are able to consolidate their loans under the Direct Loan Program in order to use the no accrual of interest benefit offered to active duty service members for not more than sixty months under the Direct Loan Program for loans first disbursed on or after October 1, 2008; (d) the authority to make Consolidation Loans under the Higher Education Act has been extended by two years to September 30, 2014; (e) a FFEL Program borrower is now only be eligible for loan rehabilitation once; (f) as of August 14, 2008, Section 207 of the Servicemembers Civil Relief Act applies to FFELP Loans, thus permitting eligible servicemembers to request that the rate on their FFELP Loan be reduced to 6%, and the rate, as so limited, is used in calculating special allowance payments for those of their FFELP Loans first disbursed on or after July 1, 2008; (g) beginning in fiscal year 2012, an eligible institution will not be allowed to participate in any program under the Higher Education Act if such eligible institution's cohort default rate is 30% or higher (rather than 25% or higher); (h) the prohibited inducement provisions applicable to lenders have been revised; and (i) additional disclosures have been added with respect to FFELP Loans prior to disbursement and prior to, and during, repayment. There are also numerous other administrative changes contained in the act.

While Congress has consistently extended the effective date of the Higher Education Act and the FFEL Program, it may elect not to reauthorize the Department of Education's ability to provide interest subsidies and federal insurance for loans in the future. This failure to reauthorize could adversely affect the Authority's education loan finance program. There can be no assurance that the Higher Education Act, or other relevant law or regulations, will not be changed in a manner that could adversely affect the Authority's education loan finance program.

Various amendments to the Higher Education Act authorize the Secretary to offer borrowers direct consolidation loans whereby a borrower may consolidate various student loans into a single loan with income sensitive repayment terms. The financing of such consolidation loans by the Secretary on a large scale basis may cause an increase in the number of prepayments of federal student loans and reduce the size of the Authority's education loan finance program.

It is not possible to predict whether further changes will be made to the Higher Education Act in future legislation or the effect of the current or future legislation on the Authority, its education loan finance program, Guaranty Agencies, the Servicers or the Eligible Loans pledged as collateral for the any of the bonds issued under the relevant bond resolutions or indentures.

Federal Budgetary Legislation. The availability of various federal payments in connection with the FFEL Program is subject to federal budgetary appropriation. In recent years, federal budgetary legislation has been enacted which has provided, subject to certain conditions, for the mandatory curtailment of certain federal budget expenditures, including expenditures in connection with the FFEL Program and the recovery of certain advances previously made by the federal government to state guarantee agencies in order to achieve certain deficit reduction guidelines. The Authority cannot predict the final content of any such legislation or the effect of such legislation on its education loan finance program. No additional representation is made as to the effect, if any, of future federal budgetary appropriation or legislation upon expenditures by the Department of Education, or the effect, if any, of any future legislation or regulations upon the Authority's education loan finance program or other factors that could potentially affect timely payment of any of the bonds issued under the relevant bond resolutions or indentures.

Rulemaking by the Department of Education. The Department of Education has adopted regulations that, among other things, (i) prohibit certain activities characterized as improper inducements, such as payments or other benefits given or offered by lenders in exchange for FFELP Loan applications, lenders' payments for travel and entertainment for employees of institutions, payment of referral fees or lenders providing staffing and other assistance to financial aid offices, (ii) impose requirements relative to preferred lender lists and (iii) make clear that lenders cannot skirt limits by offering payments or other benefits to affiliated organizations. These regulations provide that guaranty agencies will not be permitted to make claim payments against the federal fund or receive reinsurance by the Department of Education under the FFEL Program on a loan if the lender offered or provided an improper inducement. The Department of Education continues to engage in the rulemaking process to revise regulations promulgated by the Department of Education under the Higher Education Act.

Student Loan Industry Investigations

Since January 2007, a number of state attorneys general have announced or are reportedly conducting broad investigations of possible abuses in the student loan industry by various lenders and higher education institutions ("institutions"). The primary issues under review appear to include revenue sharing arrangements between lenders and institutions, the limiting by institutions of a borrower's ability to borrow from the lender of their choice, lenders' undisclosed plans to sell student loans to other lenders, undisclosed agreements between lenders and institutions regarding "opportunity loans" to students with little or no credit history, potential conflicts of interest in connection with the placement of lenders on "preferred lender" lists at institutions, and other arrangements between lenders and institutions which could adversely affect student borrowers. "Preferred lender lists" are lists of lenders recommended by the institutions' financial aid departments or other organizations to students and parents seeking financial aid.

The Attorney General of New York was the first official to conduct such investigations. He has reported agreements with dozens of institutions and several lenders. Other states followed quickly thereafter. Missouri's Attorney General announced in early 2007 that he had sent civil investigative demands to institutions in the State of Missouri and lenders nationwide inquiring as to their practices with respect to the matters described above. In late 2007, he announced that many Missouri institutions had entered into code of conduct agreements ("School Codes of

Conduct") with the Attorney General regarding their student lending practices. Generally, these School Codes of Conduct prohibit institutions, as well as their employees, from receiving remuneration from lenders and employees from participating on lender advisory boards in exchange for compensation. Further, the employees of a lender are not allowed to staff the financial aid office of an institution, and lenders may not provide opportunity loans that might prejudice other student loan borrowers. The School Codes of Conduct go into great detail regarding the composition of preferred lender lists and required disclosure regarding the institution's decision-making process with respect to the lists and any agreements of lenders on the preferred lender lists to sell student loans to another lender.

The Authority has loans to students from across the country, but it has not been contacted by other Attorneys General to respond to such investigations. Since such processes are typically confidential, the Authority will not necessarily be able to advise of any such contacts or its involvement in such matters.

The Authority adopted a Code of Conduct in December 2007, which it believes is consistent with the guidelines of the Missouri Attorney General and those of other states. The Authority plans to continue to cooperate with the institutions with which it works, the third-party lenders that participate in its Program, and the Attorneys General of Missouri and other states with respect to adopting a code of conduct describing the Authority's practices and affirming its commitment to be a responsible participant in the student loan industry.

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