Expected Ratings: S&P: "AA"
See "RATINGS" herein Fitch: "A"

In the opinion of Bond Counsel, under existing law, assuming continued compliance with certain provisions of the Internal Revenue Code of 1986, as amended: (i) interest on the Offered Bonds will not be included in the gross income of holders of such Offered Bonds for federal income tax purposes; and (ii) interest on the Offered Bonds will constitute a preference item for purposes of computation of the alternative minimum tax imposed on certain individuals and corporations. In the opinion of Bond Counsel, under existing law, interest on the Offered Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Offered Bonds are exempt from Massachusetts personal property taxes. The Offered Bonds and the income therefrom may also be subject to taxation under the laws of states other than The Commonwealth of Massachusetts. See "TAX MATTERS" herein.

NEW ISSUE—BOOK-ENTRY ONLY

$168,335,000
MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY
Education Loan Revenue Bonds, Issue J, Series 2012 (AMT)

Dated: Date of Delivery **Due: July 1, as shown on the inside front cover**

The Massachusetts Educational Financing Authority (the "Authority") is offering $168,335,000 of its Education Loan Revenue Bonds, Issue J, Series 2012 (the "Series 2012 Bonds" or the "Offered Bonds"). The Offered Bonds are the second series of bonds under the Authority's Issue J General Bond Resolution dated as of July 1, 2011 (the "Issue J General Resolution" and "Issue J Bonds").

The Offered Bonds are being issued for the principal purpose of funding education loans to, or on behalf of, undergraduate and graduate students who are Massachusetts residents or who attend participating institutions in Massachusetts to pay a portion of the higher education expenses of such students. Fixed Rate MEFA Loans are originated on the basis of borrower and, if applicable, co-borrower credit evaluation and are not guaranteed by the Authority or any other entity. See "RISK FACTORS."

A portion of the proceeds of the Offered Bonds will also be applied for the following purposes: (i) to fund Fixed Rate MEFA Loans; (ii) to fund a Capitalized Interest Account deposit for the Issue J Bonds; (iii) to fund a Reserve Fund deposit for the Issue J Bonds; and (iv) to pay a portion of the costs of issuance of the Offered Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS and "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT — Capitalized Interest Account" and "—Reserve Fund."

The Authority's obligation to provide funds to pay the principal of and interest on Issue J Bonds issued under the Issue J General Resolution is limited to the education loans that are funded with Issue J Bond proceeds, the revenues received from those education loans and the other assets pledged for this purpose under the Issue J General Resolution. Currently, only Fixed Rate MEFA Loans may be made or acquired with proceeds of Issue J Bonds. The Issue J General Resolution permits the Authority to issue additional Issue J Bonds that will be payable from these assets. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT," "RISK FACTORS" and "THE MEFA LOAN PROGRAM."

The Offered Bonds will bear interest from their date of delivery at the applicable rates per annum set forth on the inside front cover, payable January 1, 2013 and semiannually thereafter on each July 1 and January 1 and will mature on July 1 in the years and in the principal amounts set forth on the inside front cover. The Offered Bonds are available in denominations of $5,000 or any integral multiple thereof. The Offered Bonds are subject to redemption prior to maturity, at par, as described herein. See "REDEMPTION PROVISIONS."

The Offered Bonds will be issued only as fully registered bonds under a book-entry method, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Interest on and principal of the Offered Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Trustee. So long as DTC or its nominee is the Bondholder, disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursement of such payments to the ultimate purchasers ("Beneficial Owners") is the responsibility of DTC Participants or other nominees of the Beneficial Owners; there will be no distribution of Offered Bond certificates to the Beneficial Owners thereof. See "BOOK-ENTRY ONLY SYSTEM" herein.

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

The Offered Bonds are offered when, as and if issued and received by the Underwriters, subject to approval of legality by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel, and certain other conditions. Certain legal matters are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Counsel to the Underwriters. It is expected that the Offered Bonds will be available for delivery to DTC in New York, New York on or about June 27, 2012.

Morgan Stanley

BofA Merrill Lynch **J.P. Morgan**

June 1, 2012

$168,335,000
MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY
EDUCATION LOAN REVENUE BONDS, ISSUE J, SERIES 2012 (AMT)

MATURITY SCHEDULE

Maturity July 1	Principal Amount	Interest Rate	Price	Yield[1]	CUSIP[†]
2018	$1,465,000	3.100%	100.000%	3.100%	57563RJV2
2018	6,085,000	5.000	110.520[2]	3.070	57563RKH1
2019	410,000	3.350	100.000	3.350	57563RJW0
2019	13,295,000	5.000	110.365[2]	3.330	57563RKJ7
2020	590,000	3.650	100.000	3.650	57563RJX8
2020	14,635,000	5.000	109.522[2]	3.620	57563RKK4
2021	560,000	3.950	100.000	3.950	57563RJY6
2021	15,950,000	5.000	108.132[2]	3.920	57563RKL2
2022	17,650,000	4.250	99.750	4.281[2]	57563RJZ3
2023	16,900,000	4.375	99.500	4.433[2]	57563RKA6
2024	18,225,000	4.375	98.500	4.538[2]	57563RKB4
2025	16,575,000	4.625	99.500	4.677[2]	57563RKC2
2026	13,370,000	4.700	99.500	4.749[2]	57563RKD0
2027	2,545,000	4.800	100.000	4.800	57563RKE8
2028	25,730,000	4.900	100.000	4.900	57563RKF5
2030	4,350,000	5.000	100.359[2]	4.950[3]	57563RKG3

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1 Yield to maturity, except as noted.

2 Approximate.

3 Yield to first optional call on July 1, 2021.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondowners, and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products.

The information set forth herein has been furnished by the Authority and by other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of said Authority or other matters described herein since the date hereof.

No dealer, broker, salesperson or other person has been authorized by the Authority or by the Underwriters to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with purchasers or Holders of the Offered Bonds.

The Underwriters listed on the front cover of this Official Statement (the "Underwriters") have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applicable to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information in this Official Statement concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry-only system has been obtained from DTC. None of the Authority, any of its advisors or the Underwriters has independently verified, makes any representation regarding or accepts any responsibility for the accuracy, completeness or adequacy of such information.

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

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

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This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Authority's business and financial results could cause actual results to differ materially from those stated in the forward-looking statements. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT" and "RISK FACTORS."

In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Offered Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing the Offered Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering prices or yields stated on the inside front cover page hereof and said offering prices or yields may be changed from time to time by the Underwriters.

TABLE OF CONTENTS

SUMMARY STATEMENT

This Summary Statement, being part of this Official Statement, is subject in all respects to more detailed information appearing herein. The offering of the Offered Bonds to potential investors is made only by means of this entire Official Statement, including the cover page and the Appendices attached hereto. Reference must be made to this entire Official Statement to evaluate the Offered Bonds. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement. All capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings specified in APPENDIX B hereto.

Issuer.. The Massachusetts Educational Financing Authority, a body politic and corporate constituting a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth") established pursuant to the Act (as defined below) to assist in the financing and refinancing of the costs of post-secondary education ("we" or the "Authority"). See "INTRODUCTORY STATEMENT" and "THE AUTHORITY."

Offered Bonds.......................... $168,335,000 aggregate principal amount of Education Loan Revenue Bonds, Issue J, Series 2012 (the "Series 2012 Bonds" or the "Offered Bonds"), offered as fixed rate bonds, dated, maturing, bearing interest and priced as set forth on the inside cover page hereof. We expect to issue the Offered Bonds under a resolution dated as of July 1, 2011 (the "Issue J General Resolution") and a Second Series J Resolution dated as of June 1, 2012 (the "Series Resolution" and, together with the Issue J General Resolution, the "Resolution"). The Issue J Loans, as described below, to be financed with proceeds of Bonds issued under the Issue J General Resolution ("Issue J Bonds"), including the Offered Bonds, along with revenues and other assets that we expressly pledge under the Resolution are the only security for payment of the Offered Bonds and we are not obligated to provide payment for the Offered Bonds from any other source.

The Offered Bonds will be the second series of Issue J Bonds under the Issue J General Resolution. We previously issued $102,870,000 of Education Loan Revenue Bonds, Issue J, Series 2011 (the "Series 2011 Bonds") on July 13, 2011. The Issue J General Resolution permits the issuance of additional Issue J Bonds including Issue J Bonds that may be secured on a parity basis with or on a basis subordinate to the Offered Bonds. We have previously issued numerous series of bonds that were, or that are, separately secured under resolutions other than the Issue J General Resolution. In addition, we may issue additional separately secured series of bonds secured under existing or new resolutions. The Offered Bonds are not payable from any of the education loans or other assets that are pledged under other resolutions to secure such separately secured series of bonds and the Issue J Loans and other assets that are pledged to secure the payment of the Issue J Bonds are not available to pay any such separately secured series. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT—Additional Bonds."

The Authority expects to deposit cash to the Issue J General Resolution in connection with the issuance of the Offered Bonds in an amount sufficient to cause the Parity Ratio for the Issue J General Resolution to be approximately 106.33% upon completion of the initial application of such cash and of the proceeds of the Offered Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

Interest Payments on Offered Bonds.......................... Interest on the Offered Bonds will accrue from their delivery date and be payable on each January 1 and July 1, commencing January 1, 2013 or, if any such day is not a Business Day, the next Business Day. Interest on the Offered Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Redemption or Acceleration............................. We may redeem all or a portion of the Offered Bonds prior to their scheduled maturity without payment of a premium in certain circumstances as described herein. The timing and percentage of Offered Bonds that may be affected by any such redemption cannot be determined with certainty at this time. Such redemption may result from factors reflecting the application of proceeds of the Offered Bonds, and of other funds available to the Authority for such purpose, to originate Fixed Rate MEFA Loans, the performance of Issue J Loans and the degree to which the Authority's actual experience with respect to such factors conforms to certain cash flow assumptions that were reviewed by the Authority in connection with the structuring of the Offered Bonds. In certain cases, the Resolution does not require redemption of Issue J Bonds of different maturities of like tenor on a pro rata basis or in any particular order. Principal payment of the Offered Bonds may also be accelerated under the circumstances described herein. See "REDEMPTION PROVISIONS," "RISK FACTORS — Redemption of Bonds" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Acceleration."

Special Obligations.................. The Offered Bonds are special obligations of the Authority and are payable solely from the Revenues and certain funds and accounts established and pledged under the Resolution. No revenues or other assets are available to fund payment of the Offered Bonds except as expressly provided by the Resolution. The Authority has no taxing power. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Offered Bonds, and neither the full faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT."

Sources of Payments for the Offered Bonds.......................... The Offered Bonds are secured by and payable from the following sources (the "Trust Assets"):

(1) All Revenues.

(2) All Issue J Loans and promissory notes or other documentation evidencing the Authority's interest in Issue J Loans, and any other Revenue-producing contracts and all rights and interests of the Authority incident thereto, excluding certain indemnifications payable to the Authority.

(3) All moneys and securities on deposit in all funds and accounts created by or pursuant to the Resolution as described herein (except for the Rebate Fund), including without limitation any Reserve Fund Facilities, any funds drawn on Reserve Fund Facilities and any Investment Obligations in which such moneys are invested.

(4) All general intangibles (including payment intangibles) comprising or relating to any of the foregoing.

(5) The proceeds of any of the foregoing whether any of the foregoing is now existing or is hereafter acquired.

See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT."

Reserve Fund........................... A Reserve Fund for the Issue J Bonds has been established under the Resolution. The Resolution requires that the Reserve Fund be funded upon issuance of a Series of Issue J Bonds and maintained in an amount at least equal to the most recently established Reserve Fund Requirement. Upon initial issuance of the Offered Bonds, the Reserve Fund Requirement will be 2.0% of the outstanding amount of the Issue J Bonds, subject to a minimum balance requirement of $2,500,000. The Reserve Fund Requirement is subject to change upon compliance with certain requirements of the Issue J General Resolution. The Reserve Fund Requirement is expected to be initially satisfied by cash and Investment Obligations. See "ESTIMATED SOURCES AND USES OF FUNDS" and "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT—Reserve Fund."

Use of Bond Proceeds.............. We expect to use the proceeds of the Offered Bonds for the following purposes: (i) to fund Fixed Rate MEFA Loans; (ii) to fund some or all of the Capitalized Interest Account deposit for the Issue J Bonds; (iii) to fund some or all of the Reserve Fund deposit for the Issue J Bonds; and (iv) to pay a portion of the costs of issuance of the Offered Bonds. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT Issue J Loans," and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Issue J Loans .... "Issue J Loans" are MEFA Loans that are funded through application of the proceeds of, or other funds allocated to, Issue J Bonds. All Issue J Loans are pledged as security for the payment of Issue J Bonds and no other MEFA Loans are pledged for this purpose.

We currently expect that all Issue J Loans will be MEFA Loans that bear interest at a fixed rate ("Fixed Rate MEFA Loans") and will be credit-based loans with terms and conditions that are substantially similar to those described herein. We reserve the right, however, to apply proceeds of the Offered Bonds and of any subsequently issued Issue J Bonds and Revenues to finance MEFA Loans with terms and conditions that vary from those described herein, upon compliance with certain requirements of the Issue J General Resolution. It is currently expected that all Issue J Loans will be originated solely on the basis of borrower and, if applicable, co-borrower credit evaluation, will be payable solely by the borrower and any applicable co-borrower and will not be guaranteed by the Authority or by any other person, other than any such co-borrower. See "RISK FACTORS."

MEFA Loan Program.............. We have established a number of proprietary, unsecured consumer loan programs for financing loans for undergraduate and graduate students, including credit-based and need-based loans that bear interest on a fixed rate or variable rate basis (collectively, the "MEFA Loan Program" and the "MEFA Loans").

We have previously issued numerous series of bonds that were, or that are, secured under resolutions other than the Issue J General Resolution to fund education loans under the MEFA Loan Program. In addition, we may issue additional separately secured series of bonds for this purpose in the future. MEFA Loans that were originated, or that in the future may be originated, from funds that we obtain from the issuance of such separately secured series of bonds may have terms and conditions that are similar to, or that are different from, the terms and conditions of Issue J Loans. Approximately $4,700,000 currently remains available for commitment under the Issue J General Resolution through June 30, 2012. See "INTRODUCTORY STATEMENT," "ESTIMATED SOURCES AND USES OF FUNDS," "THE MEFA LOAN PROGRAM" and "RISK FACTORS — Redemption of Bonds" and "—Composition and Characteristics of the Issue J Loan Portfolio May Change."

The description of the current MEFA Loan Program included in this Official Statement does not address every type of MEFA Loan, but it does describe the types of Fixed Rate MEFA Loans that are currently Issue J Loans or that are currently expected to be originated as Issue J Loans during the 2012-2013 academic year. Certain additional information included in this Official Statement concerning MEFA Loans, other than Issue J Loans, is included for general reference purposes only and is not intended to suggest that the characteristics of Issue J Loans necessarily will be at any time similar to those that would be expected from a representative sample of all Fixed Rate MEFA Loans or of other MEFA Loans or that the performance of Issue J Loans necessarily will be similar to that of all Fixed Rate MEFA Loans or of other MEFA Loans. See "ESTIMATED SOURCES AND USES OF FUNDS" and "RISK FACTORS Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate MEFA Loan Performance."

We regularly review the terms and conditions of the MEFA Loan Program and reserve the right to alter such terms and conditions with respect to Issue J Loans, or with respect to other MEFA Loans, at any time. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT," "RISK FACTORS — Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate MEFA Loan Performance," "— Composition and Characteristics of the Issue J Loan Portfolio May Change" and "— Changes in Relevant Laws" and "THE MEFA LOAN PROGRAM."

Servicing .... ACS Education Services, Inc. currently acts as Servicer for the MEFA Loan Program and as originator for all MEFA Loans. The Resolution permits additional or successor servicers and originators to be appointed. See "AUTHORITY LOAN ORIGINATION AND SERVICING," and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Covenants as to the Program."

Additional Bonds...................... The Offered Bonds are the second series of Issue J Bonds to be issued under the Resolution. The Resolution provides for the issuance of additional Issue J Bonds secured under the Resolution on a parity basis with or on a basis subordinate to the Offered Bonds from time to time. We have issued debt, and reserve the right to issue further debt, that is secured on a basis separate and apart from the Issue J Bonds under bond resolutions or trust documents other than the Issue J General Resolution. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT — Additional Bonds."

Risk Factors.............................	Certain factors that you should consider prior to making any investment decision concerning the Offered Bonds are identified herein under the caption "RISK FACTORS." These factors do not constitute the only factors that you should consider and do not address the only risks of ownership of the Offered Bonds. The descriptions included under that caption of these factors are intended only to indicate the nature of the factors identified and not as exhaustive discussions of the potential effects of such factors. See "RISK FACTORS."
Ratings	The Offered Bonds are expected to be rated "AA" by Standard & Poor's Credit Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and "A" by Fitch, Inc. ("Fitch"). Assignment of such ratings is a precondition to issuance of the Offered Bonds. Neither we nor the Underwriters have undertaken any responsibility either to directly notify you of any proposed change in or withdrawal of such ratings or to oppose any such proposed revision, although certain rating changes are reportable under the proposed Continuing Disclosure Agreement for the Offered Bonds. See "RISK FACTORS — Certain Actions May Be Permitted Without Bondholder Approval" and "— Effect of Ratings," "RATINGS" and "CONTINUING DISCLOSURE."

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

Members of the Authority

Keith C. Shaughnessy, Chair
William J. Papp, Jr., Vice Chair
Gary Bailey
Dennis D. Berkey
Matthew P. Keswick
Gary E. Martinelli
Philip N. Shapiro
Secretary of the Executive Office
for Administration and Finance, ex officio
Secretary of the Executive Office
of Housing and Economic Development, ex officio

160 Federal Street
Boston, Massachusetts 02110

Thomas M. Graf,
Executive Director

OFFICIAL STATEMENT
Relating to
$168,335,000
MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY
EDUCATION LOAN REVENUE BONDS, ISSUE J

The purpose of this Official Statement is to set forth information in connection with the sale by the Massachusetts Educational Financing Authority ("we" or the "Authority") of $168,335,000 aggregate principal amount of Education Loan Revenue Bonds, Issue J, Series 2012 (the "Series 2012 Bonds" or the "Offered Bonds") pursuant to Chapter 15C of the General Laws of The Commonwealth of Massachusetts (the "Commonwealth"), as amended (the "Act"), and a resolution dated as of July 1, 2011 (the "Issue J General Resolution"), as supplemented by a Second Series J Resolution dated as of June 1, 2012 (the "Series Resolution," and, together with the Issue J General Resolution, the "Resolution").

The Resolution constitutes a contract among the Authority, U.S. Bank National Association, Boston, Massachusetts, as trustee (the "Trustee"), and the holders from time to time of the Issue J Bonds issued thereunder. The Offered Bonds will be the second series of Issue J Bonds under the Issue J General Resolution. The Authority previously issued $102,870,000 of Education Loan Revenue Bonds, Issue J, Series 2011 on July 13, 2011. Additional Series of Issue J Bonds, either secured on a parity basis with the Offered Bonds or secured on a subordinate basis to the Offered Bonds, may be issued under the Issue J General Resolution. The Offered Bonds, and any other bonds which may be issued in the future under the Issue J General Resolution are referred to herein as the "Issue J Bonds." Certain capitalized terms used in this Official Statement have the meanings set forth in APPENDIX B hereto.

The Authority has previously issued numerous series of bonds and notes, also identified as "Education Loan Revenue Bonds," and may in the future issue additional series of such bonds and notes, under trust documents that are separate and apart from the Resolution.

There follows in this Official Statement certain information concerning the Authority and certain other MEFA Loan Program participants, descriptions of the terms of the Offered Bonds, description of the terms and conditions that are currently expected to be applicable to Issue J Loans that the Authority expects to finance for the 2012-2013 academic year, and descriptions of the Act, the Resolution, and certain other documents related to the security for the Offered Bonds, and of certain applicable laws. All references herein to laws and documents are qualified in their entirety by reference to such laws and to such documents, as in effect on the date of issuance of the Offered Bonds, and all references to the

Offered Bonds are qualified in their entirety by reference to the respective definitive form thereof and to the Resolution. This Official Statement is intended for use in connection with the sale of the Offered Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

INTRODUCTORY STATEMENT

The Authority is issuing the Offered Bonds for the principal purposes of funding education loans to undergraduate and graduate students who are Massachusetts residents or who attend Participating Institutions within the Commonwealth, and to others borrowing for the benefit of such students. Education loans funded with the proceeds of Issue J Bonds and the Revenues received by the Authority from such education loans are the primary expected source of debt service for the Offered Bonds. The Authority currently expects that all education loans funded with the proceeds of Issue J Bonds will be credit-based Fixed Rate MEFA Loans, as described herein.

The Authority is a body politic and corporate, constituting a public instrumentality of the Commonwealth. The Authority was established pursuant to the Act to assist students, their parents and others responsible for paying the costs of education as well as institutions of higher education in the Commonwealth in the financing and refinancing of the costs of education. The Authority has established a number of proprietary, unsecured consumer loan programs for this purpose, including fixed rate and variable rate, undergraduate and graduate, and credit-based and need-based loans. These loans and programs are referred to as a whole herein as “MEFA Loans” and the “MEFA Loan Program.” The Authority administers the MEFA Loan Program, along with its U. Fund and U. Plan college savings and prepayment plans and certain public service initiatives, as a full service higher education financing organization providing solutions to families and colleges.

The MEFA Loan Program provides supplemental assistance for students receiving other forms of financial aid and primary assistance for students not eligible for other forms of financial aid. MEFA Loans are originated in cooperation with participating non-profit independent and public colleges and universities and other sponsors, if any, designated from time to time by the Authority (collectively, the “Participating Institutions”). The principal components of the existing MEFA Loan Program currently include: (i) the Fixed Rate Undergraduate MEFA Loan Program; (ii) the Variable Rate Undergraduate MEFA Loan Program; and (iii) the MEFA Loans for Graduate Education Program, which are offered as fixed rate and as variable rate education loans. The Authority does not currently expect to offer variable rate MEFA Loans during the 2012-2013 academic year, but reserves the right to again offer such loans. See “THE MEFA LOAN PROGRAM” and “AUTHORITY LOAN ORIGINATION AND SERVICING — The Servicer.”

Fixed Rate Undergraduate MEFA Loans and MEFA Loans for Graduate Education that bear interest at a fixed rate are referred to, collectively, herein as “Fixed Rate MEFA Loans.” “Issue J Loans” are MEFA Loans funded through application of proceeds of, or other funds allocable to, Issue J Bonds, and the subset of the MEFA Loan Program so funded is referred to herein as the “Issue J Loan Program.” Initially, all Issue J Loans will be credit-based Fixed Rate MEFA Loans, as described herein. The Resolution permits the Authority to apply Issue J Bond proceeds to finance Issue J Loans with terms and conditions that vary from those described herein upon compliance with certain Resolution requirements. The Authority also reserves the right to fund such loans from other sources.

ACS Education Services, Inc. (“ACS-ES”) currently acts as Servicer for the MEFA Loan Program and as originator of all MEFA Loans. The MEFA Loan origination and servicing process is a joint effort among the Authority, Participating Institutions and the Servicer. Undergraduate MEFA Loan and MEFA Loan for Graduate Education applications are submitted directly to the Servicer by the applicants for credit analysis. After approval of a borrower’s application, confirmation by the

Participating Institution and execution by the borrower(s) and student, of a promissory note, the promissory note is delivered to the Servicer to be held in custody. The Authority finances MEFA Loans by disbursing funds to the Servicer. The Servicer transfers such funds upon receipt to the Participating Institution for credit to the student's account. See "THE MEFA LOAN PROGRAM" and "AUTHORITY LOAN ORIGINATION AND SERVICING."

The Authority regularly reviews the terms and conditions of its MEFA Loan Program and its administrative arrangements for the origination, servicing and collection of MEFA Loans and reserves the right to alter such terms and conditions, including all terms and conditions described herein as being applicable to Issue J Loans, and such administrative arrangements, at any time; subject, with respect to Issue J Loans, to compliance with certain requirements of the Issue J General Resolution. See "RISK FACTORS — Certain Actions May Be Permitted Without Bondholder Approval," "— Dependence Upon Third-Party Servicers and Originators" and "— Composition and Characteristics of the Issue J Loan Portfolio May Change."

This Official Statement contains certain historical information relative to the origination and payment experience of the Authority in connection with its previously originated Fixed Rate MEFA Loans and relative to the general terms of the MEFA Loan Program. Such information is included for general reference purposes only and is not intended as a representation that the origination and payment experience or composition of the Issue J Loan Portfolio necessarily will be similar to that of previously originated Fixed Rate MEFA Loans during any period or over the respective lives of such MEFA Loans. There can be no assurance that the performance of Issue J Loans will be consistent with that of previously originated Fixed Rate MEFA Loans. See "ESTIMATED SOURCES AND USES OF FUNDS," "RISK FACTORS — Redemption of Bonds," "Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate MEFA Loan Performance," "—Composition and Characteristics of the Issue J Loan Portfolio May Change" and "—General Economic Conditions" and "THE MEFA LOAN PROGRAM — General" and "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO."

The Offered Bonds are being issued for the following purposes: (i) to fund Fixed Rate MEFA Loans; (ii) to fund some or all of the Capitalized Interest Account deposit for the Issue J Bonds; (iii) to fund some or all of the Reserve Fund deposit for the Issue J Bonds; and (iv) to fund a portion of the costs of issuance of the Offered Bonds. All Issue J Loans are pledged as security for Issue J Bonds and no other MEFA Loans are pledged for this purpose. See "ESTIMATED SOURCES AND USES OF FUNDS."

Approximately $4,700,000 currently remains available to the Authority to fund Fixed Rate MEFA Loans to be held under the Issue J General Resolution, through June 30, 2012.

The Authority currently expects, based upon its projections of demand for Fixed Rate MEFA Loans during the 2012-2013 academic year, that it will be able to fully apply, or commit for application, all available proceeds of the Offered Bonds and all available funds that the Authority currently expects to be available under the Authority's Issue J General Resolution to fund Fixed Rate MEFA Loans prior to March 31, 2013. See "AUTHORITY FIXED RATE MEFA LOAN PROGRAM — The Authority's Fixed Rate MEFA Loan Portfolio." However, due to a variety of factors that may influence demand for Fixed Rate MEFA Loans, including, without limitation, general economic conditions, the seasonal nature of education loan demand and the current or potential availability of competing education loans or other forms of financial aid under the Federal Direct Student Loan Program and other federal or Commonwealth programs, as well as student and parent loans offered by other parties and, potentially, variable rate MEFA Loans, there can be no assurance that the actual demand for Fixed Rate MEFA Loans that can be funded under the Issue J General Resolution will be sufficient to fully expend the funds available to the Authority to fund such loans from sources that include, but are not limited to, the Series

2012 Bonds. Although the Authority currently expects that amounts available for application to finance MEFA Loans during this period under the Issue J General Resolution will not substantially exceed $175,500,000, the Authority reserves the right to implement actions, including but not limited to the issuance of bonds in addition to the Offered Bonds, to obtain additional funds to finance MEFA Loans during this period. The Authority reserves the right to allocate funds from different sources that are available to it to finance MEFA Loans in any manner that it deems appropriate. The Resolution does not require or prevent the application of Series 2012 Bond proceeds prior to the application of other funds available to the Authority to make Fixed Rate MEFA Loans or require the Authority to apply all funds available to the Authority to make Fixed Rate MEFA Loans prior to making variable rate MEFA Loans. See "ESTIMATED SOURCES AND USES OF FUNDS."

The Issue J Bonds are special obligations of the Authority, which has no taxing power, payable solely from the Revenues and certain funds and accounts established and pledged under the Resolution. No revenues or other assets of the Authority are available to fund payment of the Issue J Bonds except as expressly provided by the Resolution. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Issue J Bonds and neither the full faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT."

THE AUTHORITY

General

The Authority was created by the Act in recognition of the increasingly burdensome costs connected with post-secondary education. Declaring that "it is essential that this and future generations of youth be given the fullest opportunity to learn and to develop their intellectual capacity and skills," the Legislature of the Commonwealth created the Authority for the purpose of assisting parents, students and institutions of higher education in financing and refinancing the costs of education. The Authority provides financial assistance to students attending post-secondary school through the financing of education loans.

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

In 2002, the Authority initiated a program to fund Loans originated pursuant to the Federal Family Education Loan Program ("Authority FFELP Loans"). Authority FFELP Loans have been funded from the proceeds of Authority bonds issued pursuant to resolutions separate and apart from the Resolution. In April, 2008, the Authority announced a suspension, effective July 1, 2008, of its funding of new Authority FFELP Loans in response to certain federal statutory changes and to capital market conditions.

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

The Authority solicits participation in its loan programs from qualifying independent and public educational institutions and eligible borrowers. The Authority monitors MEFA Loan origination and servicing, delinquencies and defaults, investment results and revenue projections. In addition to developing and operating its loan and savings programs, the Authority conducts an extensive outreach program of seminars on student financial aid and financing higher education for educational personnel and for parents across the Commonwealth.

Members and Staff

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

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

Members

KEITH C. SHAUGHNESSY, Chair; term expires July 1, 2017.

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

WILLIAM J. PAPP, JR., Vice-Chair; term expires June 30, 2015.

Mr. Papp has over twenty years of experience across the financial services industry focusing on the global equity capital markets. In recent years, he has served as a Managing Director of Pacific Crest Securities, Senior Vice President at Prudential Equity Group and Vice President of Lehman Brothers. Additionally, Mr. Papp has assisted with a number of education and workforce related initiatives across the Commonwealth and served on the Commonwealth's Finance Advisory Board.

GARY BAILEY, M.S.W.; term expires July 1, 2013.

Mr. Bailey is an Associate Professor at Simmons College Graduate School of Social Work where he chairs the Dynamics of Racism and Oppression foundation sequence. He is a member of the Council on Social Work Education/Hartford Foundation Gero Education Initiative and serves as Chair of the Simmons College Black Administrators, Faculty and Staff Council.

DENNIS D. BERKEY; term expires July 1, 2017.

Dr. Berkey is the President and CEO of Worcester Polytechnic Institute following thirty years of service in higher education as a tenured faculty member and senior administrator at Boston University. Dr. Berkey serves on numerous boards including the UMASS/Memorial Health Care Inc., the Massachusetts Biomedical Initiative, the Worcester Research Bureau, the Massachusetts Mathematics and Science Initiative, and Leaders of Education.

MATTHEW P. KESWICK; term expires July 1, 2012.

Mr. Keswick is the President of Keswick Consulting LLC, a Boston-based government relations and business development firm. Previously, he worked in the Massachusetts Governor's Office for Governors Weld, Cellucci and Swift in several high-ranking positions including Deputy Chief Secretary and Assistant Chief of Staff.

GARY E. MARTINELLI, ESQ.; term expires July 1, 2014.

Mr. Martinelli is the Chairman of Martinelli Discenza P.C. where he is the senior corporate lawyer and of Martinelli Discenza Investment Counsel, Inc. where he serves as chief portfolio manager. He has spent his career in business law and investment management as a leading advisor to western Massachusetts families and businesses on both legal and investment matters.

PHILIP N. SHAPIRO; term expires April 4, 2014.

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

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

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

Staff

THOMAS M. GRAF, Executive Director.

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

ELIZABETH K. FONTAINE, Assistant Executive Director.

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

JAMES S. LEIGHTON, Chief Financial Officer.

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

ZARAH MASALES-TRINGALI, Director of Portfolio Servicing.

Ms. Masales-Tringali joined the Authority in May, 1999. She has served as an Assistant Director of Loan Operations and held several accounting positions within the Authority. Prior to joining the Authority, she was an Accounting Supervisor for Genetics Institute and a Control Analyst for Key Education Resources. Ms. Masales-Tringali received her B.S. in Business Administration from Northeastern University.

FRANCIS X. CAVANAUGH, Director of Portfolio Origination and Funding.

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

SARAH R. CALLANDER, Director of Financial Operations.

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

LAURA GROVES, Finance Associate–Capital Markets.

Ms. Groves joined the Authority in July, 2009. Prior to joining the Authority, she was a Financial Analyst at the San Diego County Regional Airport Authority. She has also served as a Financial Analyst and Finance Intern within the Authority from 2002-2007. Ms. Groves received her B.S. in Finance from Bentley University.

THE OFFERED BONDS

The Offered Bonds will be issued in denominations of $5,000 and in integral multiples thereof, will be dated the date of delivery, and will bear interest from their date, payable on January 1, 2013 and on each July 1 and January 1 thereafter, or if any such day is not a Business Day, the next Business Day. The Offered Bonds bear interest at the rate and mature on the dates set forth on the front inside cover of this Official Statement.

So long as the Offered Bonds are registered in the name of Cede & Co., as nominee of DTC, interest on and principal of the Offered Bonds will be payable to Cede & Co., and will be redistributed by DTC and the DTC Participants as described herein under "BOOK-ENTRY ONLY SYSTEM."

REDEMPTION PROVISIONS

General. The Series 2012 Bonds are subject to optional redemption, mandatory redemption resulting from non-origination, special optional redemption from excess revenues and special mandatory redemption from excess revenues, as described below. All such redemptions result in the payment to the holder of a Redemption Price equal to the principal amount of the Series 2012 Bonds being redeemed, without premium, plus accrued interest, if any, to the redemption date, except as expressly noted with respect to the Offered Bonds maturing on July 1, 2018, July 1, 2019, July 1, 2020 and July 1, 2021 with offering prices in excess of 100%, as set forth on the inside cover of this Official Statement. There are numerous factors that may affect the likelihood that any Series 2012 Bond may be called for redemption prior to maturity, including certain factors that may be related to financial market and economic conditions. See "RISK FACTORS Redemption of Bonds."

Optional Redemption. The Series 2012 Bonds maturing on or after July 1, 2022 will be subject to redemption prior to maturity, in whole or in part, on any date on or after July 1, 2021, at the option of the Authority, at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date. Any such redemption will be applied to each such maturity on a pro rata basis (or in such other manner as the Authority, consistent with a Projection of Revenues, may direct). No such redemption, however, shall cause the Series 2012 Bonds of any maturity of like tenor that remain Outstanding to be in an amount other than an Authorized Denomination and the amount to be so redeemed shall be increased or decreased as directed by the Authority to avoid such a result. See "RISK FACTORS Certain Actions May Be Permitted Without Bondholder Approval."

Mandatory Redemption Resulting From Non-Origination. The Offered Bonds are subject to redemption prior to maturity, in whole or in part, on any date, from original proceeds of the Offered Bonds initially available to fund Issue J Loans upon issuance of the Offered Bonds and remaining in the Series 2012 Purchase Account at the expiration of the Origination Period (except with respect to the retention for subsequent application of any amounts reserved in the Series 2012 Purchase Account to fund Issue J Loans that the Authority is committed, as of the end of the Series 2012 Origination Period, to originate or acquire). With respect to the Offered Bonds maturing on July 1, 2018, July 1, 2019, July 1, 2020 and July 1, 2021 with offering prices in excess of 100%, as set forth on the inside cover of this Official Statement, the Redemption Price applicable to such redemption will be equal to the sum of: (i) the principal amount thereof to be redeemed, plus accrued interest to the date of redemption; and (ii) the unamortized portion of the amount by which the applicable offering price exceeded 100%. The methodology to calculate the unamortized portion of such amount for a maturity will use the yield of the Offered Bonds stated on the inside cover of this Official Statement to calculate a price based on the redemption date, semi-annual compounding and a 360-day year consisting of twelve 30-day months. The excess of the calculated price over 100% will be the unamortized portion. With respect to all other Offered Bonds, the Redemption Price will be equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption. As of the date of delivery of the Issue J Bonds, the Series 2012 Origination Period will end on March 31, 2013, unless extended, upon compliance with certain requirements of the General Resolution. Unless the Origination Period is extended, any such redemption would take place by July 1, 2013. Any such redemption will be applied to each maturity of Offered Bonds of like tenor (i.e. bearing the same interest rate) on a pro rata basis (or in such other manner as the Authority, consistent with a Projection of Revenues, may direct). No such redemption, however, shall cause the Offered Bonds of any maturity of like tenor that remain Outstanding to be in an amount other than an Authorized Denomination and the amount to be so redeemed shall be increased or decreased as directed by the Authority to avoid such a result. See "RISK FACTORS – Redemption of Bonds," "—Certain Actions May Be Permitted Without Bondholder Approval" and "—Competition May Reduce Demand For or Increase Prepayments on Issue J Loans," "ESTIMATED SOURCES AND USES OF FUNDS," "THE MEFA LOAN PROGRAM" and "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO."

Special Optional Redemption From Excess Revenues. The Series 2012 Bonds (excluding Series 2012 Bonds maturing on July 1, 2018, July 1, 2019, July 1, 2020 and July 1, 2021 with offering prices in excess of 100%, as set forth on the inside cover of this Official Statement) and certain of the Series 2011 Bonds and of any Additional Bonds that may be issued in the future, are subject to optional redemption prior to maturity, in whole or in part, on each Interest Payment Date on which: (i) the aggregate Outstanding principal amount of the Issue J Bonds equals or exceeds an amount equivalent, at the time of computation, to such amount as may be required by the then most recently adopted Series Resolution authorizing the issuance of then Outstanding Issue J Bonds (which amount, as of the date of delivery of the Offered Bonds, shall be $27,120,500); and (ii) either (a) such Interest Payment Date occurs during the Recycling Period or (b) the Parity Ratio exceeds the amount then required with respect to a Party Ratio Certificate, which upon issuance of the Series 2012 Bonds will be 109.00% (each such Interest Payment Date being a "Potential Special Optional Excess Revenues Redemption Date"), at a Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest, if any, to the redemption date, in such amounts as the Authority may direct, from any Excess Revenues derived from or allocable to any Series of Issue J Bonds and any moneys transferred from the Reserve Fund available in the Redemption Fund on the second to last Business Day of the second prior calendar month. Any such redemption will be applied to each maturity of like tenor of Series 2012 Bonds, and to such other maturities of such other Series of Issue J Bonds, as may then be subject to such redemption on such basis, on a pro rata basis (or in such other manner as the Authority, consistent with a Projection of Revenues, may direct). No such redemption, however, shall cause the Issue J Bonds of any Series and maturity of like tenor that remain Outstanding to be in an amount other than an Authorized Denomination and the amount to be so redeemed shall be increased or decreased as directed by the Authority to avoid such a result. See "RISK FACTORS Certain Actions May Be Permitted Without Bondholder Approval" and "—Redemption of Bonds," "APPENDIX B — DEFINITIONS OF CERTAIN TERMS — Excess Revenues" and "APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION Establishment of Funds and Accounts," " Monthly Transfers from Revenue Fund" and " Semi-Annual Transfers from Revenue Fund."

Special Mandatory Redemption From Excess Revenues. The Series 2012 Bonds (excluding Series 2012 Bonds maturing on July 1, 2018, July 1, 2019, July 1, 2020 and July 1, 2021 with offering prices in excess of 100%, as set forth on the inside cover of this Official Statement) and certain of the Series 2011 Bonds and of any Additional Bonds that may be issued in the future, are subject to mandatory redemption prior to maturity, in whole or in part, on each Interest Payment Date that is not a Potential Special Optional Excess Revenues Redemption Date (and with respect to certain amounts transferred from the Reserve Fund as described under "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT — Reserve Fund," on any date), at a Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest, if any, to the redemption date, from all Excess Revenues derived from or allocable to any Series of Issue J Bonds and any moneys transferred from the Reserve Fund available in the Redemption Fund, on the second to last Business Day of the second prior calendar month. Any such redemption will be applied to each maturity of like tenor of Series 2012 Bonds, and to such other maturities of such other Series of Issue J Bonds, as may then be subject to such redemption on such basis, on a pro rata basis (or in such other manner as the Authority, consistent with a Projection of Revenues, may direct). No such redemption, however, shall cause the Issue J Bonds of any Series and maturity of like tenor that remain Outstanding to be in an amount other than an Authorized Denomination and the amount to be so redeemed shall be increased or decreased as directed by the Authority to avoid such a result. See "RISK FACTORS Certain Actions May Be Permitted Without Bondholder Approval" and "—Redemption of Bonds," "APPENDIX B — DEFINITIONS OF CERTAIN TERMS — Excess Revenues" and "APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION Establishment of Funds and Accounts," " Monthly Transfers from Revenue Funds" and " Semi-Annual Transfers from Revenue Funds."

Selection of Series 2012 Bonds to be Redeemed. If less than all of the Series 2012 Bonds of a particular maturity of like tenor shall be redeemed, the particular Series 2012 Bonds of such maturity and tenor to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, that, so long as DTC or its nominee is the Bondholder, if less than all of the Series 2012 Bonds of such maturity and tenor are redeemed, the particular Series 2012 Bonds or portions of such Series 2012 Bonds to be redeemed shall be selected by DTC in such other customary manner as DTC may determine. For the purpose of such selection, any Series 2012 Bond of a denomination greater than the minimum denomination permitted shall be deemed to consist of several Series 2012 Bonds each in the minimum denomination and shall be redeemable in part in multiples of such minimum denomination or in whole in accordance with the results of such selection process.

Notice of Redemption of Series 2012 Bonds. At least 20 days prior to the date fixed for the redemption of any Series 2012 Bonds, notice of redemption shall be mailed by first-class mail to the Registered Owner (which initially will be DTC or its nominee) of such Series 2012 Bonds, or portions thereof, to be redeemed at its last address as it appears on the books of registry, stating the Series 2012 Bonds to be redeemed, the redemption date, the place or places where the amounts due upon such redemption will be paid and the redemption price of such Series 2012 Bonds to be redeemed and, if less than all of the Series 2012 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2012 Bonds to be redeemed, and in the case of Series 2012 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on the redemption date each affected Series 2012 Bond, or portion thereof, to be redeemed shall be due and payable at the applicable redemption price, plus accrued interest to the redemption date, and that interest on such Series 2012 Bonds to be redeemed shall cease to accrue from and after the redemption date.

Notice having been given as provided above, the Series 2012 Bonds or portions thereof designated in the notice shall become due and payable at the applicable redemption price, plus interest accrued thereon to the redemption date, and, upon surrender in accordance with the notice, shall be paid, together with interest accrued thereon to the date fixed for redemption; provided, however, that failure so to provide such notice to any one or more owners of any Series 2012 Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption of Series 2012 Bonds with respect to owners to whom such notice was made.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:	
Principal Amount of Offered Bonds	$168,335,000
Net Original Issue Discount or Premium	4,172,659
Authority Contribution(1)	4,785,932
Total(1)	$177,293,591
Uses of Funds:	
Deposit to the Series 2012 Purchase Account(1)	$170,800,000
Deposit to the Series 2012 Reserve Account	3,366,700
Deposit to the Capitalized Interest Account	1,426,891
Deposit to the Series 2012 Costs of Issuance Account(2)	1,700,000
Total(1)	$177,293,591

(1) As projected as of the date of this Official Statement. The actual amounts will be adjusted to cause the Authority Contribution to be the amount necessary to result in a Parity Ratio of at least 106.33% upon issuance and delivery of the Offered Bonds.
(2) Includes an underwriters' fee for the Offered Bonds.

The Authority currently projects that, upon issuance and delivery of the Offered Bonds: (i) $170,800,000 million to be deposited to the Series 2012 Purchase Account upon such issuance and delivery and approximately $4,700,000 of proceeds of other Issue J Bonds will be available to finance additional Fixed Rate MEFA Loans; and (ii) the Parity Ratio will be 106.33%. The Authority also currently projects that the proceeds of the Series 2012 Bonds available to finance Issue J Loans will be applied to finance Fixed Rate MEFA Loans, by March 31, 2013, see "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO — The Authority's Fixed Rate MEFA Loan Portfolio."

SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT

The Offered Bonds are special obligations of the Authority payable from and secured solely by a pledge and grant of a security interest in: (i) all Revenues; (ii) all Issue J Loans and promissory notes or other documentation evidencing the Authority's interest in Issue J Loans, and any other Revenue-producing contracts and all rights and interests of the Authority incident thereto, excluding certain indemnifications payable to the Authority; (iii) all moneys and securities on deposit in the funds and accounts established pursuant to the Resolution, except the Rebate Fund; (iv) all general intangibles (including payment intangibles) comprising or relating to any of the foregoing; and (v) proceeds of any of the foregoing (collectively, the "Trust Assets"), subject to the application of such amounts for the purposes permitted under the Resolution.

Revenues

Revenues include: (i) all amounts paid or required to be paid with respect to principal of or interest on Issue J Loans including, without limitation, Issue J Loan Payments, Late Charges, if any, amounts received upon the sale or other disposition of Issue J Loans, and including any amounts held by persons collecting such amounts on behalf of the Authority; and (ii) all interest, investment gains and other income received on moneys or securities held in the funds and accounts established pursuant to the Resolution, except the Rebate Fund.

The Resolution provides that the Revenues shall be deposited in the various funds and accounts established for the particular Series of Issue J Bonds to which such Revenues are allocable to facilitate tracing for tax purposes, but such Revenues may, if necessary, be used for the purposes set forth in the Resolution without regard to the particular Series of Issue J Bonds they are allocable to. Revenues allocable to a Series of Issue J Bonds are used to pay Program Expenses, to pay interest on and Principal Installments of the Issue J Bonds, and to make up any deficiency in any fund or account established under the Resolution, including the Series 2012 Reserve Account and the Rebate Fund. Any Revenues allocable to a Series of Issue J Bonds that are available after such payments and transfers may be applied to finance additional Issue J Loans (but only until the end of the Recycling Period for the applicable Series of Issue J Bonds established upon issuance or such other date as may be established by the Authority upon compliance with certain requirements of the Issue J General Resolution) or, otherwise, transferred to the Redemption Fund account for the applicable Series to be used either to purchase or to redeem Bonds. Upon initial delivery of the Offered Bonds, the end of the Recycling Period for all the Outstanding Bonds under the Issue J General Resolution will be June 30, 2013. In lieu of a transfer to the Redemption Fund, the Authority may direct the Trustee, subject to certain Resolution requirements including that the Parity Ratio would be 109.00% or higher upon completion of such transfer, to transfer all or part of such balance to the Authority free and clear of the lien of the Resolution. See "—Release of Excess Trust Assets."

If Revenues are not sufficient to pay scheduled principal maturities of and interest on the Issue J Bonds of a Series or to pay Program Expenses as required for any semi-annual period, moneys in the Redemption Account (other than amounts then committed to the redemption of specific Issue J Bonds as to which notice has been given), the Capitalized Interest Account (but only with respect to interest and Program Expenses), the Series 2012 Purchase Account (other than amounts then contractually committed to the origination or acquisition of specific Issue J Loans and without requiring the liquidation of Issue J Loans), and the Reserve Account will be applied, in that order of priority, to make up the deficiency. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Monthly Transfers from Revenue Fund" and "—Semi-Annual Transfers from Revenue Fund."

The Authority expects that Revenues and other available moneys held in the funds and accounts under the Resolution will be sufficient to pay when due the Principal Installments of and interest on all Bonds, including the Offered Bonds, and Program Expenses. This expectation is based, among other things, on the assumptions that: (i) the Issue J Loans will be credit-based Fixed Rate MEFA Loans and will include origination fees and bear interest at rates which the Authority currently believes to be reasonable; (ii) Issue J Loans will be amortized over a maximum of 15 years, commencing on the date approximately 45 days after final disbursement; (iii) borrowers will select between Immediate Repayment, Interest-Only Repayment and Deferred Repayment options in a manner that will conform to current Authority volume and academic class distribution expectations; (iv) all original proceeds of the Offered Bonds to be deposited to the Series 2012 Purchase Account and all other amounts becoming available under the Issue J General Resolution to fund Issue J Loans upon issuance of the Offered Bonds will be applied, or committed for application, to finance Issue J Loans by March 31, 2013; and (v) all available Revenues are recycled and used to finance additional Issue J Loans until June 30, 2013. The Authority has also assumed that moneys in the various funds and accounts established under the Resolution will be invested prior to application, in accordance with Issue J General Resolution requirements, at rates that the Authority currently believes to be reasonable based upon current market conditions. The Authority has made additional assumptions with respect to the amounts and timing of prepayments, the level of borrower delinquency and default and the amount of Program Expenses to be due in each year. The Resolution limits the amounts of Program Expenses that may be paid annually. The assumptions relating to Issue J Loans described in this paragraph relate solely to Issue J Loans financed by the Authority with moneys allocable to the Offered Bonds. There can be no assurance that the actual experience of the Issue J Loans and of other Trust Assets will in fact conform to these assumptions. However, the Authority believes that these assumptions are reasonable. The Authority has prepared projections of revenues testing a range of assumptions in order to determine the effect of variation of these assumptions on the sufficiency of Revenues to be generated under the Loan Program to pay Principal Installments of and interest on the Issue J Bonds and Program Expenses as part of the process of obtaining the assignment of initial credit ratings to the Offered Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS," "RISK FACTORS — Redemption of Bonds," "— Effect of Ratings," "— Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate MEFA Loan Performance," " Certain Factors Could Potentially Affect Timing and Receipt of Revenues," " Composition and Characteristics of the Issue J Loan Portfolio May Change" and "—General Economic Conditions" and "THE MEFA LOAN PROGRAM — General" and "— Loan Terms" and "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO."

Issue J Loans

The Issue J Bonds are secured by a pledge of and lien upon all Issue J Loans, as evidenced by Issue J Loan Notes or by other appropriate documentation, which are financed with proceeds of the Issue J Bonds or other moneys available therefor under the Resolution. The Authority has covenanted in the Issue J General Resolution that it will use and apply funds made available in connection with the issuance of the Issue J Bonds, to the extent not reasonably required for other Program purposes of the Authority, to finance Issue J Loans, in a manner consistent with the Act and with the provisions of the Resolution. In addition, in order to receive and collect Revenues, the Authority has covenanted to do all such acts and things necessary and to take all steps, actions and proceedings necessary in the judgment of the Authority to enforce all terms, covenants and conditions of Issue J Loans in a manner consistent with the Act and with the provisions of the Resolution. The Issue J General Resolution requires that all Issue J Loans financed by the Authority have terms of repayment which, together with other moneys available therefor, shall be at least sufficient to pay Principal Installments of and interest on the Issue J Bonds when due and all reasonably anticipated Program Expenses. For a further description of the Issue J Loans to be made under the Loan Program see "THE MEFA LOAN PROGRAM," "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO" and "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

The Authority anticipates, in part based on its experience with the MEFA Loan Program, that a portion of the Issue J Loans allocable to the Offered Bonds will be partially or completely prepaid prior to their respective final maturity dates as a result of borrower prepayment. However, the Authority cannot predict the actual average life of the portfolio of Issue J Loans allocable to the Offered Bonds. A portion of the Offered Bonds are likely to be redeemed prior to maturity pursuant to the special optional redemption or special mandatory redemption provisions of the Resolution. See "REDEMPTION PROVISIONS," "THE MEFA LOAN PROGRAM — Historical Program Financing Special Redemption Experience," "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO" and "RISK FACTORS — Redemption of Bonds," "—General Economic Conditions" and "—Prepayment of Issue J Loans is Subject to Uncertainty."

Certain Resolution Requirements

The Resolution permits the Authority to issue Additional Bonds pursuant to a Series Resolution without Bondholder consent and further permits the Authority to take a wide range of actions in connection with its administration of the Trust Assets without either an amendment or supplement to the Resolution or Bondholder consent, but requires that the Authority satisfy certain other conditions prior to undertaking, or in conjunction with, certain such actions. Certain of these actions are conditioned upon delivery by the Authority to each Nationally Recognized Rating Agency of Rating Agency Notice, including: (i) issuance of Additional Bonds (including Subordinated Bonds) or other subordinated liens or indebtedness; (ii) any extension of the period during which sale proceeds of Issue J Bonds, or during which otherwise available Revenues, may be applied to finance Issue J Loans; (iii) change in the Parity

Ratio level at which assets may be released from the Issue J General Resolution; (iv) change in the Parity Ratio affecting the applicability of provisions relating to mandatory or optional redemption from Excess Revenues; (v) selection of Bonds for redemption; (vi) entry into Hedge Agreements; (vii) reduction in the Capitalized Interest Account Requirement or Reserve Fund Requirement; (viii) any sale or transfer of Issue J Loans from the Issue J General Resolution for a price that is less than par plus accrued interest or if the aggregate outstanding principal amount to be sold or transferred, along with all previous sales or transfers, exceeds ten percent of the aggregate original principal amount or, if applicable, accreted value of all Issue J Loans originated prior to that date; (ix) certain changes to the terms and conditions of Issue J Loans; (x) changes in the Servicer or certain changes in Service Agreement terms and conditions; (xi) any substitution or replacement of the Trustee; (xii) post-issuance entry into any investment agreements; and (xiii) any amendments to the Resolution. The Resolution requirements applicable to certain permitted actions may also include delivery to the Trustee of a Projection of Revenues, but do not condition the implementation of such actions upon any response, or absence thereof, by any Nationally Recognized Rating Agency. Such actions include: (i) issuance of Additional Bonds; (ii) sales or transfers of Issue J Loans other than Defaulted Education Loans; (iii) certain changes to the terms and conditions of Issue J Loans; (iv) certain redemption elections; (v) change in the Parity Ratio level at which assets may be released from the Issue J General Resolution; and (vi) certain payments to the Trustee. The Resolution further requires that the Authority make any such Rating Agency Notice publicly available in the manner applicable to post-issuance disclosures under Rule 15c2-12 as promulgated by the Securities and Exchange Commission See "RISK FACTORS — Redemption of Bonds" "— Certain Actions May Be Permitted Without Bondholder Approval" and "— Effect of Ratings," "APPENDIX B — DEFINITIONS OF CERTAIN TERMS — Nationally Recognized Rating Agency," "— Projection of Revenues" and "— Rating Agency Notice," "APPENDIX C —SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Additional Bonds," "— Notice to Nationally Recognized Rating Agencies" and "— Projection of Revenues," and "APPENDIX E — PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT."

Capitalized Interest Account

The Issue J General Resolution establishes a Capitalized Interest Account, which is expected to be funded in the amount of $7,850,000 upon completion of the initial deposit of proceeds of the Offered Bonds.

Moneys on deposit in the Capitalized Interest Account shall be used to pay interest on the Issue J Bonds if amounts in the Debt Service Fund and the Revenue Fund are insufficient therefor and, upon direction of the Authority, Program Expenses, if amounts in the Program Expense Fund and the Revenue Fund are insufficient therefor. See " Revenues." The Series Resolution provides that the Capitalized Interest Account Requirement under the Issue J General Resolution will be equal to the respective amounts set forth below, subject to completion of all required transfers from the Capitalized Interest Account to pay interest or Program Expenses, upon the respective dates set forth below:

Date	Requirement Amount
July 1, 2012	$7,850,000
January 1, 2013	3,900,000
July 1, 2013	2,600,000
January 1, 2014	1,400,000
July 1, 2014	400,000
January 1, 2015	-0-

The Capitalized Interest Account Requirement is subject to change upon compliance with certain requirements of the Issue J General Resolution. Amounts in the Capitalized Interest Account in excess of the then applicable Capitalized Interest Account Requirement on each Interest Payment Date shall be transferred to the Revenue Fund. See "ESTIMATED SOURCES AND USES OF FUNDS," "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT Certain Resolution Requirements," "APPENDIX B DEFINITIONS OF CERTAIN TERMS Capitalized Interest Account Requirement" and "APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION Program Fund" and " Capitalized Interest Account."

Reserve Fund

The Issue J General Resolution requires that a Reserve Fund be established and provides for its funding and maintenance in an amount at least equal to the Reserve Fund Requirement. Moneys on deposit in the Reserve Fund, including the proceeds of drawings upon Reserve Fund Facilities, shall be used to pay: (i) principal of and interest on the Issue J Bonds, if amounts in the Debt Service Fund, the Revenue Fund, the Capitalized Interest Account (with respect to interest), the Purchase Account (other than amounts then contractually committed to the origination or acquisition of specific Fixed Rate MEFA Loans and without liquidating Issue J Loans) and the Redemption Fund (other than amounts that have been committed to the redemption of specific Issue J Bonds as to which notice has been given) are insufficient therefor; and (ii) Program Expenses, if amounts in the Program Expense Fund, Revenue Fund, Capitalized Interest Account and the Purchase Account (other than amounts then contractually committed to the origination or acquisition of specific Fixed Rate MEFA Loans and without liquidating Issue J Loans) are insufficient therefor. Under the Issue J General Resolution, the Reserve Fund Requirement means, as of any date of calculation on and after the date of initial delivery of the Offered Bonds, the amount specified in the most recently adopted Series Resolution authorizing Outstanding Issue J Bonds or Supplemental Resolution.

The Series Resolution provides that the Reserve Fund Requirement under the Issue J General Resolution will be equal at all times to 2.0% of the Issue J Bonds secured thereby, subject to a minimum balance requirement of $2,500,000. The Reserve Fund Requirement is subject to change upon compliance with certain requirements of the Issue J General Resolution. Upon issuance of the Offered Bonds, it is expected that the Reserve Fund Requirement will be initially satisfied by cash and Investment Obligations. See "—Certain Resolution Requirements."

The Authority reserves the right to substitute one or more Reserve Fund Facilities for cash or Investment Obligations on deposit in the Reserve Fund or to substitute cash or Investment Obligations for some or all of the Reserve Fund Facilities at any time. Investments allocable to the Reserve Fund are valued at amortized cost. Whenever the balance in the Reserve Fund is less than the Reserve Fund Requirement, available moneys in the Revenue Fund are required to be deposited in the Reserve Fund to the extent necessary to eliminate the deficiency. The Issue J General Resolution provides that amounts in the Reserve Fund in excess of the Reserve Fund Requirement shall be transferred in accordance with whether those amounts are attributed to sale proceeds of Issue J Bonds and that excess monies shall be attributed for this purpose first to moneys other than the sale proceeds of Issue J Bonds. The Issue J General Resolution further provides that excess monies other than sale proceeds of Issue J Bonds shall be transferred to the Revenue Fund or, at the direction of the Authority, to the Redemption Fund, but that excess monies attributable to sale proceeds of Issue J Bonds shall be transferred to the Redemption Fund, in each case subject to the reserved right of the Authority, during a Recycling Period and upon compliance with certain provisions of the Resolution, to direct the transfer of such excess monies to one or more applicable Purchase Accounts. See "ESTIMATED SOURCES AND USES OF FUNDS" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Reserve Fund."

Additional Bonds

The Issue J General Resolution permits the issuance of Additional Bonds thereunder (including Parity Bonds and Subordinate Bonds) for the purpose of providing funds for the Program and, in addition, to refund Outstanding Bonds issued under the Issue J General Resolution or other bonds or notes of the Authority issued to finance MEFA Loans qualifying under the Resolution. Any Additional Bonds issued under the Issue J General Resolution (other than Subordinate Bonds) will be on a parity basis with the Outstanding Bonds and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Issue J General Resolution. The Issue J General Resolution provides that upon the issuance of any such Additional Bonds there is to be deposited in the Reserve Fund, if necessary, an amount sufficient to increase the amount therein to be equal to the Reserve Fund Requirement, calculated after such issuance. In addition, the Authority is required to satisfy certain other conditions contained in the Issue J General Resolution prior to the delivery of any Additional Bonds to the initial purchasers thereof. The Resolution provides that the Authority shall not create or permit the creation of any obligations or additional indebtedness secured by a lien on the revenues and assets pledged as security for the Offered Bonds under the Resolution except for Additional Bonds. See "—Certain Resolution Requirements" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Issuance of Additional Bonds."

Release of Excess Trust Assets

Upon issuance of the Offered Bonds, the initial Parity Ratio will be at least 106.33%. The Resolution provides that the Trustee shall transfer to the Authority from time to time, at the direction of the Authority, free and clear of the lien of the Resolution, amounts held in the Revenue Fund on each Interest Payment Date, after all payments and transfers required by the Resolution to be made prior thereto on such date have been made; provided, that the Parity Ratio after completion of such transfer is at least 109.00%. The Resolution permits the Authority to change this minimum Parity Ratio upon satisfaction of certain conditions contained in the Issue J General Resolution, including delivery to the Trustee of a Projection of Revenues and the provision of Rating Agency Notice. See "—Certain Resolution Requirements" and "APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION Semi-Annual Transfers from Revenue Fund."

RISK FACTORS

Attention should be given to the risk factors identified below, which, among others, could adversely affect the sufficiency of Revenues and other Trust Assets held under the Resolution to fund the timely payment of Principal Installments of and interest on Bonds, including the Offered Bonds, and Program Expenses or could adversely affect the market value of, or the existence of a secondary market for, the Offered Bonds. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT." **This section of this Official Statement does not include all risk factors and does not constitute a comprehensive description of the risk factors addressed, but is an attempt to describe in summary fashion certain such risk factors. Investors should read this Official Statement in its entirety, including the Appendices hereto.**

Redemption of Bonds

The Offered Bonds are subject to redemption prior to maturity as a result of Excess Revenues. Excess Revenues may result from Issue J Loan portfolio payment performance that exceeds assumptions utilized by the Authority for purposes of structuring the Offered Bonds. In addition, Issue J Loans are subject to prepayment, without penalty. Numerous sources of such prepayment, including loans from lenders other than the Authority, are available to Issue J Loan borrowers. In addition, the Offered Bonds are subject to redemption if, and to the extent that, the Authority does not apply the full amount of Offered Bond proceeds that are available to finance Fixed Rate MEFA Loans during the applicable Origination Period. The Authority currently expects that Fixed Rate MEFA Loans to be financed by the Authority with the proceeds of the Offered Bonds and with other funds that the Authority currently expects to be available to it for such purpose during the Origination Period will bear effective interest rates, and will offer other terms and conditions, that are competitive with loans that are currently made available by other lenders to Massachusetts borrowers attending Massachusetts colleges and universities to fund the costs of post-secondary education ("Education Loans"). However, interest rates and other terms applicable to Education Loans, or to other loans that are available to potential Fixed Rate MEFA Loan borrowers, may change significantly during the applicable Origination Period. In addition, numerous factors may affect the demand for Education Loans during the Origination Period. Accordingly, there can be no assurance that the Authority will, in fact, apply the full amount of funds that will be available to it during the Origination Period to finance Fixed Rate MEFA Loans. The Authority reserves the right to allocate funds from different sources that are available to it to finance MEFA Loans in any manner that it deems appropriate. The Origination Period as of the date of issuance of the Offered Bonds will expire on March 31, 2013, subject to continued disbursement of Issue J Loans to borrowers to whom funding commitments have been made prior to the end of the Origination Period, unless extended upon compliance with certain requirements of the Issue J General Resolution. There can be no assurance that the Origination Period would, in fact, be extended if the Authority did not apply, or commit for application, all amounts available in the Series 2012 Purchase Account to finance Issue J Loans during the applicable Origination Period. In this event, unexpended moneys in the Series 2012 Purchase Account would be transferred to the Redemption Fund and used to redeem, or to purchase and retire, Offered Bonds. See "REDEMPTION PROVISIONS," "ESTIMATED SOURCES AND USES OF FUNDS," "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT," "—Certain Actions May Be Permitted Without Bondholder Approval," "RISK FACTORS — Certain Factors Could Potentially Affect Timing and Receipt of Revenues," "—General Economic Conditions," "—Prepayment of Issue J Loans is Subject to Uncertainty" and "—Competition May Reduce Demand for or Increase Prepayments on Issue J Loans," "THE MEFA LOAN PROGRAM and "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO."

Certain Actions May Be Permitted Without Bondholder Approval

The Resolution permits the Authority to issue Additional Bonds pursuant to a Series Resolution without Bondholder consent and further permits the Authority to take a wide range of actions in connection with its administration of the Trust Assets without either an amendment or supplement to the Resolution or Bondholder consent, but requires that the Authority satisfy certain other conditions prior to undertaking, or in conjunction with, certain such actions. The Resolution requirements applicable to these actions may include either the provision of Rating Agency Notice or delivery to the Trustee of a Projection of Revenues, or both such requirements, but do not condition the implementation of such actions upon any response, or absence thereof, by any Nationally Recognized Rating Agency. The Resolution further requires that the Authority make any such Rating Agency Notice publicly available in the manner applicable to post-issuance disclosures under Rule 15c2-12. To the extent such actions are taken, investors in the Offered Bonds will be relying primarily upon the evaluation by the Authority of the potential impact of such actions upon the ability of the Trust Assets to provide for the full and timely payment of scheduled principal and interest on the Issue J Bonds and of Program Expenses. In addition, to the extent that such actions are taken, a resulting adverse rating action by any Nationally Recognized Rating Agency, or any other rating agency then assigning a rating to the Offered Bonds, in response to such Authority action could materially decrease the market value of or existence of a secondary market for the Issue J Bonds. Moreover, the market price or marketability of the Offered Bonds could be adversely affected by such actions even in the absence of such an adverse rating action. See "SECURITY

FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT — Certain Resolution Requirements," "RISK FACTORS — Redemption of Bonds," "— Bonds are Limited Authority Obligations Without Third-Party Credit or Liquidity Support" and "— Effect of Ratings," "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," and "APPENDIX E — PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT."

Bonds Are Limited Authority Obligations Without Third-Party Credit or Liquidity Support

The Offered Bonds are special obligations of the Authority and are payable solely from the Revenues and certain funds and accounts established and pledged under the Resolution. No revenues or other assets are available to fund payment of the Offered Bonds except as expressly provided by the Resolution. The Authority has no taxing power. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Offered Bonds, and neither the full faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. The Authority does not currently expect to contract with any financial institution to provide third-party credit or liquidity support for the Offered Bonds or to provide third-party credit support for the Issue J Loans. It is currently expected that all Issue J Loans will be originated solely on the basis of borrower and, if applicable, co-borrower credit evaluation, will be payable solely by the borrower and any applicable co-borrower and will not be guaranteed by the Authority or by any other person, other than by any such co-borrower. Accordingly, Bondholders' receipt of full and timely payment of principal of and interest upon the Offered Bonds will be primarily dependent upon the material conformance of the Authority's actual experience in originating Issue J Loans, and of the actual portfolio performance of the Issue J Loans, to the Authority's current expectations. A material disparity between such actual origination or portfolio performance and the Authority's current expectations might result in a delay in the scheduled receipt by Bondholders of interest upon the Offered Bonds, of Offered Bond principal or of both interest and principal or might result in Bondholders receiving less than the full scheduled amount of interest and principal. There can be no assurance of the marketability or market value of the Issue J Loans if it should, at any time, prove necessary to sell all or a portion of the Issue J Loans to fund the payment of interest upon and principal of the Offered Bonds. In addition, factors affecting, or potentially affecting, actual Issue J Loan origination and portfolio performance, other factors affecting, or potential affecting, the marketability and market value of Issue J Loans, and the perceptions of market participants of such factors, are among a variety of factors that may affect the marketability and market value of the Offered Bonds. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT," "RISK FACTORS — Certain Actions May Be Permitted Without Bondholder Approval" and "—Effect of Ratings."

Effect of Ratings

It is a condition to the issuance of the Offered Bonds that the Offered Bonds be rated as indicated on the cover hereof. Ratings are based on the assigning Nationally Recognized Rating Agency's assessment of the creditworthiness of the Trust Estate, which will be primarily dependent upon its assessment of the creditworthiness of the Fixed Rate MEFA Loans that are expected to be included therein, the inclusion of certain other assets therein and the legal structure of the transaction. References to ratings in this Official Statement are not included herein, and should not be relied upon, as recommendations by the assigning Nationally Recognized Rating Agencies to investors to purchase, hold or sell the Offered Bonds as such ratings do not take into account either the suitability of such actions for any specific investor or the market price of the Offered Bonds at any time. One or more additional Nationally Recognized Rating Agencies may assign ratings to the Offered Bonds, either in response to a request by the Authority or otherwise, and any such rating may or may not be equivalent to the initial ratings described in this Official Statement. Any rating may be increased, lowered, suspended or withdrawn at any time by the Nationally Recognized Rating Agency assigning such rating if, in the assigning Nationally Recognized Rating Agency's judgment, circumstances so warrant. A lowering, suspension or withdrawal with respect to any rating assigned to the Offered Bonds might adversely affect the Authority's ability to fund its student loan finance program or the market value or marketability of the Offered Bonds. In addition, a rating action that is, by its terms, limited to Additional Bonds that may be issued by the Authority or to obligations other than Bonds that have been issued, or that may be issued, by the Authority, or potentially by other issuers, might also adversely affect the Authority's ability to fund its student loan finance program or the market value or marketability of the Offered Bonds. Rating actions may take place at any time. The Authority cannot predict the timing or nature of rating actions. See "RISK FACTORS— Certain Actions May Be Permitted Without Bondholder Approval" and "— Bonds Are Limited Authority Obligations Without Third-Party Credit or Liquidity Support."

Student Loan Auction Rate Securities and Investment Agreements of the Authority

The Offered Bonds are fixed rate securities. No interest rate exchange agreements have been entered into by the Authority with respect to Issue J Bonds. The Issue J General Resolution permits the Authority to issue variable rate Issue J Bonds upon compliance with certain requirements of the Issue J General Resolution. The Authority may enter into interest rate exchange agreements with respect to Issue J Bonds upon compliance with certain requirements of the Issue J General Resolution. The Authority does not currently plan to take such actions, but reserves the right to do so in the future to provide funding for MEFA Loans. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Hedging Transactions."

The Authority has previously issued a number of series of currently outstanding student loan auction rate securities that are insured by monoline insurers ("MEFA Auction Rate Securities") under trust documents that are separate and apart from the Resolution. None of the series of MEFA Auction Rate Securities are payable from the general funds of the Authority or from any asset pledged under the Resolution. There can be no assurance as to the nature or timing of any future ratings actions that might directly affect the respective ratings that are currently assigned to one or more series that includes such MEFA Auction Rate Securities.

The Authority has also entered into investment agreements with various financial institution counterparties with respect to certain series of its bonds and may enter into such an agreement with respect to the Offered Bonds. A default under one or more such investment agreements could result in a loss to the trust estate securing the affected series of bonds that could adversely affect the security for such series or one or more ratings currently assigned to such series.

An adverse rating action by one or more Nationally Recognized Rating Agency regarding MEFA bonds, whether or not based upon the factors described above, could adversely affect the Authority's overall MEFA Loan financing program or the secondary market price of or existence of a secondary market for Issue J Bonds. Such an adverse affect upon the Authority's overall MEFA Loan financing program or the secondary market for Issue J Bonds could also occur without the occurrence of a rating action. See "APPENDIX A — AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY — Note 7 — Bonds Payable," "—Note 8 — Derivatives Disclosure" and "—Note 16 —Subsequent Events."

Uncertainty as to Available Remedies

In the event that Revenues to be received under the Resolution are insufficient to pay when due the Principal Installments of and interest on the Issue J Bonds, the Resolution authorizes, and under certain circumstances requires, the Trustee, to declare an Event of Default and accelerate the payment of the Issue J Bonds, including the Offered Bonds.

If an Event of Default occurs under the Resolution, subject to the rights of Bondholders, the Trustee is authorized to sell the Issue J Loans pledged thereunder. There can be no assurance, however, that the Trustee would be able to find a purchaser for such Issue J Loans in a timely manner or that the proceeds of any such sale, together with amounts then available in the Debt Service Fund, would be sufficient to pay Principal Installments of and interest on the Outstanding Bonds and accrued interest thereon and to pay Program Expenses. There is currently no established market for alternative education loans and there can be no assurance that one will develop in the future. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Events of Default" and "— Other Remedies."

The remedies available to owners of the Issue J Bonds upon an Event of Default under the Resolution are dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Resolution and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the Offered Bonds will be qualified, as to the enforceability of the various legal instruments and by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

This Official Statement contains certain information concerning the origination and performance of the Authority with respect to Fixed Rate MEFA Loans that have been originated historically. Such information is included for reference purposes only and is not intended to constitute a representation as to the future origination and performance of Issue J Loans.

Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate MEFA Loan Performance

This Official Statement contains certain information relative to the origination and payment experience of the Authority in connection with its previously originated Fixed Rate MEFA Loans. Such information is included for general reference purposes only and is not intended as a representation that the origination and payment experience of the Issue J Loan Portfolio necessarily will be similar to that of previously originated Fixed Rate MEFA Loans during any period or over the respective lives of such MEFA Loans.

There can be no assurance that the performance of Issue J Loans that are currently outstanding or that are to be originated in the future will in fact be consistent with that of previously originated Fixed Rate MEFA Loans. Previously originated Fixed Rate MEFA Loans bore or bear a variety of interest rates and were repaid by borrowers in a variety of interest rate and economic environments. In addition, the Authority has from time to time modified the credit criteria and certain other origination and repayment terms applicable to Fixed Rate MEFA Loans. As a result, the majority of previously originated Fixed Rate MEFA Loans were originated on the basis of credit criteria that differ and bear terms that differ in certain respects from those expected to be applicable to newly originated Issue J Loans. Although the Authority believes that such differences have proven to not have a material effect on the overall performance to date of Fixed Rate MEFA Loans that have been originated during different periods, there can be no assurance that no such effect will result in the future. There can be no assurance that the ability of borrowers of Issue J Loans to repay such loans, or their propensity to prepay such loans, may not differ materially from that of borrowers of previously originated Fixed Rate MEFA Loans. The 2011-2012 academic year was the first for which the Authority offered Fixed Rate MEFA Loans with a 10-year immediate repayment option. In addition, the Resolution permits MEFA to apply proceeds of the Offered Bonds and Revenues to purchase Fixed Rate MEFA Loans with terms and conditions that vary from those described herein, upon compliance with certain requirements of the Resolution. See "RISK FACTORS— Certain Actions May Be Permitted Without Bondholder Approval" "—Effect of Ratings," " Certain

Factors Could Potentially Affect Timing and Receipt of Revenues," " Composition and Characteristics of the Issue J Loan Portfolio May Change" and "—General Economic Conditions" and "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

Certain Factors Could Potentially Affect Timing and Receipt of Revenues

The Authority expects that the Revenues and other moneys held in certain funds and accounts under the Resolution will be sufficient to pay when due the Principal Installments of and interest on the Issue J Bonds and the Program Expenses. This expectation is based upon projections and cash flow assumptions, which the Authority believes are reasonable, regarding the financing and repayment performance of Issue J Loans, and the occurrence of certain future events and conditions.

There can be no assurance, however, that interest and principal payments from the Issue J Loans will be received as anticipated, that the projected yield on the Issue J Loans will be realized, that the reinvestment rates assumed with respect to the investment of various funds and accounts will be realized, or that Program Expenses will be incurred at the levels and on the schedule anticipated. Such projections are based upon the Authority's prior experience with Fixed Rate MEFA Loan origination and performance and assumptions, which the Authority believes to be reasonable, as to the selection by borrowers of 10-year and 15-year repayment periods. There can be no assurance, however, that the origination and performance experience of Issue J Loans will conform to that of previously originated Fixed Rate MEFA Loans. Furthermore, future events over which the Authority has no control, such as general economic conditions, military and national emergencies and regulatory changes among others, may adversely affect the Authority's actual receipt of Revenues pursuant to the Resolution. See "RISK FACTORS Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate MEFA Loan Performance," "— General Economic Conditions," "— Certain Military and National Emergency Events Could Delay Borrower Payments," "— Prepayment of Issue J Loans is Subject to Uncertainty" and "—Changes in Relevant Laws" and "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

Receipt of principal and interest on Issue J Loans may be accelerated, causing an unanticipated redemption of Bonds, including the Offered Bonds, due to various factors, including, without limitation: (i) faster than anticipated Issue J Loan origination; (ii) greater than anticipated borrower selection of 10-year repayment options; (iii) less than anticipated Issue J Loan repayment deferral; (iv) the commencement of principal repayment by borrowers on earlier dates than are assumed; and (v) economic conditions that induce borrowers to refinance or repay their loans prior to maturity. See "RISK FACTORS— Redemption of Bonds" and "— Prepayment of Issue J Loans is Subject to Uncertainty."

Delay in the receipt of principal of and interest on Issue J Loans may adversely affect the availability of Revenues to fund payment when due of the Principal Installments of and interest on the Issue J Bonds, including the Offered Bonds, and Program Expenses. Principal of and interest on Issue J Loans may be delayed due to numerous factors, including, without limitation: (i) more borrowers electing initial Interest-Only Payment Options than are assumed, or longer than assumed option duration; (ii) less than anticipated borrower selection of 10-year repayment options; (iii) slower than assumed Issue J Loan origination; (iv) greater than anticipated Issue J Loan deferral; (v) less than projected total Issue J Loan origination; and (vi) loans in forbearance, modified payment or delinquency more frequently or for periods longer than assumed. Additional factors which may have a material effect on the sufficiency of Revenues include, but are not limited to, Program Expenses or Fund investment results which vary materially from those projected by the Authority.

The origination period applicable to the Offered Bonds currently permits the application of such funds through March 31, 2013. The Authority currently expects to fully apply all original proceeds of the

Offered Bonds that are to be initially deposited to the Series 2012 Purchase Account during such period, along with approximately $4,700,000 that are currently available for such purpose under the Authority's Issue J General Resolution and any additional amounts that may become available as result of receipts upon MEFA Loans and other assets pledged thereunder during such period, to the financing of Fixed Rate MEFA Loans for the 2012-2013 academic year. The Issue J General Resolution does not require the application of amounts credited to the Series 2012 Purchase Account prior to the application of funds available to the Authority from other sources and the Authority reserves the right to fund Fixed Rate MEFA Loans from any source available to it at any time. There is no assurance that the Authority will be able to apply the full amount of Offered Bond proceeds and allocable Revenues which are currently expected to be made available therefor to the purchase of Fixed Rate MEFA Loans. Fixed Rate MEFA Loans to be funded by the Authority with the proceeds of the Offered Bonds are expected to bear effective interest rates and to offer other terms and conditions that are competitive with fixed rate education loans that are currently made available by other lenders. However, interest rates applicable to fixed rate loans made to fund the costs of post-secondary education, or interest rates applicable to other loans available to borrowers, may decline significantly during the loan origination period or other material changes may occur in competing education loan programs. In addition, Fixed Rate MEFA Loans compete with variable rate loans, which might potentially include variable rate MEFA Loans, as well as grants and other forms of student assistance. The demand for education loans is affected by a number of factors, including general economic conditions, student perceptions of the value of post-secondary education and their ability to participate in post-secondary education programs on at least a half-time basis, factors affecting the costs of post-secondary education and the availability of other forms of financial assistance, the ability of borrowers and cosigners to satisfy credit criteria and the schedule upon which students and their families must pay post-secondary education costs, which is generally based upon an academic year commencing in September, or upon semesters commencing in September and January. The Authority reserves the right to apply moneys in the Series 2012 Purchase Account and other moneys available to it to originate MEFA Loans in the manner it deems most advantageous to MEFA Loan borrowers and the Authority. The ability of the Trust Assets to produce Revenues sufficient to fund the timely payment of principal and interest of the Issue J Bonds and other Issue J General Resolution requirements might be adversely affected by certain actions that the Authority might take in response to lower than anticipated origination of Fixed Rate MEFA Loans from the Series 2012 Purchase Account consistent with the Issue J General Resolution. See "RISK FACTORS — General Economic Conditions."

Revenues actually received with respect to Issue J Loans may vary greatly in both timing and amount from the initially scheduled or projected payments on such Issue J Loans as a result of a variety of economic, social and other factors, including both individual factors, such as loan defaults, consolidations or refundings, and general factors, such as a change in federal law that may affect the demand for non-federal loans such as the Issue J Loans or a general economic downturn which could increase the amount of delinquent or defaulted Issue J Loans. The effect of these factors, including the effect on the timing and amount of available Revenues and the payment of Principal Installments of and interest on the Offered Bonds and Program Expenses, is impossible to predict with certainty. See "RISK FACTORS — Redemption of Bonds," "— Composition and Characteristics of the Issue J Loan Portfolio May Change," "— General Economic Conditions," "Certain Military and National Emergency Events Could Delay Borrower Payments," "Prepayment of Issue J Loans is Subject to Uncertainty," "Competition May Reduce Demand for or Increase Prepayment on Issue J Loans," "— Changes in Relevant Laws," and "— Uncertainty as to Available Remedies."

Composition and Characteristics of the Issue J Loan Portfolio May Change

The Issue J Loans that the Authority currently intends to finance with the proceeds of the Offered Bonds are described in this Official Statement. Certain amounts received with respect to the Issue J

Loans may be recycled and proceeds of additional Bonds may be used to finance additional Issue J Loans in the future. The characteristics of the Issue J Loan Portfolio will change as new Issue J Loans are financed with Bond proceeds and as Issue J Loans are repaid, and may also change as a result of changes in the MEFA Loan Program. The Authority regularly reviews the terms and conditions of its MEFA Loan Program and reserves the right to alter such terms and conditions at any time subject, with respect to Issue J Loans, to compliance with certain requirements of the Issue J General Resolution. See "RISK FACTORS — Certain Actions May Be Permitted Without Bondholder Approval," "— Certain Factors Could Potentially Affect Timing and Receipt of Revenues," "— Prepayment of Issue J Loans is Subject to Uncertainty," "— Competition May Reduce Demand for or Increase Prepayments on Issue J Loans" and "— Changes in Relevant Laws," "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO" and "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

General Economic Conditions

The Authority's current projections of the performance of Issue J Loans are based upon historical MEFA Loan performance. The MEFA Loan Program was established in 1983. Regional and national recessionary conditions over the past several years have resulted in a reduction in household wealth and in the availability of civilian employment. Such developments have also resulted in a reduction in the availability of consumer credit and of general financial market liquidity. It is impossible to predict how long such conditions may continue or whether such conditions may worsen during the period for which they continue. Future performance of Issue J Loans may be adversely affected by the current economic recession or by subsequent economic and other events affecting the employment prospects of borrowers or otherwise affecting their ability and willingness to incur and to repay Issue J Loans. High levels of unemployment, either regionally or nationally, may result in increased borrower delinquency and default. Failures by borrowers to pay the principal of and interest on the Issue J Loans in a timely fashion or an increase in deferments or forbearances or in utilization of modified repayment provisions could affect the timing and amount of available funds for any collection period. The effect of these factors on the timing and amount of available funds for any collection period, the ability of the Authority to pay the Principal Installments of and interest on the Offered Bonds and Program Expenses and the incidence of redemption of the Offered Bonds prior to their maturity, is impossible to predict with certainty. See "RISK FACTORS— Redemption of Bonds," "— Certain Factors Could Potentially Affect Timing and Receipt of Revenues," "Certain Military and National Emergency Events Could Delay Borrower Payments," and "— Changes in Relevant Law."

Certain Military and National Emergency Events Could Delay Borrower Payments

The Servicemembers Civil Relief Act of 2003 (the "Civil Relief Act"), which replaced and clarified certain benefits extended to military persons under the Soldiers' and Sailors' Civil Relief Act of 1940, provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their education loans. The Civil Relief Act provides that persons on active duty in military service who have incurred education loans prior to their period of active duty may request to have the interest on their loans in excess of 6% per year forgiven under certain circumstances. Congress has periodically adopted similar legislation, and may consider additional legislation, that provides for, among other things, interest rate caps and additional periods of deferment with respect to education loans made to members of the military, including reservists, and others affected by national emergencies, as well as to other categories of borrowers. There can be no assurance that additional legislation of this type will not be adopted in the future and will not affect payments received by the Authority on Issue J Loans. There is no basis for predicting the number and aggregate principal balances of Issue J Loans that may be affected by the application of such legislation, the period of time over which such Issue J Loans may be so affected and the resulting affect upon the sufficiency of Revenues and other amounts available under the Issue J General Resolution to pay when due the Principal

Installments of and interest on the Outstanding Bonds and to pay Program Expenses. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT" and "RISK FACTORS — Changes in Relevant Laws."

Prepayment of Issue J Loans is Subject to Uncertainty

Issue J Loans may be prepaid by borrowers at any time prior to their respective final maturity dates. For this purpose the term "prepayments" includes repayments in full or in part. The rate of prepayments on the Issue J Loans may be influenced by a variety of economic, social and other factors affecting borrowers, including interest rates, the availability of alternative financing and the general job market for graduates of institutions of higher education. The Issue J Loan Portfolio is expected to include Fixed Rate MEFA Loans with a range of interest rates, principal balances and other characteristics. The Authority cannot predict with certainty the actual average life of the Issue J Loans. In addition, the availability of education loan consolidation financing from other sources may materially increase the rate of prepayment actually experienced by the Authority with respect to Issue J Loans. An increase in the rate of Issue J Loan repayment actually experienced by the Authority could result in increased redemption of Bonds prior to maturity and could have a material and adverse affect upon the sufficiency of Revenues and other moneys held under the Resolution to pay when due the Principal Installments of and interest on the Issue J Bonds and Program Expenses. See "RISK FACTORS — Redemption of Bonds," " General Economic Conditions," "— Competition May Reduce Demand for or Increase Prepayments on Issue J Loans" and "— Changes in Relevant Laws" and "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

The Authority reserves the right to finance MEFA Loans or other loans, the proceeds of which are to be applied, in whole or in part, to fund the prepayment of Issue J Loans. The Authority further reserves the right to fund such MEFA Loans or other loans through the issuance of Bonds or other obligations. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT" and "RISK FACTORS — Redemption of Bonds," "— Composition and Characteristics of the Issue J Loan Portfolio May Change" and "— Competition May Reduce Demand for or Increase Prepayments on Issue J Loans."

To the extent that Issue J Loans are prepaid, the proceeds of such prepayments may be used to redeem Offered Bonds prior to maturity pursuant to the special optional redemption, special mandatory redemption or optional redemption provisions of the Resolution. See "REDEMPTION PROVISIONS."

Dependence Upon Third-Party Servicers and Originators

The Authority is currently dependent upon third parties to originate and service MEFA Loans. As of the date of this Official Statement, ACS-ES, a wholly-owned subsidiary of Xerox Corporation, is acting as originator, servicer and custodian with respect to MEFA Loans pursuant to an agreement that is currently scheduled to expire on November 30, 2012, subject to automatic renewal for successive twelve-month periods in the absence of written notice of intention not to so renew by either party delivered to the other party at least ninety days prior to the then scheduled expiration date. The Authority reserves the right, however, to establish different Issue J Loan origination and servicing arrangements in accordance with the Resolution. Appointment of a successor or additional Servicer is subject to satisfaction of certain requirements of the Issue J General Resolution. The cash flow projections relied upon by the Authority in structuring the bond issue were based upon assumptions with respect to servicing costs which the Authority based upon these existing agreements. No assurance can be given that the Authority will be able to extend the term of the agreement, or to enter into agreements with other acceptable Servicers at the assumed level of servicing cost upon scheduled expiration of the current agreements. Although ACS-ES is obligated to cause the Issue J Loans to be originated and serviced in accordance with the terms of the respective servicing agreements, the timing of payments to be actually received with respect to Issue J Loans will be dependent upon the ability of ACS-ES, to adequately originate and service the Issue J Loans. In addition, investors and the Authority will be relying on ACS-ES's compliance with applicable federal and state laws and regulations. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Covenants as to the Program."

In the event of default by ACS-ES resulting solely from certain events of insolvency or bankruptcy, a court, conservator, receiver or liquidator may have the power to prevent the appointment of either a successor Servicer or originator, as the case may be, and delays in origination or collections in respect of the Issue J Loans may occur. Delays in the receipts of payments with respect to Issue J Loans in excess of the delinquency and default assumptions adopted by the Authority for purposes of preparing cash flow projections as a basis for structuring the issue may delay the timely payment of scheduled principal of and interest on the Offered Bonds and of Program Expenses. See "RISK FACTORS — Changes in Relevant Laws" and "AUTHORITY LOAN ORIGINATION AND SERVICING — The Servicer."

Competition May Reduce Demand for or Increase Prepayments on Issue J Loans

In addition to the MEFA Loan Program, there are a number of other sources available to students and/or their parents to finance or refinance the costs of higher education. Such other sources include, but are not limited to, loans offered pursuant to the Federal Direct Student Loan Program and by other education lenders generally. The terms and availability of education loan financing, and of education loan consolidation financing, from sources other than the Authority vary and are subject to change from time to time. Although the Authority believes that Issue J Loans will be competitive in the currently prevailing market for education loans, the availability of such other lending sources in general and of the federal programs described herein in particular may impact adversely the number and amount of loans which may be financed under the MEFA Loan Program. In addition, the availability of education loan consolidation financing from other sources may materially increase the rate of prepayment actually experienced by the Authority with respect to Issue J Loans. There can be no assurance as to the availability to students of other forms of financial assistance that may reduce demand for Education Loans. Potential sources of such financial assistance include the Commonwealth and the federal government, as well as public and private Participating Institutions. See "RISK FACTORS— Redemption of Bonds," "Certain Factors Could Potentially Affect Timing and Receipt of Revenues," "— Prepayment of Issue J Loans is Subject to Uncertainty" and "— Changes in Relevant Laws," and "THE MEFA LOAN PROGRAM."

Consumer Protection Lending Laws Could Change

MEFA Loans are subject to applicable laws regulating loans to consumers. Numerous federal and state consumer protection laws and related regulations impose substantial requirements upon lenders and servicers involved in consumer finance. Some state and federal laws impose finance charge restrictions and other restrictions on certain consumer transactions and require certain disclosures of legal rights and obligations. Furthermore, to the extent applicable, these laws can impose specific statutory liabilities upon creditors who fail to comply with their provisions and may affect the enforceability of the loan. In addition, the remedies available to the Trustee or the Bondholders upon an Event of Default under the Resolution may not be readily available or may be limited by applicable state and federal laws. If the application of consumer protection laws were to cause the Issue J Loans, or any of the terms of the Issue J Loans, to be unenforceable against the borrowers or co-borrowers, the Authority's ability to pay when due the Principal Installments of and interest on the Issue J Bonds, including the Offered Bonds, and Program Expenses could be adversely affected. See "RISK FACTORS — Changes in Relevant Laws."

Changes in Relevant Laws

The Higher Education Opportunity Act of 2008 (the "2008 Higher Education Act Reauthorization") expanded the availability of a number of federal grant and loan programs to provide financial assistance to current and former students and, in certain instances, amended the terms of such financial assistance and other related federal requirements. In addition, Title X of the 2008 Higher Education Act Reauthorization imposed certain new marketing practices, documentation, disclosure and other administrative requirements upon lenders making loans expressly to fund postsecondary educational expenses, other than pursuant to certain federal loan programs. The Authority believes that it has implemented operational procedures that are adequate to enable it to comply with such requirements and does not currently believe that compliance with such requirements will adversely affect its ability to fully expend the Series 2012 Purchase Account to finance Issue J Loans in accordance with the Resolution or would materially increase the cost of administering such Issue J Loans.

The Student Aid and Fiscal Responsibility Act of 2009 ("SAFRA") substantially increased the availability of federal grant aid to postsecondary students under the Pell program and of federal loans to postsecondary students under the Perkins Program and mandated the complete replacement of the Federal Family Education Loan Program with a federal program of postsecondary education loans that would be financed directly by the federal government.

The Consumer Financial Protection Act of 2010 (the "2010 Consumer Protection Act") established a federal Bureau of Consumer Financial Protection as an Executive agency within the Federal Reserve with broad rulemaking, supervisory and enforcement jurisdiction relative to the consumer financial products and services, including extending credit and servicing loans.

The Authority believes that it has taken the currently foreseeable effects of the applicable provisions of the 2008 Higher Education Act Reauthorization, SAFRA and the 2010 Consumer Protection Act in projecting demand for Fixed Rate MEFA Loans during the period described herein and in determining the terms of Fixed Rate MEFA Loans that it currently expects to offer during such period. No assurance can be given, however, as to the long-term effects of the provisions of these or other existing or future federal legislative actions, or of implementing regulations and regulatory actions thereunder, upon borrower demand for, the cost of servicing and administering of, the performance of or the market value of Fixed Rate MEFA Loans.

A number of bankruptcy reform proposals that would alter the treatment of student loans similar to MEFA Loans under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 have been discussed and/or introduced in the Congress of the United States in recent years, including proposals to liberalize the current general non-dischargeability of such student loans in bankruptcy. No assurance can be given as to whether bankruptcy reform legislative proposals will be enacted at the federal level in a manner that might affect the Authority's ability to enforce collection of MEFA Loans.

There can be no assurance that changes to other relevant federal or state laws will not prospectively or retroactively affect the terms and conditions under which Issue J Loans are made, affect Issue J Loan performance, affect the costs of servicing and administering Issue J Loans or affect demand for Fixed Rate MEFA Loans.

THE MEFA LOAN PROGRAM

General

Under the MEFA Loan Program, the Authority finances MEFA Loans in cooperation with the Participating Institutions. The MEFA Loan Program has been implemented in accordance with the provisions of the Servicing Agreement and the provisions of certain other related documents (collectively, the "MEFA Program Documents"). The MEFA Loan Program currently offers borrowers only Fixed Rate MEFA Loans. From the 1994-1995 through the 2007-2008 academic years, the MEFA Loan Program also offered borrowers variable rate MEFA Loans. Borrowers are free to choose between MEFA Loans for which they qualify based on current credit criteria.

This Official Statement contains certain historical information relative to the origination and payment experience of the Authority in connection with its previously originated Fixed Rate MEFA Loans. Such information is included for general reference purposes only and is not intended as a representation that the origination and payment experience of the Issue J Loan Portfolio necessarily will be similar to that of previously originated Fixed Rate MEFA Loans during any period or over the respective lives of such MEFA Loans. There can be no assurance that future Issue J borrowers will not be subject to different economic conditions than prior Fixed Rate MEFA Loans borrowers have been or will be, or that the actual performance of Issue J Loans will not be different from that of prior Fixed Rate MEFA Loans. The Authority reserves the right to vary the terms and conditions of Fixed Rate MEFA Loans upon satisfaction of certain requirements of the Resolution. Any Issue J Loans so funded would secure the Issue J Bonds. Any such Issue J Loans may have credit and repayment characteristics which differ substantially from the Fixed Rate MEFA Loans described herein. See "ESTIMATED SOURCES AND USES OF FUNDS," "RISK FACTORS — Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate Loan Performance," " Composition and Characteristics of the Issue J Loan Portfolio May Change" and " General Economic Conditions" and "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

MEFA Loans will be financed by the Authority under the MEFA Loan Program, from moneys in the Series 2012 Purchase Account and other Purchase Accounts that may be established under the Issue J General Resolution in connection with the issuance of Additional Bonds during the respective loan origination periods applicable thereto and from other funds available therefor under the Issue J General Resolution. MEFA Loans will also be financed from funds available under the Authority's Issue J General Resolution and certain revenues that are currently expected to or that may become available by the repayment or prepayment of MEFA Loans that have been financed under the Authority's Issue J General Resolution and from other moneys available to the Authority therefor. The Authority has implemented the MEFA Loan Program as described herein with the assistance of Participating Institutions and the MEFA Servicer, which will perform credit evaluations during the origination process and thereafter service MEFA Loans financed by the Authority.

The Authority believes that Fixed Rate MEFA Loans will continue to be an attractive source of financial assistance to parents, students and others responsible for paying the costs of education and that the Authority will be able to finance additional Fixed Rate MEFA Loans under the MEFA Loan Program notwithstanding the availability of education financing from other sources. The Authority believes that there are several sources of competition to the Fixed Rate MEFA Loans, including, but not limited to, the federal Higher Education Act student assistance programs. In addition, there are, or may in the future be, other Authority loan programs offering assistance to finance education costs of students attending school in the Commonwealth. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT" and "RISK FACTORS Competition May Reduce Demand for or Increase Prepayments on Issuer Loans."

Eligible Borrowers

Borrowers in the MEFA Loan Program have generally been individuals meeting the credit standards established by the Authority for this program. Typically, a parent or other credit-worthy individual will be the borrower and the student will be a co-borrower on the Undergraduate MEFA Loan and the Fixed Rate Student Alternative Loan. The Authority does not require a co-borrower on MEFA Loans for Graduate Education if the student meets the Authority's credit standards, but students may choose to rely on a co-borrower who meets certain credit standards established by the Authority. In all cases, the student must be enrolled or admitted to a degree program on at least a half-time basis at an educational institution and be in good standing and making satisfactory academic progress, as defined by such institution. Students in the MEFA Loans for Graduate Education Program must be in a program of study leading to a post-baccalaureate degree or engaged in post-doctoral study at an educational institution. The Authority has established credit guidelines for applicants for specific types of MEFA Loans under the MEFA Loan Program. Certain information concerning the distribution of currently outstanding Fixed Rate MEFA Loans, at the time of loan origination, between undergraduate and graduate students and concerning the distribution of currently outstanding Fixed Rate MEFA Loans that were made to borrowers with and without co-borrowers, at the time of origination, between graduate and undergraduate students in Participating Institutions is contained under "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO." Such information is included herein for general informational purposes and is not intended as a representation that the distribution of Issue J Loans will resemble that of previously originated Fixed Rate MEFA Loans. See "AUTHORITY LOAN ORIGINATION AND SERVICING — MEFA Loan Origination — Credit Evaluation by the Servicer," "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT" and "THE MEFA LOAN PROGRAM — Loan Terms."

Loan Terms

The Authority has covenanted in the Resolution that Issue J Loans will have scheduled payments of principal and interest or other legally enforceable payment requirements which, together with other money available therefor under the Resolution, will be at least sufficient to pay when due the Principal Installments or redemption price of and interest on the Issue J Bonds and Program Expenses. The Authority's policy is to set the interest rate and other terms on newly originated Fixed Rate MEFA Loans on an annual basis for Fixed Rate MEFA Loans to be originated during the next academic year, although the Authority reserves the right to vary the interest rate or other terms offered on newly originated MEFA Loans during an academic year and reserves the right to apply amounts available therefor under the Resolution, including proceeds of additional Bonds, to finance Fixed Rate MEFA Loans with interest rate or other terms which vary from those described herein upon compliance with certain requirements of the Resolution. The Authority disburses nearly all MEFA Loans in multiple segments. See "THE AUTHORITY," "ESTIMATED SOURCES AND USES OF FUNDS," "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT," "RISK FACTORS — Composition and Characteristics of Issue J Loan Portfolio May Change" and "— Competition May Reduce Demand for or Increase Prepayments on Issue J Loans," "THE MEFA LOAN PROGRAM — Participating Institutions" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Covenants as to the Program."

Fixed Rate MEFA Loan Programs Academic Year 2012-2013[(1)]

Name	Currently expected to be included in Issue J Trust Assets	Interest Rate	Origination Fee	Borrowing Limit	Repayment Terms
Fixed Rate Undergraduate MEFA Loan Program (Immediate Repayment Option)	Yes	6.29% during the Anticipated In-School Period, and 7.29% thereafter	4.00% with co-applicant; 7.00% without a co-applicant	Cost of attendance less other financial aid	Interest payment and principal repayment begin approximately 45 days after final disbursement. The interest rate is fixed at a lower rate during the Anticipated In-School Period[(2)] with a step up to a higher fixed rate after the end of the Anticipated In-School Period. The loan must be fully repaid within 15 years of final disbursement.
Fixed Rate Undergraduate MEFA Loan Program (Immediate Repayment Option)	Yes	5.99% during the Anticipated In-School Period, and 7.24% thereafter	4.00% with co-applicant; 7.00% without a co-applicant	Cost of attendance less other financial aid	Interest payment and principal repayment begin approximately 45 days after final disbursement. The interest rate is fixed at a lower rate during the Anticipated In-School Period[(2)] with a step up to a higher fixed rate after the end of the Anticipated In-School Period. The loan must be fully repaid within 10 years of final disbursement.
Fixed Rate Undergraduate MEFA Loan Program (Deferment Option)	Yes	7.59%	4.00% with co-applicant; 7.00% without a co-applicant	Cost of attendance less other financial aid	Full in school payment deferment option[(3)], with interest payment and principal repayment beginning 6 months after the student graduates, leaves the program or reduces his/her hours to less than half-time status while in school. The loan must be fully repaid within 15 years of final disbursement.[(4)]
Fixed Rate Undergraduate MEFA Loan Program (Interest-Only Payment Option)	Yes	7.09% during the Anticipated In-School Period; and 8.09% thereafter	4.00% with co-applicant; 7.00% without a co-applicant	Cost of attendance less other financial aid	Interest payment begins approximately 45 days after final disbursement in any academic year and principal repayment begins after the end of the undergraduate Anticipated In-School Period[(3)]; interest accrues at a higher rate after the end of the undergraduate Anticipated In-School Period. The loan must be fully repaid within 15 years of final disbursement.[(4)]
Fixed Rate Student Alternative Loan Program (Deferment Option)	Yes	8.09%	4.00% with co-applicant; 7.00% without a co-applicant	Cost of attendance less other financial aid	Full in school payment deferment option[(3)], with interest payment and principal repayment beginning 6 months after the student graduates, leaves the program or reduces his/her hours to less than half time status while in school. The loan must be fully repaid within 15 years of final disbursement.[(4)] The borrower may request co-applicant release after 48 consecutive on-time payments if meeting then current underwriting standards.

(1) Includes only Fixed Rate MEFA Loans pursuant to programs currently expected to be offered during the 2012-2013 academic year.

(2) The undergraduate Anticipated In-School Period begins on the initial disbursement date of the loan and ends on the date which is expected, at the time of origination, to be the first anniversary of the final disbursement date of the loan on which the student will have completed his or her current course of study (e.g. for a loan for a freshman, four years from the final disbursement date of the loan), but no later than the fourth anniversary.

(3) Subject to a maximum 5-year deferment period.

(4) The Interest Only Payment Option and Deferment Option do not extend the overall repayment period.

Fixed Rate MEFA Loan Programs Academic Year 2012-2013[(1)]

Name	Currently expected to be included in Issue J Trust Assets	Interest Rate	Origination Fee	Borrowing Limit	Repayment Terms
MEFA Loan for Graduate Education - Fixed Rate (Deferment Option)	Yes	7.59%	4.00% with co-applicant; 7.00% without a co-applicant	Cost of attendance less other financial aid	Full in school payment deferment option[(5)], with interest payment and principal repayment beginning 6 months after the student graduates, leaves the program or reduces his/her hours to less than half-time status while in school. The loan must be fully repaid within 15 years of final disbursement.[(4)]
MEFA Loan for Graduate Education - Fixed Rate (Interest-Only Payment Option)	Yes	7.09%, during the Anticipated In-School Period; and 8.09% thereafter	4.00% with co-applicant; 7.00% without a co-applicant	Cost of attendance less other financial aid	Interest payment begins approximately 45 days after final disbursement in any academic year and principal repayment begins after the end of the graduate Anticipated In-School Period[(6)]; interest accrues at a higher rate after the end of the graduate Anticipated In-School Period. The loan must be fully repaid within 15 years of final disbursement.[(4)]

(1) Includes only Fixed Rate MEFA Loans pursuant to programs currently expected to be offered during the 2012-2013 academic year.

(2) The undergraduate Anticipated In-School Period begins on the initial disbursement date of the loan and ends on the date which is expected, at the time of origination, to be the first anniversary of the final disbursement date of the loan on which the student will have completed his or her current course of study (e.g. for a loan for a freshman, four years from the final disbursement date of the loan), but no later than the fourth anniversary.

(3) Subject to a maximum 5-year deferment period.

(4) The Interest Only Payment Option and Deferment Option do not extend the overall repayment period.

(5) Subject to a maximum 3-year deferment period.

(6) The graduate Anticipated In-School Period begins on the initial disbursement date of the loan and ends on the date which is expected, at the time of origination, to be the first anniversary of the final disbursement date of the loan on which the student will have completed his or her current course of study (e.g. for a loan for a first year graduate student, three years from the final disbursement date of the loan), but no later than the third anniversary.

Fixed Rate Undergraduate MEFA Loans and MEFA Loans for Graduate Education may be originated in amounts from a minimum of $2,000 ($1,500 at Public Participating Institutions) (or such lesser amounts as the Authority may determine from time to time) to a maximum of the cost of attendance for the academic year at the institution in which the student is enrolled, less other financial aid for the year and may be prepaid in full or in part at any time without penalty. Borrowers are generally required to repay the principal of Undergraduate MEFA Loans and MEFA Loans for Graduate Education in level monthly installments sufficient to amortize the loan over a maximum of 15 years, commencing within approximately forty-five (45) days of the final loan disbursement. For MEFA Loans originated for academic years prior to 2011-2012, the 10-year immediate repayment option was not available. See "AUTHORITY LOAN ORIGINATION AND SERVICING — MEFA Loan Origination—Credit Evaluation by the Servicer."

Step Up Rates will be available to borrowers selecting the Immediate Repayment Option or the Interest-Only Payment Option. If the Interest-Only Payment Option is elected, the borrower will be required to pay interest at a reduced initial rate, but not principal, during an Anticipated In-School Period commencing approximately 45 days after final disbursement and ending with the first anniversary of the final disbursement date of the loan upon which the student is expected, on the initial disbursement date, to have completed his or her current course of study. If the Immediate Repayment Option is elected, the borrower will be required to pay interest at a reduced initial fixed rate, along with principal, until the expiration of the Anticipated In-School Period. This Anticipated In-School Period is limited to four years for undergraduate, and three years for graduate students. After the Anticipated In-School Period, such borrowers will pay interest at a higher fixed rate, along with principal, on their Fixed Rate MEFA Loans. The Authority reserves the right, however, to originate MEFA Loans with longer total repayment terms in the future, including MEFA Loans funded through application of proceeds of the Issue J Bonds and of Revenues, and to extend, in its discretion, the maximum total repayment term of individual outstanding MEFA Loans subject, in certain cases, to satisfaction of certain requirements of the Resolution.

The Series Resolution currently requires that the Authority cause the aggregate purchase price of all MEFA Loans financed from moneys in the Series 2012 Purchase Account to which the Deferment Option applies as of the end of the Origination Period to be no greater than 65% of the initial deposit to the Series 2012 Purchase Account made from the proceeds of the Series 2012 Bonds. The requirement described in the preceding sentence is subject to change upon compliance with certain requirements of the Issue J General Resolution. See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT —Certain Resolution Requirements," "RISK FACTORS — Certain Actions May Be Permitted Without Bondholder Approval," "—Effect of Ratings," "—Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate MEFA Loan Performance," "—Certain Factors Could Potentially Affect Timing and Receipt of Revenues" and "Composition and Characteristics of the Issue J Loan Portfolio May Change" and "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

Participating Institutions

Any non-profit, post-secondary, degree-granting educational institution may participate in the MEFA Loan Program. Educational institutions located outside of the Commonwealth may participate in the MEFA Loan Program with respect to students who are Commonwealth residents.

The one hundred one (101) Massachusetts institutions currently participating in the MEFA Loan Program represents in excess of 90% of the total enrollment of post-secondary students in the Commonwealth. This group of Participating Institutions has remained generally stable over time. Certain information concerning the distribution of currently outstanding Fixed Rate MEFA Loans at the time of loan origination among students attending different Participation Institutions is contained under

"THE AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO." Such information is included herein for general informational purposes and is not intended as a representation that the distribution of Issue J Loans will resemble that of previously originated Fixed Rate MEFA Loans.

Historical Program Financing Special Redemption Experience

The following chart contains historical information concerning the special redemption experience of all publicly marketed fixed rate bonds issued by the Authority to date to fund Fixed Rate MEFA Loans since 1993. Such information is included in this Official Statement for general reference purposes only and not as a representation that the special redemption experience, if any, of the Offered Bonds will be consistent with that of bonds that were previously issued by the Authority. The portfolios of MEFA Loans securing such previously issued fixed rate bonds contain or contained MEFA Loans that were originated on the basis of criteria, and that had terms and conditions, that differ from those of current Issue J Loans. The 2011-2012 academic year was the first for which the Authority offered Fixed Rate MEFA Loans with a 10-year repayment option. In addition, the availability to potential borrowers of other loans, including MEFA Loans, or of other types of student assistance has changed a number of times during the period shown. There can be no assurance that these factors may not affect special redemption experience. See "ESTIMATED SOURCES AND USES OF FUNDS," and "RISK FACTORS — Redemption of Bonds," " General Economic Conditions" and " Changes in Relevant Law."

Massachusetts Educational Financing Authority
Special Redemption Experience – Fixed Rate Bonds
(As of January 1, 2012) ($000's) (1)

Calendar Year	Issue E (1992)(2) (3)	Issue E (1994)(4)	Issue E (1995)	Issue E (1996)	Issue E (1997)	Issue G (1998)(5)	Issue E (1999)(6)
Original Principal Amount	$ 60,000	$ 52,100	$ 50,000	$ 60,000	$ 65,000	$ 119,800	$98,065
1993	-	-	-	-	-	-	-
1994	30,870 (51.5%)	-	-	-	-	-	-
1995	875 (1.5%)	-	-	-	-	-	-
1996	1,025 (1.7%)	-	-	-	-	-	-
1997	1,755 (2.9%)	1,235 (2.4%)	-	-	-	-	-
1998	885 (1.5%)	4,480 (8.6%)	8,100 (16.2%)	-	-	-	-
1999	1,340 (2.2%)	3,670 (7.0%)	3,320 (6.6%)	7,655 (12.8%)	-	-	-
2000	1,820 (3.0%)	4,535 (8.7%)	3,295 (6.6%)	4,810 (8.0%)	4,910 (7.6%)	-	-
2001	1,575 (2.6%)	2,820 (5.4%)	2,900 (5.8%)	3,065 (5.1%)	3,240 (5.0%)	8,020 (6.7%)	-
2002	12,775 (21.3%)	3,355 (6.4%)	3,760 (7.5%)	4,240 (7.1%)	4,760 (7.3%)	11,085 (9.3%)	16,070 (16.4%)
2003	-	4,430 (8.5%)	4,780 (9.6%)	6,080 (10.1%)	7,180 (11.0%)	17,475 (14.6%)	10,910 (11.1%)
2004	-	4,545 (8.7%)	4,750 (9.5%)	6,115 (10.2%)	8,675 (13.3%)	13,425 (11.2%)	12,385 (12.6%)
2005	-	11,330 (21.7%)	2,510 (5.0%)	3,105 (5.2%)	4,195 (6.5%)	8,680 (7.2%)	7,705 (7.9%)
2006	-	-	2,070 (4.1%)	2,495 (4.2%)	3,375 (5.2%)	6,390 (5.3%)	5,310 (5.4%)
2007	-	-	1,780 (3.6%)	2,135 (3.6%)	2,340 (3.6%)	9,040 (7.5%)	5,230 (5.3%)
2008	-	-	780 (1.6%)	2,165 (3.6%)	2,880 (4.4%)	1,500 (1.3%)	4,265 (4.3%)
2009	-	-	-	705 (1.2%)	2,330 (3.6%)	2,725 (2.3%)	3,580 (3.7%)
2010	-	-	-	-	1,665 (2.6%)	12,195 (10.2%)	12,115 (12.4%)
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
Total	$ 52,920	$ 40,400	$ 38,045	$ 42,570	$ 45,550	$ 90,535	$77,570
Outstanding Principal Amount	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(1) Percentages are calculated on original issuance amounts.
(2) Issue E of 1992 was optionally refunded in 2002.
(3) The Issue E of 1992 redemption in 1994 represents unexpended proceeds.
(4) Issue E of 1994 was optionally refunded in 2005.
(5) Issue G of 1998 was optionally refunded in 2010.
(6) Issue E of 1999 and Issue G of 2000 were optionally refunded in 2010.

Massachusetts Educational Financing Authority
Special Redemption Experience – Fixed Rate Bonds
(As of January 1, 2012) ($000's) [(1)]

Calendar Year	Issue G (2000)[(2)]	Issue E (2001)	Issue E (2002)	Issue E (2007)	Issue H (2008)	Issue I (2009)	Issue I (2010)	Issue J (2011)
Original Principal Amount	$139,890	$66,775	$74,565	$200,000	$400,000	$289,005	$405,000	$102,870
1993	-	-	-	-	-	-	-	-
1994	-	-	-	-	-	-	-	-
1995	-	-	-	-	-	-	-	-
1996	-	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-
2002	7,990 (5.7%)	-	-	-	-	-	-	-
2003	19,830 (14.2%)	-	-	-	-	-	-	-
2004	17,325 (12.4%)	13,245 (19.8%)	2,090 (2.8%)	-	-	-	-	-
2005	13,245 (9.5%)	4,905 (7.3%)	5,220 (7.0%)	-	-	-	-	-
2006	9,170 (6.6%)	-	-	-	-	-	-	-
2007	6,725 (4.8%)	-	-	-	-	-	-	-
2008	1,000 (0.7%)	1,500 (2.2%)	-	-	-	-	-	-
2009	2,920 (2.1%)	-	-	-	206,000 (51.5%)	-	-	-
2010	34,110 (24.4%)	-	-	-	-	-	-	-
2011	-	-	-	-	31,090 (7.8%)	19,685 (6.8%)	29,880 (7.4%)	-
2012	-	-	-	-	6,000 (1.5%)	11,715 (4.1%)	17,785 (4.4%)	-
Total	$112,315	$19,650	$ 7,310	$ 0	$243,090	$ 31,400	$ 47,665	$ 0
Outstanding Principal Amount	$ 0	$24,615	$28,895	$200,000	$156,910	$254,160	$348,860	$102,870

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(1) Percentages are calculated on original issuance amounts.

(2) Issue E of 1999 and Issue G of 2000 were optionally refunded in 2010.

AUTHORITY LOAN ORIGINATION AND SERVICING

The Servicer

ACS Education Services, Inc., a Delaware corporation ("ACS-ES") currently acts as Servicer for the MEFA Loan Program pursuant to an agreement dated as of June 1, 2008 (the "MEFA Loan Servicing Agreement") that is currently scheduled to expire on November 30, 2012 subject to automatic renewal for successive twelve-month periods in the absence of written notice of intention not to so renew by either party delivered to the other party at least ninety days prior to the then scheduled expiration date. In such capacity, ACS-ES has been responsible for the origination processing, custody and servicing of MEFA Loans since January 1, 2003. The Resolution permits the appointment of other or additional Servicers, subject to compliance with certain requirements of the Issue J General Resolution and the Authority reserves the right to establish other MEFA Loan origination, custody and servicing arrangements in compliance with such requirements. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Covenants as to the Program."

The following information has been furnished by Xerox Corporation ("Xerox") for use in this Official Statement. The Authority does not guarantee or make any representation as to the accuracy or completeness thereof or the absence of material adverse change in such information or in the condition of Xerox subsequent to the date hereof.

ACS-ES acts as a loan servicer for the trust. ACS-ES is a for-profit corporation and a wholly-owned subsidiary of Xerox Corporation ("Xerox"). Headquartered in Norwalk, Connecticut, Xerox is a Fortune 500 company providing document technology, services, software and supplies for production and office environments, as well as business process and technology outsourcing solutions to world-class commercial and government clients. Xerox's common stock trades on the New York Stock Exchange under the symbol "XRX." ACS-ES has its headquarters at 2277 E. 220th Street, Long Beach, CA 90810, and has domestic regional processing centers in Long Beach and Bakersfield, California; Utica, New York; Oak Brook, Illinois; Canyon, Texas; Aberdeen, South Dakota and Madison, Mississippi.

The Guaranteed Loan Servicing Group is operated by ACS-ES as an independent, third party education loan servicer with approximately 1,300 employees, providing full service loan origination and servicing for the Federal Stafford, PLUS and Consolidation education loan programs and many alternative/private loan programs. ACS-ES and its predecessors have over 42 years of experience providing outsourcing services to higher education. As of March 2012, the Guaranteed Loan Servicing Group of ACS-ES currently services approximately 4.2 million education loan accounts with loans valued at approximately $60 billion.

ACS-ES' Guaranteed Loan Servicing Group services include Stafford, PLUS, Consolidation, and private/alternative loan servicing, as well as post-origination conversion and private loan origination.

Origination services include receipt and validation of application data, underwriting (if required), school and borrower customer service and loan disbursement. A wide range of schools are supported, as well as a variety of different disbursement methods, including: check, master check, automated clearinghouse (ACH), and disbursement via national disbursing agents.

Conversion services include set-up of new accounts to the servicing platform from the origination system or a lender's system. This area also supports transfer of existing education loan portfolios from other servicers' systems, as well as loan sales and securitizations.

Loan servicing includes lender and borrower services, payment and transaction processing, due diligence activities as required by federal regulations or private/alternative loan program requirements, and communications with schools, guarantors, the National Student Loan Clearing House, and others. In the event of borrower default, ACS-ES prepares and submits a claim package on the lender's behalf to the appropriate guaranty agency for review and guarantee payment, if applicable.

Xerox files periodic reports with the Securities and Exchange Commission (the "SEC") as required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Reports filed with the SEC are available for inspection without charge at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Information as to the operation of the public reference facilities is available by calling the SEC at 1-800-SEC-0330.

Information filed with the SEC can also be inspected at the SEC's site on the World Wide Web at "http://www.sec.gov." Xerox also currently provides information through Xerox's website at "http://www.xerox.com." Information filed by Xerox with the SEC or contained on Xerox's website is not intended to be incorporated as part of this Official Statement and information contained on Xerox's website is not a part of the documents that Xerox files with the SEC.

MEFA Loan Origination

Under the MEFA Loan Servicing Agreement, ACS-ES is currently responsible as a Servicer for processing applications for MEFA Loans, reviewing required documentation prior to the Authority's purchase of a MEFA Loan, and, after such purchase, tracking all information necessary to service the MEFA Loan.

Applications for MEFA Loans are submitted directly to the Servicer and are processed according to guidelines established by the Authority. The Servicer completes a credit evaluation for each initial MEFA Loan application by a borrower. For any subsequent MEFA Loan, a previously eligible borrower is again subject to credit evaluation by the Servicer.

The Authority encourages Participating Institutions and prospective MEFA Loan borrowers to consider other forms of student assistance that it believes may be economically advantageous to prospective borrowers as alternative means of funding the costs of post-secondary education, both in the context of MEFA Loan marketing and as part of the application processes. The Authority has also established tuition savings and prepayment programs to permit families to reduce their need for loans and other student assistance to fund such costs.

Credit Evaluation by the Servicer. The Servicer must review all MEFA Loan applications it receives. The Servicer's primary responsibility during loan origination is to perform a credit analysis of the applicant. The Servicer's review must be conducted as described below.

With respect to all MEFA Loan applications, the Servicer will request one or more credit bureau reports on the applicant and any co-applicant. The Servicer cannot base its credit analysis on any credit report dated more than ninety (90) days before the date of approval of the application by the Servicer.

In conducting its credit analysis, the Servicer will use a combination of credit scoring and a review of application data. For the Issue J Loans, unless changed by the Authority upon compliance with certain Resolution requirements, the credit requirements include that each qualified borrower or a co-borrower must have a minimum FICO Score† of 670 or, with respect to such Issue J Loans that are fully deferred as to repayment, a FICO Score of 710. A FICO Score is any of several generally similar numeric measures of projected consumer credit risk, each of which was created by Fair Isaac Corporation for use by one of several consumer credit reporting agencies on the basis of information concerning an individual borrowing and repayment history that has been received by the respective consumer credit reporting agency from lenders. FICO Scores are based upon a number of time-weighted factors and range from 300-850, with higher scores reflecting more favorable projected credit risk. The use of FICO Scores, or of a particular FICO Score threshold in connection with credit analysis for loan origination purposes does not, however, guarantee any particular level of repayment performance for the resulting loan portfolio. The student or co-signer, if any, must meet a minimum income requirement equal to the most recently published federal poverty guideline for a family of four.

MEFA reserves the right to increase or, upon compliance with certain requirements of the Resolution, to decrease the FICO Score threshold used in connection with Issue J Loan credit analysis, or to otherwise change the credit analysis procedures applicable to MEFA Loans, including Issue J Loans. Such information is included herein for general informational purposes and is not intended as a representation that the credit characteristics of Issue J Loans will resemble those of previously originated Fixed Rate MEFA Loans. See "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

If any of the following circumstances exist without an explanation satisfactory to the Authority, the Authority may in its reasonable judgment reject the application: excessive payment delinquencies; garnishment; attachment; foreclosure; repossession; or legal proceedings against the applicant or co-applicant which may affect the borrower's ability to repay or the Authority's ability to collect a MEFA Loan. In addition, the absence of a credit history may be grounds for denial of a MEFA Loan.

The Authority may reject an application for reasons other than failure to meet the specific credit requirements outlined above, provided that the Authority's rejection is in accordance with applicable law. See "—MEFA Loan Servicing."

Evaluation and Certification by the Participating Institution. Participating Institutions are required to reject, or to cause the Servicer to reject, an application for a MEFA Loan, if the information contained in the application indicates that the applicant, co-applicant and/or student has ever defaulted on any educational assistance loans or failed to refund an educational grant required to be refunded or is currently in arrears to the Participating Institution in an amount in excess of $100 for a previous academic year and the Participating Institution has demanded payment. The authorized representatives of the Participating Institutions certify certain information regarding the loans, including: (i) that the student is enrolled on at least a half-time basis, is making satisfactory academic progress as defined by Participating Institution and is not known to have defaulted on any other education loan; and (ii) that the loan applied for does not exceed the difference between the student's cost of attendance and other financial aid. After such certification, the loan is processed through the Servicer's origination system. Subsequent to such loan processing by the Authority, the Authority will direct the Trustee to transfer funds to the Servicer. The Servicer will then transfer such funds received from the Authority to the Participating Institution for credit to the student's account. All promissory notes of borrowers are delivered by such borrowers directly to the Servicer which holds such promissory notes in its custody on behalf of the Trustee.

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MEFA Loan Servicing

After purchase by the Authority, MEFA Loans will be serviced by the Authority with the assistance of a Servicer. Servicing activities of ACS-ES under the MEFA Loan Servicing Agreement include maintaining all records of the origination and payment of MEFA Loans, mailing coupon books or invoices to borrowers, preparing activity and status reports for the Authority and for Participating Institutions, following procedures required under the Operations Manual including procedures for delinquent MEFA Loans and responding to inquiries and complaints pertaining to the MEFA Loan Programs from Participating Institutions, borrowers, the Trustee and the Authority.

Role of the Servicer. The Servicer plays a key role in the MEFA Loan Program and the performance of the Servicer is closely monitored at all times by the Authority. The MEFA Loan Servicing Agreement and the Operations Manual specify the duties, obligations and functions of the MEFA Servicer.

As described above under "— MEFA Loan Origination — Credit Evaluation by the Servicer," the Servicer assists the Authority in the evaluation of applicants for MEFA Loans by performing a credit analysis of each applicant. After MEFA Loans have been purchased by the Authority, the Servicer is required to prepare and deliver to each borrower a periodic billing invoice, or coupon books, for the repayment of MEFA Loans and to use its best efforts to collect all payments of principal of and interest on the MEFA Loans.

A Servicer is required to service delinquent MEFA Loans so as to enable, to the maximum extent possible, payment in full of such notes on their respective original repayment schedules. The Servicer must notify the borrower of the delinquency by repeated telephone calls and letters at specified intervals, with copies of all servicer aging reports produced going to the applicable Participating Institution when and after any payment is thirty (30) to forty-five (45) days overdue, all as set forth in the Operations Manual.

A Servicer's duties include recording all payments and all adjustments including overpayments and prepayments of MEFA Loans and forgiveness of MEFA Loans. A Servicer is also required to maintain files concerning each MEFA Loan, preparing and maintaining appropriate accounting records with respect to all transactions related to each MEFA Loan, preparing various reports to the Authority of the status and activity of each application for a MEFA Loan, and updating weekly and maintaining an off-site duplicate of the computer file pertaining to each MEFA Loan.

Defaults. When a MEFA Loan is one hundred eighty (180) days past due (or such later date as the Authority may determine in compliance with applicable Resolution requirements) it is deemed to be "Defaulted" and a Servicer is required to cease contact with the borrower unless and until instructed otherwise by the Authority or the Trustee. When a MEFA Loan becomes Defaulted it is the Authority's practice to refer the default to a collection agent or an attorney. The Authority retains continuous oversight and responsibility for enforcement and settlement decisions related to defaulted and delinquent accounts. See "AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO."

AUTHORITY FIXED RATE MEFA LOAN PORTFOLIO

The historical information relative to the origination, distribution and payment experience of the Authority in connection with its previously originated Fixed Rate MEFA Loans contained in this Official Statement is included for general reference purposes only and is not intended as a representation that the origination, distribution or payment experience of the Issue J Loan Portfolio necessarily will be similar to that of previously originated Fixed Rate MEFA Loans

during any period or over the respective lives of such Fixed Rate MEFA Loans. See "RISK FACTORS Performance of the Issue J Loan Portfolio May Differ From Historical Fixed Rate MEFA Loan Performance," " Composition and Characteristics of the Issue J Loan Portfolio May Change" and "—General Economic Conditions" and "APPENDIX F ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012."

The Authority's Fixed Rate MEFA Loan Portfolio

The Authority began purchasing Fixed Rate MEFA Loans in 1983 and since that time has issued numerous series of Prior Obligations to finance Fixed Rate MEFA Loan purchases. This section provides information relating to the historical results of the Fixed Rate MEFA Loan Portfolio. The distribution, default and delinquency information included relates to Fixed Rate MEFA Loans originated through application of proceeds of the Authority's Issue E Bonds, Issue G Bonds, Issue H Bonds, Issue I Bonds and Issue J Bonds. The Authority believes that Fixed Rate MEFA Loans originated throughout the history of the MEFA Loan Program have experienced to date substantially similar patterns and rates of delinquency and gross default. See "RISK FACTORS — Certain Factors Could Potentially Affect Timing and Receipt of Revenues" and " General Economic Conditions" and "THE MEFA LOAN PROGRAM — General."

As of the date of this Official Statement, approximately $4,700,000 remained available under the Authority's Issue J General Resolution to finance additional Fixed Rate MEFA Loans. Substantially all of the other original lendable proceeds and recycled proceeds of the bonds that were previously issued by the Authority to fund MEFA Loans or Authority FFELP Loans have been fully expended to purchase MEFA Loans or Authority FFELP Loans or to redeem or retire bonds. The Authority reserves the right to allocate funds from different sources available to it to finance MEFA Loans in any manner that it deems appropriate.

The chart on the following page shows the dollar amount of applications received, disbursement volume and principal balance outstanding since the 2003-2004 academic year.

Massachusetts Educational Financing Authority
Historic Application and Disbursement Volume
All MEFA Loans
($ 000's)

Year	Applications Volume[1]	Disbursement Volume[2]	Outstanding Principal Balance[3]
2003-2004	$125,000	$91,000	$518,000
2004-2005	157,000	114,000	549,000
2005-2006	213,000	165,000	639,000
2006-2007	363,000	293,000	852,000
2007-2008	488,000	402,000	1,153,000
2008-2009	72,000	38,000	1,087,000
2009-2010	270,000	151,000	1,135,000
2010-2011	339,000	177,000	1,205,000
2011-2012[4]	275,000	166,000	1,279,000

(1) Applications Volume occurred between the period of April 1 through March 31st.
(2) Disbursement Volume for years 2003-2004 through 2010-2011 occurred between the period of July 1st through June 30th; Disbursement Volume for 2011-2012 occurred between July 1, 2011 through March 31, 2012.
(3) Outstanding Principal Balances are as of June 30 for each Fiscal Year except 2011-2012.
(4) As of March 31, 2012, projected Disbursement Volume for 2011-2012 is approximately $170,000,000.

Since the inception of the MEFA Loan Program in 1983, the volume, number of borrowers, number of Participating Institutions, and the types of MEFA Loans offered have expanded significantly. In 1983, thirteen (13) independent institutions participated in the program and 1,230 borrowers received MEFA Loans financed through the Authority. Public institutions began participating in 1984. In the same year, the Authority introduced the MEFA Loans for Graduate Education Program for independent institutions. Participation by students at public institutions in the MEFA Loan Program has generally increased since 1984. As of the 2011-2012 academic year, one hundred one (101) independent and public Massachusetts institutions are expected to participate in the MEFA Loan Program. Annual MEFA Loan volume is approximately $170 million in loan purchases for the current academic year of 2011-2012.

The average size of MEFA Loans has grown steadily since 1983, reflecting rising education costs. The average initial principal amount of MEFA Loans financed during the 1983-84 academic year was $6,120. The average initial principal amounts of Undergraduate MEFA Loans and of MEFA Loans for Graduate Education financed during the 2011-2012 academic year through March 31, 2012 were approximately $14,400 and $28,200, respectively. The average FICO score that was applicable to approved Fixed Rate MEFA Loans, at the time of origination, was 741 for the 2007-2008 academic year, 748 for the 2008-2009 academic year, 757 for the 2009-2010 academic year, 757 for the 2010-2011 academic year and 756 for the 2011-2012 academic year through March 31, 2012. For Issue J Loans, the minimum FICO score will be 670 or, with respect to Issue J Loans that are fully deferred as to repayment, 710 unless changed by the Authority upon compliance with certain requirements of the Resolution.

The following chart contains information regarding the historic distribution of all MEFA Loans disbursed by repayment option. The percentages represent the portion for each repayment option for all MEFA Loans disbursed for that disbursement year.

Massachusetts Educational Financing Authority
Historic MEFA Loan Disbursements by Repayment Option[(1)]
All MEFA Loans

Disbursement Years[(2)]	Immediate Repayment	Interest-Only Payment[(3)]	Total In-School Payment[(4)]	Deferment	Total
2005-2006	42.3%	0.0%	42.3%	57.7%	100.0%
2006-2007	38.1	0.0	38.1	61.9	100.0
2007-2008	33.9	0.0	33.9	66.1	100.0
2008-2009	32.9	0.0	32.9	67.1	100.0
2009-2010	43.9	0.4	44.3	55.7	100.0
2010-2011	20.0	17.9	37.9	62.1	100.0
2011-2012	23.1	18.7	41.8	58.2	100.0
Weighted Average			38.3%	61.7%	100.0%

(1) Includes both graduate and undergraduate MEFA Loans.
(2) Disbursement years are from July 1 to June 30 for each year except 2011-2012, which is through March 31.
(3) The Interest-Only Payment option was not available prior to April 2010.
(4) Total In-School Payment includes Immediate Repayment and Interest-Only Payment options.

The following chart contains information regarding the recent historic application receipt and approval experience of the Authority with respect to Fixed Rate MEFA Loans.

	Application Timing[(1)] (2010-2011)	**Application Timing[(1)] (2011-2012)**	**Cumulative Approved Applications[(2)] (2011-2012)**
April	4.9%	4.1%	$7,000,000
May	10.5	10.0	17,000,000
June	24.1	22.9	39,000,000
July	58.7	58.2	99,000,000
August	82.5	82.9	141,000,000
September	86.6	85.9	146,000,000
October	88.1	87.6	149,000,000
November	90.9	90.0	153,000,000
December	95.4	94.7	161,000,000
January	98.9	98.8	168,000,000
February	99.5	99.4	169,000,000
March	100.0	100.0	170,000,000

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(1) Cumulative approved applications received by the Authority in the April through March application cycle; percentages reflect rounding.

(2) Cumulative approved applications represents the timing of approved applications for the Authority in the most recent application cycle.

The following chart contains information concerning the distribution of currently outstanding Fixed Rate MEFA Loans among students attending different Participation Institutions.

Distribution of the Fixed Rate MEFA Loan Portfolio by Participating Institution
All MEFA Loans
(As of March 31, 2012)[(1)]

Participating Institution Name [(2)]	Number of Loans	Approximate Principal Balance	Approximate Percent by Principal
1. Boston University	7,053	$95,485,000	8.97%
2. University of Massachusetts Amherst	7,623	62,786,000	5.90
3. Boston College	3,771	58,286,000	5.48
4. Northeastern University	4,211	55,264,000	5.19
5. Suffolk University	2,739	35,805,000	3.36
6. College of The Holy Cross	1,930	26,783,000	2.52
7. Harvard University	1,979	26,438,000	2.48
8. Bentley University	1,669	22,001,000	2.07
9. University of Massachusetts Dartmouth	2,679	21,800,000	2.05
10. Tufts University	1,211	20,228,000	1.90
11. Wentworth Institute of Technology	1,543	18,724,000	1.76
12. Western New England University	1,153	16,494,000	1.55
13. Assumption College	1,473	16,006,000	1.50
14. Babson College	1,124	15,364,000	1.44
15. Curry College	978	14,109,000	1.33
16. Massachusetts College of Pharmacy & Health Sciences	856	13,717,000	1.29
17. Hult International Business School	340	13,459,000	1.26
18. Berklee College of Music	791	13,334,000	1.25
19. Merrimack College	1,055	13,144,000	1.24
All Others	44,489	504,884,827	47.45
Total	88,667	$1,064,114,000	100.00%

(1) Reflects Fixed Rate MEFA Loans funded from Education Loan Revenue Bonds, Issue E, Issue G, Issue H, Issue I and Issue J.
(2) Listed Participating Institutions represent approximately 53% of Principal Balance Outstanding.

The following chart contains information concerning the distribution of currently outstanding Fixed Rate MEFA Loans, at the time of loan origination, between undergraduate and graduate students.

Distribution of the Fixed Rate MEFA Loan Portfolio by Undergraduate and Graduate Status (As of March 31, 2012)[(1)]

Academic Program Type	Number of Loans	Approximate Principal Balance	Approximate Percent by Principal
Undergraduate	78,444	$ 919,867,000	86.44%
Graduate	10,223	144,247,000	13.56
Total	88,667	$ 1,064,114,000	100.00%

(1) Reflects Fixed Rate MEFA Loans funded from Education Loan Revenue Bonds, Issue E, Issue G, Issue H, Issue I and Issue J.

The following chart contains information concerning the distribution of currently outstanding Fixed Rate MEFA Loans that were made to borrowers with and without co-borrowers, at the time of origination, between graduate and to undergraduate students.

Distribution of the Fixed Rate MEFA Loan Portfolio by Co-Borrower Status (As of March 31, 2012)[(1)]

Co-Borrower Status	Number of Loans	Approximate Principal Balance	Approximate Percent by Principal
Co-Borrower			
Undergraduate	76,831	$ 911,033,000	85.61%
Graduate	7,173	99,902,000	9.39
Subtotal	84,004	$ 1,010,935,000	95.00%
Non Co-Borrower			
Undergraduate	1,613	$ 8,834,000	0.83%
Graduate	3,050	44,345,000	4.17
Subtotal	4,663	$ 53,179,000	5.00%
Total	88,667	$ 1,064,114,000	100.00%

(1) Reflects Fixed Rate MEFA Loans funded from Education Loan Revenue Bonds, Issue E, Issue G, Issue H, Issue I and Issue J.

It is the Authority's usual practice to treat a MEFA Loan as Defaulted when such loan becomes over 180 days past due. However, in certain limited circumstances, the Authority will not treat a MEFA Loan as Defaulted during a period of up to two years following the date it becomes over 180 days past due if: (i) the borrower has agreed to, and is complying with, a modified payment plan that is acceptable to the Authority and has agreed to bring the MEFA Loan current by the end of such two year period; or (ii) the Authority has reason to believe the delinquency is due to temporary circumstances and that the delinquency is likely to be cured during such two year period. It is also the Authority's practice, in certain circumstances, not to treat a MEFA Loan as Defaulted while a bankruptcy proceeding involving the borrower is pending. Such MEFA Loans are generally classified as delinquent. However, because MEFA Loans generally are nondischargeable in bankruptcy, payments on MEFA Loans of some borrowers in bankruptcy proceedings are kept current, and in such cases it is the Authority's practice not to treat such MEFA Loans as Defaulted or delinquent. The Authority and the Servicer continuously work with individual borrowers in order to bring MEFA Loans current. See "RISK FACTORS Changes in Relevant Laws."

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY
Delinquency Experience (Fixed Rate MEFA Loans with a FICO Score of 670 or Greater)[(1),(2)]
(As of March 31)
($ 000's)

	2012		2011		2010		2009		2008	
Delinquency Status	Principal Balance	% to Total in Repayment	Principal Balance	% to Total in Repayment	Principal Balance Outstanding	% to Total in Repayment	Principal Balance Outstanding	% to Total in Repayment	Principal Balance Outstanding	% to Total in Repayment
Current	$732,920	96.0%	$644,502	95.9%	$554,946	95.1%	$487,852	95.1%	$488,926	97.0%
31-60	14,466	1.9	11,833	1.8	13,019	2.2	13,029	2.5	9,001	1.8
61-90	4,928	0.6	5,313	0.8	6,336	1.1	3,938	0.8	2,970	0.6
91-120	4,117	0.5	5,881	0.9	6,135	1.1	4,867	0.9	1,986	0.4
121-150	3,407	0.4	1,892	0.3	1,187	0.2	1,195	0.2	325	0.1
Greater Than 150	3,960	0.5	2,843	0.4	2,075	0.4	2,320	0.5	719	0.1
	$763,798	100.0%	$672,264	100.0%	$583,698	100.0%	$513,201	100.0%	$503,927	100.0%

(1) Reflects Fixed Rate MEFA Loans funded from Education Loan Revenue Bonds, Issue E, Issue G, Issue H, Issue I and Issue J.

(2) Included in Delinquent > 150 days are approximately $1,451 on March 31, 2012, $1,389 on March 31, 2011, $675 on March 31, 2010, $275 on March 31, 2009 and $162 on March 31, 2008 that are subject to bankruptcy proceedings.

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY
Default Experience (Fixed Rate MEFA Loans with FICO Score of 670 or Greater)[(1)]
(As of March 31, 2012)
($000's)

12 Months as of March 31	2012	2011	2010	2009	2008
Gross Loan Defaults	$11,213	$8,248	$6,956	$3,792	$2,601
Net Recoveries	1,368	812	707	810	880
Net Loan Defaults	$9,845	$7,436	$6,250	$2,982	$1,720
Average Loans in Repayment	$697,722	$596,701	$523,384	$494,404	$426,021
Net Loan Defaults as a percentage of average loans in repayment	1.411%	1.246%	1.194%	0.603%	0.404%

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(1) Twelve month reporting period is measured from April 1st through March 31st.
Reflects Fixed Rate MEFA Loans funded from Educational Loan Revenue Bonds, Issue E, Issue G, Issue H, Issue I and Issue J.
Includes both undergraduate and graduate programs and both co-signed and non co-signed loans.
Gross Loan Defaults in the sum of the defaulted experience for the past twelve months and includes principal and any capitalized and accrued interest at the time the loan was defaulted.
Net Recoveries is the sum of all recoveries, net of any related recovery expenses, received from the collection attorneys ad includes payment of principal and interest placed as well as any interest that may have accrued since default.
Net Loan Defaults are the defaults net of all recoveries and expenses for the past twelve months.
Average Loans in Repayment is the twelve-month average of total loan principal in repayment at the Authority.

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY
Static Pool Cohort Default Analysis

Fixed Rate MEFA Loans Immediate Repayment (670+) and Deferred Repayment (710+)(1)
(As of March 31, 2012)

Repayment Year	Disbursed Principal Entering Repay ($m)	Repayment Year of Default																	Total
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1997	$ 37	0.00%	0.00%	0.00%	0.11%	0.05%	0.06%	0.06%	0.11%	0.06%	0.09%	0.03%	0.12%	0.06%	0.01%	0.01%	0.02%	0.00%	0.77%
1998	79	0.00	0.00	0.00	0.04	0.13	0.13	0.19	0.13	0.18	0.06	0.09	0.07	0.06	0.05	0.02	0.01		1.15
1999	95	0.00	0.00	0.01	0.03	0.11	0.22	0.21	0.19	0.11	0.09	0.06	0.10	0.05	0.03	0.01			1.21
2000	105	0.00	0.00	0.02	0.10	0.22	0.24	0.20	0.12	0.15	0.13	0.13	0.11	0.03	0.00				1.45
2001	109	0.00	0.00	0.06	0.17	0.15	0.17	0.19	0.16	0.15	0.16	0.18	0.04	0.02					1.46
2002	82	0.00	0.01	0.16	0.09	0.23	0.19	0.35	0.18	0.22	0.25	0.07	0.01						1.76
2003	58	0.00	0.04	0.18	0.31	0.24	0.25	0.29	0.36	0.24	0.07	0.06							2.04
2004	53	0.00	0.00	0.34	0.24	0.35	0.55	0.50	0.32	0.15	0.03								2.48
2005	22	0.00	0.14	0.16	0.36	0.55	0.51	0.30	0.19	0.23									2.44
2006	70	0.00	0.16	0.86	0.78	0.94	0.34	0.21	0.07										3.37
2007	125	0.00	0.32	0.70	0.87	0.79	0.41	0.05											3.15
2008	167	0.00	0.20	1.16	0.81	0.45	0.20												2.82
2009	94	0.00	0.30	1.85	1.38	0.15													3.68
2010	172	0.00	0.24	1.54	0.40														2.18
2011	196	0.00	0.58	0.50															1.08

Fixed Rate MEFA Loans Immediate Repayment (670+)(1)
(As of March 31, 2012)

Repayment Year	Disbursed Principal Entering Repay ($m)	Repayment Year of Default																	Total
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1997	$ 37	0.00%	0.00%	0.00%	0.11%	0.05%	0.06%	0.06%	0.11%	0.06%	0.09%	0.03%	0.12%	0.06%	0.01%	0.01%	0.02%	0.00%	0.77%
1998	76	0.00	0.00	0.00	0.04	0.14	0.14	0.18	0.13	0.19	0.06	0.10	0.07	0.06	0.04	0.02	0.01		1.17
1999	85	0.00	0.00	0.01	0.03	0.12	0.15	0.23	0.20	0.12	0.10	0.07	0.10	0.05	0.03	0.01			1.22
2000	89	0.00	0.00	0.01	0.05	0.21	0.27	0.23	0.14	0.17	0.12	0.13	0.11	0.04	0.00				1.49
2001	85	0.00	0.00	0.02	0.06	0.10	0.22	0.11	0.16	0.19	0.15	0.10	0.04	0.03					1.16
2002	59	0.00	0.01	0.03	0.07	0.26	0.18	0.42	0.21	0.30	0.28	0.06	0.01						1.82
2003	36	0.00	0.00	0.11	0.40	0.32	0.39	0.43	0.36	0.19	0.11	0.10							2.41
2004	35	0.00	0.00	0.25	0.37	0.43	0.71	0.56	0.15	0.14	0.05								2.66
2005	9	0.00	0.00	0.27	0.51	0.36	0.70	0.71	0.15	0.34									3.03
2006	58	0.00	0.17	0.62	0.95	0.95	0.26	0.23	0.08										3.25
2007	102	0.00	0.25	0.63	0.87	0.80	0.43	0.07											3.04
2008	114	0.00	0.26	0.71	0.69	0.41	0.11												2.17
2009	22	0.00	0.13	0.61	0.55	0.13													1.42
2010	69	0.00	0.35	0.78	0.44														1.58
2011	74	0.00	0.36	0.25															0.60

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(1) FICO scores are based on the greater of the borrower or co-borrower score as of the original loan application date.
Includes both undergraduate and graduate programs and both co-signed and non-co-signed loans.
Terms and calculations of the default statistics are defined as follows:
Repayment Year - The calendar year that the loans entered repayment.
Original Note Value Entering Repayment - The amount of principal entering repayment in a given year based on the disbursed principal including any interest capitalization at repayment.
Years in Repayment - Measured in years between repayment start date and default date with zero representing any defaults prior to the start of repayment.
Periodic Defaults - Defaulted principal in each Year of Repayment as a percentage of the Original Note Value Entering Repayment in each Repayment Year, includes any interest capitalization that occurred prior to default and is not reduced by any amount of recoveries after the loan defaulted.
Total - The sum of the Periodic Defaults across Years in Repayment for each Repayment Year.

Fixed Rate MEFA Loans Deferred Repayment (710+)[(1)]
(As of March 31, 2012)

Repayment Year	Disbursed Principal Entering Repay ($m)	Repayment Year of Default																	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
1997	$ 0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1998	3	0.00	0.00	0.00	0.00	0.00	0.00	0.39	0.17	0.00	0.00	0.00	0.00	0.00	0.17	0.00	0.00		0.74
1999	10	0.00	0.00	0.00	0.00	0.00	0.77	0.06	0.10	0.00	0.00	0.00	0.14	0.09	0.00	0.00			1.17
2000	17	0.00	0.00	0.10	0.39	0.29	0.09	0.02	0.00	0.04	0.15	0.08	0.07	0.00	0.00				1.23
2001	24	0.00	0.00	0.22	0.58	0.33	0.02	0.47	0.18	0.00	0.20	0.48	0.05	0.00					2.53
2002	22	0.00	0.00	0.51	0.15	0.17	0.22	0.17	0.10	0.00	0.18	0.10	0.00						1.59
2003	23	0.00	0.09	0.28	0.18	0.11	0.03	0.08	0.37	0.32	0.00	0.00							1.46
2004	19	0.00	0.00	0.51	0.00	0.21	0.25	0.38	0.65	0.17	0.00								2.17
2005	13	0.00	0.25	0.08	0.25	0.69	0.36	0.00	0.22	0.15									2.00
2006	13	0.00	0.14	1.99	0.00	0.90	0.75	0.12	0.00										3.90
2007	23	0.00	0.65	1.03	0.89	0.78	0.32	0.00											3.67
2008	54	0.00	0.09	2.10	1.07	0.52	0.40												4.19
2009	71	0.00	0.36	2.23	1.63	0.16													4.38
2010	103	0.00	0.16	2.04	0.37														2.57
2011	122	0.00	0.72	0.65															1.37

(1) FICO scores are based on the greater of the borrower or co-borrower score as of the original loan application date.
Includes both undergraduate and graduate programs and both co-signed and non-co-signed loans.
Terms and calculations of the default statistics are defined as follows:
Repayment Year - The calendar year that the loans entered repayment.
Original Note Value Entering Repayment - The amount of principal entering repayment in a given year based on the disbursed principal including any interest capitalization at repayment.
Years in Repayment - Measured in years between repayment start date and default date with zero representing any defaults prior to the start of repayment.
Periodic Defaults - Defaulted principal in each Year of Repayment as a percentage of the Original Note Value Entering Repayment in each Repayment Year, includes any interest capitalization that occurred prior to default and is not reduced by any amount of recoveries after the loan defaulted.
Total - The sum of the Periodic Defaults across Years in Repayment for each Repayment Year.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy or completeness thereof.

The Authority and the Underwriters cannot and do not give any assurances that DTC, Participants or others will properly distribute: (i) payments of debt service on the Offered Bonds paid to DTC, or its nominee owner, as the registered owners; or (ii) any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bond certificate will be issued for the Offered Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Offered Bonds. In that event, Offered Bond certificates will be printed and delivered. See "— Certificated Offered Bonds."

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

NEITHER THE AUTHORITY NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT OR THE PERSONS TO WHOM THEY ACT AS NOMINEES WITH RESPECT TO: THE ACCURACY OF THE RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; PAYMENTS TO, OR THE PROVIDING OF NOTICE FOR, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OR BENEFICIAL OWNER; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OFFERED BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED OWNER OF OFFERED BONDS.

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

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

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

For all purposes under the Resolution, DTC will be and will be considered by the Authority and the Trustee to be the owner or holder of the Offered Bonds.

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

Certificated Offered Bonds

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

LEGALITY OF BONDS FOR INVESTMENT

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

BONDS AS SECURITY FOR DEPOSIT

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

LITIGATION AND OTHER MATTERS

At the time of delivery of and payment for the Offered Bonds, the Authority's general counsel will deliver an opinion to the effect that there is no litigation, inquiry or investigation before or by any court, public board or body known to be pending or, to the best of such counsel's knowledge, threatened against the Authority affecting the creation, organization or corporate existence of the Authority or the title of its present members or officers to their respective offices; seeking to prohibit, restrain or enjoin the issuance or delivery of the Offered Bonds or the collection of Revenues of the Authority or the pledge of assets and Revenues under the Resolution; in any way contesting or affecting the validity or enforceability of the Offered Bonds, the Resolution, the Servicing Agreement, or the Operations Manual; or contesting in any material respect the completeness or accuracy of this Official Statement.

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

In April, 2011, the Authority was advised by the Financial Institution Oversight Service ("FIOS") of the federal Department of Education (the "Department") that a program review of the Authority's participation during the Authority's fiscal year 2007 in the Federal Family Education Loan Program ("FFELP"), which was performed in August 2010, had resulted in a preliminary finding that a certain contract that the Authority had entered into with a third party for marketing and administrative services contained "prohibited inducements" within the meaning of the federal Higher Education Act. The FIOS program review was initiated in response to information included in a report filed with the Department by the Authority's independent auditor, in accordance with FFELP requirements. The contract in question was entered into in 2003 and terminated in 2008. The Authority ceased financing additional Authority FFELP Loans in 2008 in response to federal statutory changes and to capital market conditions. Subsequent federal legislation has terminated FFELP loan origination nationally. In connection with its preliminary finding, FIOS requested certain information from the Authority regarding this and two other contracts between the Authority and the same third party. The Authority has responded to the preliminary FIOS finding by providing the requested information, indicating its disagreement with the preliminary finding and urging FIOS to reconsider the finding. By letter dated May 30, 2012, the Department advised the Authority that it had concluded its program review without change to this preliminary finding and that the Department expected to further review this finding for potential responsive action by the Department. There can be no assurance as to the outcome of these proceedings. Although the possibility exists that the Department may seek to impose a monetary penalty upon the Authority, the Department has not at this time advised the Authority of any intent to do so, of the potential amount of any such monetary penalty or of any intent to impose another sanction.

From time to time, bills may be introduced into the Commonwealth legislature affecting government operations generally or that could seek to impose financial and other obligations on the Authority, which might include requiring the transfer of funds or assets from the Authority to the Commonwealth or other State agencies. Furthermore, measures and legislation may be considered by the federal government, or the Commonwealth legislature, which measures may affect the Authority's programs. While some of these measures may benefit the programs, no assurance can be given that the programs will not be adversely affected by such measures. In addition, the Congress or the Commonwealth legislature could enact legislation that would affect the demand for or the repayment performance of MEFA Loans in a manner that might adversely affect the availability of amounts for the payment of debt service on Issue J Bonds or that might result in the redemption prior to scheduled amortization of Issue J Bonds. The Authority cannot predict whether any such legislation will be enacted or, if it is enacted, what effect it would have on the timing or amount of revenues received by the Authority from MEFA Loans, the timing of such receipt or the demand for MEFA Loans. There can be no assurance that any such legislation will not be enacted or that such legislation, if enacted, will not have an adverse impact on the operations of the Authority, its financial condition or any of its contractual obligations.

CERTAIN LEGAL MATTERS

All legal matters related to the authorization, issuance, sale and delivery of the Offered Bonds are subject to the approval of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel and general counsel to the Authority. The unqualified approving opinion of such Bond Counsel, substantially in the applicable form set forth in APPENDIX D hereto, will be delivered upon the issuance of the Offered Bonds. Certain legal matters will be passed upon for the Underwriters by their Counsel, Hawkins Delafield & Wood LLP, New York, New York.

TAX MATTERS

Federal Tax Matters

Bond Counsel is of the opinion that, under existing law, interest on the Offered Bonds will not be included in the gross income of holders of such Offered Bonds for federal income tax purposes. Bond Counsel's opinion is expressly conditioned upon continued compliance by the Authority with certain requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code"), which requirements must be satisfied subsequent to the date of issuance of the Offered Bonds in order to ensure that the interest on the Offered Bonds is and continues to be excludable from the gross income of the holders of the Offered Bonds for federal income tax purposes. In particular, and without limitation: (i) section 144(b) of the Code imposes requirements for a "qualified student loan bond"; and (ii) section 148 of the Code requires that certain proceeds of the Offered Bonds be invested at a yield not materially higher than the yield on the Offered Bonds and that certain profits earned from investment of proceeds of the Offered Bonds be rebated to the United States. The Authority has provided certifications and covenants as to its continued compliance with such requirements. Failure to so comply could cause the interest on the Offered Bonds to be included in the gross income of the holders thereof retroactive to the date of issuance of the Offered Bonds.

Bond Counsel is of the opinion that, under existing law, interest on the Offered Bonds will constitute a preference item under section 57(a)(5) of the Code for purposes of computation of the alternative minimum tax imposed on certain individuals and corporations under section 55 of the Code.

Bond Counsel has not opined as to other federal tax consequences of holding the Offered Bonds. However, prospective purchasers of the Offered Bonds should also be aware that: (i) section 265 of the Code generally denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Offered Bonds and, in the case of a financial institution, that portion of the holder's interest expense allocated to the Offered Bonds; (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for losses incurred by 15 percent of the sum of certain items, including interest on the Offered Bonds; (iii) interest on the Offered Bonds earned by certain foreign corporations doing business in the United States could be subject to a foreign branch profits tax imposed by section 884 of the Code; (iv) passive investment income, including interest on the Offered Bonds, may be subject to federal income taxation under section 1375 of the Code for an S Corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S Corporation is passive investment income; (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Offered Bonds; and (vi) receipt of investment income, including interest on the Offered Bonds, may, pursuant to section 32(i) of the Code, disqualify the recipient thereof from obtaining the earned income credit provided by section 32(a) of the Code. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Offered Bonds may affect the tax exempt status of interest on the Offered Bonds or the tax consequences of ownership of the Offered Bonds. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Offered Bonds from gross income for federal income tax purposes. Holders should consult their own tax advisors with respect to any of the foregoing tax consequences.

Interest on the Offered Bonds includes any accrued original issue discount. Generally, original issue discount with respect to an Offered Bond is equal to the excess, if any, of the stated redemption price at maturity of such Offered Bond over the initial offering price at which price a substantial amount of all such Offered Bonds with the same maturity were sold (other than to underwriters and other intermediaries). Original issue discount accrues actuarially over the term of an Offered Bond and results in a corresponding increase in the holder's tax basis in such Offered Bond. Holders should consult their own tax advisors with respect to the computation of original issue discount during the period in which any such Offered Bond is held.

An amount equal to the excess, if any, of the purchase price of an Offered Bond over the principal amount payable at maturity generally constitutes amortizable bond premium. The required amortization of such premium during the term of an Offered Bond will result in reduction of the holder's tax basis in such Offered Bond. Such amortization also will result in reduction of the amount of the stated interest on the Offered Bond taken into account as interest for tax purposes. Holders of Offered Bonds purchased at a premium should consult their own tax advisors with respect to the determination and treatment of such premium.

Interest paid on tax exempt obligations such as the Offered Bonds is now generally required to be reported by payors to the Internal Revenue Service ("IRS") and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the Bond owner fails to provide the information required on IRS Form W 9, Request for Taxpayer Identification Number and Certification, as ordinarily would be provided in connection with establishment of a brokerage account, or the IRS has specifically identified the Bond owner as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Offered Bonds from gross income for federal tax purposes.

Massachusetts Tax Matters

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

On the date of delivery of the Offered Bonds the original purchasers will be furnished with the opinion of Bond Counsel substantially in the applicable form included in APPENDIX D.

UNDERWRITING

The Offered Bonds are being purchased by Morgan Stanley & Co. LLC, as representative of the underwriters listed upon the front cover of this Official Statement (collectively, the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase all of the Offered Bonds at an aggregate underwriting fee equal to $1,319,585.89. The initial public offering prices of the Offered Bonds set forth on the inside front cover page hereof may be changed without notice by the Underwriters. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing the Offered Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower than or yields higher than the offering prices or yields set forth on the inside front cover page hereof.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Issue J Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Issue J Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the underwriters of the Offered Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bonds that such firm sells.

RATINGS

At the time of issuance, the Offered Bonds are expected to be rated "AA" by S&P and "A" by Fitch. Assignment of such ratings and underlying ratings to the Offered Bonds is a precondition to delivery of the Offered Bonds. See "RISK FACTORS — Effect of Ratings."

Such ratings reflect only the views of each rating agency at the time such ratings were given and the Authority makes no representation as to the appropriateness of the ratings. An explanation of the significance of such ratings can only be obtained from the rating agency furnishing the same. There is no assurance that a particular rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of Fitch or S&P, as the case may be, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Offered Bonds or on the existence of a secondary market for the Offered Bonds. The ratings are not a recommendation to buy or sell the Offered Bonds, and are not a comment as to the suitability of the Offered Bonds for any investor.

NEGOTIABLE INSTRUMENTS

Pursuant to the Act, the Offered Bonds are negotiable instruments, subject only to the provisions for registration of the Issue J Bonds.

COMMONWEALTH NOT LIABLE ON BONDS

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

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the SEC (the "Rule"), the Authority will enter into a continuing disclosure agreement, with respect to the Series of the Offered Bonds (a "Continuing Disclosure Agreement") with the Trustee for the benefit of owners of such Series of the Offered Bonds setting forth the undertaking of the Authority regarding continuing disclosure with respect to such Bonds. The proposed form of the Continuing Disclosure Agreement is set forth in APPENDIX E. The Authority has not failed to comply with any previous undertaking to provide annual reports or notices of material events in accordance with the Rule.

AVAILABILITY OF FINANCIAL AND OTHER AUTHORITY INFORMATION

The financial statements of the Authority as of and for the years ended June 30, 2011 and June 30, 2010 included in APPENDIX A of this Official Statement have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing in APPENDIX A of this Official Statement.

Such financial statements include information with respect to the Authority Loan Program generally, and with respect to Authority programs which are unrelated to education lending, as well as with respect to the Loan Program. Since the Offered Bonds are special obligations of the Authority, payable only from the Revenues and other Loan Program assets pledged under the Issue J General Resolution, the overall financial status of the Authority, or that of the Authority Loan Program, does not indicate and does not necessarily affect whether the Revenues and other assets so pledged will be sufficient to fund the timely payment of principal installments, premium, if any, and interest on the Offered Bonds. **See "SECURITY FOR THE ISSUE J BONDS AND SOURCES OF PAYMENT."**

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

The Authority has covenanted in the Issue J General Resolution to make periodic Issue J Loan Portfolio information publicly available no less frequently than quarterly. Such information will include operating data substantially of the type described under "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012." The Authority reserves the rights, however: (i) to alter the format in which such periodic information is presented; and (ii) to make such periodic information available either by posting as part of, or in the same manner as, annual reports filed pursuant to the Continuing Disclosure Agreement described in APPENDIX E to this Official Statement or, subject to compliance with such Continuing Disclosure Agreement, by posting on a publicly accessible website. See "CONTINUING DISCLOSURE."

The Authority currently follows a practice of regularly releasing certain information concerning the portfolios of education loans included in certain of its trust estates, including the Issue J trust estate, and concerning its overall education loan financing program, by posting such information on a publicly accessible Internet web site maintained by or on behalf of the Authority for such purpose. Such information is currently posted to www.mefa.org. Such information may include some or all of the information described under "APPENDIX F — ISSUE J LOAN PORTFOLIO AS OF MARCH 31, 2012" and may include other factual information concerning the education loans or the Authority's education loan financing program that the Authority believes to be appropriate. The Authority reserves the rights: (i) to alter or discontinue this policy at any time without notice; and (ii) to satisfy contractual secondary market disclosure obligations with respect to the Issue J Bonds in part by reference to information that is posted in this manner without thereby becoming contractually obligated to continue releasing such information in this manner. See "CONTINUING DISCLOSURE."

FINANCIAL ADVISOR

Samuel A. Ramirez and Company, Inc. ("Ramirez") has acted as an independent financial advisor to the Authority with respect to certain aspects of the transactions described herein. Ramirez is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or adequacy of the information contained in this Official Statement and the appendices hereto. Ramirez is a registered municipal broker-dealer but is not an underwriter of, or a member of any underwriting syndicate or selling group with respect to, the Offered Bonds.

MISCELLANEOUS

The references to the Act, the Resolution, the Servicing Agreements, the MEFA Loan Program and the MEFA Program Documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made thereto for full and complete statements of such and all provisions. The agreements of the Authority with the holders of the Offered Bonds are fully set forth in the Resolution, and neither any advertisement of the Offered Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Offered Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Authority.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

By: /s/ Thomas M. Graf
Executive Director

Dated: June 1, 2012

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY

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Massachusetts Educational Financing Authority

Financial Statements with Management's Discussion and Analysis
June 30, 2011 and 2010

Massachusetts Educational Financing Authority
Index
June 30, 2011 and 2010

Page(s)

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Report of Independent Auditors

To the Members of the Agency
Massachusetts Educational Financing Authority:

In our opinion, the accompanying balance sheets and the related statements of revenues, expenses and changes in net assets and of cash flows present fairly, in all material respects, the financial position of the Massachusetts Educational Financing Authority (the "Authority") at June 30, 2011 and 2010, its revenues, expenses and changes in net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Management's Discussion and Analysis on pages 2 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplemental information on pages 41 through 48 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

January 19, 2012

INTRODUCTION

This discussion and analysis of the financial position and performance of the Massachusetts Educational Financing Authority (the "Authority") is intended to provide an introduction and analytical overview of the basic financial statements of the Authority on a comparative basis for the fiscal years ended June 30, 2011 and 2010. This unaudited management's discussion and analysis should be read in conjunction with the attached audited financial statements and the notes thereto in its entirety.

The Authority is a body politic and corporate, constituting a public instrumentality of the Commonwealth of Massachusetts (the "Commonwealth"), which was established pursuant to Chapter 803 of the Acts of 1982, as amended, to assist the Commonwealth's institutions of higher education, students and families in the financing and refinancing of the costs of higher education, and through this process to support the economic development of the Commonwealth. The Authority has established a number of proprietary, unsecured consumer loan programs for this purpose, including fixed and variable rate, undergraduate, graduate, credit-worthy and need-based loans.

Since inception, the Authority has originated loans in cooperation with participating non-profit independent and public colleges and universities and other sponsors, if any, designated from time to time by the Authority, in accordance with common criteria and procedures. The programs are funded using proceeds from Educational Loan Revenue Bonds issued by the Authority (the "Bonds"). The primary goal of these programs is to provide education loans to eligible students and families which will assist them with the cost of attendance at eligible higher education institutions within the Commonwealth and beyond.

In addition to the proprietary, unsecured consumer loan programs, the Authority began participating in the Federal Family Education Loan Program (the "FFELP") in July 2002. The FFELP is a federal program that allows undergraduate and graduate borrowers at eligible postsecondary schools to obtain low cost education loans. Effective July 1, 2010 new legislation eliminated the ability to provide new loans under FFELP and requires that all new federal loans are to be made through the Direct Loan Program which is administered by the Federal Government. The new law did not affect the terms and conditions of existing FFELP loans originated by the Authority. The Authority previously offered five types of loans in the FFELP: Subsidized Stafford, Unsubsidized Stafford, Parent Loan for Undergraduate Students (PLUS), Graduate and Professional Students and Consolidation Loans. The interest rate charged to the borrower varies based upon the type of loan and the regulations in effect at the time the loan was originated. The FFELP is also funded using proceeds from the Bonds or Notes. As part of the FFELP, the U.S. Department of Education (the "ED") makes special allowance payments that could result in the loan yield to the lender being higher than the rate charged to the borrowers. Beginning with disbursements on or after April 1, 2006, the ED requires lenders to make payment on their individual FFELP portfolios to the ED for the difference when the rate to the borrower is in excess of the stated lender yield for that particular FFELP program. The lender yield is variable and not dependent on whether the underlying loan to the borrower is fixed or variable. The amount of special allowance payments is based upon the type of loan and regulations in effect at the time of origination.

The Bonds, which are issued under various resolutions, are special obligations of the Authority, which has no taxing power, payable solely from the revenues and the funds and accounts established and pledged under the Resolution. No revenues or other assets of the Authority are available to fund payment of the Bonds except as expressly provided by the Resolution. Neither the Commonwealth of Massachusetts nor any political subdivision thereof is or shall be obligated to pay the principal or redemption or purchase price of and interest on the Bonds, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. The Authority has the same exemption as the Commonwealth (under I.R.S. Code, Section 115) from filing and/or paying federal income taxes.

In addition to the loan programs, the Authority offers two college savings programs: The U.Plan: The Massachusetts Tuition Prepayment Program (the "U.Plan") and the U.Fund College Investing Plan (the "U.Fund"). The U.Plan, launched in February 1995, is a pre-paid tuition program that permits saving for a named beneficiary's undergraduate tuition and mandatory fees at participating Massachusetts colleges and universities in a manner designed to preserve the purchasing power of savings. The U.Fund, launched in March 1999, is a tax-advantaged method of saving for higher education costs (under I.R.S. Code, Section 529) generally through investment vehicles such as stock, bond and money market mutual funds. These funds are professionally administered and managed by Fidelity Investments (an unrelated party) on behalf of the account owners and are accordingly not a component of these financial statements. Proceeds earned by program participants through investing in the U.Fund are available to pay for costs of higher education nationwide.

USING THE FINANCIAL STATEMENTS

The key to understanding the financial position and changes in the Authority's finances from year to year are presented in the Balance Sheet, Statement of Revenue, Expenses, and Changes in Net Assets and the Statement of Cash Flows. These statements present financial information in a form similar to that used by other not-for-profit organizations and private corporations.

The Balance Sheet includes all assets and liabilities of the Authority. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned or in certain instances received, and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

The Statement of Revenue, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. All activities of the Authority are reported as either operating or non-operating. Operating activities are those that support the mission and purpose of the Authority. Non-operating activities represent transactions that are primarily investing, legislative or regulated in nature.

The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital and non-capital financing and investing activities. Cash flow information is an important factor to consider when evaluating financial viability and the Authority's ability to meet financial obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority maintains its accounts and prepares its financial statements in accordance with the accounting principles generally accepted in the United States of America, as set forth by the Governmental Accounting Standards Board ("GASB"). The financial records of the Authority are maintained on an accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been incurred. The notes to the financial statements explain the financial statements and the accounting principles applied. The Authority's financial statements have been audited by PricewaterhouseCoopers LLP, as independent auditors.

FISCAL YEAR DEVELOPMENTS

At June 30 2011, the Authority had outstanding $283M in auction rate certificates (ARC). With a decline in investor demand for both taxable and tax-exempt securities, the weekly, monthly and annual auctions failed in February of 2008 and remain in this status at June 30, 2011. The failure of the auctions does not constitute a default on the bonds and all principal and interest due has been paid to date. With the occurrence of a failed auction, the bondholders are entitled to receive a maximum rate of interest as described in the related bond documents. The formulaic maximum rate is greater than the historical market rates achieved through the successful auctions prior to the failures. The Authority continues to evaluate the strategic options to restructure or refinance the auction rate securities to continue providing liquidity to the auction rate investors and mitigate the earnings compression for the outstanding trust estate.

Effective July 1, 2010, law H.R. 4872, which included SAFRA, eliminated the ability to provide new loans under FFELP and requires that all new federal loans are to be made through the Direct Loan Program which is administered by the Federal Government. The new law did not affect the terms and conditions of existing FFELP loans originated by the Authority. No assurance can be given that relevant federal laws, including the Higher Education Act, will not be further changed in the future in a manner that might adversely affect the Authority.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. This legislative act provides for broad and sweeping reform to legislate the financial services industry. Several components of the legislation may have an impact on the Authority's business operations such as the new Consumer Financial Protection Bureau and the new requirements for the securitization of student loans. The impact is likely to be similar to those for other financial services companies substantially engaged in consumer lending and will depend significantly on the implementing regulations. Management will continue to monitor the evolution of the final regulations.

In April of 2011, the Authority was advised by the Financial Institution Oversight Service ("FIOS") of the federal Department of Education (the "Department") that a program review of the Authority's participation during the Authority's fiscal year 2007 in the Federal Family Education Loan Program ("FFELP"), which was performed in August 2010, had resulted in a preliminary finding that a certain contract that the Authority had entered into with a third party for marketing and administrative services contained "prohibited inducements" within the meaning of the federal Higher Education Act. The FIOS program review was initiated in response to information included in a report filed with the Department by the Authority's independent auditor, in accordance with FFELP requirements. The contract in question was entered into in calendar year 2003 and terminated in calendar year 2008. The Authority ceased financing additional Authority FFELP Loans in 2008 in response to federal statutory changes and to capital market conditions. Subsequent federal legislation has terminated FFELP loan origination nationally. In connection with its preliminary finding, FIOS requested certain information from the Authority regarding this and two other contracts between the Authority and the same third party. The Authority has responded to the preliminary FIOS finding by providing the requested information, indicating its disagreement with the preliminary finding and urging FIOS to reconsider the finding. These proceedings are in an early stage and there can be no assurance as to their outcome. Although the possibility exists that the Department may seek to impose a monetary penalty upon the Authority, the Department has not at this time advised the Authority of any intent to do so, of the potential amount of any such monetary penalty or of any intent to impose another sanction.

From time to time bills affecting government operations generally are filed in the legislature that could, if enacted and implemented in such a way as to apply to the Authority, have an impact on the Authority. On June 9, 2011, the Massachusetts Senate approved a bill, which, if enacted, would extensively modify the Commonwealth's finance laws and practices. The bill establishes a performance management system across state government and requires the Executive Branch to detail efforts made to curb personnel costs. Among other things, the bill contemplates regular assessment of the efficacy of government programs. One section of the bill includes provisions that would start the process of creating a mechanism for scheduled performance reviews of the Commonwealth's numerous public agencies, authorities and advisory committees, including the Authority. The bill contemplates the establishment of an advisory commission to propose a schedule for the review and possible consolidation, transfer, improvement, continuation and/or abolition of existing programs and entities. Subsequent legislative action would be required to implement the recommendations of the advisory commission. This section of the bill includes language expressly providing that, in the case of any transfer of functions or abolition of an entity with outstanding bonds, an appropriate agency or authority will be designated to carry out the covenants contained in the bond documents. There can be no assurance as to whether, when or in what final form the bill may be enacted.

FINANCIAL HIGHLIGHTS

In the financial operations of the Authority, there are principal operating and non-operating components that make up a significant portion of the overall activities. During FY2011, under the loan programs, the Authority disbursed \$173M in private loans, an increase of 18% from \$147M in private loan disbursements during FY2010. For the U.Plan program, the Authority had \$11.5M of matured tuition certificates on its financial statements as a liability to program participants at June 30, 2011, an increase of 10% from FY2010. In the U.Fund, net assets continued to increase 23% during FY2011 combined with an 18% increase in FY2010. Contributions to the U.Fund also increased by 12% in both FY2011 and FY2010. The principal operating revenues for the Authority continue to be interest on education loans. Non-operating revenues are primarily composed of investment income and Treasury regulations yield restriction income. The principal operating expenses are bond interest expense and general and administrative costs. Non-operating expenses are primarily composed of state program contributions.

The total net assets of \$116.1M at the end of 2011 represented a 13% increase from the beginning of the fiscal year. This increase was the result of the following principal operating and non-operating activities at the Authority. Interest income on education loans was \$78.9M and represents 77% of total revenues in what continues to be a challenging consumer credit environment. Interest expense on bonds outstanding, was \$62.9M, or 71% of total expenses. Non-operating expenses decreased to \$1M as the Authority recorded income of \$1.7M in loan yield restriction in FY2011 versus an expense of \$2.3M during FY2010. Investment interest income was \$1.2M, with assets continuing to be invested in a portfolio of vehicles providing short-term flexibility and principal protection. The Authority's general and administrative expenses decreased to $16.8M in 2011 and represented 19% of the total operating expenses. The Authority also purchased in lieu of redemption approximately $55M in outstanding auction rate bonds during FY2011 resulting in a gain of $13M. Based on these operating and non-operating activities, the Authority reflected an increase in net assets for the fiscal year of $13.6M to $116.1M.

OPERATING AND NON-OPERATING RESULTS

The following illustrates the comparative results of total revenues from fiscal years ended June 30, 2011, 2010 and 2009, respectively:

(in thousands)

		2011		2010		2009
Operating revenues						
Interest on educational loan notes receivable	$	78,854	$	73,612	$	78,890
Non-interest revenues		7,296		8,981		9,935
Total operating revenues		86,150		82,593		88,825
Non-operating revenues		2,985		7,013		10,965
Special items		13,003		2,647		7,310
Total revenues	$	102,138	$	92,253	$	107,100

Total revenues for the Authority were $102M in FY2011. Interest income on education loan notes receivable increased by 7% from FY2010, representing 92% of operating revenues. The Authority recognized an 18% increase to $173M in new loans disbursed during FY2011 from $147M during FY2010. Non-interest revenues, which are comprised of loan origination fees and college savings plan revenues, were $7.3M in FY2011, a decrease of 19% from FY2010. Loan origination fees remained consistent at $2M in FY2011 and represented 26% of non-interest revenues during FY2011. College savings plan revenues decreased by 4% to $3.9M in 2011 and represent approximately 54% of non-interest revenues during FY2011. Other non-interest operating revenues were $1.4M in FY2011, a decrease of 50% from FY2010, and were 20%, 32% and 13% of non-interest revenues over the three years presented. This decrease was related to the completion of a grant process that supported the infrastructure build out of an expanded outreach program at the Authority,

Non-operating revenues were $3M, a 57% decrease from FY2010. As the Federal Reserve maintained its interest rate policies related to the macro-economic environment, the nominal level of interest rates remained suppressed in FY2011. The investment portfolio reacted accordingly and produced $1.2M in interest and dividend income in FY2011, a decrease of 79% from FY2010. In FY2011, the interest and dividend income includes $357K related to the fair value measurement adjustment of one ineffective derivative instrument that matured during FY2011. The Trustee investment income decreased by 80% to $1.1M as cash was converted into higher yielding loan assets and the Authority and college savings investment income decreased 50% to $98K as the investment strategy related to principal protection was maintained. Interest and dividend income was 40%, 79% and 76% of non-operating revenues for the years ended June 30, 2011, 2010 and 2009, respectively. Arbitrage rebate estimates for the tax-exempt bond portfolio resulted in $70K in income for FY2011 as compared to $366K in income in FY2010.

In FY2011 there was $13M in special items for the Authority compared to $2.7M in FY2010. In FY2011, approximately $55M in outstanding auction rate bonds were purchased in lieu of redemption resulting in a gain on the retirement of debt of $13M recognized immediately. In FY2010, approximately $423M in outstanding auction rate bonds were purchased in lieu of redemption resulting in a net gain on the retirement of debt totaling $49M. Of this amount, $5.4M was recognized immediately as a special item revenue and $44M was deferred and will be recognized over the remaining life of the new debt in accordance with GASB 23. Offsetting the $5.4M in special item gains in FY2010 was a $2.7M expense related to the negotiated settlement of the effective swaps at fair value in accordance with GASB 23.

The following illustrates the comparative results of total expenses from fiscal years ended June 30, 2011, 2010 and 2009, respectively:

(in thousands)

	2011	2010	2009
Operating expenses			
Interest expense on bonds outstanding	$ 62,877	$ 76,491	$ 85,063
Non-interest expenses	24,649	25,321	27,254
Total operating expenses	87,526	101,812	112,317
Non-operating expenses	1,000	3,856	3,732
Total expenses	$ 88,526	$ 105,668	$ 116,049

For the year ending June 30, 2011, expenses totaled $88.5M. Interest expense for bonds outstanding decreased by 18% from FY2010 and decreased to 72% of operating expenses in FY2011 compared to 75% in FY2010. The $13.6M decrease in bond interest expense is primarily due to the decrease in interest rate swap payments that are no longer required due to the negotiated settlement of the swap portfolio in FY2010. With the last outstanding swap payment made on January 1, 2011 there are no interest rate swap agreements outstanding at June 30, 2011. The decrease in the bond interest expense is also due to the 8% decrease in bonds payable during FY2011.

Non-interest operating expenses have decreased by 3% in FY2011. Deferred financing amortization expense decreased by $1.3M to $2.3M in FY2011 as compared to the FY2010 results which included a non-recurring accelerated amortization related to the retirement of debt. Bond insurance expense decreased $482K, or 40%, related to the reduction in bonds outstanding that are insured. General and administrative expenses decreased 1% in FY2011 as savings of 8% in personnel and 21% in marketing expenses offset an increase in loan program related expenses.

These decreases in non-interest operating expenses were offset by the following increases in expenses in FY2011. In FY2011 there was an increase of 45% in the expense for the provision for doubtful educational loan notes receivable to $4.2M from $2.9M in FY2010 (see Note 5) and $6.3M in FY2009, representing 17%, 12%, and 23% of the total non-interest operating expenses for each year presented. Loan program administrative fees increased 7% in FY2011 driven by the increase in loans outstanding that are in repayment and broker dealer expenses increased by $286K or 151% due to the non-recurring recovery of $733K in broker dealer fees during FY2010.

Non-operating expenses decreased to $1M in FY2011 as the Authority recorded income of $1.7M in loan yield restriction in FY2011 versus an expense of $2.3M during FY2010. FY2011 non-operating expenses are related solely to the Authority's continued payments to the Commonwealth for program and administrative expenditures for higher educational services to Massachusetts students that began in FY2009. As a result of these operating and non-operating activities during FY2011, total expenses for the Authority decreased by 16% from the prior year.

CHANGE IN NET ASSETS

The following illustrates the comparative results of increases in net assets from fiscal years ended June 30, 2011, 2010 and 2009, respectively:

(in thousands)

	2011	2010	2009
Operating revenues	$ 86,150	$ 82,593	$ 88,825
Operating expenses	87,526	101,812	112,317
Operating loss	(1,376)	(19,219)	(23,492)
Non-operating revenues	2,985	7,013	10,965
Non-operating expenses	1,000	3,856	3,732
Non-operating income	1,985	3,157	7,233
Special items	13,003	2,647	7,310
Increase (decrease) in net assets	$ 13,612	$ (13,415)	$ (8,949)

The operating loss decreased by $18M, or 93%, to $1.4M for the year ending June 30, 2011. For FY2011 the operating revenues increased 4% as interest on education loan notes increased by $5.2M. The operating expenses in FY2011 decreased by 14%, or $14.3M, continuing the FY2010 reduction in expenses of 9%. The decrease in expense was driven by an 18% reduction in bond interest expense.

Non-operating income decreased 37% in FY2011. Related to non-operating revenues, the Authority maintained an investment strategy of short-term flexibility and principal protection. With the Federal Reserve maintaining its low interest rate policies, and the Authority successfully converting cash into higher yielding loan assets, the investment income appropriately reflected a 79% decrease to $1.2M in FY2011 from $5.5M in FY2010, including the fair value change related to the ineffective swap of $357K. Other non-operating income included $1.7M related to the annual change in estimate for the Treasury regulations yield restriction on tax-exempt financed loan portfolio assets compared to an expense of $2.3M in FY2010. Also, the Authority continued the payments to the Commonwealth, $1M in FY2011 compared to $1.6M in FY2010, for program and administrative expenditures related to higher educational services to Massachusetts students that began in FY2009.

Special items increased to $13M in FY2011, related to a gain on the cash purchase in lieu of redemption of outstanding auction rate debt of $55M. As a result of these activities, the net assets increased $13.6M during FY2011. Offsetting the $5.4M in special item gains from the purchase in lieu of redemption of outstanding auction rate debt in FY2010 was a $2.7M expense related to the negotiated settlement of the effective swaps at fair value due to the fact that cash, and not bond proceeds, was utilized.

The trend in the change in net assets during FY2009 and FY2010 was materially impacted by the implementation of GASB 53 and the resulting change of the financial statements to reflect the fair value of the derivative instruments utilized by the Authority. As the Authority retired certain hedged auction rate bonds, primarily at a discount, over this time period, the associated swap was deemed to be a hybrid instrument or completely ineffective. With these classifications, the ineffective fair value was recognized as an offset to investment income in the amount of $708K and $7.3M in fiscal years June 30, 2010 and 2009, respectively. This cumulative adjustment of $8M for the prior two years represents 91% of the cumulative net decrease in net assets for the three years illustrated above.

FINANCIAL POSITION

The following table reflects the condensed Balance Sheet at June 30, 2011 compared to the prior fiscal years ended 2010 and 2009. The Balance Sheet presents the financial position and financial strength of the Authority at the end of the fiscal year and includes all of the assets and liabilities of the Authority with the residual being classified as net assets.

(in thousands)

	2011	2010	2009
Assets			
Education loan notes receivable	$ 1,435,584	$ 1,386,568	$ 1,350,255
Cash and investments	312,129	477,202	850,249
Other assets	65,326	80,398	105,096
Total assets	1,813,039	1,944,168	2,305,600
Liabilities			
Bonds payable	1,610,069	1,757,760	2,072,967
Accrued bond interest payable	29,470	29,085	33,079
Other liabilities	57,422	54,857	83,673
Total liabilities	1,696,961	1,841,702	2,189,719
Net assets			
Invested in capital assets	2,164	2,381	1,941
Restricted	89,222	74,334	85,493
Unrestricted	24,692	25,751	28,447
Total net assets	$ 116,078	$ 102,466	$ 115,881

The total net assets were $116.1M at June 30, 2011, an increase of $13.6M, or 13%. Education loan notes receivable increased by 4% from FY2010 to $1,436M at June 30, 2011 due to the increase in new loan disbursements during the year. The three-year ratio trend of education loan note receivables to total assets was 79%, 71% and 59% at June 30, 2011, 2010 and 2009, respectively. The key components for these ratio changes was that cash and investments decreased 35% in FY2011 due to the $173M in new loan disbursements during FY2011 and total bond redemptions of $145M, including $55M of auction rate debt, for an overall decrease in bonds payable of 8% including unamortized premiums. Other assets decreased 19% primarily due to the classification of $10.9M in interest receivable which resided in other assets when loans were in deferment and moved to Educational loan notes receivable as loans entered repayment. Accrued bond interest payable increased slightly by 1% due to Issue I2010's accrual representing a full term of interest at June 30, 2011 versus a partial term from the closing date at June 30, 2010. Other liabilities increased by 5% primarily due to a $4.9M increase in deferred loan origination and other fees as a result of the new loan disbursements referred to above.

The Authority, as discussed above, continued managing to its long-term capital plan during FY2011 and did not execute any capital markets transactions as the balance sheet included funds available for new originations through June 30, 2011. During FY2010, accrued bond interest payable decreased by 12% due primarily to the decrease in bonds outstanding. Also in FY2010, other liabilities decreased by 34% due to the negotiated settlement of $36.9M in swap fair value liabilities during the year.

Within net assets, 79% is comprised of invested in capital assets and those assets that are restricted through bond resolutions and program specific regulations. Restricted assets increased by 20% over the prior year as the special item gain was recognized in the Trusts and unrestricted net assets decreased by 4% as the Authority continued investing in capital assets related to long term business goals.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents information showing how the Authority's cash and cash equivalents position changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments as resulting from operating activities, capital and related financing activities, and investing activities. Cash and cash equivalents were $254.9M, $402.2M, and $405.6M at June 30, 2011, 2010 and 2009, respectively. This cash ending balance reflects the net activity of raising proceeds in the capital markets, disbursing that cash into education loans and collecting the loan payments over the assets' life to pay debt service and operating expenses. Subsequent to June 30, 2011, the Authority obtained $103M of cash proceeds through a capital markets transaction executed in July 2011 to supplement existing loan disbursement proceeds for academic year 2011/2012.

EDUCATIONAL LOAN NOTES ALLOWANCE ANALYSIS

As of and for the years ending June 30, 2011, 2010 and 2009, respectively, the activity for the Authority's Education Loan Notes Allowance for Doubtful Accounts was as follows:

(in thousands)

Education Loan Note Defaulted Loans Provision

	FY2011	FY2010	FY2009
Allowance at beginning of period	$25,953	$23,022	$16,765
Provision for Education Loan Losses	$4,240	$2,931	$6,257
Allowance at end of period	$30,193	$25,953	$23,022
Gross Loan Defaults	$21,721	$21,673	$16,798
Recoveries	$7,436	$6,285	$5,125
Net Loan Defaults	$14,285	$15,388	$11,673
Net Loan Defaults as a percentage of average loans in repayment	1.33%	1.59%	1.34%
Allowance multiple of Average Non-Current Loans in Repayment (90+ days)	1.22	1.12	1.28
Allowance as a percentage of the ending total loan balance	2.13%	1.88%	1.70%
Allowance as a percent of ending loans in repayment	2.68%	2.56%	2.57%
Ending total loans, gross	$1,417,877	$1,380,701	$1,358,222
12 Month Average in repayment	$1,075,247	$967,143	$872,112
Ending loans in repayment	$1,128,225	$1,012,057	$896,206
12 Month Average 90+ Days delinquent	$24,726	$23,268	$17,970
90+ Days delinquent % of Avg Repayment	2.30%	2.41%	2.06%

The Authority purchases proprietary, unsecured consumer loans from participating institutions at the original principal amount of the note less the applicable origination fee for the loan based on the program from which the loan was issued. The Authority historically originated FFELP loans at the principal amount of the note plus any benefit offered to borrowers impacting the origination fee due to the federal government but did not originate new loans in fiscal years 2011, 2010 and 2009.

The Authority uses loan modifications to assist private loan borrowers demonstrating a need for temporary payment relief during difficult economic times. The loan modification plans in place temporarily reduces the borrower's monthly payment for up to a two year period without changing the original loan term or interest rate. As of June 30, 2011, the total principal balance outstanding of loans in a modification status was $74M, or 5% of all loans outstanding. At June 30, 2011, these modified loans were 93% current, defined as less than 30 days past due, in regards to monthly payments received under the modified terms.

During FY2011, the Authority continued its methodology for estimating the allowance for doubtful accounts. The defaulted loans provision for doubtful accounts increased $4.2M to $30.2M in FY2011 and $2.9M to $26.0M in FY2010. The amount of loans in repayment increased by $116M, or 11%, in FY2011 and increased $116M, or 13% in FY2010. The amount of loans in deferment at June 30, 2011 decreased by 21% to $288M, or 20% of gross education loan receivables. The amount of loans in deferment at June 30, 2010 decreased by 20% to $367M, or 27% of gross education loan receivables. Approximately $4.0M of the defaulted loan provision allowance is allocated to education loans in deferment in FY2011 and approximately $4.3M in FY2010 and $4.7M in FY2009 of the defaulted loan provision allowance is allocated to education loans in deferment. The methodology for the defaulted loan allowance is derived from historical information based on the loan portfolios performance to achieve the current estimated net realizable value of the outstanding education loan notes.

DEBT ADMINISTRATION

As of June 30, 2011, the Authority had $1.6B of principal debt outstanding representing an 8% decrease from the 2010 fiscal year. All of the Authority's outstanding debt is rated by the nationally recognized rating agencies. The Issue E indenture is insured by Ambac Assurance Corporation and has published ratings without credit to the insurer of AA by S&P, AA by Fitch and Aa3 by Moody's, the FRN indenture is not insured and is rated AA+ by S&P, Aaa by Moody's, and AAA by Fitch, the Issue H indenture is insured by Assured Guaranty and has published ratings without credit to the insurer of AA by S&P and A1 by Moody's and the Issue I indenture is not insured and has published ratings of AA by S&P and A by Fitch. The following is the segmentation of the bonds' outstanding portfolio:

- Fixed rate tax-exempt revenue bonds that were issued to fund fixed rate loans represents 69% of the outstanding bond portfolio (increase from 66% in FY2010 and 50% in FY2009)
- One-year tax-exempt auction rate bonds that were issued to fund the one-year variable rate loans accounted for 5% of the outstanding bond portfolio (increase from 4% in FY2010 and FY2009)
- 35 day tax-exempt auction rate bonds that were issued to fund FFELP loan products and variable rate private loans were 3% of the outstanding bond portfolio (no change from 3% in FY2010 and a decrease from 22% in FY2009)
- 28 day taxable auction rate bonds that were issued to fund variable rate private loans were 9% of the outstanding bond portfolio (decrease from 11% in FY2010 and 10% in FY2009)
- 7 day taxable auction rate bonds that were issued to fund variable rate private loans were 1% of the outstanding bond portfolio (no change from FY2010 and FY2009)
- Floating Rate Notes indexed to Libor that were issued in 2008 to fund existing FFELP loan products represent 13% of the outstanding bond portfolio (decrease from 14% in FY2010 and 13% in FY2009)

The Authority uses interest rate exchange agreements to provide a cap on the variable rate bonds interest rate. The use of derivatives has multiple risks inherent in their overall structure. Such risks include credit risk, basis risk, termination risk, origination risk, tax risk and prepayment risk. To mitigate some of the risks, the Authority implemented credit support annexes and limited the option of termination by the counterparties to defined events in the International Swap Dealers Association ("ISDA") agreements. At June 30, 2011, the Authority had outstanding $210M in notional derivative products, a decrease of $41M from FY2010, composed of tax-exempt and taxable bonds with a cap on the variable interest rate.

CAPITAL ASSETS

For the year ended June 30, 2011, the Authority had $2.2M invested in capital assets. This amount represents a net decrease (additions, disposals and depreciation) of $217K in such assets. The following reconciliation summarizes the change in capital assets. The Authority purchased $586K of new capital assets during FY2011 which were primarily related to computer software development projects associated with the ongoing development and implementation of the college web portal.

(in thousands)

	2011	2010	2009
Beginning balance, net	$ 2,381	$ 1,941	$ 1,857
Additions	586	1,077	675
Disposals	-	-	-
Depreciation	(803)	(637)	(591)
Ending balance, net	$ 2,164	$ 2,381	$ 1,941

FINANCIAL CONTACT

The Authority's financial statements are designed to present readers with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. If you have any questions regarding the report or need additional financial information, please contact MEFA at 160 Federal Street, 4th Floor, Boston, Massachusetts 02110.

Massachusetts Educational Financing Authority
Balance Sheets
As of June 30, 2011 and 2010
(in thousands)

		2011		2010
Assets				
Current assets				
Cash and cash equivalents (Notes 3 and 4)	$	149,274	$	113,856
Investments, at fair value (Notes 3 and 4)		28,452		46,599
Education loan notes receivable, net (Notes 5 and 10)		145,373		124,698
Interest receivable on educational loan notes		37,915		48,778
Prepaid expenses and other assets		2,788		3,702
Deferred financing costs, net (Notes 3 and 6)		800		762
Interest receivable for cash, cash equivalents and investments		28		45
Total current assets		364,630		338,440
Non-current assets				
Cash and cash equivalents (Notes 3 and 4)		105,670		288,357
Investments, at fair value (Notes 3 and 4)		28,733		28,390
Derivative Instruments – caps		2,776		3,314
Education loan notes receivable, net (Notes 5 and 10)		1,290,211		1,261,870
Prepaid expenses and other assets		3,231		3,531
Deferred financing costs, net (Notes 3 and 6)		15,624		17,885
Capital equipment, net of accumulated depreciation (Note 13)		2,164		2,381
Total assets	$	1,813,039	$	1,944,168
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	$	13,525	$	14,868
Bonds payable – current portion (Note 7)		24,333		11,372
Derivative Instruments - swaps		0		357
Certificates payable (Note 9)		4,802		5,371
Accrued bond interest payable		29,470		29,085
Deferred loan origination and other fees		1,933		1,755
Total current liabilities		74,063		62,808
Non-current liabilities				
Bonds payable – net of current portion (Note 7)		1,585,736		1,746,388
Deferred Inflow of Resources – caps		2,776		3,314
Deferred loan origination and other fees		33,247		28,370
Other liabilities		1,139		822
Total liabilities		1,696,961		1,841,702
Net assets				
Invested in capital assets		2,164		2,381
Restricted		89,222		74,334
Unrestricted		24,692		25,751
Total net assets		116,078		102,466
Total liabilities and net assets	$	1,813,039	$	1,944,168

The accompanying notes are an integral part of the financial statements.

Massachusetts Educational Financing Authority
Statements of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2011 and 2010
(in thousands)

	2011	2010
Operating revenues		
Interest on education loan notes receivable (Note 3)	$ 78,854	$ 73,612
Loan origination and other fees, net	1,916	2,034
College savings plan interest and fees	3,942	4,091
Other revenue	1,438	2,856
Total operating revenues	86,150	82,593
Operating expenses		
Bond interest expense	62,877	76,491
Bond insurance	725	1,207
Deferred financing costs, amortized	2,294	3,584
Provision for doubtful education loan notes receivable	4,240	2,931
Credit decision fees	375	337
General and administrative (Notes 3, 11, 12, and 13)	16,790	16,956
Other expense	225	306
Total operating expenses	87,526	101,812
Operating loss	(1,376)	(19,219)
Non-operating revenues/(expenses)		
Interest and dividends	1,193	5,541
Arbitrage rebate income	70	366
Increase of fair value of investments, net	0	1,106
Contributions to the Commonwealth (Note 14)	(1,000)	(1,600)
Yield restriction on education loan notes receivable	1,722	(2,256)
Net non-operating revenues	1,985	3,157
Increase (decrease) in net assets before special items	609	(16,062)
Special items		
Net special items related to the bond program (Note 15)	13,003	2,647
Total Increase (decrease) in net assets	13,612	(13,415)
Net assets, beginning of year	102,466	115,881
Net assets, end of year	$ 116,078	$ 102,466

The accompanying notes are an integral part of the financial statements.

Massachusetts Educational Financing Authority
Statements of Cash Flows
For the years ended June 30, 2011 and 2010
(in thousands)

	2011	2010
Cash flows from operating activities:		
Payments for disbursed loans	$ (172,856)	$ (147,241)
Payments received on outstanding loan principal	160,793	137,082
General and administrative payments	(16,525)	(19,906)
Interest received on education loans	57,670	50,406
Proceeds from other sources	5,331	6,972
Net cash provided by operating activities	34,413	27,313
Cash flows from non-capital financing activities		
Proceeds from issuance of bonds	0	409,411
Deferred financing costs	(70)	(3,928)
Bond interest paid	(64,702)	(81,054)
Principal payments on bonds payable	(145,481)	(740,012)
Contributions to the Commonwealth	(1,000)	(1,600)
Commitment fees refunded to participating schools	0	(1,212)
Gain on early retirement of bonds	13,003	5,346
Net deferred gain bond program activities	0	5,507
Net cash provided by (used in) non-capital financing activities	(198,250)	(407,542)
Cash flows from capital financing activities		
Purchase of capital equipment and software development	(586)	(1,077)
Net cash used in capital financing activities	(586)	(1,077)
Cash flows from investing activities		
Proceeds from maturity/sale of investments	104,171	498,696
Purchases of investments	(86,935)	(127,673)
Interest and dividends received on cash and investments	851	7,250
Arbitrage rebate payments	(933)	(330)
Net cash (used in) provided by investing activities	17,154	377,943
Net increase (decrease) in cash and cash equivalents	(147,269)	(3,363)
Cash and cash equivalents, beginning of year	402,213	405,576
Cash and cash equivalents, end of period	$ 254,944	$ 402,213

The accompanying notes are an integral part of the financial statements.

(in thousands)

Reconciliation of operating loss to net cash provided by (used in) operating activities	2011	2010
Operating loss	$(1,376)	$(19,219)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation expense	803	636
Provision for doubtful education loan notes receivable	4,240	2,931
Amortization of deferred financing costs	2,294	3,584
Bond interest expense	62,877	76,491
Changes in assets and liabilities:		
Education loan notes receivable, net	(51,194)	(37,413)
Deferred loan origination and other fees	5,054	3,933
Interest receivable on education loan notes	10,863	1,798
Accounts payable and accrued expenses	(362)	(4,564)
Prepaid expenses and other assets	1,214	(864)
Net cash provided by (used in) operating activities	34,413	$27,313

The accompanying notes are an integral part of the financial statements.

1. THE AUTHORITY

The Massachusetts Educational Financing Authority (the "Authority") is a body politic and corporate, constituting a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth"). The Authority was established as the Massachusetts College Student Loan Authority pursuant to Chapter 803 of the Acts of 1982, as amended (the "Act"), in recognition of the increasing costs of higher education, to assist students, their parents and institutions of higher education in the Commonwealth in financing, refinancing, and saving for the costs of such education.

In furtherance of the purposes of the Act, the Authority is engaged in loan purchase programs under which participating institutions originate loans, in accordance with common criteria and procedures, for sale to the Authority. The programs are carried out using proceeds from Education Loan Revenue Bonds and Auction Rate Securities (the "Bonds") (see Note 7). The programs incorporate the following features: prudent lending standards, fixed and variable rate loans, financing programs open concurrently to a number of educational institutions, including public, private and out-of-state, and various reserves established as security for the loan programs. A primary goal of the programs is to provide education loans on terms and conditions to finance the costs of attendance for as many families as possible at the not-for-profit institutions in the Commonwealth as well as Commonwealth residents attending higher education institutions out of the state. During FY2011, 100 Massachusetts and 375 out of state public and private not for profit institutions participated in the loan programs.

The Bonds, which are issued under various resolutions, are special obligations of the Authority, which has no taxing power, payable solely from the revenues and the funds and accounts established and pledged under the resolutions (principles upon which the bonds operate). No revenues or other assets of the Authority are available to fund payment of the Bonds except as expressly provided by the resolutions. Neither the Commonwealth of Massachusetts nor any political subdivision thereof is or shall be obligated to pay the principal or redemption or purchase price of and interest on the Bonds, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. The Authority has the same exemption as the Commonwealth (under I.R.S. Code, Section 115) from filing and/or paying federal income taxes.

In February 1995, the Authority, in cooperation with the Commonwealth and Massachusetts's colleges and universities, introduced the Massachusetts College Saving Program. With the introduction of a second College Savings program, the Massachusetts College Saving Program was further named The U.Plan: The Massachusetts Tuition Prepayment Program (the "U.Plan") as a means to distinguish between each of the Authority's two college savings programs. The U.Plan is a prepaid tuition program that permits individuals to save for a beneficiary's undergraduate tuition and mandatory fees at participating Massachusetts colleges and universities in a manner designed to preserve the purchasing power of an individual's savings.

In March 1999, the Authority, on behalf of the Commonwealth, introduced the U.Fund College Investing Plan (the "U.Fund"). The U.Fund is a tax-advantaged method of saving for higher education costs generally through investment vehicles such as stock, bond and money market mutual funds. Those funds are professionally administered and managed by Fidelity Investments (an unrelated party) on behalf of the owners of the funds and accordingly are not a component of these financial statements.

In July 2002, the Authority, introduced the Federal Family Education Loan Program (the "FFELP") as a means to complement the existing proprietary consumer loan products and enhance the potential borrowing options available to families attending educational institutions within the Commonwealth and residents of the Commonwealth who choose to attend college out of state. FFELP regulations require up-front origination fees be deducted from the proceeds of the student loans and remitted to the federal government. In the case of defaults on FFELP loans, the federal government guarantees to the participating lenders 98% of the principal and interest outstanding for those loans originated prior to July 1, 2006 and 97% for loans originated prior to the conclusion of the program by the Federal government on July 1, 2010.

Beginning with disbursements on or after April 1, 2006, the U.S. Department of Education (the "ED") is requiring lenders to make payment on their individual FFELP portfolios to the ED for the difference when the rate to the borrower is in excess of the stated lender yield for that particular FFELP program. As part of the FFELP, the ED makes special allowance payments that could result in the loan yield to the lender being higher than the rate charged to the borrowers. The lender yield is variable and not dependent on whether the underlying loan to the borrower is fixed or variable. The amount of special allowance payments is based upon the type of loan and regulations in effect at the time of origination.

2. BASIS OF PRESENTATION

Accounting and Reporting Standards

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB").

On July 1, 1995, the Authority adopted GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", under which it elected to apply all applicable GASB pronouncements as well as pronouncements issued on or before November 30, 1989 by the Financial Accounting Standards Board (FASB), unless those pronouncements conflict with or contradict GASB pronouncements.

The GASB defines the basic financial statements of a business type activity as the following: Balance Sheet, Statement of Revenues, Expenses and Changes in Net Assets, the Statement of Cash Flows, Management's Discussion and Analysis and, as required, any supplemental information. The GASB also requires the categorization of the formerly fund balance section of the balance sheet into three net asset components. The balance sheet is presented to illustrate both the current and non-current balances of each asset and liability. Also, all revenues and expenses are classified as either operating or non-operating activities in the statement of revenues, expenses and changes in net assets. Operating activities are those that support the mission and purpose of the Authority. Non-operating activities represent transactions that are capital, investing, legislative or regulated in nature.

Net assets represent the residual interest in the Authority's assets after liabilities are deducted. For external accounting and reporting purposes, net assets are classified in the following three categories:

- Invested in capital assets, net of related debt: capital assets, net of accumulated depreciation and outstanding principal balances of debt, if applicable, attributable to the acquisition, construction or improvement of those assets.

- Restricted net assets: net assets subject to externally imposed stipulations or enabling legislation that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. The Authority's restricted assets are all expendable and are discussed below:

    - Trusteed Funds
      The Bond Resolutions for the Trusteed Funds establish various funds and accounts, the primary purpose of which is to (i) provide a basis for the allocation and disbursement of monies received by the Bond Funds; (ii) pay issuance costs; (iii) provide for the periodic payment of principal and interest; and (iv) establish reserves to provide for the timely servicing of debt obligations (see Note 5). The use of the assets of the various funds and accounts is governed and restricted by the Trusteed Fund Resolutions (see Note 7).

      The assets, liabilities and net assets of these funds are the sole responsibility of the trust of each of the individual bond indentures. Neither the Authority, the College Savings funds, nor any other indenture have any entitlement to any of the assets or any legal obligation to settle any of the liabilities of these bond indentures.

    - U.Plan
      The College Savings Funds (the "Fund") consist of the U.Plan and the U.Fund. The U.Plan is governed by the terms and conditions of participation described in the Program Description and Offering Statement, including the Enrollment Agreement that is in effect for each enrollment year. The Fund accounts for fee income and for the operating expenses of the U.Plan as well as all monies received from the program investors and other deposits (see Note 9).

- Participation Fund for Public Colleges and Universities of the Commonwealth
  Pursuant to Chapter 65, Section 3, of the Acts of 1984, the Authority established the State Colleges and Universities Participation Fund. Moneys in the participation fund may be used solely for the purpose of supporting the participation of public colleges and universities in the Authority's education loan programs. The contingent liabilities of participating public educational institutions are supported by the participation fund.

- Program Reserve Fund
  Pursuant to Chapter 15C, Section 5C, of the General Laws as established by Chapter 803 of the Acts of 1981, and as amended by Chapter 133, Section 12, of the Acts of 1992 (the "Act"), the program reserve fund was established by the Authority. The Act authorized the Authority to develop and establish a comprehensive state-supported supplemental education loan program. The program consists of lending medium and long-range fixed rate and variable rate loans. These programs were structured to operate as a line of credit or other programs and options as the Authority may determine to be useful and feasible. These programs shall operate at effective rates of interest and other feasible terms.

- Unrestricted net assets: net assets that are not subjected to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties. The Authority's unrestricted net assets include the general fund, where operational expenses and purchases of capital assets are paid, and the U.Fund.

  - General Fund
    The General Fund, through monthly draws from the Trusteed Funds, Program Reserve Fund and College Savings Funds, maintains the funds available for paying the operating expenses of the Authority, purchasing the capital assets for the Authority on an as needed basis and supporting the capital market activities through direct contributions for cost of issuance and over collateralization requirements of structured transactions.

  - U.Fund
    The U.Fund is governed by the terms and conditions of participation described in the Fidelity Brokerage Services, Inc. Customer Agreement and the U.Fund Supplemental Information. While the beneficial interests of the participants of the U.Fund (or overall aggregate value of these funds) are not included in the financial statements, the Authority does receive certain fees and incurs related operating expenses in connection with the U.Fund that are included in these financial statements. The related revenue earned and expenses incurred by the Authority in offering the U.Fund program are not subject to externally imposed stipulations and therefore the aggregate net assets of the program are classified on the Balance Sheet as unrestricted (see Note 9).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority follows the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred. The use of various funds and accounts in the Trusteed Funds is specified in the respective Bond Resolutions (see Note 7). Other significant accounting policies are as follows:

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Certain relevant elements such as tax policies, political and economic conditions, competition in products, asset pricing variance and interest rate fluctuations and relationships may result in actual results differing from those estimated. The Authority makes every effort to incorporate an analysis of all market conditions as of the balance sheet date in determining what to record as the most accurate estimates.

Cash, Cash Equivalents and Investments

The Authority classifies all short-term investments with maturities of three months or less when purchased as cash and cash equivalents. The investments of the Authority are carried at fair value. Investment agreements, which include guaranteed investment contracts, are held at contract value, which approximates fair value.

Purchase Discounts

Through the purchases of education loan notes receivable, the associated premium or discount is netted against the face value of the notes purchased. These premiums and discounts are amortized, net of certain direct loan origination costs, to loan origination and other fees over the life of the related loan notes receivable utilizing the effective interest method.

Interest and Fees on Education Loan Notes Receivable

Interest and fee income on education loan notes receivable is accrued and credited as earned on the principal amount outstanding.

Deferred Financing Costs

Deferred financing costs are composed of underwriters' discounts and costs related to the debt issuance and are amortized to expense over the life of the related debt utilizing the effective interest method.

Allowance for Education Loan Notes Receivable

The Trusteed Fund Resolutions establish cash and investment reserve accounts to provide funding for education loan notes receivable which may reach a specified state of delinquency or uncollectibility (see Note 5). For financial accounting purposes, adjustments to the allowance for the estimated amount for each of the aforementioned items are included as an expense or revenue in the Statement of Revenues, Expenses and Changes in Net Assets of the respective Trusteed Fund. This aggregate allowance is reviewed and adjusted as necessary based on management's assessment of the net realizable value of the loan portfolio.

In accordance with the Internal Revenue Code of 1986 (the "Code") and the related Treasury regulations, the Authority is required to keep the yield to the Authority on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. The Authority has traditionally selected to utilize loan forgiveness at the retirement of the bonds to keep the yield within the designated percentage of the interest costs of the related tax-exempt borrowing. A separate method of reducing yield is to make yield reduction payments to the United States Treasury. These estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of each bond issue and when the bonds are retired. Beginning in FY2011, the Authority contracted with a third party to calculate the estimated liability of the yield restrictions for bonds that are near the end of their term. Management works closely with this third party and reviews and evaluates all final output. Previously, the management of the Authority calculated the estimated liability. The resulting estimated liability is recorded as an adjustment to the net realizable value of the loan portfolio. The factors used in determining this estimate are sensitive to change in the future and consequently the change in estimate may be material to the financial statement results. This current model of estimating is subject to change based on management's judgment and discretion.

Arbitrage Rebate

In accordance with the Code, the Authority may be required to pay to the United States Treasury certain amounts related to the Authority's tax-exempt bond issues. The estimated amount of arbitrage payable represents the excess, if any, of amounts earned on bond proceeds and certain related funds on taxable securities (except for earnings that are not required to be rebated under limited exemptions under the Code) over the interest due on the Authority's tax-exempt bonds, plus income attributable to any such excess. Such rebate payments are due every fifth year of each bond issue and when the bonds are retired. The Authority contracts with a third party to calculate estimated amounts due on an annual basis to the federal government. After review and evaluation of this estimate, management records a corresponding liability amount expected to be remitted.

Depreciation

Capital equipment, including: computer hardware and software development costs, furniture and fixtures, office equipment and leasehold improvements, is recorded at cost less accumulated depreciation computed using the straight-line method over an estimated useful life of 3 to 10 years (see Note 13).

Investment Earnings
Earnings on cash and investments include interest earned on cash and investments as well as fair value adjustments on cash equivalents and investments. The net (decrease)/increase in fair value takes into account all changes in fair value that occurred during the year.

Deferred Loan Origination and Other Fees
Within the financial statements of the Authority, there are recorded items related to a programs structure that are capitalized and are being amortized over the term of the related contract utilizing the effective interest method.

GASB 23, Accounting and Financial Reporting for Refundings of Debt
Gains and losses on retirement of debt are accounted for in accordance with GASB 23. The gains and losses on debt refundings, which involve the issuance of new debt whose proceeds are used to pay previously issued debt, have been deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Gains and losses on extinguishment of debt that does not involve a refunding is recognized immediately.

Advertising
The Authority expenses advertising as incurred. For the years ended June 30, 2011 and 2010, advertising expense (included in general and administrative expenses) was $736K and $810K respectively.

General and Administrative Expenses
General and administrative expenses are funded by the Trusteed Funds, College Savings Plans and Authority funds based on an operating budget prepared by Authority management and approved annually by the Board of Directors.

Derivative Instruments
In June 2008, the GASB issued Statement No. 53 ("GASB 53"), Accounting and Financial Reporting for Derivative Instruments. GASB 53 is intended to improve how state and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. GASB 53 specifically requires governments to measure most derivative instruments at fair value on the balance sheet and to measure the annual change in the fair value of non-hedging derivatives as investment income or loss in the statement of revenues, expenses, and changes in net assets. GASB 53 also provides guidance addressing hedge accounting requirements. This standard was effective for the Authority on July 1, 2009.

The fair values of the hedgeable derivatives and investment derivatives are presented on the balance sheet, either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in fair value of derivatives is recorded as deferred inflow or outflow if determined to be an effective hedge and presented on the Authority's balance sheet. If determined ineffective, the change in fair value is presented as part of investment earnings on the statement of revenues, expenses and changes in net assets. At June 30, 2011 the Authority had no interest rate swap derivatives outstanding and five interest rate cap derivatives outstanding.

New Accounting Pronouncements
In April of 2011, the FASB issued ASU 2011-02, Receivables (Topic 310), A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring. The purpose of this update is to aid creditors in determining whether a creditor has granted a concession and whether a debtor is experiencing financial difficulties for purposes of determining whether a restructuring constitutes a troubled debt restructuring. In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that both the determinations noted above exist. The Authority is considering the impact of this guidance which becomes effective in FY2013.

In June 2011, the GASB issued Statement No. 63 ("GASB 63"), Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources as distinct from assets and liabilities. GASB 63 amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Authority is considering the impact of this guidance which becomes effective in FY2013.

In June 2011, the GASB issued Statement No. 64 ("GASB 64"), Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. As of June 30, 2011 the Authority has no remaining interest rate swaps outstanding but is considering the impact this guidance, which becomes effective in FY2013, could have in the future.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority's enabling legislation and its individual Trusteed Fund Resolutions govern the investment alternatives available to the Authority. In general, the Authority may invest in obligations of the United States Government and its agencies, investment grade securities issued by the various states, time deposits in banks which are federally insured (provided that, to the extent such time deposits exceed insurance, they are either fully collateralized or are rated in the top three rating categories by Standard and Poor's Corporation ("S&P") or Moody's Investor's Service Inc. ("Moody's")), and in repurchase and investment agreements with financial institutions or insurance companies which are rated in the top three rating categories by S&P or Moody's or which meet certain capital standards. The requirements within the top three rating categories vary among the Trusteed Funds and also depend upon the type of investment.

The following summarize the cash, cash equivalents and investments of the Authority and identifies certain types of investment risk as defined by Governmental Accounting Standards Board No. 40 Deposit and Investment Risks Disclosures ("GASB 40") at June 30, 2011 and 2010, respectively.

In thousands	Fair Value June 30, 2011	Fair Value June 30, 2010
Cash deposits	$ 7,126	$ 5,429
Investment agreements	10,082	30,259
Mutual funds:		
Fidelity Money Market Authority Funds	46,887	44,514
Fidelity Money Market Trusteed Funds	247,818	396,784
Certificate of Deposit	216	216
Total cash, cash equivalents and investments	$ 312,129	$ 477,202

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. The Authority manages its exposure to interest rate risk by structuring its investment portfolio so that investments mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter-term investments.

Custodial and Credit Risk
Custodial credit risk is the risk that in the event of a financial institution counterparty failure, the Authority's deposits or investments may not be returned to it. As of June 30, 2011 and June 30, 2010, $7.0M and $5.3M were exposed to custodial credit risk as uninsured and uncollateralized deposits, respectively. As stated in the investment policy, depository banks are rated in the top three rating categories by S&P or Moody's.

As of June 30, 2011, the Authority had guaranteed investment contracts with the following financial institutions:

Investment Agreement Contract Provider	Current S&P Ratings
Natixis Funding Corp	A+
Rabobank	AAA

As of June 30, 2011, the Authority had the following cash and investments by financial institution within each outstanding trust and the Authority:

Authority and College Savings Funds	Cash and Investments	% of Total
Bank of America	$520,843	1%
Fidelity U.S. Government Portfolio	$29,175,226	60.7%
Fidelity MA Municipal Fund	$18,203,036	38%
Fidelity Treasury Portfolio	$166,514	.3%

Issue E Indenture	Cash and Investments	% of Total
Natixis Funding Corp	$3,582,194	5%
Rabobank	$4,725,590	7%
Bank of America	$2,987,247	5%
Fidelity U.S. Government Portfolio	$54,147,071	83%

Issue G Indenture	Cash and Investments	% of Total
Bank of America	$128,537	12%
Fidelity U.S. Government Portfolio	$913,063	88%

Issue FRN Indenture	Cash and Investments	% of Total
Fidelity U.S. Government Portfolio	$10,458,025	100%

Issue H Indenture	Cash and Investments	% of Total
Rabobank	$1,774,346	8%
Bank of America	$680,443	3%
Fidelity U.S. Government Portfolio	$19,727,611	89%

Issue I Indenture	Cash and Investments	% of Total
Bank of America	$2,633,811	2%
Fidelity U.S. Government Portfolio	$164,940,178	98%

5. EDUCATIONAL FINANCINGS

During the years ended June 30, 2011 and 2010, respectively, the activity for the Authority's Education Loan Notes receivable was as follows:

(in thousands)

	2011	2010
Outstanding education loan notes receivable (beginning) gross	1,418,500	$1,381,086
Increases to education loan notes receivable	212,536	178,815
Decreases of education loan notes receivable	(161,343)	(141,401)
Outstanding education loan notes receivable (ending) gross	1,469,693	1,418,500
Allowance for education loan notes receivable (beginning)	31,932	30,831
Increases to allowance for education loan notes receivable	2,177	1,101
Allowance for education loan notes receivable (ending)	34,109	31,932
Outstanding education loan notes receivable, net (ending)	$1,435,584	$1,386,568

The Authority purchased proprietary, unsecured consumer education loans from participating institutions at the original principal amount of the note less the applicable origination fee for the loan based on the program from which the loan was issued. The Authority also historically originated FFELP loans at the principal amount of the note plus any benefit offered to borrowers.

The allowance is derived from information based on the loan portfolios historical default and recovery performance to achieve the current estimated net realizable value of the outstanding education loan notes. During FY2011, the allowance increased by $2.2M. The change is the result of a $4.2M increase to the provision for doubtful education loan notes receivable as well as a $2M decrease to the tax-exempt yield restriction on the education loan notes receivable due to a decrease in the estimated yield restriction reserves. In the prior fiscal year, the allowance increased by $1.1M. This change was the result of a $2.9M increase to the provision for doubtful education loan notes receivable as well as a $1.8M decrease to the tax-exempt yield restriction on the education loan notes receivable due to a $2.1M increase to the estimated future forgiveness reserves and $3.9M in forgiven loans during FY2010. The Authority has expensed historically in aggregate a net of $35M of education loan notes related to the tax-exempt yield restrictions through FY2011. The Authority has established an allowance for estimated tax-exempt yield restrictions in the amount of $4M and $6M at June 30, 2011 and 2010, respectively. The yield restriction expense is required in order to maintain the tax-exempt status of the bonds under Federal IRS regulations.

The Authority originates loans in cooperation with participating non-profit independent and public colleges and universities in Massachusetts, which have students from throughout the United States. Further, it originates loans from non-profit independent and public colleges and universities from outside of the Commonwealth for those Massachusetts residents attending schools out of state. Through June 30, 2011, the Authority had originated loans through 901 out of state higher education institutions since 1998 when the program was implemented.