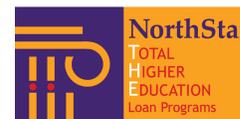


OFFERING MEMORANDUM



\$652,600,000 NORTHSTAR EDUCATION FINANCE, INC. Student Loan Asset-Backed Notes Series 2006-A

NorthStar Education Finance, Inc., a Delaware nonstock nonprofit corporation, is offering \$652,600,000 aggregate principal amount of its Student Loan Asset-Backed Notes, Series 2006-A as senior LIBOR rate notes and subordinate LIBOR rate notes in the classes and principal amounts set forth below:

	<u>Original Principal Amount</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Price to Public</u>	<u>Underwriting Discount</u>	<u>Proceeds to Issuer⁽¹⁾</u>
Class A-1 Notes	\$155,063,000	3-month LIBOR plus 0.04%	November 30, 2020	100%	\$318,036	\$154,744,964
Class A-2 Notes	111,290,000	3-month LIBOR plus 0.19%	November 28, 2023	100%	322,741	110,967,259
Class A-3 Notes	112,931,000	3-month LIBOR plus 0.21%	May 28, 2026	100%	355,733	112,575,267
Class A-4 Notes	208,056,000	3-month LIBOR plus 0.35%	August 28, 2035	100%	696,987	207,359,013
Class B Notes	<u>65,260,000</u>	3-month LIBOR plus 0.55%	November 28, 2035	100%	<u>329,563</u>	<u>64,930,437</u>
Total	<u>\$652,600,000</u>				<u>\$2,023,060</u>	<u>\$650,576,940</u>

⁽¹⁾ Before deducting expenses estimated to be approximately \$1,127,189.

We will be issuing the series 2006-A notes pursuant to an indenture of trust with U.S. Bank National Association, as trustee, and the series 2006-A notes will be secured by a pool of private student loans originated under the T.H.E. Loan Program described herein, rights under certain agreements we have with others, a cash reserve fund and the other moneys and investments pledged to the trustee.

The series 2006-A notes are subject to principal payments and redemption as more fully described herein.

The class A notes offered pursuant to this offering memorandum are expected to be rated “Aaa” by Moody’s Investors Service, Inc., “AAA” by Standard and Poor’s Ratings Services and “AAA” by Fitch Ratings. The class B notes offered pursuant to this offering memorandum are expected to be rated “A3” by Moody’s Investors Service, Inc., “A” by Standard and Poor’s Ratings Services and “A” by Fitch Ratings.

THE SERIES 2006-A NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE SERIES 2006-A NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The series 2006-A notes will represent our limited obligations, payable solely from the trust estate created under the indenture and described herein. The series 2006-A notes are not insured or guaranteed by any government agency or instrumentality, by any of our affiliates, by any insurance company or by any other person or entity. The holders of the series 2006-A notes will have recourse to the trust estate pursuant to the indenture, but will not have recourse to any of our other assets.

Application has been made to the Irish Stock Exchange for the series 2006-A notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such a listing will be obtained. The issuance and settlement of the series 2006-A notes is not conditioned on the listing of the series 2006-A notes on the Irish Stock Exchange.

You should consider carefully the “Risk Factors” beginning on page 17 of this offering memorandum.

The series 2006-A notes are offered by the underwriters named below, subject to prior sale, when, as and if issued and received by the underwriters. The underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the series 2006-A notes will be made in book-entry-only form through The Depository Trust Company on or about May 11, 2006.

Citigroup
Joint Book-Runner

Deutsche Bank Securities
Joint Book-Runner

The date of this Offering Memorandum is May 8, 2006.

The underwriters have provided the following sentence for inclusion in this offering memorandum. The underwriters have reviewed the information in this offering memorandum in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the underwriters do not guarantee the accuracy or completeness of such information. This offering memorandum is submitted in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this offering memorandum at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesman or other person has been authorized by us or the underwriters to give any information or make any representations, other than those contained in this offering memorandum, 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 offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the series 2006-A notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This offering memorandum is our offering memorandum, and the information set forth herein has been obtained from us and other sources which we believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF NORTHSTAR EDUCATION FINANCE, INC. AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The series 2006-A notes have not been registered with the State of Florida.

NOTICE TO RESIDENTS OF BELGIUM

THE SERIES 2006-A NOTES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED IN OR FROM BELGIUM AS PART OF THEIR INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, DIRECTLY OR INDIRECTLY, OTHER THAN TO PERSONS OR ENTITIES MENTIONED IN ARTICLE 3 OF THE ROYAL DECREE OF JANUARY 9, 1991 RELATING TO THE PUBLIC CHARACTERISTIC OF OPERATIONS CALLING FOR SAVINGS AND ON THE ASSIMILATION OF CERTAIN OPERATIONS TO A PUBLIC OFFER (BELGIAN OFFICIAL JOURNAL OF JANUARY 12, 1991). THEREFORE, THE SERIES 2006-A NOTES ARE EXCLUSIVELY DESIGNED FOR CREDIT INSTITUTIONS, STOCK EXCHANGE COMPANIES, COLLECTIVE

INVESTMENT FUNDS, COMPANIES OR INSTITUTIONS, INSURANCE COMPANIES AND/OR PENSION FUNDS ACTING FOR THEIR OWN ACCOUNT ONLY.

NOTICE TO RESIDENTS OF FRANCE

THE SERIES 2006-A NOTES ARE *ORGANISMES DE PLACEMENTS COLLECTIFS EN VALEURS MOBILIÈRES* ISSUED BY A RESIDENT OF A NON-EC STATE. ACCORDINGLY, PURSUANT TO THE PROVISIONS OF DECREE NO. 89-624 OF 6 SEPTEMBER 1989, THE SERIES 2006-A NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN FRANCE WITHOUT THE PRIOR APPROVAL OF THE FRENCH MINISTRY OF FINANCE.

EACH OF NORTHSTAR EDUCATION FINANCE, INC. AND THE UNDERWRITERS REPRESENTS AND AGREES THAT IT HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL, DIRECTLY OR INDIRECTLY, ANY OF THE SERIES 2006-A NOTES BY WAY OF A PUBLIC OFFERING IN FRANCE (AN *APPEL PUBLIC Á L'ÉPARGNE*, AS DEFINED IN ARTICLE 61 OF *ORDONNANCE* NO. 67-883 OF 28 SEPTEMBER 1967, AS AMENDED BY LAW NO. 98-546 OF 2 JULY 1998).

NOTICE TO RESIDENTS OF GERMANY

THE SERIES 2006-A NOTES MAY NOT BE OFFERED TO THE PUBLIC IN GERMANY, EXCEPT AS IN ACCORDANCE WITH ALL APPLICABLE PROVISIONS OF GERMAN LAW RELATING TO ANY SUCH OFFERINGS. NO GERMAN SELLING PROSPECTUS HAS BEEN PREPARED OR PUBLISHED IN CONNECTION WITH THE ISSUE AND OFFERING OF THE SERIES 2006-A NOTES.

NOTICE TO RESIDENTS OF THE REPUBLIC OF IRELAND

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN INVITATION TO THE PUBLIC TO PURCHASE OR SUBSCRIBE FOR ANY OF THE SERIES 2006-A NOTES AND NEITHER IT NOR ANY FORM OF APPLICATION WILL BE ISSUED, CIRCULATED OR DISTRIBUTED TO THE PUBLIC.

THIS OFFERING MEMORANDUM AND THE INFORMATION CONTAINED HEREIN IS CONFIDENTIAL AND IS FOR THE USE SOLELY OF THE RECIPIENT TO WHOM IT IS PROVIDED. ACCORDINGLY, IT MAY NOT BE REPRODUCED IN WHOLE OR IN PART, NOR MAY ITS CONTENTS BE DISTRIBUTED IN WRITING OR ORALLY TO ANY THIRD PARTY AND IT MAY BE READ SOLELY BY THE RECIPIENT TO WHOM IT IS ADDRESSED AND SUCH RECIPIENT'S PROFESSIONAL ADVISORS.

NOTICE TO RESIDENTS OF THE NETHERLANDS

THE SERIES 2006-A NOTES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, WHETHER DIRECTLY OR INDIRECTLY, TO ANY INDIVIDUAL OR LEGAL ENTITY IN THE NETHERLANDS OTHER THAN TO INDIVIDUALS WHO, OR LEGAL ENTITIES WHICH, IN THE COURSE OF THEIR OCCUPATION OR BUSINESS, DEAL OR INVEST IN SECURITIES (AS SET OUT IN SECTION 1 OF THE REGULATION OF 9 OCTOBER 1990 IN IMPLEMENTATION OF SECTION 14 OF THE ACT ON THE SUPERVISION OF INVESTMENT INSTITUTIONS).

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

PRIOR TO THE DATE SIX (6) MONTHS AFTER THE ISSUE OF THE SERIES 2006-A NOTES, THE SERIES 2006-A NOTES MAY NOT BE OFFERED OR SOLD TO PERSONS IN THE UNITED KINGDOM OTHER THAN TO PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING OR DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS OR OTHERWISE IN CIRCUMSTANCES WHICH HAVE NOT RESULTED AND WILL NOT RESULT IN AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995, AND ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”) RECEIVED IN CONNECTION WITH THE ISSUE OR SALE OF THE SERIES 2006-A NOTES MAY ONLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO NORTHSTAR.

THIS OFFERING MEMORANDUM AND THE SERIES 2006-A NOTES (AND BENEFICIAL INTERESTS THEREIN) ARE NOT AVAILABLE TO OTHER CATEGORIES OF PERSON IN THE UNITED KINGDOM AND NO ONE FALLING OUTSIDE OF SUCH CATEGORIES IS ENTITLED TO RELY ON AND MUST NOT ACT ON ANY OF THE INFORMATION IN THIS OFFERING MEMORANDUM. THE TRANSMISSION OF THIS OFFERING MEMORANDUM TO ANY PERSON IN THE UNITED KINGDOM OTHER THAN THE CATEGORIES STATED ABOVE IS UNAUTHORIZED AND MAY CONTRAVENE FSMA.

IRISH STOCK EXCHANGE INFORMATION

As issuer of the series 2006-A notes, we accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Reference in this offering memorandum to documents incorporated by reference and any website addresses set forth in this offering memorandum will not be deemed to constitute a part

of the offering memorandum filed with the Irish Stock Exchange in connection with the listing of the series 2006-A notes.

McCann FitzGerald Listing Services Limited will act as the listing agent, and Custom House Administration and Corporate Services Limited will act as the paying agent in Ireland for the series 2006-A notes.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This offering memorandum contains statements relating to future results that are “forward-looking statements” as defined in the Private Litigation Reform Act of 1995. When used in this offering memorandum, the words “estimate,” “intend,” “expect,” “assume” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. For a discussion of the factors which could cause actual results to differ from expectations, see the caption “RISK FACTORS” herein.

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SUMMARY OF TERMS

The following summary is a very general overview of the terms of the series 2006-A notes and does not contain all of the information that you need to consider in making your investment decision.

Before deciding to purchase the series 2006-A notes, you should consider the more detailed information appearing elsewhere in this offering memorandum.

This offering memorandum contains forward-looking statements that involve risks and uncertainties. See the caption “Special Note Regarding Forward Looking Statements” in this offering memorandum.

Capitalized terms used in this summary and elsewhere in this offering memorandum that are not defined have the meanings assigned to them in the “GLOSSARY OF CERTAIN DEFINED TERMS.”

General

The series 2006-A notes will be issued pursuant to an indenture of trust between the issuer and the trustee, and will have the rights and priorities described herein. The class A-1 notes, the class A-2 notes, the class A-3 notes and the class A-4 notes will constitute senior notes under the indenture and the class B notes will constitute subordinate notes under the indenture. We sometimes refer to the class A-1 notes, the class A-2 notes, the class A-3 notes and the class A-4 notes as the “class A notes” or the “senior notes” and we sometimes refer to the class B notes as the “subordinate notes.” The indenture does not permit the issuance of additional notes or obligations.

We will use the proceeds from the sale of the series 2006-A notes to refund and refinance certain of our existing notes issued under a separate indenture, which we sometimes refer to in this offering memorandum as the “refunded notes,” to acquire student loans, to fund certain accounts and to pay the costs of issuing the series 2006-A notes. The series 2006-A notes will be issued as LIBOR rate notes.

The sole sources of funds for payment of the series 2006-A notes are the student loans pledged under the indenture, including any payments received thereon, and the moneys in the funds and accounts pledged under the indenture, including investment earnings thereon. To the extent there are any moneys remaining in the Collection Fund after certain required transfers, on each quarterly distribution date and subject to the conditions described herein, the trustee may release funds to us from the indenture. See the caption “Source of Payment and Security for the Series 2006-A Notes—Collection Fund” herein.

The student loans pledged under the indenture have been or will be originated under the T.H.E. Loan Program described herein, except for approximately 1% in aggregate principal amount of such student loans. All student loans to be pledged under the indenture are not collateralized or guaranteed and are *not* originated under the federal Higher Education Act. The trust estate securing the series 2006-A notes is a discrete trust estate consisting of the pool of student loans pledged to the trustee on the date of issuance plus student loans for which disbursements are pending and which will

be disbursed during the prefunding period which is a period beginning on the date of issuance of the series 2006-A notes and ending on May 31, 2006.

Principal Parties and Dates

Issuer

- NorthStar Education Finance, Inc.

Administrator

- NorthStar Capital Markets Services, Inc.

Servicer

- Great Lakes Educational Loan Services, Inc.

Trustee

- U.S. Bank National Association

Underwriters

- Citigroup Global Markets Inc. and Deutsche Bank Securities Inc.

Legal Advisors to the Issuer

- Mark A. Lindgren, Esq., General Counsel
- Chapman and Cutler LLP

Irish Stock Exchange Listing Agent

- McCann FitzGerald Listing Services Limited, 2 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland

Irish Paying Agent

- Custom House Administration and Corporate Services Limited, 25 Eden Quay, Dublin 1, Ireland

Description of the Issuer

NorthStar Education Finance, Inc., a Delaware nonstock nonprofit corporation (“NorthStar”), has received an Internal Revenue Service determination that it is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. Our principal place of business is located at 444 Cedar Street, Suite 550, St. Paul, Minnesota 55101-2133, and our phone number is (888) 843-0004. We have a website on the world wide web at www.northstar.org. Information found on the website is not part of this offering memorandum.

We will use the proceeds from the sale of the series 2006-A notes to refund and refinance certain of our existing notes issued under a separate indenture, to acquire student loans originated under the T.H.E. Loan Program, to make a deposit to the Reserve Fund, to make a deposit to the Capitalized Interest Account and to pay the costs of issuing the series 2006-A notes.

The only source of funds for payment of the series 2006-A notes is the trust estate established pursuant to the indenture and described under the caption “The Trust Estate” below.

Servicing

Great Lakes Educational Loan Services, Inc. will act as servicer of our student loans pledged under the indenture pursuant to the servicing agreement.

The servicer will receive a monthly servicing fee on a per account basis and is entitled to certain other fees and expenses described herein. The fee is subject to adjustment as described herein.

The servicer will service the financed student loans pledged by us under the indenture pursuant to the servicing agreement. The servicer will pay for any loss, liability and expense (including reasonable attorneys' fees) arising out of the servicer's errors or omissions with regard to the performance of services under the servicing agreement.

Under some circumstances, the servicer may transfer its obligations as servicer. We may replace the servicer with one or more new servicers, or may add one or more additional servicers, with rating agency confirmation. See the caption "SERVICING OF THE FINANCED STUDENT LOANS—The Servicer" herein.

Collection Periods

The collection periods will be the three full calendar months preceding each quarterly distribution date. However, the initial collection period will be the period beginning on the date of issuance of the series 2006-A notes and ending on July 31, 2006.

Distribution Dates

Distributions will be made on each class of series 2006-A notes on the 28th day of each February, May, August and November. We sometimes refer to these distribution dates as "quarterly distribution dates." If any quarterly distribution date is not a business day, the quarterly distribution date will be the next business day. The first quarterly distribution date will be August 28, 2006.

Interest Accrual Periods

The initial interest accrual period for the series 2006-A notes begins on the date of issuance of the series 2006-A notes and ends on August 27, 2006. For all other quarterly

distribution dates, the interest accrual period will begin on the prior quarterly distribution date and end on the day before such quarterly distribution date.

Statistical Calculation Date

The information presented in this offering memorandum relating to the pool of student loans which is expected to constitute the trust estate on the date of issuance of the series 2006-A notes (but also giving effect to pending disbursements) is as of February 28, 2006, which we refer to as the "statistical calculation date." See the caption "THE FINANCED STUDENT LOANS" herein. We believe that the information set forth in this offering memorandum with respect to those student loans as of the statistical calculation date is representative of the characteristics of the student loans as they are expected to exist on the date of issuance of the series 2006-A notes and after giving effect to pending disbursements of approximately \$9,873,286 of student loans, although certain characteristics of the student loans may vary.

Cut-off Dates

The cut-off date for student loans we acquire on the date of issuance of the series 2006-A notes will be May 1, 2006, and the cut-off date for student loans we acquire thereafter will be the date on which that student loan is transferred to the trust estate. The trust estate will receive all payments made on a student loan on and after its cut-off date.

Date of Issuance

The date of issuance for this offering is expected to be on or about May 11, 2006.

Record Date

Interest and principal on the series 2006-A notes will be payable to the record owners of the series 2006-A notes as of the close of business on the regular record date, which is the business day immediately preceding the quarterly distribution date for the series 2006-A notes.

Collateralization Ratios

On the date of issuance, after we issue the series 2006-A notes, pledge the student loans which currently secure the refunded notes, acquire the student loans that we expect to acquire and pledge on the date of issuance (and giving effect to pending disbursements) and pay the costs of issuing the series 2006-A notes:

- the senior parity percentage will equal approximately 111.1%; and
- the total parity percentage will equal approximately 100.0%.

Principal collections and excess interest received on the student loans will be used to redeem notes, and no funds will be released to us until (i) the ratio of (A) the total value of the assets in the trust estate, less accrued interest and fees payable, over (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 103% and (ii) the amount which is equal to (A) the total value of the assets in the trust estate, less accrued interest and fees payable, minus (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes.

The “senior parity percentage” is the ratio (expressed as a percentage) of:

- the value of the assets in the trust estate, determined as provided in the indenture, less accrued interest and fees payable with respect to all class A notes, to
- the principal amount of class A notes outstanding.

The “total parity percentage” is the ratio (expressed as a percentage) of:

- the value of the assets in the trust estate, determined as provided in the indenture, less accrued interest and fees payable with respect to all series 2006-A notes, to
- the principal amount of all series 2006-A notes outstanding.

Description of the Series 2006-A Notes

General

NorthStar Education Finance, Inc. is offering the following Student Loan Asset-Backed Notes, Series 2006-A:

- class A-1 notes in the aggregate principal amount of \$155,063,000;
- class A-2 notes in the aggregate principal amount of \$111,290,000;
- class A-3 notes in the aggregate principal amount of \$112,931,000;
- class A-4 notes in the aggregate principal amount of \$208,056,000; and
- class B notes in the aggregate principal amount of \$65,260,000.

The class A notes will be senior notes and the class B notes will be subordinate notes. Each class of series 2006-A notes will be available for purchase in minimum

denominations of \$100,000 and multiples of \$1,000 in excess thereof.

Final Maturities

- The class A-1 notes will be paid in full by the November, 2020 quarterly distribution date;
- the class A-2 notes will be paid in full by the November, 2023 quarterly distribution date;
- the class A-3 notes will be paid in full by the May, 2026 quarterly distribution date;
- the class A-4 notes will be paid in full by the August, 2035 quarterly distribution date; and
- the class B notes will be paid in full by the November, 2035 quarterly distribution date.

Interest Rates and Payments

The series 2006-A notes will bear interest at the following annual rates:

- the class A-1 notes will bear interest at an annual rate equal to three month LIBOR, except for the initial interest accrual period, plus 0.04%;
- the class A-2 notes will bear interest at an annual rate equal to three month LIBOR, except for the initial interest accrual period, plus 0.19%;
- the class A-3 notes will bear interest at an annual rate equal to three month LIBOR, except for the initial interest accrual period, plus 0.21%;
- the class A-4 notes will bear interest at an annual rate equal to three month

LIBOR, except for the initial interest accrual period, plus 0.35%; and

- the class B notes will bear interest at an annual rate equal to three month LIBOR, except for the initial interest accrual period, plus 0.55%.

The trustee will determine the rate of interest on the series 2006-A notes on the second business day prior to the start of the applicable interest accrual period. Interest on the series 2006-A notes will be calculated on the basis of the actual number of days elapsed during the interest accrual period divided by 360.

For the initial interest accrual period, the trustee will determine the LIBOR rate on the second business day prior to the date of issuance of the series 2006-A notes by reference to straight-line interpolation between three-month and four-month LIBOR based on the actual number of days in the interest accrual period, as determined by the following formula:

$$x + [(17/31) * (y-x)]$$

where: x = three-month LIBOR, and

y = four-month LIBOR,

in each case, as of the second business day before the start of the initial interest accrual period.

The resulting percentage figure will be rounded to the fifth decimal point.

Interest accrued on the outstanding principal balance of the series 2006-A notes during each interest accrual period will be paid on the related quarterly distribution date.

Principal Payments

Principal payments will be made on the series 2006-A notes on each quarterly distribution date in the amount equal to the lesser of:

- the principal distribution amount for that quarterly distribution date; and
- funds available to pay principal as described below under “The Trust Estate—Flow of Funds.”

Principal will be paid on the series 2006-A notes in the order and priority described below under “The Trust Estate—Flow of Funds.”

Prepayments, Weighted Average Lives and Expected Maturities

The expected weighted average lives and expected maturity dates for each class of the series 2006-A notes are set forth in Exhibit A hereto. Exhibit A also contains the assumptions utilized for calculating these expected weighted average lives and expected maturity dates, together with the projected remaining principal balance of each class of series 2006-A notes under various assumed prepayment scenarios. See also the caption “PREPAYMENTS, WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES” herein.

The Trust Estate

General

The trust estate established pursuant to the indenture includes:

- the financed student loans pledged under the indenture;
- collections and other payments received on account of the financed student loans;

- our rights under certain agreements, including the servicing agreement, bill of sale or repurchase agreement related to the financed student loans; and
- money and investments held in funds and accounts created under the indenture, including the Acquisition Fund, the Collection Fund, the Reserve Fund and the Capitalized Interest Account.

Acquisition of the Student Loans

We will acquire some of the financed student loans from the transferors, and some of the financed student loans are already owned by us and will be released from the lien of a separate indenture in connection with our payment of the refunded notes described elsewhere in this offering memorandum, and we will pledge the financed student loans to the trustee pursuant to the indenture. We will also assign our rights under the servicing agreement with respect to the financed student loans to the trustee.

Characteristics of the Student Loan Portfolio

The student loans that are part of the trust estate pledged to the trustee are referred to herein as the “financed student loans.” The financed student loans were originated, acquired, financed and serviced pursuant to the T.H.E. Loan Program described herein, except for approximately 1% in aggregate principal amount of such student loans. The financed student loans are unsecured and are not guaranteed by any third party other than, in certain instances, co-signers on the loans. The financed student loans will include rights to receive payments made with respect to such financed student loans and the proceeds thereof. The financed student loans pledged by us under the indenture as

part of the collateral are currently owned by us, will be acquired from our affiliates, or will be acquired from the originating lender for the T.H.E. Loan Program and such loans will be transferred free and clear of any prior lien thereon. See the caption “THE ISSUER—Loan Origination.”

The financed student loans held under the indenture are not originated under the Higher Education Act of 1965. See the caption “THE FINANCED STUDENT LOANS.”

Borrower Benefits Programs

We reduce the cost of financing education for our borrowers through the application of the T.H.E. Bonus program. The T.H.E. Bonus program currently is being provided to all borrowers in active repayment and less than 60 days delinquent by giving such borrowers a monthly credit on their student loans which is equal to an annualized interest rate discount. The T.H.E. Bonus program utilizes certain amounts held under the indenture to make payments on behalf of such borrowers under the T.H.E. Loan Program that are to receive such credit, thereby reducing the borrowers’ interest costs. Such amount, which is referred to as the T.H.E. Deposit Amount, is an amount equal to up to 1.3% of the principal amount of each financed student loan originated before April 1, 2003 or up to 1.0% of the principal amount of each financed student loan originated on or after April 1, 2003. However, we are not obligated to make any such application in any particular amount or at any particular time. The T.H.E. Bonus program is based on current financial market conditions and portfolio performance and is subject to change. See the caption “Flow of Funds—fifth” below, and the captions “THE FINANCED STUDENT LOANS—Loan Terms—T.H.E. Bonus” and “THE

FINANCED STUDENT LOANS—Borrower Benefit Programs” herein.

Representations and Warranties of the Issuer

The transferors will not make any representations and warranties concerning the financed student loans sold to us. Under the indenture, we will make specific representations and warranties to the trustee concerning the financed student loans. See the caption “THE FINANCED STUDENT LOANS—Representations and Warranties Regarding Financed Student Loans” herein. In certain instances, we will have an obligation to repurchase financed student loans out of the trust estate if our representations or warranties are materially incorrect with respect to a financed student loan and the trust estate would be materially and adversely affected by such breach of our representations and warranties, unless we can cure the breach within a reasonable period of time. Alternatively, we may substitute eligible loans rather than repurchasing the affected student loan. In addition, under our administration agreement with NorthStar Capital Markets Services, Inc., if we fail to meet our repurchase obligation, NorthStar Capital Markets Services, Inc. will have a purchase obligation as described more fully herein. If we repurchase financed student loans, we have the right to put such financed student loans back to NorthStar Capital Markets Services, Inc.

The Collection Fund

The trustee will deposit into the Collection Fund all revenues derived from financed student loans and moneys or assets on deposit in the trust estate.

Money on deposit in the Collection Fund will be used to make the payments,

allocations and transfers described under the caption “—Flow of Funds” below.

The Acquisition Fund

On the date of issuance of the series 2006-A notes, approximately \$593,817,958 of the proceeds from the sale of the series 2006-A notes will be deposited into the Acquisition Fund. Of this amount, approximately \$1,127,189 will be used on or about the date of issuance to pay costs of issuing the series 2006-A notes. The remaining \$592,690,769 will be used as follows: approximately \$279,804,601 will be used on or about the date of issuance to acquire approximately \$279,804,601 in aggregate principal amount of and accrued interest on student loans which constitute “eligible loans” from various of our affiliates and others constituting the transferors; approximately \$303,012,882 will be used together with other of our funds to refund and refinance certain of our existing indebtedness on the date of issuance, and approximately \$306,220,355 in aggregate principal amount of and accrued interest on eligible loans securing such prior indebtedness will be pledged by us as collateral under the indenture as of such date of issuance; and the remaining \$9,873,286 will be used by us by May 31, 2006 to fund pending disbursements on eligible loans that we have previously acquired.

The Reserve Fund

We will make a deposit to the Reserve Fund from the proceeds of the sale of the series 2006-A notes in an amount equal to 1% of the pool balance which is expected as of the date of issuance of the series 2006-A notes and after giving effect to pending disbursements. If the amount on deposit in the Reserve Fund shall, at any time, be less than the amount required to be on deposit therein, the Reserve Fund will be

replenished as described under the caption “—Flow of Funds” below to increase the amount therein to the required balance. The required balance for the Reserve Fund is equal to the greater of (i) one percent of the pool balance as of the close of business on the last date of the related collection period; and (ii) 0.50% of the original pool balance as of the date of issuance of the series 2006-A notes and after giving effect to pending disbursements, or such lesser amount if we receive written confirmation from each rating agency that such lesser amount will not cause the reduction or withdrawal of any rating or ratings then applicable to any outstanding series 2006-A notes. See the caption “DESCRIPTION OF THE INDENTURE—Funds and Accounts—Reserve Fund” herein. Funds on deposit in the Reserve Fund in excess of the required balance will be transferred to the Collection Fund. For a definition of “pool balance” see “—Flow of Funds” below. Amounts in the Reserve Fund will be used to make those payments required to be made from the Collection Fund as graphically depicted below as *first* through *third* and *sixth* through *seventh* under the caption “—Flow of Funds,” provided that such amounts will be used to pay principal of a class of the series 2006-A notes pursuant to *sixth* and *seventh* only on the legal final maturity date of such class of the series 2006-A notes, but in all cases, only to the extent amounts are unavailable therefor in the Collection Fund or in the case of *first* through *third* the Capitalized Interest Account.

Capitalized Interest Account

On the date of issuance of the series 2006-A notes, approximately \$50,800,000 of the proceeds from the sale of the series 2006-A notes will be deposited into the Capitalized Interest Account. Amounts on deposit in the Capitalized Interest Account will be available to make the monthly payments and

the payments graphically depicted below as *first* through *third* under the caption “— Flow of Funds” prior to amounts being withdrawn therefor from the Reserve Fund. However, any moneys remaining in the Capitalized Interest Account on the following quarterly distribution dates, in excess of the following amounts, will be transferred to the Collection Fund on such dates:

August 28, 2006	\$42,500,000
November 28, 2006	\$37,000,000
February 28, 2007	\$30,000,000
May 28, 2007	\$23,000,000
August 28, 2007	\$18,000,000
November 28, 2007	\$13,000,000
February 28, 2008	\$8,000,000
May 28, 2008	\$6,000,000
August 28, 2008	\$0

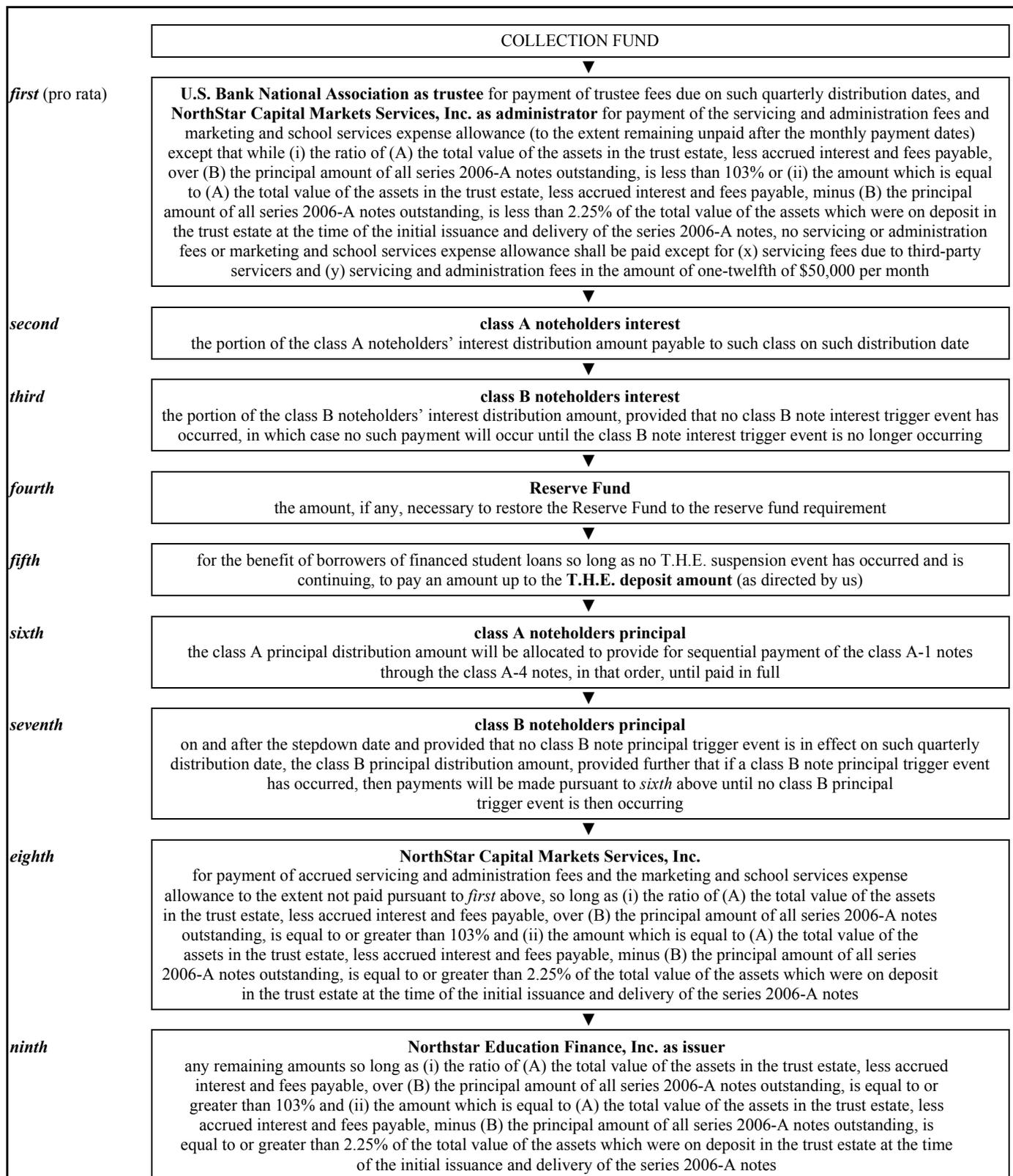
We are not required to replenish amounts paid out of the Capitalized Interest Account.

Flow of Funds

On the 28th day of each month, or if such day is not a business day, the immediately succeeding business day, amounts will be withdrawn from the Collection Fund and applied to pay servicing and administration fees owed to the issuer for payment of servicing and administration fees and to pay the marketing and school services expense allowance, and any unpaid servicing and administration fees and marketing and school services expense allowance from prior months, except to the extent limited as described under “*First*” below.

On each quarterly distribution date, the trustee will transfer or allocate the moneys received during the preceding quarter in the

Collection Fund for the payment of fees, interest and principal on the series 2006-A notes and for the other purposes in the amounts and in the priorities as set forth in the following chart:



See the caption “DESCRIPTION OF THE SERIES 2006-A NOTES—Collection Fund” in this offering memorandum.

A “class B note interest trigger event” will be in effect on any quarterly distribution date while any class A notes are outstanding if the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all class A notes, to (ii) the principal amount of class A notes outstanding, as of the end of the related collection period and after giving effect to distributions to be made on that quarterly distribution date is less than 100%. It will continue until such ratio is equal to or greater than 100%.

The “stepdown date” will be the earlier of the February 2012 quarterly distribution date, or the first date on which no class A notes remain outstanding.

A “class B note principal trigger event” will be in effect on any quarterly distribution date while any class A notes are outstanding if the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all series 2006-A notes, to (ii) the principal amount of all series 2006-A notes outstanding, as of the end of the related collection period is less than 100% after giving effect to distributions made on that quarterly distribution date. It will continue until such ratio is equal to or greater than 100%.

The term “principal distribution amount” means, for each quarterly distribution date, the greater of (i) the amount by which the aggregate outstanding principal amount of all the series 2006-A notes immediately prior to that quarterly distribution date

exceeds the quotient obtained by dividing the pool balance, plus amounts on deposit in the Capitalized Interest Account (if any) and the Reserve Fund, as of the last day of the related collection period, by 103% or (ii) the amount by which the aggregate outstanding principal amount of all the series 2006-A notes immediately prior to that quarterly distribution date exceeds the excess of the pool balance, plus amounts on deposit in the Capitalized Interest Account (if any) and the Reserve Fund, as of the last day of the related collection period, over an amount equal to 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes.

The class A principal distribution amount is equal to the principal distribution amount times the class A percentage.

The class B principal distribution amount is equal to the principal distribution amount times the class B percentage.

For each quarterly distribution date the class A percentage will equal 100% minus the class B percentage.

The class B percentage will equal:

- 0%, prior to the stepdown date or on any other quarterly distribution date if a class B note principal trigger event is in effect; or
- on all other quarterly distribution dates, the percentage equivalent of a fraction, the numerator of which is the aggregate principal balance of the class B notes and the denominator of which is the aggregate principal balance of all outstanding series 2006-A notes, in each case determined on the calculation date for that quarterly distribution date.

“Pool balance” for any date means the aggregate principal balance of the financed student loans on that date, including accrued interest that is expected to be capitalized, plus amounts on deposit in the Acquisition Fund, as reduced by the principal portion of the following:

- all payments received by the issuer through that date from borrowers;
- all amounts received by the issuer through that date from purchases of financed student loans;
- all liquidation proceeds and realized losses on the financed student loans through that date; and
- the amount of any adjustment to balances of the financed student loans that the servicer makes under the servicing agreement through that date.

A “T.H.E. suspension event” will occur if, on any quarterly distribution date occurring on or after the August 2007 quarterly distribution date, after giving effect to the payments depicted graphically above as *first* through *ninth* under this caption “Flow of Funds” (as if no T.H.E. suspension event were in effect), the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, less accrued interest and fees payable with respect to all series 2006-A notes, to (ii) the principal amount of all series 2006-A notes outstanding determined as of the end of the preceding calendar month but giving effect to such quarterly distribution date payments and any issuer contribution described below and made prior to the quarterly distribution date, would be less than as follows on the quarterly distribution dates specified below:

August 2007 – May 2008	100.75%
August 2008 – May 2009	101.50
August 2009 – May 2010	102.25
August 2010 and thereafter	103.00

In addition, on any quarterly distribution date occurring on or after the August 2010 quarterly distribution date, a T.H.E. suspension event will occur if the amount which is equal to (i) the total value of the assets in the trust estate, less accrued interest and fees payable minus (ii) the principal amount of all series 2006-A notes outstanding, is less than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes. If a T.H.E. suspension event has occurred and is continuing, then until (i) the ratio (expressed as a percentage) of (A) the value of the assets in the trust estate, less accrued interest and fees payable with respect to all series 2006-A notes, to (B) the principal amount of all series 2006-A notes outstanding determined as of the end of any month and giving effect to any issuer contribution described below made before the quarterly distribution date, is equal to or greater than 103% and (ii) the amount which is equal to (A) the total value of the assets in the trust estate, less accrued interest and fees payable minus (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes, the T.H.E. deposit will not be made. We may, at our option, contribute additional money, at any time to the Collection Fund, the Capitalized Interest Account or the Reserve Fund, or deposit eligible loans into the trust estate, in order to prevent or cure the occurrence of a T.H.E. suspension event, provided that (i) such contributed eligible

loans will not include any eligible loans made to medical student borrowers that are not in repayment status, (ii) such contributed eligible loans at the time of each such contribution will be less than 60 days delinquent, (iii) no more than 10% in aggregate principal amount of such eligible loans being contributed will, at the time of such contribution, be delinquent and (iv) after the August 2012 quarterly distribution date, we may deposit such eligible loans into the trust estate only if we obtain a rating agency confirmation with respect to the deposit of such eligible loans.

Priority and Timing of Payments

The subordination of the class B notes generally relates only to rights to direct remedies and to receive payments in the event that revenues from the trust estate are not sufficient to make all payments due on indenture obligations. Principal and interest payments on the class B notes will continue to be made on their payment dates (but only after the stepdown date in the case of principal) but only so long as the conditions in the indenture to the payment of those amounts continue to be met. See also the captions “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES—Priorities” and “—Collection Fund” herein for a further description of the payment priorities on the series 2006-A notes.

Redemption upon Payment for Release of Financed Student Loans from the Indenture

We may, but are not required to, pay into the trust estate an amount sufficient to cause the release of all remaining student loans in the trust estate when the pool balance is 15% or less of the initial pool balance. If this option is exercised, the financed student loans would be released from the lien of the

indenture as of the last business day of the preceding collection period, and any outstanding series 2006-A notes would be paid in full on the corresponding quarterly distribution date (the “optional redemption date”), which will result in early retirement of the remaining series 2006-A notes. The amount we will be required to pay to effect the release of such financed student loans will equal the difference between a prescribed minimum release price and the amount then on deposit in the funds and accounts held under the indenture. The prescribed minimum release price is the amount that would be sufficient to:

- reduce the outstanding principal amount of each class of series 2006-A notes then outstanding on the related quarterly distribution date to zero;
- pay to the noteholders the interest payable on the related quarterly distribution date; and
- pay any unpaid carry-over servicing and administration fee.

Redemption Upon Mandatory Auction of Financed Student Loans

If any of the series 2006-A notes are outstanding and we do not notify the trustee of our intention to exercise our right to make a payment into the trust estate to effect a release of the financed student loans when the pool balance is 15% or less of the initial pool balance as described above, all of the remaining student loans in the trust estate will be offered for sale by the trustee before the next succeeding distribution date. We and unrelated third parties may offer to purchase the student loans in the auction.

If at least two bids are received, the trustee will solicit and resolicit new bids from all participating bidders until only one bid

remains or the remaining bidders decline to resubmit bids. The trustee will accept the highest of the remaining bids if it equals or exceeds both the minimum release price described above and the fair market value (as determined by the trustee, which may consult, and, at our direction, will consult, with a financial advisor, which may include an underwriter of the series 2006-A notes or the administrator) of the student loans remaining in the trust estate at the end of the related collection period. The net proceeds of any auction sale will be used to retire any outstanding series 2006-A notes on the next quarterly distribution date.

If the highest bid after the solicitation process does not equal or exceed both the minimum release price described above and the fair market value of the student loans remaining in the trust estate, the trustee will not complete the sale. If the sale is not completed, the trustee may, but will not be obligated to, solicit bids for the sale of the financed student loans at the end of future collection periods using procedures similar to those described above. The trustee will be obligated to make such solicitations if requested to do so by us.

If our student loans are not sold as described above, on each subsequent quarterly distribution date, all amounts on deposit in the Collection Fund after giving effect to all withdrawals, except releases to the issuer under priority *ninth* described above under the caption “—Flow of Funds,” will be distributed as accelerated payments of principal on the series 2006-A notes, in the order and priority described above, until they have been paid in full. The trustee may or may not succeed in soliciting acceptable bids for our student loans either on the auction date or subsequently.

Events of Default

If any of the following events occur, it is an “event of default” under the indenture:

- (a) default in the due and punctual payment of any interest on the highest class of notes by alphabetical designation then outstanding when the same becomes due and payable; or
- (b) default in the due and punctual payment of the principal of any note when the same becomes due and payable on the related final maturity date; or
- (c) default by us in the performance or observance of any other of the covenants, agreements or conditions contained in the indenture or in the series 2006-A notes, and such default shall have continued for a period of 90 days after written notice thereof shall have been given to us by the trustee; provided, that if the default is such that it can be corrected but not within 90 days, it shall not constitute an event of default if corrective action is undertaken by us within such 90 day period and is diligently pursued until the default is corrected; and
- (d) the occurrence of an event of bankruptcy.

Unless an event of default is cured or waived by the trustee itself or at the direction of the holders of the requisite percentage of series 2006-A notes having rights to direct remedies at the time (generally, the highest class of any series 2006-A notes by alphabetical description), upon the occurrence of an event of default, there are a number of remedies that the trustee may take or may be directed to take at the direction of the requisite percentage of holders of series 2006-A notes, including but not limited to taking possession of the trust

estate or any portion thereof not in the custody or possession of the trustee, selling the trust estate to satisfy our obligations under the indenture, appointing a receiver for the trust estate if judicial proceedings are commenced and declaring the principal of all series 2006-A notes immediately due and payable. See the caption “DESCRIPTION OF THE INDENTURE—Events of Default” and “—Remedies.”

Book-Entry Registration

The series 2006-A notes will be delivered in book-entry form through the Same Day Settlement System of The Depository Trust Company. See the caption “BOOK ENTRY REGISTRATION” herein.

Federal Income Tax Consequences

In the opinion of Chapman and Cutler LLP, the series 2006-A notes will be characterized as debt obligations for federal income tax purposes. Interest paid or accrued on the series 2006-A notes will be taxable to you. By accepting a series 2006-A note, you will be agreeing to treat such series 2006-A note as a debt instrument for income tax purposes. See the caption “UNITED STATES FEDERAL INCOME TAX CONSEQUENCES” herein.

ERISA Considerations

Subject to the considerations described under the caption “ERISA CONSIDERATIONS” herein, the series 2006-A notes may generally be purchased by employee benefit plans that are subject to ERISA, or Section 4975 of the Code, or persons using assets of such plans. However, any purchaser of series 2006-A notes should consult its tax and/or legal advisors in determining whether all required conditions have been satisfied. See the

caption “ERISA CONSIDERATIONS” herein.

Ratings of the Series 2006-A Notes

All of the class A notes offered pursuant to this offering memorandum are expected to be rated “Aaa” by Moody’s Investors Service, Inc., “AAA” by Standard and Poor’s Ratings Services and “AAA” by Fitch Ratings. The class B notes offered pursuant to this offering memorandum are expected to be rated “A3” by Moody’s Investors Service, Inc., “A” by Standard and Poor’s Ratings Services and “A” by Fitch Ratings.

Listing Information

Application has been made to the Irish Stock Exchange for the series 2006-A notes to be admitted to the Official List and trading on its regulated Market. There can be no assurance that such listing will be obtained. You may consult with the Irish listing agent to determine their status.

CUSIP Numbers

- Class A-1 Notes: 66704J BN 7
- Class A-2 Notes: 66704J BP 2
- Class A-3 Notes: 66704J BQ 0
- Class A-4 Notes: 66704J BR 8
- Class B Notes: 66704J BS 6

International Securities Identification Numbers (ISIN)

- Class A-1 Notes: US66704JBN72
- Class A-2 Notes: US66704JBP21
- Class A-3 Notes: US66704JBQ04
- Class A-4 Notes: US66704JBR86
- Class B Notes: US66704JBS69

European Common Codes

- Class A-1 Notes: 025376668
- Class A-2 Notes: 025376757
- Class A-3 Notes: 025376781
- Class A-4 Notes: 025376838
- Class B Notes: 025376978

RISK FACTORS

Investors in the series 2006-A notes should consider the following risk factors in deciding whether to purchase the series 2006-A notes. Capitalized terms used in this “RISK FACTORS” section, and not otherwise defined in this section, have the meaning assigned thereto under “GLOSSARY OF CERTAIN DEFINED TERMS.”

Our assets may not be sufficient to pay our notes

On the date of issuance, after we issue the series 2006-A notes and acquire the student loans that we expect to acquire on or about the date of issuance (and giving effect to pending disbursements), the aggregate principal balance of the student loans and other assets pledged as collateral for our notes will be approximately 111.1% of the aggregate principal balance of the class A notes and approximately 100.0% of the aggregate principal balance of the class A notes and the class B notes. It is possible that events could occur whereby these percentages could decrease to less than 100%. In such instance, if an event of default should occur under the indenture and we were required to redeem all of our notes at the time, our liabilities may exceed our assets. If this were to occur, we would be unable to repay in full all of the holders of our notes and this would affect our subordinate notes before affecting our senior notes. We cannot predict the rate or timing of accelerated payments of principal or the occurrence of an event of default or when the aggregate principal amount of the series 2006-A notes may be reduced to the aggregate principal amount of the student loans and other assets in the trust estate.

Payment of principal and interest on the series 2006-A notes is dependent upon collections on the student loans within the trust estate. If the yield on those student loans does not generally exceed the interest rate on the series 2006-A notes and expenses relating to the servicing of those student loans and administration of the indenture, we may have insufficient funds to repay the series 2006-A notes.

We expect that the revenues to be received pursuant to the indenture will be sufficient to pay principal of and interest on the series 2006-A notes when due and also to pay the program and other operating expenses until the final maturity of the series 2006-A notes. This expectation is based upon analysis of cash flow projections, based upon assumptions which we believe to be reasonable, regarding the timing of the financing of the financed student loans to be held pursuant to the indenture, the future composition of and yield on the financed student loan portfolio, the rate of return on moneys to be invested in various accounts under the indenture, and the occurrence of future events and conditions.

There can be no assurance, however, that interest and principal payments from the financed student loans will be received as anticipated, that the reinvestment rates assumed on the amounts in various accounts will be realized, or other payments will be received in the amounts and at the times anticipated. Furthermore, future events over which we have no control may adversely affect our actual receipt of revenues pursuant to the indenture. If actual receipt of revenues under the indenture or actual expenditures vary greatly from those projected, we may be unable to pay the principal of and interest on the series 2006-A notes when due.

Subordination of the class B notes and payment priorities

Payments of interest on the class B notes are subordinated in priority of payment to payments of interest due on the class A notes, and payments of principal on the class B notes are subordinated in priority of payment to payments of principal due on the class A notes. In addition, upon the occurrence and continuance of a class B note interest trigger event, interest on the class B notes will cease to be paid.

Principal on the class B notes will not begin to be paid until the stepdown date. However, the class B notes will not receive any payments of principal on or after the stepdown date if a class B note principal trigger event is in effect on any quarterly distribution date until the class A notes have been paid in full or the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all series 2006-A notes, to (ii) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 100%.

Accordingly, holders of class B notes will bear a greater risk of loss than holders of the class A notes in the event of a shortfall in available funds or amounts in the Reserve Fund due to losses or for any other reason. If the actual rate and amount of losses on the student loans exceeds our expectations, and if amounts in the Reserve Fund are insufficient to cover the resulting shortfalls, the yield to maturity on class B notes may be lower than anticipated and you could suffer a loss. The rights of the holders of the class B notes are also subordinated to rights of the holders of the class A notes as to the direction of remedies upon an event of default. In addition, as long as any class A notes are outstanding, the failure to make payments on class B notes will not constitute an event of default under the indenture. Consequently, holders of the class B notes may bear a greater risk of losses or delays in payment. See the captions “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES—Priorities” and “DESCRIPTION OF THE INDENTURE—Remedies” herein.

Sequential pay features of the class A notes may result in a greater risk of loss to owners of class A notes with a higher numerical designation

Certain class A notes may receive payments of principal after other class A notes in the same priority level. For example, the class A-1 notes are expected to receive principal payments before the class A-2 notes, class A-3 notes and class A-4 notes; the class A-2 notes are expected to receive principal payments before the class A-3 notes and the class A-4 notes; and the class A-3 note are expected to receive principal payments before the class A-4 notes. Consequently, holders of notes with a higher numerical designation may bear a greater risk of loss. Potential purchasers of the class A notes should consider the priority of payment of each separate class of class A notes before making an investment decision.

If we cannot or do not make pending disbursements for student loans, we may pay principal on or redeem notes

We expect to use some of the net proceeds of the series 2006-A notes sold by us to make pending disbursements for student loans during the prefunding period. If the pending disbursements are not completed, we will deposit those amounts in the Collection Fund, and such amounts may be used to pay principal or to redeem your series 2006-A notes as provided herein which could result in earlier payment than might otherwise be expected.

Less than all of the holders can approve amendments to the indenture or waive defaults under the indenture

Under the indenture, holders of specified percentages of the aggregate principal amount of the series 2006-A notes may amend or supplement provisions of the indenture and the series 2006-A notes and waive events of defaults and compliance provisions without the consent of the other holders. You have no recourse if the holders vote and you disagree with the vote on these matters. The holders may vote in a manner which impairs the ability to pay principal and interest on your series 2006-A notes.

The holders of the class B notes generally have no voting rights while any class A notes are outstanding. The holders of class B notes generally have no recourse if they disagree with the specified percentage of holders. See the captions “DESCRIPTION OF THE INDENTURE—Events of Default,” “—Remedies” and “—Supplemental Indentures Requiring Consent of Noteholders.”

Rating agency confirmation for certain actions

The indenture provides that we and the trustee may undertake various actions based upon receipt by the trustee of confirmation from the rating agencies that the outstanding ratings assigned by such rating agencies to the series 2006-A notes are not thereby impaired. Such actions include, but are not limited to, reducing the reserve fund requirement, adding additional servicers, providing for other permitted investment of indenture trust funds, changing limitations on servicing and administrative fees and depositing certain eligible loans into the trust estate, after the August, 2012 quarterly distribution date, in order to prevent or cure the occurrence of a T.H.E. suspension event. To the extent such actions are taken after issuance of the series 2006-A notes, investors in the series 2006-A notes will be subject to such actions and their impact on credit quality.

Nature of the series 2006-A notes; limited assets

The series 2006-A notes are solely our obligations. We will have no obligation to make any of our assets available to pay principal or interest on the series 2006-A notes other than the student loans pledged under the indenture and the other assets making up the collateral. Noteholders must rely for repayment upon revenues realized from the financed student loans and the other collateral. See the caption “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES.”

Ratings of the series 2006-A notes

It is a condition to issuance of the series 2006-A notes that they be rated as indicated under the caption “RATINGS.” A rating is not a recommendation to buy or sell series 2006-A notes or a comment concerning suitability for any investor. A rating only addresses the likelihood of the ultimate payment of principal and the timely payment of interest and does not address the likelihood of prepayments on the series 2006-A notes. There is no assurance that the ratings will remain for any given period of time or that ratings will not be lowered or withdrawn by any Rating Agency if in such Rating Agency’s judgment circumstances so warrant. A rating may not remain in effect for the life of the series 2006-A notes. See the caption “RATINGS.”

Repurchase of financed student loans

We have made certain representations and warranties in the indenture with respect to the financed student loans, and have agreed under certain circumstances to repurchase financed student loans out of the trust estate if such representations and warranties are materially incorrect and the trust estate would be materially and adversely affected by such breach of our representations and warranties. NorthStar Capital Markets Services, Inc. has agreed in our administration agreement to purchase such financed student loans if we fail to do so, and we have the right to put any financed student loans repurchased out of the trust estate by us to NorthStar Capital Markets Services, Inc. Our obligation to repurchase such financed student loans and the obligation of NorthStar Capital Markets Services, Inc. to purchase such financed student loans shall constitute the sole remedy of the holders of the series 2006-A notes and the trustee for any losses, claims, damages and liabilities arising from our interest in the financed student loans or the inclusion of our interest in the student loans in the trust estate in breach of our representations and warranties. We, or NorthStar Capital Markets Services, Inc., may not have the financial resources to meet the repurchase or purchase obligations under the indenture or the administration agreement, respectively. See the captions “THE FINANCED STUDENT LOANS—Purchase Obligations” and “—Representations and Warranties Regarding Financed Student Loans” herein.

The failure of NorthStar Capital Markets Services, Inc. to purchase a student loan would be a breach of the administration agreement, enforceable by the trustee, but is not an event of default, and would not permit the exercise of remedies, under the indenture.

Bankruptcy and financial position of NorthStar Capital Markets Services, Inc. or us could result in the failure to repurchase certain student loans

NorthStar Capital Markets Services, Inc. had retained earnings of \$6.2 million as of December 31, 2005. We had total assets (on a consolidated basis) of \$14 million as of December 31, 2005. Although we are paying our obligations as they become due and NorthStar Capital Markets Services, Inc. is paying its obligations as they become due, there can be no assurance that the level of such fund balance or retained earnings will be maintained or sufficient to meet all of ours and its respective obligations. If NorthStar Capital Markets Services, Inc. becomes bankrupt, the United States Bankruptcy Code could materially limit or prevent the enforcement

of NorthStar Capital Markets Services, Inc.'s obligations, including NorthStar Capital Markets Services, Inc.'s obligation under the administration agreement with us in connection with the administration of our student loans. A bankruptcy of NorthStar Capital Markets Services, Inc. or us may mean that neither NorthStar Capital Markets Services, Inc. nor we can purchase any financed student loan as to which there has been a breach of any of the representations and warranties that we made with respect thereto in the indenture. In addition, the level of retained earnings or fund balance may not be sufficient for such purpose.

Servicemembers Civil Relief Act

The Servicemembers Civil Relief Act (the "Relief Act"), signed into law by the President on December 19, 2003, updates and replaces the Soldiers' and Sailors' Civil Relief Act of 1940. The Relief Act 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 student loan. The Relief Act provides generally that a borrower who is covered by the Relief Act may not be charged interest on a student loan that is not a federal loan in excess of 6% per annum during the period of the borrower's active duty. These shortfalls are not required to be paid by the borrower at any future time. The Relief Act also limits the ability of a lender of student loans to take legal action against a borrower during the borrower's period of active duty and, in some cases, during an additional three-month period thereafter. As a result, there may be delays in payment and increased losses on the financed student loans. We do not know how many financed student loans may be affected by the application of the Relief Act.

Higher Education Relief Opportunities for Students Act of 2003

The Higher Education Relief Opportunities for Students Act of 2003 ("HEROES Act of 2003"), signed into law by the President on August 18, 2003, authorizes the secretary of education, during the period ending September 30, 2007, to waive or modify any statutory or regulatory provisions applicable to student financial aid programs under Title IV of the Higher Education Act (the "Act") as the secretary deems necessary to ensure that student loan borrowers who: are serving on active military duty during a war or other military operation or national emergency, reside or are employed in an area that is declared by any federal, state or local office to be a disaster area in connection with a national emergency, or suffered direct economic hardship as a direct result of war or other military operation or national emergency, as determined by the secretary, to ensure that such recipients of student financial assistance are not placed in a worse financial position in relation to that assistance, to ensure that administrative requirements in relation to that assistance are minimized, to ensure that calculations used to determine need for such assistance accurately reflect the financial condition of such individuals, to provide for amended calculations of overpayment, and to ensure that institutions of higher education, eligible lenders, guaranty agencies and other entities participating in such student financial aid programs that are located in, or whose operations are directly affected by, areas that are declared to be disaster areas by any federal, state or local official in connection with a national emergency may be temporarily relieved from requirements that are rendered infeasible or unreasonable. The secretary was given this same authority under Public Law 107-122, signed by the President on January 15, 2001, but the secretary has yet to use this authority to provide specific relief to servicepersons with loan obligations who are called to active duty. We currently apply the provisions of the HEROES Act of 2003 to the financed student loans held

under the indenture, which are not originated under the Higher Education Act, in the same manner we apply such act to our federal loans, although we are not required by law to do so.

The number and aggregate principal balance of financed student loans that may be affected by the application of the HEROES Act of 2003 is not known at this time. Accordingly, payments received on financed student loans made to a borrower who qualifies for such relief may be subject to certain limitations. If a substantial number of borrowers of the financed student loans become eligible for the relief provided under the HEROES Act of 2003, there could be an adverse effect on the total collections on the financed student loans and the ability of the trustee to make payments on the series 2006-A notes.

Consumer protection laws may affect enforceability of the financed student loans

Numerous federal and state consumer protection laws and related regulations impose substantial requirements upon lenders and servicers involved in consumer finance. These requirements may apply to assignees such as the trust estate and may result in both liability for penalties for violations and a material adverse effect upon the enforceability of the financed student loans. For example, federal law such as the Truth-in-Lending Act can create punitive damage liability for assignees and defenses to enforcement of the financed student loans, if errors were made in disclosures that must be made to borrowers. Certain state disclosure laws, such as those protecting co-signers, may also affect the enforceability of the financed student loans if appropriate disclosures were not given or records of those disclosures were not retained. If the interest rate on the loans in question exceeds applicable usury laws, that violation can materially adversely affect the enforceability of the loans.

If the loans were marketed or serviced in a manner that is unfair or deceptive, or if marketing, origination or servicing violated any applicable law, then state unfair and deceptive practices acts may impose liability on the loan holder, as well as creating defenses to enforcement. Under certain circumstances, the holder of a financed student loan is subject to all claims and defenses that the borrower on that loan could have asserted against the educational institution that received the proceeds of the loan. Many of the financed student loans have been priced by lenders using a so-called “risk based pricing” methodology in which borrowers with lower creditworthiness are charged higher prices. If pricing has an adverse impact on classes of protected persons under the federal Equal Credit Opportunity Act and other similar laws, claims under those acts may be asserted against the originator and, possibly, the loan holder.

Private student loans may have greater risk of default than Higher Education Act loans; no guarantee or insurance

The private student loans are made to students who may have higher debt burdens than student loan borrowers as a whole. Borrowers of private student loans such as the financed student loans typically have already borrowed up to the maximum annual or aggregate limits under the Higher Education Act. In addition, the financed student loans have been made to graduate and professional students, who generally have higher debt burdens than student loan borrowers as a whole. As a result, borrowers of private student loans may be more likely to default on their payments or have a higher rate of forbearances. Failures by borrowers to pay

timely the principal and interest on their private student loans or an increase in deference or forbearances could affect the timing and amount of available funds for any collection period and adversely affect our ability to pay principal and interest on your securities. In addition, the private student loans are not secured by any collateral of the borrowers and are not insured by any guaranty agency or by any governmental agency. Consequently, if a borrower defaults on a private student loan, you will bear the risk of loss to the extent that the reserve account or other credit enhancement provided under the indenture is insufficient to cover such default.

Risk of bankruptcy discharge of private credit student loans

Private credit student loans are generally not dischargeable by a borrower in bankruptcy; however, private credit student loans can become dischargeable if the borrower proves that keeping the loans non-dischargeable would impose an undue hardship on the debtor and the debtor's dependents. If you own any notes, you will bear any risk of loss resulting from the discharge of any borrower of a private credit student loan.

Recent events affecting Alabama, Louisiana and Mississippi may result in increased forbearances and greater risk of default

Hurricane Katrina has caused substantial devastation to parts of the states of Alabama, Louisiana and Mississippi. As of the statistical calculation date, approximately 2.53% of student loans within the trust estate are attributable to borrowers with addresses in these states. These borrowers, along with other borrowers, including those attending post-secondary education institutions in these states, may be adversely affected by Hurricane Katrina. Such adverse affects could potentially cause some borrowers to default on their student loans. In addition, payment relief may be granted or may be required to be granted to borrowers of our student loans in the areas affected by Hurricane Katrina. Any forbearance granted to borrowers of our student loans affected by Hurricane Katrina may decrease the rate at which principal is repaid with respect to your notes. At this time, it is difficult to predict the effect of Hurricane Katrina on the weighted average lives and yield of your notes.

Variability of revenues

Collections on the financed student loans during a monthly collection period may vary greatly in both timing and amount from the payments actually due on the financed student loans for that monthly collection period for a variety of economic, social and other factors.

Failures by borrowers to pay timely the principal and interest on their financed student loans or an increase in deferments or forbearances could affect the timing and amount of available funds for any monthly collection period and our ability to pay principal and interest on the series 2006-A notes. In addition, the financed student loans have been made to graduate and professional students, who generally have higher debt burdens than student loan borrowers as a whole. The effect of these factors, including the effect on the timing and amount of available funds for any monthly collection period and the ability to pay principal and interest on the series 2006-A notes is impossible to predict.

Interests of other persons in the private student loans could be superior to our interest, which may result in reduced payments on your securities

We will file financing statements with the appropriate governmental authorities to perfect our interest in the financed student loans. The servicer and NorthStar Capital Markets Services, Inc. will also mark its books and records accordingly. However, the servicer will continue to hold the promissory notes evidencing the financed student loans and NorthStar Capital Markets Services, Inc. will retain the records relating to any electronic notes. If another party purchases (or takes a security interest in) one or more financed student loans for new value in the ordinary course of business and obtains possession of those promissory notes evidencing financed student loans without actual knowledge of the trust estate's interests because of the failure to segregate or mark those promissory notes, the new purchaser (or secured party) will acquire an interest in those financed student loans superior to ours.

The servicing agreement may be terminated, resulting in additional costs to us, increased servicing fees or a diminution in servicing performance, which could cause delays in payment or losses on the series 2006-A notes

In the event of the termination of the servicing agreement and the appointment of a successor servicer, we cannot predict the cost of the transfer of servicing to the successor, the ability of the successor to perform the obligations and duties of the servicer under the servicing agreement (or any successor agreement), or the servicing fees charged by the successor. The occurrence of these events could adversely affect us or our ability to pay principal of and interest on the series 2006-A notes.

The interest rates on our investments may be insufficient to cover interest on the series 2006-A notes

Unspent proceeds of the series 2006-A notes and moneys in the funds and accounts under the indenture will be invested at fluctuating interest rates. There can be no assurance that the interest rates at which these proceeds and moneys are invested will equal or exceed the interest rates on the series 2006-A notes.

If the trustee is forced to sell loans after an event of default under the indenture, there could be losses on the series 2006-A notes

Generally, during an event of default under the indenture, the trustee is authorized with the consent of certain holders of the series 2006-A notes to sell the student loans within the trust estate. However, the trustee may not find a purchaser for those student loans. Also, the market value of those student loans plus other assets in the trust estate might not equal the principal amount of outstanding notes and accrued interest thereon. The competition currently existing in the secondary market for private loans also could be reduced, resulting in fewer potential buyers

of those student loans and lower prices available in the secondary market for those student loans. The holders of the series 2006-A notes may suffer a loss if the trustee is unable to find purchasers willing to pay sufficient prices for the student loans.

The series 2006-A notes are not suitable investments for all investors

The series 2006-A notes are not a suitable investment if you require a regular or predictable schedule of payments or payment on any specific date. The series 2006-A notes are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors. The rate of payment of principal of the series 2006-A notes and the yield on the series 2006-A notes will be affected by prepayments on the financed student loans, which could occur significantly earlier than expected. Consequently, the actual payments in full of principal on the series 2006-A notes could be significantly earlier, average lives of the series 2006-A notes could be significantly shorter, and periodic balances could be significantly lower, than expected. See the caption “PREPAYMENTS, WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES OF THE SERIES 2006-A NOTES” herein.

Book-entry registration may limit your ability to participate directly as a holder

The series 2006-A notes will be represented by one or more certificates registered in the name of Cede & Co., the nominee for The Depository Trust Company, and will not be registered in your name. You will only be able to exercise the rights of holders of the series 2006-A notes indirectly through The Depository Trust Company and its participating organizations. See the caption “BOOK-ENTRY REGISTRATION” herein.

You may have difficulty selling your notes

Application has been made to the Irish Stock Exchange for the series 2006-A notes to be admitted to the Official List and trading on its regulated Market. There can be no assurance that this listing will be obtained. If the series 2006-A notes are not listed on a securities exchange and you want to sell your notes, you will have to locate a purchaser that is willing to purchase them. The underwriters intend to make a secondary market for the series 2006-A notes and may do so by offering to buy the series 2006-A notes from investors that wish to sell. However, a secondary market for the series 2006-A notes may not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow noteholders to resell any of the series 2006-A notes. The underwriters will not be obligated to make offers to buy the series 2006-A notes and may stop making offers at any time. In addition, the prices offered, if any, may not reflect prices that other potential purchasers would be willing to pay, were they to be given the opportunity. There have been times in the past where there have been very few buyers of asset-backed securities, and there may again be such a time in the future. As a result, you may not be able to sell your notes when you want to or you may not be able to obtain the price that you wish to receive.

THE ISSUER

Organization

NorthStar Education Finance, Inc. is a Delaware nonstock nonprofit corporation incorporated in January of 2000. We are a membership organization, and our current members are our board of directors. We were formed to carry on the student loan programs started by NorthStar Guarantee, Inc. as described below.

NorthStar Guarantee, Inc., a Minnesota nonprofit corporation recognized as exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, began its operations in 1991 as the State of Minnesota's designated federal loan guarantor for education loans made under the Higher Education Act. NorthStar Guarantee, Inc. also provided loan origination services, loan escrow and loan disbursement services for lenders and educational institutions.

NorthStar Guarantee, Inc. changed its business focus in 1997 from that of a guarantee agency and disbursement agent for other lenders to that of a direct lender of education loans. The change in business activities coincided with NorthStar Guarantee, Inc. affiliating with the Great Lakes Higher Education Corporation of Madison, Wisconsin. NorthStar Guarantee, Inc. and Great Lakes Higher Education Corporation each agreed that the activities and assets of the student loan business would be contributed to a new nonprofit entity, when the business could sustain itself, and we were formed for that purpose.

Shortly after receiving a favorable determination from the Internal Revenue Service in March of 2003 that we were an organization described in Section 501(c)(3) of the Internal Revenue Code, NorthStar Guarantee, Inc. transferred beneficial ownership of all remaining assets (including all student loans) to us and we assumed all associated liabilities. As of December 31, 2005, we owned (directly and through wholly owned subsidiaries) approximately \$3.9 billion of student loans. We are no longer affiliated with NorthStar Guarantee, Inc.

We formed NorthStar Capital Markets Services, Inc., a Delaware for profit business corporation, in January of 2000, and we are the majority and controlling shareholder of NorthStar Capital Markets Services, Inc.

We have only a minimal number of employees, but we have entered into an administration agreement with NorthStar Capital Markets Services, Inc. to perform our personnel services. NorthStar Capital Markets Services, Inc. also performs certain duties for NorthStar T.H.E. Funding, LLC, NorthStar T.H.E. Funding II, L.L.C., NorthStar T.H.E. Funding III, L.L.C., NorthStar SAL Funding, L.L.C. and us with respect to the origination, servicing and financing of loans under the T.H.E. Loan Program described below.

We rely substantially on securitizations in order to fund, on a long-term basis, our purchase of student loans. Our continuing duties after the issuance of the series 2006-A notes with respect to the series 2006-A notes and the financed student loans pledged under the indenture generally include the responsibilities of certain of our affiliates described elsewhere in this offering memorandum, our ongoing disclosure obligations, if any and other related obligations as the issuer of the series 2006-A notes and the responsibilities relating to our

continued ownership of the financed student loans that are pledged to the trustee under the indenture for the benefit of the holders of the series 2006-A notes. In addition, under the terms of the indenture, if there is a breach of any representation or warranty relating to the financed student loans that we make in the indenture, in certain circumstances we will have the repurchase and reimbursement obligations set forth below under “THE FINANCED STUDENT LOANS—Representations and Warranties Regarding Financed Student Loans.” Furthermore, under the terms of the administration agreement, NorthStar Capital Markets Services, Inc. is required to purchase at our request any financed student loan for any breach of a representation or warranty made by us in the indenture relating to such financed student loan, as described under the caption “THE FINANCED STUDENT LOANS—Repurchase Agreement.” In addition, if we repurchase financed student loans, we have the right to put such financed student loans back to NorthStar Capital Markets Services, Inc.

For a description of the size, composition and growth of our portfolio of student loans that have been previously securitized and any material factors regarding origination or performance of our prior securitizations, See the caption “THE ISSUER—Previous Securitizations of the Issuer.”

Permissible Activities; Limitations

We were not formed as a “special purpose” entity and can generally take all actions permitted under Delaware and other applicable law. We do not generally have any restrictions on our activities in our certificate of incorporation and bylaws, including with respect to issuing or investing in additional securities, borrowing money or making loans to other persons. As a non-moneyed corporation, we are not subject to involuntary action for relief under bankruptcy or insolvency laws but we have the right to file a voluntary bankruptcy petition. Our certificate of incorporation may be amended in whole or in part by a majority vote of our directors (who are also our members) and upon the adoption of a resolution relating thereto, each in accordance with Delaware law. Our bylaws may also be amended in whole or in part by a majority vote of our directors.

Directors and Officers

Our current officers and directors are as follows:

Name	Position	Principal Occupation
Kennon Rothchild	Chairman of the Board	Retired Mortgage Banker, former Chair of the Board of Trustees of the Minnesota State Colleges and Universities System
Taige P. Thornton	President and Chief Executive Officer	NorthStar Companies
Clyde Nelson	Treasurer and Director	Retired Mortgage Banker
Charlton Dietz	Director	Retired General Counsel, 3M Corporation
The Honorable Bill Frenzel	Director	Guest Scholar, Brookings Institution and former Congressman
Jayne B. Khalifa	Director	Director of the Minneapolis Department of Civil Rights
Anita Pampusch	Director	President, The Bush Foundation
Richard Nigon	Director	Director of Corporate Equity Finance, Miller Johnson Steichen Kinnard, Inc. former Partner, Ernst & Young
Mark A. Lindgren	Secretary	NorthStar Companies
Jamie Wolfe	Chief Financial Officer	NorthStar Companies

Each of our directors and officers holds his or her position until death, resignation, removal or until his or her successor is elected and qualified.

We have several board committees, including an audit committee. The audit committee is chaired by Bill Frenzel, and Richard Nigon and Anita Pampusch are members. The audit committee operates pursuant to a charter that sets forth its responsibilities.

Affiliated Corporations

NorthStar Capital Markets Services, Inc. NorthStar Capital Markets Services, Inc. is a Delaware for profit business corporation. We hold approximately 58% of NorthStar Capital Markets Services, Inc.'s outstanding common stock. NorthStar Capital Markets Services, Inc. has adopted an incentive stock option plan under which options to acquire NorthStar Capital Markets Services, Inc. common stock have been and may be issued to members of NorthStar Capital Markets Services, Inc. management. NorthStar Capital Markets Services, Inc. management currently owns 40% of the outstanding stock of NorthStar Capital Markets Services, Inc., and a local non-profit entity owns the remaining 2% of such stock. The current officers and directors of NorthStar Capital Markets Services, Inc. are as follows:

Name	Position	Principal Occupation
Charlton Dietz	Chairman of the Board	Retired General Counsel, 3M Corporation
Taige P. Thornton	President, Chief Executive Officer and Director	NorthStar Companies
Jamie Wolfe	Chief Financial Officer, Treasurer and Director	NorthStar Companies
Lisa Schoonover	Chief Operating Officer	NorthStar Companies
Mark A. Lindgren	Secretary, Vice President and General Counsel	NorthStar Companies
Thomas Dixon	Chief Information Officer	NorthStar Companies
Kennon Rothchild	Director	Retired Mortgage Banker
Richard Nigon	Director	Director of Corporate Equity Finance Miller Johnson Steichen Kinnard, Inc., former Partner, Ernst & Young
John D. Emerick, Jr.	Director	Vice President of Finance, Fair Isaac Corporation
Judith Mares	Director	Financial Consultant, Member of the Minnesota State Board of Investments Advisory Group, former Chair of the U.S. Department of Labor ERISA Advisory Council

NorthStar Capital Markets Services, Inc. has several board committees, including an audit committee, a compensation committee and an investment committee. The audit committee operates pursuant to a charter that sets forth its responsibilities. The compensation committee is responsible for setting compensation for the executive officers of NorthStar Capital Markets Services, Inc. The investment committee is responsible for approving derivative transactions, among other things.

NorthStar T.H.E. Funding, LLC, NorthStar T.H.E. Funding II, L.L.C., NorthStar T.H.E. Funding III, L.L.C. and NorthStar SAL Funding, L.L.C. NorthStar T.H.E. Funding, LLC, NorthStar T.H.E. Funding II, L.L.C. and NorthStar T.H.E. Funding III, L.L.C. is each a Delaware limited liability company, of which we are the sole member. NorthStar SAL Funding, L.L.C. is also a Delaware limited liability company, of which NorthStar Capital Markets Services, Inc. is the sole member. The managers of these entities are members of our management and one other independent manager with no affiliation with the NorthStar Companies, their affiliates, management or board members.

NorthStar T.H.E. Funding, LLC, NorthStar T.H.E. Funding II, L.L.C. and NorthStar T.H.E. Funding III, L.L.C. originate and hold student loans. NorthStar SAL Funding, L.L.C. provides funding to various eligible schools, whereby such eligible schools make loans (school as lender) to eligible borrowers. Those loans are subsequently purchased by other of the NorthStar Companies. Northstar T.H.E. Funding, L.L.C., NorthStar T.H.E. Funding II, L.L.C., NorthStar T.H.E. Funding, III, L.L.C. and NorthStar SAL Funding, L.L.C. are limited purpose bankruptcy remote entities that obtain all of their funding from asset backed commercial paper conduits. Their limited liability company agreements restrict activities to originating and holding loans financed by those conduits and selling such loans into other financings.

NorthStar Education Finance, Inc., NorthStar T.H.E. Funding, LLC, NorthStar T.H.E. Funding II, L.L.C., NorthStar T.H.E. Funding III, L.L.C., NorthStar SAL Funding, L.L.C. and

NorthStar Capital Markets Services, Inc., all of which are affiliates, are collectively referred to herein as the “NorthStar Companies.”

Key Personnel of NorthStar Companies

Taige P. Thornton, 53, is our President and Chief Executive Officer and the President and Chief Executive Officer of NorthStar Capital Markets Services, Inc. He is a director of NorthStar Capital Markets Services, Inc. Mr. Thornton started NorthStar Guarantee, Inc. in 1991 and grew it into the sixth largest education loan insurer in the country. Mr. Thornton has been engaged in the financial services industry for the past 25 years. His previous executive positions were: past President of the Consumer Finance Group, First Bank System, Vice President of Operations at Balcor/American Express, and an Officer at the Harris Trust and Savings Bank. Mr. Thornton received his BA degree in Political Science from the University of Iowa in 1975.

Jamie Wolfe, 44, is our Chief Financial Officer and the Chief Financial Officer of NorthStar Capital Markets Services, Inc, and is a director of NorthStar Capital Markets Services, Inc. Mr. Wolfe is responsible for establishing financial policies, procedures, controls and reporting systems and analyzing the financial data that is used for strategic planning. Mr. Wolfe began with NorthStar Guarantee, Inc. in 1991 and has been with the NorthStar Companies ever since. Prior to 1991, Mr. Wolfe held positions with First Bank System and ITT Consumer Finance. Mr. Wolfe received a BS degree in Finance in 1987 and an MBA in Finance in 1988 from the University of Minnesota.

Lisa Schoonover, 43, is the Chief Operating Officer of NorthStar Capital Markets Services, Inc. Ms. Schoonover is responsible for the operational and customer service aspects of the business, including loan processing operations, loan origination, disbursement and electronic processing. She is also instrumental in developing new products and programs, implementing and designing operating systems, creating marketing materials, training, and building market share for NorthStar Companies’ product lines. Ms. Schoonover has been in the student loan industry since 1988, and employed by the NorthStar Companies since 1991.

Thomas Dixon, 47, is the Chief Information Officer for NorthStar Capital Markets Services, Inc. Mr. Dixon began with the NorthStar Companies in 1991, joined Great Lakes Higher Education Corporation in 1997 and rejoined the NorthStar Companies in 2000. He is responsible for strategic, design and operational decisions regarding the information technology utilized by the NorthStar Companies. Mr. Dixon has 19 years of experience in analysis, design, development, and management of computer software with 14 years experience in the student loan industry. Mr. Dixon has held positions with Higher Education Assistance Foundation, NorthStar Guarantee, Inc., and Great Lakes Higher Education Corporation. Mr. Dixon received a BS in Computer Science from the University of Minnesota in 1996.

Mark Lindgren, 51, has been employed by the NorthStar Companies since March of 2000 and is responsible for the legal affairs of the NorthStar Companies and assists with its financing activities. Mr. Lindgren formerly was engaged in the private practice of law as a shareholder of Leonard, Street and Deinard and was also a Managing Director at Piper Jaffray, Inc. Mr. Lindgren received his undergraduate degree from St. Cloud State University in 1977 and his law degree from the University of Minnesota in 1981.

Operations

Our primary activity is the administration of our loan programs, which currently consists primarily of the T.H.E. Loan Program. The T.H.E. Loan Program provides both federally reinsured and private loans to students attending qualified graduate and four year undergraduate schools.

NorthStar Capital Markets Services, Inc currently has approximately 70 employees. Its main office is located at 444 Cedar Street, Suite 550, St. Paul, Minnesota 55101. It also has an office in Minnetonka, Minnesota. Its telephone number is 888-843-0004.

In its unaudited statements as of December 31, 2005, the NorthStar Companies had total assets of \$4.453 billion, total liabilities of \$4.439 billion, and net assets as of such date of \$14 million. As of September 30, 2005, the NorthStar Companies had total assets of \$4.237 billion, total liabilities of \$4.223 billion, and net assets as of such date of \$14 million. In its unaudited statements as of December 31, 2005, Northstar Capital Markets Services, Inc. had total assets of \$9.7 million, total liabilities of \$2.5 million and total stockholders equity of \$7.2 million (including retained earnings of \$6.2 million). As of September 30, 2005, NorthStar Capital Markets Services, Inc. had total assets of \$8.4 million, total liabilities of \$3.3 million and total stockholders equity of \$5.1 million (including retained earnings of \$4.7 million). NorthStar Capital Markets Services, Inc. may not have sufficient assets at any point in time to acquire loans pursuant to the administration agreement. Except for our limited assets pledged under the indenture, our limited repurchase obligation under the indenture and the purchase obligation of NorthStar Capital Markets Services, Inc. with respect to certain student loans as described under the caption “THE FINANCED STUDENT LOANS—Purchase Obligations” herein, none of the assets of the NorthStar Companies are available to pay principal of or interest on the series 2006-A notes.

Capitalization of NorthStar Education Finance

Generally accepted accounting principles requires that our financial statements are consolidated with the NorthStar Companies. The capitalization of the NorthStar Companies is set forth above under the caption “—Operations.”

Securitization Financings of the Issuer

We have previously issued a number of series of student loan asset backed securities, which are outstanding in the aggregate principal balance set forth in the following table. We have paid in full all scheduled interest due and payable on each outstanding series of securities, and there are no prior defaults or early amortization triggering events on any securitization organized by us. The student loans owned by us and pledged to secure the securities issued by us are not collateral for the series 2006-A notes offered by this offering memorandum and were issued under separate transaction documents; provided, that as described more fully herein, certain proceeds will be used to refund certain notes issued under a separate indenture and the related student loans will be released from the lien of that indenture and pledged to the trustee under the indenture as security for the series 2006-A notes. The trust estate securing the series 2006-A notes is a discrete pool of financed student loans to be acquired on the date of

issuance and upon completion of pending disbursements during the prefunding period. The indenture under which the series 2006-A notes will be issued does not permit us to issue any additional notes or other securities after the date of issuance.

The following table indicates our total indebtedness (not including the indebtedness of consolidated affiliates) as expected as of the date of issuance of the series 2006-A notes, giving effect to the refunding and refinancing of the refunded notes described under the caption “USE OF PROCEEDS.”

Total Indebtedness of the Issuer

<u>Series</u>	<u>Type of Securities</u>	<u>Outstanding Principal Amount</u>	<u>Maturity Date</u>
Senior Series 2005-1A-1	LIBOR Rate	193,100,000	October 28, 2026
Senior Series 2005-1A-2	LIBOR Rate	118,300,000	July 28, 2027
Senior Series 2005-1A-3	LIBOR Rate	227,900,000	October 30, 2030
Senior Series 2005-1A-4	LIBOR Rate	210,700,000	April 28, 2032
Senior Series 2005-1A-5	Reset Rate	250,000,000	October 30, 2045
Subordinate Series 2005-1B	Auction Rate	20,000,000	October 30, 2045
Senior Series 2004-2A-1	LIBOR Rate	295,000,000	April 28, 2016
Senior Series 2004-2A-2	LIBOR Rate	150,000,000	January 30, 2017
Senior Series 2004-2A-3	LIBOR Rate	280,000,000	July 30, 2018
Senior Series 2004-2A-4	LIBOR Rate	249,500,000	July 28, 2021
Subordinate Series 2004-2B	Auction Rate	25,500,000	December 28, 2044
Senior Series 2004-1A-1	LIBOR Rate	100,000,000	January 28, 2011
Senior Series 2004-1A-2	LIBOR Rate	225,000,000	January 28, 2014
Senior Series 2004-1A-3	LIBOR Rate	200,000,000	April 28, 2017
Senior Series 2004-1A-4	LIBOR Rate	225,000,000	April 29, 2019
Subordinate Series 2004-1B	Auction Rate	30,000,000	December 1, 2044
Senior Series 2002A-2	Auction Rate	51,250,000	April 1, 2042
Senior Series 2002A-3	Auction Rate	65,500,000	April 1, 2042
Senior Series 2002A-4	Auction Rate	65,500,000	April 1, 2042
Senior Series 2002A-5	Auction Rate	51,250,000	April 1, 2042
Subordinate Series 2002B-1	Auction Rate	37,000,000	April 1, 2042
Subordinate Series 2000B	Auction Rate	<u>9,500,000</u>	November 1, 2040
Total Prior to Issuance of Series 2006-A Notes but excluding refunded notes		\$3,080,000,000	
Series 2006-A Notes		<u>\$652,600,000</u>	
Total including Series 2006-A Notes		<u>\$3,732,600,000</u>	

Discretionary Authority

There are no material discretionary activities permitted with regard to the administration of the series 2006-A notes or the pool of financed student loans securing the series 2006-A notes.

Previously Completed Private Loan Securitizations

During fiscal year 2004, the amount of private student loans securitized in our securitization program was \$320,000,000, all of which is being refunded and refinanced with a portion of the proceeds of the series 2006-A notes and certain of our own funds. During fiscal years 2003 and 2005, we did not securitize any private student loans.

NorthStar Loan Programs

Our loan program is known as the Total Higher Education (T.H.E.) Loan Program (the “T.H.E. Loan Program”). The T.H.E. Loan Program is marketed to graduate and professional schools and four year undergraduate institutions. Our mission and business strategy is to create innovative financing programs that allow for no up front fees on federal insured loans and a borrower benefit program funded from residual payments received after the loans are financed. While the T.H.E. Loan Program consists of a Federal Family Education Loan Program component, **none of the student loans held under the indenture were originated pursuant to the Higher Education Act of 1965, as amended.** See the caption “THE FINANCED STUDENT LOANS” herein.

The current T.H.E. Loan Program consists of two major components:

- (a) Federal Family Education loans (FFELP or Higher Education Act loans):
 - (i) Subsidized FFELP loans;
 - (ii) Unsubsidized FFELP loans;
 - (iii) Parent Loan For Undergraduate Student (PLUS);
 - (iv) PLUS Loan for Professional and Graduate Students; and
 - (v) Consolidation Loans.
- (b) non-FFELP loans:
 - (i) Medical Loans;
 - (ii) Law/MBA Loans; and
 - (iii) Other Undergraduate & Graduate Loans.

The private loan component is designed to provide an additional loan to a student to cover the difference between the cost of attending the higher education institution and the federal and institutional grants and loans already provided. Higher Education Act loans and private loans are offered separately or as a comprehensive financing package. The T.H.E. Loan Program is available in the following manner: (a) the federally guaranteed loan is available to any student attending an eligible four year institution and (b) the private loan is available to students that

meet the NorthStar Companies' credit underwriting requirements and are attending eligible institutions.

As of December 31, 2005, we owned Higher Education Act loans of approximately \$3.4 billion and private loans of approximately \$519 million. None of the Higher Education Act loans are held within the trust estate securing the series 2006-A notes. We may also acquire a small amount of non-T.H.E. Loan Program private loans from an unaffiliated bank which will represent less than 1% in aggregate principal amount of the financed student loans under the indenture.

Loan Origination

We, or our predecessors, have been originating student loans, including private loans, since 1991. When NorthStar Guarantee, Inc. and Great Lakes Higher Education Corporation affiliated in 1997, NorthStar Guarantee, Inc.'s origination processing personnel became employees of Great Lakes Higher Education Corporation. Until April 2000, all loans originated by or on behalf of NorthStar Guarantee, Inc. were processed and serviced by Great Lakes Higher Education Corporation under contract with NorthStar Guarantee, Inc. Since April 2000, NorthStar Capital Markets Services, Inc. has processed substantially all originations. All servicing functions have been performed by Great Lakes Educational Loan Services, Inc. Great Lakes Educational Loan Services, Inc. also originates a small number of loans for us, and a small number of loans may be originated by others. The vast majority of private loans are originated by University National Bank and purchased by us or the other transferors shortly after origination pursuant to the terms of a purchase and sale agreement under which University National Bank may, but is not obligated to, offer to sell private loans to us or the other transferors. Less than 1.0% in aggregate principal amount of the private loans in the initial pool were acquired by us from another bank.

The NorthStar Companies' program guidelines (the "program guidelines") set forth the terms under which loans will be made and define borrower and school eligibility. The T.H.E. Loan Program includes discipline specific programs for law, MBA, and medical students. The T.H.E. Loan Program also includes a national program generally available to other graduate students and undergraduate students who, alone or with a cosigner, meet certain credit underwriting criteria. While none of the financed student loans will have been made under the Higher Education Act, the T.H.E. Loan Program does include federal guaranteed loans as well as private loans. All students attending a four year institution and eligible for federal guaranteed loans are eligible for T.H.E. Loan Program federal guaranteed loans.

Private loans may be made only to eligible borrowers at eligible schools. Borrower eligibility is determined through a proprietary credit underwriting process utilizing credit scoring models. School eligibility is determined by the NorthStar Companies based, in part, on the school's historical default experience.

When applications are received, the applications are reviewed to determine that the application is complete, that the student is an eligible borrower and the school an eligible institution. Each application also includes a certification from the submitting school that the student is eligible for the particular loan program and that the amount of the loan does not exceed

the student's cost of education less other financial aid. If the application is complete and consistent with the program guidelines, the loan is approved. If a borrower does not meet the credit requirements or an application is otherwise determined not to comply with the program guidelines, the applicant will be sent an adverse determination letter, which will include instructions on the steps to be taken to appeal the denial if the denial is based on an adverse credit determination. Detailed appeal procedures are contained in the program guidelines.

T.H.E. Loan Program Credit Criteria

General. The following is a general description of some of the material terms of the program guidelines and the credit requirements a student must meet in order to be considered an eligible borrower under our T.H.E. Loan Program as of March 1, 2005. The program guidelines may change over time or may be altered or waived by us. The entity originating a loan under our T.H.E. Loan Program is required to exercise reasonable judgment in determining if a student satisfies the credit requirements.

Credit Requirements. Each applicant is reviewed using data provided by one of the three major credit bureaus. If the applicant's credit score meets a certain criteria, the applicant's credit will generally be approved. The applicant's credit may also be approved if the credit score is in a lower specified range and in certain instances the applicant obtains a credit worthy cosigner meeting the requirements described under the caption "—Cosigner Credit Requirements" below. Review in certain circumstances will also involve utilizing the criteria described in the caption "—Derogatory Review Criteria" below. The applicant may also be required to obtain a credit worthy cosigner in certain other circumstances.

Derogatory Review Criteria. The following additional requirements may apply before an applicant's credit will be approved.

The applicant's credit history will be reviewed for bankruptcies, foreclosures, repossessions, wage garnishments, skips, open charge-offs, open collection accounts, unpaid tax liens, unpaid judgments, or court proceedings wherein a claim was brought against the student for failure to make payment on an obligation. The occurrence of any of the above events will generally result in a denial of credit. If the applicant's credit history shows more than two paid charge-offs, tax liens and/or collection accounts within the immediately preceding two years, credit will generally be denied.

With regard to educational loans, the student's credit history will be reviewed for any prior educational loan defaults. Any prior defaults will generally result in a denial of credit unless the student has repaid such educational loan in full or if no payments due under the educational loan are past due and the student has made the past six payments no later than on the day the payments were due. Credit will not be denied for education loans that are in a deferred status that show prior delinquencies.

All of the student's payment obligations will be reviewed. Credit will generally be denied if the student had certain numbers of payments overdue within the last year by various lengths of time.

If the originator receives written documentation that any of the credit information on the applicant's credit report was reported in error and that the error has subsequently been corrected, the erroneous credit information will not be automatic grounds for the denial of credit.

Cosigner Credit Requirements. Cosigners for a loan under our T.H.E. Loan Program will be credit scored and will be required to meet certain minimum criteria which may be different for certain designated schools. Since the analysis underlying the credit scores is proprietary to the credit bureaus, the only way to override a denial is to have the cosigner correct or address any derogatory issues at the Credit Bureau and request a re-scoring of their application.

If a student borrower is denied for a credit score below certain levels, the loan will be denied regardless of the outcome of the cosigner's credit. If the student is accepted and the cosigner is denied, the student may accept the loan if a cosigner is not required, resubmit the application with an alternate cosigner or, to the extent that information on the cosigner's credit report was erroneous, have the cosigner correct the information at the credit bureau and resubmit the application.

Appeals. Students that fail to meet the credit requirements may appeal such a decision by providing documentation of extenuating circumstances. The documentation is reviewed and a final decision is made by the originator. Submission of an appeal does not guarantee the student will be granted eligible borrower status.

The Administration Agreement

We have entered into an administration agreement with NorthStar Capital Markets Services, Inc. pursuant to which NorthStar Capital Markets Services, Inc. provides personnel services to us. Pursuant to the administration agreement, NorthStar Capital Markets Services, Inc. is paid a monthly administrative fee equal to one-twelfth of 0.50% of the ending principal balance of the financed student loans, plus accrued interest, during the preceding month, which is used in part to pay the servicing fees to our servicers, and a monthly marketing and school services expense allowance equal to one-twelfth of 0.10% of the ending balance of the financed student loans, plus accrued interest, during the preceding month. We have also agreed to pay certain additional amounts, as servicing fees under certain circumstances. See the caption "SERVICING OF THE FINANCED STUDENT LOANS—Description of the Servicing Agreement."

That portion of the fees described above which is not required to be used to pay third-party servicers will not be paid from the trust estate unless certain conditions are met. See "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006A NOTES—Collection Fund."

In addition, under the administration agreement NorthStar Capital Markets Services, Inc. will agree to purchase financed eligible loans under certain circumstances. See "FINANCED STUDENT LOANS—Purchase Obligations."

FEES AND EXPENSES

The following table sets forth the fees payable by or on behalf of us from the trust estate, paid from funds in the collection account in the priority as described under the caption “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES—Collection Fund.”

Trustee	0.01% of the principal amount of the series 2006-A notes outstanding annually
Irish Paying Agent	Approximately €850 per annum
Irish Stock Exchange	Approximately €1,500 per annum
Servicing and Administration ¹	One-twelfth of 0.50% (monthly)
NorthStar Capital Markets Services, Inc. (Marketing and School Services Allowance)	One-twelfth of 0.10% (monthly)

¹This fee is distributed to NorthStar Capital Markets Services, Inc., net of servicing fees paid to third-party servicers.

USE OF PROCEEDS

We estimate that the proceeds from the sale of the series 2006-A notes net of the underwriting discount will be applied as follows:

Deposit to Acquisition Fund	\$593,817,958
Deposit to Reserve Fund	5,958,982
Deposit to the Capitalized Interest Account	<u>50,800,000</u>
Total	<u>\$650,576,940</u>

From the proceeds of the series 2006-A notes deposited in the Acquisition Fund, we expect to use approximately \$1,127,189 to pay costs of issuance with respect to the series 2006-A notes, \$279,804,601 to acquire student loans on or about the date of issuance and \$9,873,286 to fund pending disbursements.

We will also use approximately \$303,012,882 of the proceeds of the series 2006-A notes deposited in the Acquisition Fund, together with certain of our other funds, to refund and refinance \$320,000,000 in principal amount of the refunded notes as set forth in the table below:

Series	Type of Securities	Outstanding Principal Amount	Maturity Date
Senior Series 2004-A-1	Auction Rate	\$88,000,000	December 1, 2044
Senior Series 2004-A-2	Auction Rate	72,000,000	December 1, 2044
Senior Series 2004-A-3	Auction Rate	88,000,000	December 1, 2044
Senior Series 2004-A-4	Auction Rate	72,000,000	December 1, 2044

Simultaneously with the refunding and refinancing of the refunded notes, the lien of that indenture with respect to the refunded notes will be released and student loans which are so released in the aggregate amount of \$306,220,355 of principal and accrued interest will be pledged to the trustee under the indenture securing the series 2006-A notes.

STATIC POOL INFORMATION

Static pool information material to this offering may be found at www.northstar.org/investors/. We caution you that the entire pool of financed student loans to be held under the indenture may not perform in a similar manner to student loans from other vintages.

Information provided through the internet address above will not be deemed to be a part of this offering memorandum for the series 2006-A notes offered hereby if it relates to any prior securities pool or vintage formed before January 1, 2006, or with respect to the student loan pool for any period before January 1, 2006.

PREPAYMENTS, WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES OF THE SERIES 2006-A NOTES

The rate of payment of principal of the series 2006-A notes and the yield on the series 2006-A notes will be affected by prepayments on the financed student loans that may occur as described below. Such prepayments could cause payments on the series 2006-A notes to occur significantly earlier than expected. Consequently, the actual payment in full of principal on the series 2006-A notes could be significantly earlier, average lives of the series 2006-A notes could be significantly shorter, and periodic balances could be significantly lower, than expected. Each financed student loan is prepayable in whole or in part, without penalty, by the borrowers at any time. The rate of such prepayments cannot be predicted and may be influenced by a variety of economic, social, competitive and other factors, including as described below. In general, the rate of prepayments may tend to increase to the extent that alternative financing becomes available on more favorable terms or at interest rates significantly below the interest rates applicable to the financed student loans. Prepayments could increase as a result of certain borrower benefit programs, among other factors. Under the terms of the indenture, if any representation or warranty relating to the financed student loans is breached, in certain circumstances we will have a repurchase obligation thereunder. If we repurchase financed student loans, we have the right to put such financed student loans back to NorthStar Capital Markets Services, Inc. In addition, NorthStar Capital Markets Services, Inc. is obligated in certain circumstances to purchase at our request any financed student loan for any breach of a representation or warranty made by us in the indenture relating to such financed student loan as described more fully in this offering memorandum, all of which could result in earlier than expected payments of portions of principal of the series 2006-A notes. In addition, when the pool balance is 15% or less of the initial pool balance, we are permitted to pay an amount to effect the release of the balance of the financed student loans or the financed student loans may be sold at auction if we do not exercise such option, and the proceeds of such release payment or auction will be used to redeem series 2006-A notes prior to maturity.

On the other hand, the rate of principal payments and the yield on the series 2006-A notes will be affected by scheduled payments with respect to, and maturities and average lives of, the financed student loans. These may be lengthened as a result of, among other things, grace periods, deferral periods, forbearance periods, or repayment term or monthly payment amount modifications agreed to by us. Therefore, payments on the series 2006-A notes could occur significantly later than expected. Consequently, actual maturities and weighted average lives of the series 2006-A notes could be significantly longer than expected and periodic balances could be significantly higher than expected. The rate of payment of principal of the series 2006-A notes and the yield on the series 2006-A notes may also be affected by the rate of defaults resulting in losses on defaulted financed student loans which have been liquidated, by the severity of those losses and by the timing of those losses.

The rate of prepayments on the financed student loans cannot be predicted due to a variety of factors, some of which are described above, and any reinvestment risks resulting from a faster or slower incidence of prepayment of financed student loans will be borne entirely by the noteholders. Such reinvestment risks may include the risk that interest rates and the relevant spreads above particular interest rate indices are lower at the time noteholders receive payments from the trust estate than such interest rates and such spreads would otherwise have been if such prepayments had not been made or had such prepayments been made at a different time.

Exhibit A attached hereto, entitled “Prepayments, Weighted Average Lives and Expected Maturities of the Series 2006-A Notes,” shows, for each class of series 2006-A notes, the expected weighted average lives, expected maturities and expected percentages of the original principal amount remaining at certain distribution dates based on various assumptions.

THE FINANCED STUDENT LOANS

Description of Financed Student Loans

The student loans held under the indenture will consist entirely of private student loans. Each financed student loan is unsecured and is not guaranteed by any third party, other than, in certain instances, co-signers on the loan. None of the financed student loans will be federal loans. Each financed student loan is required to meet the conditions of an eligible student loan under the indenture.

Each of the financed student loans provides for the amortization of its outstanding principal balance over a series of periodic payments. Each periodic payment consists of an installment of interest which is calculated on the basis of the outstanding principal balance of the financed student loan multiplied by the applicable interest rate and further multiplied by the period elapsed (as a fraction of a calendar year) since the preceding payment of interest was made. As payments are received in respect of a financed student loan, the amount received is applied first to outstanding late fees, if collected, then to interest accrued to the date of payment and the balance is applied to reduce the unpaid principal balance. Accordingly, if a borrower pays a regular installment before its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be less than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly greater. Conversely, if a borrower pays a

monthly installment after its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be greater than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly less. In either case, subject to any applicable deferment periods or forbearance periods, the borrower pays installments until the final scheduled payment date, at which time the amount of the final installment is increased or decreased as necessary to repay the then outstanding principal balance of such financed student loan.

We also make available a graduated repayment plan, and approximately 17% in principal amount of the financed student loans as of the statistical calculation date had elected this repayment plan. Our graduated repayment plan, available upon request, provides for an interest only period for up to 24 months (but at an interest rate which is 2% per annum above then current interest rate otherwise applicable to the loan), followed by amortization of principal and interest based upon the amortization terms described under “—Loan Terms—*Loan Limits; Repayment*” above and ending on the date which was to be the original final payment date determined as described under such caption.

The financed student loans were made by either PNC Bank, N.A. or University National Bank (each an “Originating Lender”) pursuant to the T.H.E. Loan Program. Less than 1.0% in aggregate principal amount of the financed student loans expected to be initially included in the trust estate are non-T.H.E. Loan Program loans. The financed student loans include loans made to graduate, professional and undergraduate students at eligible institutions. Bar examination loans are available to law students or recent law graduates to cover the cost of preparing for the bar exam and residency loans are available to medical students to finance the costs involved with obtaining and participating in required residency or postdoctoral programs. The following describes the terms and conditions of the financed student loans expected to be included in the trust estate. We may change the terms and conditions of the program at any time.

The financed student loans are unsecured loans. In some cases, the borrower may obtain a reduced interest rate if he or she provides a creditworthy co-signer for the loan.

Loan Terms

Eligibility. A student is an eligible borrower under the program guidelines if the student:

- (a) is enrolled, will enroll or is admitted to an eligible school;
- (b) is enrolled or will enroll as at least a half-time student;
- (c) is enrolled or will enroll in an eligible academic discipline;
- (d) if currently enrolled, is making satisfactory progress toward completion of his or her degree according to the eligible school’s published standards;
- (e) is a United States citizen or resident alien;
- (f) has completed a loan application and promissory note form; and

(g) satisfies the applicable credit requirements or has been granted a waiver from those credit requirements.

Eligible Schools. A school is an eligible school under the program guidelines if it is (a) a four year degree granting accredited educational institution in the United States or (b) a foreign school which has been approved for participation in the T.H.E. Loan Program by us.

Interest. The interest rates on financed student loans made prior to April 1, 2002 is a variable rate equal to the coupon equivalent of the 91-day Treasury bill plus a spread. All other financed student loans bear interest at a variable rate equal to the coupon equivalent of Three-Month LIBOR plus a spread. The interest rates on all financed student loans are adjusted quarterly. The maximum interest rate is 18%.

No interest is due prior to the commencement of the repayment period. Interest that accrues prior to the repayment period and is not otherwise paid is added to the principal balance. Capitalization of interest occurs once at upon entering repayment.

Origination Fees. The origination fees on financed student loans disbursed prior to the 2003-2004 school year were equal to 4% to 6% up front and 0% to 3% at repayment. Origination fees were not charged with respect to financed student loans disbursed during and after the 2003-2004 school year. There are no other charges on origination, prepayment or at any other time for the financed student loans.

T.H.E. Bonus. We reduce the cost of financing education for our borrowers through application of the T.H.E. Bonus program. The T.H.E. Bonus program currently is being provided to all borrowers in active repayment and less than 60 days delinquent by giving such borrowers a monthly credit on their student loans which is equal to an annualized interest rate discount. The T.H.E. Bonus program utilizes certain amounts held under the indenture to make payments on behalf of such borrowers under the T.H.E. Loan Program that are to receive such credit, thereby reducing the borrowers' interest costs. The T.H.E. Bonus on financed student loans disbursed prior to the 2003-2004 school year is equal to up to 1.3% of the principal amount of each such financed student loan, and the T.H.E. Bonus on financed student loans disbursed during and after the 2003-2004 school year is equal to up to 1.0% of the principal amount of each such financed student loan. There are no other payment incentives with respect to the financed student loans.

Loan Limits; Repayment. The annual and total educational loan limits and length of repayment terms for various types of private student loans in the T.H.E. Loan Program have changed over time and are described in the following table. Only changes are indicated for a particular year.

Program Year	Loan Type	Annual Limit	Aggregate Limit	Repayment Term (Years)
1997-2000	Medical	COALA ⁽¹⁾	\$180,000	20
	Residency	\$8,000	\$180,000	20
	All Non-Medical	COALA	\$120,000 graduate, \$75,000 undergrad	15
2000-2001	Bar Preparation	\$7,500	\$120,000	15
	Residency	\$10,000	\$189,125	20
2002-2003	Medical	COALA	\$200,000	20
	Residency	\$10,000	\$200,000	20
	Law and other graduate	\$20,000 ⁽²⁾	\$120,000	20
	Bar Preparation	\$7,500	\$120,000	15
2003-2004	National Undergraduate	\$15,000 ⁽²⁾	\$75,000	15
	Medical	COALA	\$235,000	20
	Residency	\$10,000	\$235,000	20
	Premier Law and MBA	COALA	\$180,000 and up	15
	Standard Law and MBA	COALA	\$120,000 to \$180,000	15
	Bar Preparation Premier	\$8,000	\$180,000 and up	15
	Bar Preparation Standard	\$8,000	\$180,000	15
	National Graduate	COALA	\$120,000 to \$180,000	15
	Undergraduate	\$15,000 ⁽²⁾	\$75,000 and up	15
	Health Professions Undergraduate	\$15,000 ⁽²⁾	\$75,000 and up	15
2005-2006	Medical		\$250,000	
	Residency	\$15,000		
2006-2007	All Programs			20 for Law and Graduate Loans

⁽¹⁾ Cost of Attendance Less Aid

⁽²⁾ Increased for certain schools

With respect to the length of repayment terms, medical student borrowers of financed student loans may extend their grace period up to 42 months following graduation if the student is in a residency or post-doctoral program. Most medical student borrowers take advantage of this deferral option. Equal monthly payments of principal and interest, with a minimum monthly payment of \$50, amortize the loan over the repayment period. Financed student loans to graduate students disbursed after April 1, 2006 will have a 20 year repayment term, and previously disbursed financed student loans made to such graduate students will be extended to a 20 year repayment term if the borrower takes out a new T.H.E. Loan after April 1, 2006. We believe that up to approximately \$74.5 million in financed student loans could be eligible for an extension of the repayment term from 15 to 20 years. This estimate is based upon the number of non-medical graduate borrowers that have a graduation date after June 30, 2006 and therefore could take out additional loans after April 1, 2006.

Characteristics of the Financed Student Loans

On or about the date of issuance of the series 2006-A notes, a portion of the proceeds of such notes will be used to finance a portfolio of eligible student loans. Such eligible loans are currently owned by us or will be acquired from our affiliates or other transferors as described under the caption “Acquisition of Financed Student Loans” below. The characteristics of the portfolio of financed student loans held under the indenture will change over time as financed student loans are paid or prepaid.

Set forth below in the following tables is a description of certain characteristics of the financed student loans expected to be financed and pledged under the Indenture on or about the date of issuance of the series 2006-A notes and giving effect to pending disbursements expected to occur prior to May 31, 2006. Such characteristics will change over time as financed student loans are paid or prepaid. The percentages set forth in the tables below may not always add up to 100%, and the balances may not always add to \$573,230,006, due to rounding.

**Composition of Financed Student Loans
(As of the Statistical Calculation Date and Giving Effect to Pending Disbursements
Through May 31, 2006)**

Aggregate Outstanding Balance (Includes Pending Disbursements Through Statistical Calculation Date)	\$563,356,720
Pending Disbursements (March, April or May)	\$9,873,286
Projected Outstanding Principal Balance (May 31, 2006)	\$573,230,006
Total Accrued Interest	\$22,668,236
Number of Borrowers	25,300
Average Outstanding Principal Balance Per Borrower	\$22,657
Number of Loans	53,484
Average Outstanding Principal Balance Per Loan	\$10,718
Weighted Average Remaining Term (months)*	217
Weighted Average Borrower Annual Interest Rate	7.08%
Weighted Average Spread Over 3-Month LIBOR	2.92%
Weighted Average Spread Over 91-day T-Bill	3.13%
Weighted Average FICO as of January, 2006 – Higher of Borrower/Co-signer**	718
Weighted Average FICO as of Date of Origination - Higher of Borrower/Co-signer***	721
Weighted Average FICO as of January, 2006 – Borrower**	709
Weighted Average FICO as of Date of Origination – Borrower***	713
Weighted Average FICO as of January, 2006 – Co-signer**	756
Weighted Average FICO as of Date of Origination – Co-signer***	757

* Assumes that all existing financed student loans to non-medical graduate students will continue with a repayment term of 15 years, which may not necessarily occur as a result of the possible extension of the repayment term to 20 years for financed student loans to non-medical graduate students who have loans disbursed after April 1, 2006. We believe that up to approximately \$74.5 million in financed student loans could be eligible for an extension of the repayment term from 15 to 20 years. This estimate is based upon the number of non-medical graduate borrowers that have a graduation date after June 30, 2006 and therefore could take out additional loans after April 1, 2006.

** January FICO scores reported by Experian are as of January 19, 2006, January FICO scores reported by TransUnion are as of January 26, 2006, and January FICO scores reported by Equifax are as of January 30, 2006.

*** For borrowers of multiple financed student loans, the FICO score as of the origination date of the borrower's most recent financed student loan has been assumed for all of the borrower's previously originated financed student loans.

**Distribution of
 Financed Student Loans by Borrower Principal Balance Outstanding
 (As of the Statistical Calculation Date and Giving Effect to Pending Disbursements Through
 May 31, 2006)**

Borrower Principal Balance	Number of Borrowers	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
Less Than \$10,000.00	7,009	\$ 40,272,405	7.03%
\$10,000.00 - \$14,999.99	4,452	52,745,569	9.20
\$15,000.00 - \$19,999.99	3,098	52,674,334	9.19
\$20,000.00 - \$24,999.99	2,200	48,991,345	8.55
\$25,000.00 - \$29,999.99	1,783	48,732,504	8.50
\$30,000.00 - \$39,999.99	2,574	89,107,900	15.54
\$40,000.00 - \$49,999.99	1,574	70,139,540	12.24
\$50,000.00 - \$59,999.99	1,160	63,125,313	11.01
\$60,000.00 - \$69,999.99	703	45,431,919	7.93
\$70,000.00 - \$79,999.99	411	30,568,922	5.33
\$80,000.00 - \$89,999.99	175	14,760,243	2.57
\$90,000.00 - \$99,999.99	90	8,529,977	1.49
\$100,000.00 - \$124,999.99	60	6,533,257	1.14
\$125,000.00 - \$149,999.99	6	803,218	0.14
\$150,000.00 and Greater	<u>5</u>	<u>813,561</u>	<u>0.14</u>
Total	<u>25,300</u>	<u>\$573,230,006</u>	<u>100.00%</u>

**Distribution of
Financed Student Loans by Loan Type
(As of the Statistical Calculation Date and Giving Effect to Pending Disbursements
Through May 31, 2006)**

Loan Type	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
Law	22,424	\$266,216,697	46.44%
MBA	1,038	16,533,190	2.88
Medical	15,092	149,365,628	26.06
Allied Health Professional – Graduate	6,008	63,191,127	11.02
Allied Health Professional - Undergraduate	3,704	35,118,741	6.13
Other Graduate	1,223	11,217,272	1.96
Other Undergraduate	<u>3,995</u>	<u>31,587,351</u>	<u>5.51</u>
Total	<u>53,484</u>	<u>\$573,230,006</u>	<u>100.00%</u>

**Distribution of
Financed Student Loans By Borrower Payment Status
(As of the Statistical Calculation Date and Giving Effect to Pending Disbursements
Through May 31, 2006)**

Borrower Status	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
In-School	23,771	\$284,932,771	49.71%
Grace	6,237	56,092,928	9.79
Deferment	1,305	10,957,533	1.91
Forbearance	1,284	12,264,539	2.14
Repayment	<u>20,887</u>	<u>208,982,234</u>	<u>36.46</u>
Total	<u>53,484</u>	<u>\$573,230,006</u>	<u>100.00%</u>

**Distribution of
Financed Student Loans By Days Delinquent
(As of the Statistical Calculation Date and Giving Effect to Pending Disbursements
Through May 31, 2006)**

Days Delinquent	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
Current	52,484	\$562,887,588	98.20%
31-60 days	490	4,843,425	0.84
61-90 days	225	2,342,340	0.41
91-120 days	208	2,295,063	0.40
121-150 days	77	861,590	0.15
Total	<u>53,484</u>	<u>\$573,230,006</u>	<u>100.00%</u>

**Distribution of Financed Student Loans
by Number of Months to Scheduled Maturity
(As of the Statistical Calculation Date and Giving Effect to Pending
Disbursements Through May 31, 2006)**

Remaining Months to Scheduled Maturity*	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
Less than or equal to 60	2	\$ 8,540	0.00%
61-100	109	731,066	0.13
101-120	678	3,923,442	0.68
121-140	3,220	26,136,409	4.56
141-180	13,282	144,687,773	25.24
181-240	16,784	196,009,320	34.19
241-300	15,336	158,593,401	27.67
301 and greater	4,073	43,140,055	7.53
Total	<u>53,484</u>	<u>\$573,230,006</u>	<u>100.00%</u>

* Assumes that all existing financed student loans to non-medical graduate students will continue with a repayment term of 15 years, which may not necessarily occur as a result of the possible extension of the repayment term to 20 years for financed student loans to non-medical graduate students who have loans disbursed after April 1, 2006. We believe that up to approximately \$74.5 million in financed student loans could be eligible for an extension of the repayment term from 15 to 20 years. This estimate is based upon the number of non-medical graduate borrowers that have a graduation date after June 30, 2006 and therefore could take out additional loans after April 1, 2006.

**Distribution of
Financed Student Loans by Scheduled Weighted Average Remaining Months in Status**

Status	In-school	Grace	Deferment*	Forbearance	Repayment Term	Remaining Term**
In-school	17	20	0	0	211	248
Grace	0	16	0	0	230	246
Deferment	0	0	20	0	204	224
Forbearance	0	0	0	1	193	194
Repayment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>169</u>	<u>169</u>
Weighted Average	<u>9</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>197</u>	<u>217</u>

*All deferments are for in-school status.

** Assumes that all existing financed student loans to non-medical graduate students will continue with a repayment term of 15 years, which may not necessarily occur as a result of the possible extension of the repayment term to 20 years for financed student loans to non-medical graduate students who have loans disbursed after April 1, 2006. We believe that up to approximately \$74.5 million in financed student loans could be eligible for an extension of the repayment term from 15 to 20 years. This estimate is based upon the number of non-medical graduate borrowers that have a graduation date after June 30, 2006 and therefore could take out additional loans after April 1, 2006.

**Geographic Distribution of Financed Student Loans
(As of the Statistical Calculation Date and Giving Effect to Pending Disbursements
Through May 31, 2006)**

State	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
Alabama	269	\$ 2,844,230	0.50%
Alaska	60	603,750	0.11
Arizona	916	9,867,688	1.72
Arkansas	81	768,015	0.13
California	13,051	156,502,944	27.30
Colorado	410	4,098,719	0.72
Connecticut	625	7,155,246	1.25
Delaware	171	1,818,603	0.32
District of Columbia	1,056	15,879,558	2.77
Florida	3,568	43,957,129	7.67
Georgia	1,086	12,621,648	2.20
Hawaii	121	1,364,517	0.24
Idaho	120	1,300,955	0.23
Illinois	1,278	12,268,324	2.14
Indiana	367	3,299,640	0.58
Iowa	147	1,424,284	0.25
Kansas	173	1,708,168	0.30
Kentucky	173	1,859,900	0.32
Louisiana	1,012	10,292,751	1.80
Maine	449	4,769,483	0.83
Maryland	2,120	19,026,626	3.32
Massachusetts	954	10,691,116	1.87
Michigan	1,587	12,874,273	2.25
Minnesota	1,429	11,501,799	2.01
Mississippi	132	1,361,450	0.24
Missouri	1,151	10,862,572	1.89
Montana	64	614,051	0.11
Nebraska	132	1,236,385	0.22
Nevada	355	3,569,866	0.62
New Hampshire	169	1,884,748	0.33
New Jersey	1,225	13,684,683	2.39
New Mexico	123	1,327,503	0.23
New York	4,575	49,105,989	8.57
North Carolina	1,126	13,074,586	2.28
North Dakota	49	488,624	0.09

Ohio	992	8,450,496	1.47
Oklahoma	203	2,342,435	0.41
Oregon	664	6,293,224	1.10
Pennsylvania	3,726	34,348,882	5.99
Rhode Island	151	1,455,385	0.25
South Carolina	303	3,097,167	0.54
South Dakota	22	185,717	0.03
Tennessee	408	4,356,796	0.76
Texas	1,640	18,003,495	3.14
Utah	394	4,112,063	0.72
Vermont	148	1,396,680	0.24
Virginia	1,724	19,979,189	3.49
Washington	667	7,486,918	1.31
West Virginia	158	1,832,906	0.32
Wisconsin	1,775	12,212,357	2.13
Wyoming	34	349,973	0.06
Other*	151	1,616,503	0.28
Total	<u>53,484</u>	<u>\$573,230,006</u>	<u>100.00%</u>

* Includes American Samoa, Guam, Armed Forces in Europe, Armed Forces in the Pacific, Northern Mariana Islands, Puerto Rico and Virgin Islands.

**Distribution of Financed Student
Loans By Interest Rate Index and Spread
(As of the Statistical Calculation Date and Giving Effect
to Pending Disbursements Through May 31, 2006)**

Borrower Interest Rate Index and Spread	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
3-month LIBOR			
1.75%	849	\$ 14,913,849	2.60%
1.78	1	2,104	0.00
2.00	1,520	12,161,370	2.12
2.35	643	6,797,475	1.19
2.50	2,491	30,572,441	5.33
2.75	22,752	257,909,861	44.99
3.50	1,431	18,157,250	3.17
3.75	6,759	78,296,969	13.66
4.00	<u>1,471</u>	<u>11,444,062</u>	<u>2.00</u>
Total	<u>37,917</u>	<u>\$430,255,381</u>	<u>75.06%</u>
91-day T-Bill			
2.50	1,615	10,770,844	1.88
2.85	2,580	23,289,148	4.06
3.25	<u>11,372</u>	<u>108,914,632</u>	<u>19.00</u>
Total	<u>15,567</u>	<u>\$142,974,625</u>	<u>24.94%</u>

**Distribution of Financed Student
Loans By Interest Rate
(As of the Statistical Calculation Date and Giving Effect
to Pending Disbursements Through May 31, 2006)**

Borrower Interest Rate	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
5.51% to 6.00%	872	\$ 15,140,667	2.64%
6.01% to 6.50%	2,878	21,196,668	3.70
6.51% to 7.00%	28,718	320,286,894	55.87
7.01% to 7.50%	11,364	108,786,359	18.98
7.51% to 8.00%	8,181	96,375,356	16.81
Greater than 8.00%	<u>1,471</u>	<u>11,444,062</u>	<u>2.00</u>
Total	<u>53,484</u>	<u>\$573,230,006</u>	<u>100.00%</u>

**Distribution of Financed Student Loans
By Higher of Borrower/Co-Signer FICO Score as of January, 2006*
(As of the Statistical Calculation Date and Giving Effect
to Pending Disbursements Through May 31, 2006)**

Borrower/Co-Signer FICO Score	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
Not Applicable to Loans			
Originated After 11/30/2005**	727	\$ 6,018,034	1.05%
No FICO Score Available	630	6,536,705	1.14
Less than 620	4,088	40,940,971	7.14
620-649	2,948	30,826,369	5.38
650-679	5,018	53,566,218	9.34
680-709	7,575	79,989,256	13.95
710-749	14,023	152,412,587	26.59
750 and greater	<u>18,475</u>	<u>202,939,864</u>	<u>35.40</u>
Total	<u>53,484</u>	<u>\$573,230,006</u>	<u>100.00%</u>

The weighted average of the higher of the borrower/co-signer FICO score for all financed student loans (as of January, 2006*) for which FICO scores were available was 718.

* January FICO scores reported by Experian are as of January 19, 2006, January FICO scores reported by TransUnion are as of January 26, 2006, and January FICO scores reported by Equifax are as of January 30, 2006.

** January, 2006 FICO scores were not obtained for financed student loans originated after November 30, 2005, provided that the borrowers of such loans had no private loans with us prior to November 30, 2005.

**Distribution of Financed Student Loans
By Higher of Borrower/Co-Signer FICO Score as of Date of Origination*
(As of the Statistical Calculation Date and Giving Effect
to Pending Disbursements Through May 31, 2006)**

Borrower/Co-Signer FICO Score	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
NA**	191	\$ 1,928,742	0.34%
Less than 620	1,958	18,848,734	3.29
620-649	3,494	36,527,780	6.37
650-679	5,654	58,305,412	10.17
680-709	9,382	98,610,228	17.20
710-749	15,544	164,912,067	28.77
750 and greater	<u>17,261</u>	<u>194,097,043</u>	<u>33.86</u>
Total	<u>53,484</u>	<u>\$573,230,006</u>	<u>100.00%</u>

The weighted average of the higher of the borrower/co-signer FICO score for all financed student loans (as of the date of origination*) for which FICO scores were available was 721.

* For borrowers of multiple financed student loans, the FICO score as of the origination date of the borrower's most recent financed student loan has been assumed for all of the borrower's previously originated financed student loans.

** Borrowers with no credit history.

**Distribution of Financed Student Loans
By Borrower FICO Score as of January, 2006***
(As of the Statistical Calculation Date and Giving Effect
to Pending Disbursements Through May 31, 2006)

Borrower FICO Score	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
Not Applicable to Loans Originated After 11/30/2005**	581	\$ 5,051,137	1.09%
No FICO Score Available	542	5,871,013	1.27
Less than 620	3,857	39,178,026	8.45
620-649	2,734	29,029,377	6.26
650-679	4,574	49,921,976	10.77
680-709	6,717	71,449,920	15.41
710-749	11,954	130,186,808	28.08
750 and greater	<u>12,371</u>	<u>132,997,368</u>	<u>28.68</u>
Total	<u>43,330</u>	<u>\$463,685,624</u>	<u>100.00%</u>

The weighted average borrower FICO score for financed student loans (as of January, 2006*) for which FICO scores were available was 709.

* January FICO scores reported by Experian are as of January 19, 2006, January FICO scores reported by TransUnion are as of January 26, 2006, and January FICO scores reported by Equifax are as of January 30, 2006.

** January, 2006 FICO scores were not obtained for financed student loans originated after November 30, 2005, provided that the borrowers of such loans had no private loans with us prior to November 30, 2005.

**Distribution of Financed Student
Loans By Borrower FICO Score as of Date of Origination ***
(As of the Statistical Calculation Date and Giving Effect
to Pending Disbursements Through May 31, 2006)

Borrower FICO Score	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
NA**	109	\$ 1,490,223	0.32%
Less than 620	1,899	18,296,170	3.95
620-649	3,439	36,095,866	7.78
650-679	5,496	56,928,999	12.28
680-709	8,339	88,058,814	18.99
710-749	13,022	137,822,733	29.72
750 and greater	<u>11,026</u>	<u>124,992,819</u>	<u>26.96</u>
Total	<u>43,330</u>	<u>\$463,685,624</u>	<u>100.00%</u>

The weighted average borrower FICO score for financed student loans (as of the date of origination*) was 713.

* For borrowers of multiple financed student loans, the FICO score as of the origination date of the borrower's most recent financed student loan has been assumed for all of the borrower's previously originated financed student loans.

** Borrowers with no credit history.

**Distribution of Financed Student Loans
By Co-Signer FICO Score as of January, 2006***
(As of the Statistical Calculation Date and Giving Effect
to Pending Disbursements Through May 31, 2006)

Co-Signer FICO Score	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
Not Applicable to Loans Originated After 11/30/2005**	146	\$ 966,897	0.88%
No FICO Score Available	88	665,692	0.61
Less than 620	231	1,762,946	1.61
620-649	214	1,796,993	1.64
650-679	444	3,644,243	3.33
680-709	858	8,539,336	7.80
710-749	2,069	22,225,780	20.29
750 and greater	<u>6,104</u>	<u>69,942,496</u>	<u>63.85</u>
Total	<u>10,154</u>	<u>\$109,544,382</u>	<u>100.00%</u>

The weighted average co-signer FICO score for financed student loans (as of January, 2006*) for which FICO scores were available was 756.

* January FICO scores reported by Experian are as of January 19, 2006, January FICO scores reported by TransUnion are as of January 26, 2006, and January FICO scores reported by Equifax are as of January 30, 2006.

** January, 2006 FICO scores were not obtained for financed student loans originated after November 30, 2005, provided that the borrowers of such loans had no private loans with us prior to November 30, 2005.

**Distribution of Financed Student Loans
By Co-Signer FICO Score as of the Date of Origination*
(As of the Statistical Calculation Date and Giving Effect
to Pending Disbursements Through May 31, 2006)**

Co-Signer FICO Score	Number of Loans	Outstanding Principal Balance	Percentage of Financed Student Loans by Outstanding Principal Balance
NA	82	\$ 438,519	0.40%
Less than 620	59	552,564	0.50
620-649	55	431,914	0.39
650-679	158	1,376,413	1.26
680-709	1,043	10,551,414	9.63
710-749	2,522	27,089,334	24.73
750 and greater	<u>6,235</u>	<u>69,104,224</u>	<u>63.08</u>
Total	<u>10,154</u>	<u>\$109,544,382</u>	<u>100.00%</u>

The weighted average co-signer FICO score for financed student loans (as of the date of origination*) was 757.

* For borrowers of multiple financed student loans, the FICO score as of the origination date of the borrower's most recent financed student loan has been assumed for all of the borrower's previously originated financed student loans.

Borrower Benefit Programs

We reduce the cost of financing education for our borrowers through application of the T.H.E. Bonus program. The T.H.E. Bonus program currently is being provided to all borrowers in active repayment and less than 60 days delinquent by giving such borrowers a monthly credit on their student loans which is equal to an annualized interest rate discount. The T.H.E. Bonus program is currently being paid out as a monthly credit equal to an annualized interest rate discount. The T.H.E. Bonus program utilizes certain amounts held under the indenture (to the extent available as described under the caption "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES—Collection Fund—Fifth" herein) to make payments on behalf of such borrowers under the T.H.E. Loan Program that are to receive such credit, thereby reducing the borrowers' interest costs. The indenture permits such amounts to be equal to up to 1.3% of the principal amount of each financed student loan originated before April 1, 2003 or up to 1.0% of the principal amount of each financed student loan originated on or after April 1, 2003. However, we are not obligated to make any such application in any particular amount or at any particular time. The T.H.E. Bonus program will be used only to the extent of amounts held under the indenture for such purpose or similar amounts released from other financings that we have entered into or may enter into in the future. Any such payment we make under the T.H.E. Bonus program will be deposited no less than monthly to the Collection Fund. The

T.H.E. Bonus program is based on current financial market conditions and portfolio performance and is subject to change. We may change the scope of our current borrower benefits program or may choose to offer additional or different borrower benefit programs in the future.

Acquisition of Financed Student Loans

NorthStar T.H.E. Funding, LLC, NorthStar T.H.E. Funding II, L.L.C. and NorthStar T.H.E. Funding III, L.L.C. (also referred to collectively herein as the “transferors”) will transfer the financed student loans to us (other than those financed student loans which we already own and are being released from the trust estate with respect to the refunded notes). Transfers are made in the form of a distribution of assets to us, as we are the sole member of each transferor. To allow the transferors to transfer the loans to us, we will apply a portion of the proceeds of the series 2006-A notes deposited in the Acquisition Fund to the satisfaction of the applicable transferor’s debt obligations secured by those student loans.

The transfer of the student loans to us, made pursuant to a bill of sale, is without recourse against the transferor. Neither we nor the trustee will have any right to make recourse to or collect from the transferor if the student loans should fail to meet the requirements of an eligible loan for any reason or if the transfer should fail to provide the trustee with good title to the student loans. As described herein under the caption “USE OF PROCEEDS,” certain of the student loans currently owned by us will be pledged to the trustee in connection with our retirement of notes issued under a separate indenture and the release of the lien of such indenture on such student loans.

Representations and Warranties Regarding Financed Student Loans

The following is a summary of certain representations and warranties made by us in the indenture regarding the financed student loans to be pledged to the trustee under the indenture as security for the series 2006-A notes. The representations and warranties generally include the following:

- Each financed student loan is evidenced by an executed promissory note (which may be a promissory note or in electronic form), which note is a valid and binding obligation of the borrower, enforceable by or on behalf of the holder thereof in accordance with its terms, subject to bankruptcy, insolvency and other laws relating to or affecting creditors’ rights;
- the amount of the unpaid principal balance of each financed student loan is owing, and, to our knowledge, no counterclaim, offset, defense or right to rescission exists with respect to any such financed student loan which can be asserted and maintained or which, with notice, lapse of time, or the occurrence or failure to occur of any act or event, could be asserted and maintained by the borrower against us as assignee thereof and we shall take all reasonable actions to assure that no maker of a financed student loan has or may acquire a defense to the payment thereof;
- no financed student loan has a payment that is more than 150 days overdue at the time initially pledged under the indenture;

- we have full right, title and interest in each financed student loan free and clear of all liens, pledges or encumbrances whatsoever, and other than the security interest granted to the trustee under the indenture, we have not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the financed student loans to any other person, we have not authorized the filing of and are not aware of any financing statements against us that include a description of collateral covering the financed student loans, other than any financing statement relating to the security interest granted to the trustee under the indenture or any financing statement that has been terminated, and we are not aware of any judgment or tax lien filings against us;
- each financed student loan was made in compliance with all applicable local, state and federal laws, rules and regulations, including, without limitation, all applicable nondiscrimination, truth in lending, consumer credit and usury laws;
- all loan documentation not retained by us shall be delivered to a custodian or a servicer (as custodian for the trustee) prior to payment of the purchase price of such financed student loan;
- each financed student loan is accruing interest (whether or not such interest is being paid currently by the borrower, or is being capitalized), except as otherwise expressly permitted by the indenture;
- each financed student loan constitutes either an “instrument” or a “general intangible” as defined in the Uniform Commercial Code;
- we have received all consents and approvals, if any, required by the terms of each financed student loan to the pledge of such financed student loan under the indenture to the trustee;
- we have caused or will have caused, within ten days of the issuance of the series 2006-A notes, the filing of all appropriate financing statements in the proper offices of all jurisdictions in which filing is necessary under applicable law in order to perfect the security interest of the trustee in the financed student loans;
- at the time each financed student loan is delivered to a custodian, we will receive a written acknowledgment that such custodian is holding each promissory note that constitutes or evidences a financed student loan solely on behalf of and for the benefit of the trustee (which evidence may be in the form of a loan roster, a bond or note identification report, or any other similar report routinely generated by the custodian);
- the promissory notes that constitute or evidence the financed student loans will not have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any person other than the trustee. All financing statements filed or to be filed against us in favor of the trustee in connection herewith describing the financed student loans contain the following statement: “A purchase of or security interest in any collateral described in this financing statement will violate the rights of the trustee.”

If there is a breach of any representation or warranty made by us with respect to the financed student loans, as described above, and the trust estate would be materially and adversely affected by such breach of our representations and warranties, then we will, within a reasonable period of time, (i) purchase such financed student loan by depositing into the Collection Fund (or during the prefunding period, into the Acquisition Fund) an amount equal to 100% of the then outstanding principal balance of such financed student loan, (ii) substitute for such financed student loan one or more eligible loans with an aggregate outstanding principal balance at least equal to the outstanding principal balance of the financed student loan being substituted, or (iii) cure the breach in a reasonable period of time.

Purchase Obligations

If we breach any of our of representations or warranties as described above, and we fail to take one of the remedial actions described above, then NorthStar Capital Markets Services, Inc. has agreed in the administration agreement to purchase, within a reasonable period of time, any financed student loan with respect to which such breach has occurred, at a price equal to the principal balance of such financed student loan (the “repurchase price”). Any purchase of a financed student loan by NorthStar Capital Markets Services, Inc. under the administration agreement for the repurchase price will be remitted to the trustee for deposit into the Collection Fund. If we repurchase a financed student loan with respect to which such a breach has occurred, we have the right to put such financed student loan back to NorthStar Capital Markets Services, Inc.

The purchase obligation shall continue in full force and effect until the later of (i) payment with respect to the last financed student loan that is an eligible loan or (ii) the termination of the indenture.

Neither NorthStar Capital Markets Services, Inc. nor any of the stockholders, directors, officers, employees or agents of NorthStar Capital Markets Services, Inc. shall be under any liability to us, the trustee or the noteholders for any action taken or for refraining from the taking of any action in good faith pursuant to the administration agreement, or for errors in judgment not involving recklessness or negligence; provided however, that NorthStar Capital Markets Services, Inc. is not protected against any breach of warranties or representations, or failure to perform its obligations in strict compliance with the administration agreement, or any liability which would otherwise be imposed by reason of any breach of the terms and conditions of the administration agreement. NorthStar Capital Markets Services, Inc. will not be under any obligation to appear in, prosecute, or defend any legal action that is not incidental to its obligations under the administration agreement.

No failure to exercise and no delay in exercising any right, remedy, power or privilege under the administration agreement will operate as a waiver thereof. The rights, remedies, powers and privileges provided in the administration agreement are cumulative and not exhaustive of any rights, remedies, power and privileges provided by law.

THE TRANSFERORS

Approximately 99% in aggregate principal amount of the financed student loans were made by either PNC Bank, N.A. or University National Bank (each an “Originating Lender”) pursuant to the T.H.E. Loan Program and were all acquired by NorthStar T.H.E. Funding, LLC, NorthStar T.H.E. Funding II, LLC or NorthStar T.H.E. Funding III, LLC, all of which are our affiliates. These affiliated transferors will transfer these financed student loans to us pursuant to bills of sale. All of these financed student loans were originated under our underwriting criteria described under the caption “THE ISSUER—NorthStar Loan Programs.” No other originator originated an amount of student loans greater than 1% in dollar volume of the financed student loans.

The transferors that are our affiliates are all limited liability companies. Together with our affiliates, we have been originating student loans since 1991. The aggregate dollar volume of outstanding student loans originated by us and our affiliates is approximately \$4.1 billion as of December 31, 2005.

The series 2006-A notes offered in this memorandum do not represent an interest in, or obligation of, any of the transferors of the student loans or their affiliates (other than us as the issuer). No purchaser of the offered notes will have any recourse to any of the transferors of the student loans or their affiliates. The offered notes are not insured or guaranteed by the Federal Deposit Insurance Corporation or, at the request of or for the account of any of the transferors of the student loans or their affiliates, by any other governmental agency. The underwriting criteria used by the transferors of the student loans in originating student loans purchased by us may be different from those used by the transferors of the student loans and their affiliates in originating student loans under other existing student loan programs.

DESCRIPTION OF THE SERIES 2006-A NOTES

General

We will issue the series 2006-A notes pursuant to the terms of an indenture of trust, dated as of May 1, 2006, with U.S. Bank National Association, as trustee. The following summary describes some of the terms of the indenture and the series 2006-A notes; however, it is not complete and is qualified in its entirety by the actual provisions of the indenture and the series 2006-A notes.

Interest Payments

Interest will accrue on the series 2006-A notes at their respective interest rates during each interest accrual period and will be payable to the holders of the series 2006-A notes on each quarterly distribution date, commencing August 28, 2006. Subsequent quarterly distribution dates for the series 2006-A notes will be on the 28th of each February, May, August and November, or if any such day is not a business day, the next business day. Interest accrued but not paid on any distribution date will be due on the next distribution date together with an amount equal to interest on the unpaid amount at the applicable rate per annum described below.

The interest rate on the class A-1 notes for each interest accrual period will be equal to three month LIBOR, except for the initial interest accrual period, as determined on the second business day prior to such interest accrual period, plus 0.04%. The interest rate on the class A-2 notes for each interest accrual period will be equal to three month LIBOR, except for the initial interest accrual period, as determined on the second business day prior to such interest accrual period, plus 0.19%. The interest rate on the class A-3 notes for each interest accrual period will be equal to three-month LIBOR, except for the initial interest accrual period, as determined on the second business day prior to such interest accrual period, plus 0.21%. The interest rate on the class A-4 notes for each interest accrual period will be equal to three-month LIBOR, except for the initial interest accrual period, as determined on the second business day prior to such interest accrual period, plus 0.35%. The interest rate on the class B notes for each interest accrual period will be equal to three-month LIBOR, except for the initial interest accrual period, as determined on the second business day prior to such interest accrual period, plus 0.55%. LIBOR for the initial interest accrual period will be determined by the following formula:

$$x + [(17/31) * (y-x)]$$

where: x = three-month LIBOR, and

y = four-month LIBOR,

in each case, as of the second business day before the start of the initial interest accrual period.

The resulting percentage figure will be rounded to the fifth decimal point.

Interest will be payable on the series 2006-A notes pursuant to the priorities described below under “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES—Collection Fund—Second” and “—Third.” In addition, interest will not be paid on the class B notes while a class B note interest trigger event is in effect. A “class B note interest trigger event” will occur with respect to any quarterly distribution date while any class A notes are outstanding if the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all class A notes, to (ii) the principal amount of class A notes outstanding as of the end of the related collection period and after giving effect to distributions to be made on that quarterly distribution date is less than 100%. It will continue until such ratio is equal to or greater than 100%.

Calculation of LIBOR for the Series 2006-A Notes

For each interest accrual period other than the initial interest accrual period, LIBOR will be determined by the trustee by reference to the London interbank offered rate for deposits in U.S. dollars having a maturity of three months which appears on Telerate Page 3750 as of 11:00 a.m., London time, on the related LIBOR determination date. The LIBOR determination date will be the second business day before the beginning of each interest accrual period. If this rate does not appear on Telerate Page 3750, the rate for that day will be determined on the basis of the rates at which deposits in U.S. dollars, having the relevant maturity and in a principal amount of not less than U.S. \$1,000,000, are offered at approximately 11:00 a.m., London time, on that LIBOR determination date, to prime banks in the London interbank market by four major

banks selected by the trustee. The trustee will request the principal London office of each bank to provide a quotation of its rate. If the banks provide at least two quotations, the rate for that day will be the arithmetic mean of the quotations. If the banks provide fewer than two quotations, the rate for that day will be the arithmetic mean of the rates quoted by major banks in New York City, selected by us, at approximately 11:00 a.m., New York time, on that LIBOR determination date, for loans in U.S. Dollars to leading European banks having the relevant maturity and in a principal amount of not less than U.S. \$1,000,000. If the banks selected as described above are not providing quotations, LIBOR in effect for the applicable interest accrual period will be LIBOR in effect for the previous accrual period.

Other than with respect to the initial interest accrual period, interest on the series 2006-A notes will be calculated on the basis of the actual number of days elapsed during the interest accrual period divided by 360.

Principal Distributions

Principal payments will be made to the noteholders on each quarterly distribution date in the amount equal to the lesser of: (a) the principal distribution amount for that quarterly distribution date; and (b) funds available to pay principal as described herein under “—Collection Fund.”

The aggregate outstanding principal balance of the class A-1 notes will be due and payable in full by the November, 2020 quarterly distribution date, the aggregate outstanding principal balance of the class A-2 notes will be due and payable in full by the November, 2023 quarterly distribution date, the aggregate outstanding principal balance of the class A-3 notes will be due and payable in full by the May, 2026 quarterly distribution date, the aggregate outstanding principal balance of the class A-4 notes will be due and payable in full by the August, 2035 quarterly distribution date and the aggregate outstanding principal balance of the class B notes will be due and payable in full by the November, 2035 quarterly distribution date. The actual date on which the final distribution on a class of series 2006-A notes will be made may be earlier than the maturity dates set forth above as a result of a variety of factors.

Principal of the series 2006-A notes will be payable pursuant to the priorities described below under “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES—Collection Fund—Sixth” and “—Seventh.” In addition, no principal of the class B notes will be paid prior to the stepdown date or while a class B note principal trigger event is in effect. The “stepdown date” will be the earlier of the February 2012 quarterly distribution date, or the first date on which no class A notes remain outstanding. A “class B note principal trigger event” will be in effect on any quarterly distribution date while any class A notes are outstanding if the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all series 2006-A notes, to (ii) the principal amount of all series 2006-A notes outstanding, as of the end of the related collection period is less than 100% after giving effect to distributions made on that quarterly distribution date. It will continue until such ratio is equal to or greater than 100%.

SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES

General

The series 2006-A notes are limited obligations of the issuer, secured by and payable solely from the trust estate created in the indenture. The following assets will serve as security for the series 2006-A notes:

- the financed student loans pledged under the indenture;
- collections and other payments received on account of the financed student loans;
- our rights under certain agreements, including the servicing agreement and any repurchase agreement related to the pledged student loans; and
- money and investments held in funds and accounts created under the indenture, including the Acquisition Fund, the Collection Fund, the Reserve Fund and the Capitalized Interest Account.

Priorities

Holders of class A notes with higher numerical designation are entitled to receive payments of principal after class A notes with a lower numerical designation. For example, the class A-4 notes are entitled to receive payments of principal after the class A-1, class A-2 and class A-3 notes. However, if the principal on the series 2006-A notes has been accelerated after an event of default, the class A notes will be paid principal without priority of any kind. The class A notes are entitled to payment and certain other priorities over the class B notes. This subordination is intended to enhance the likelihood of regular receipt of the interest and principal by the holders of the class A notes. Current payments of interest and principal due on class B notes on an interest payment date or principal payment date will be made only to the extent that there are sufficient moneys available for such payment, after making all such payments due on such date with respect to class A notes. So long as any class A notes remain outstanding under the indenture, the failure to make interest or principal payments with respect to class B notes will not constitute an event of default under the indenture. In the event of an acceleration of the series 2006-A notes, the principal of and accrued interest on the class B notes will be paid only to the extent there are moneys available under the indenture after payment of the principal of, and accrued interest on, all class A notes. In addition, holders of the class A notes are entitled to direct certain actions to be taken by the trustee prior to and upon the occurrence of an event of default under the indenture, including election of remedies. See the caption “Description of the Indenture—Remedies” herein.

In addition, under circumstances where a class B note interest trigger event has occurred and is continuing, payments of current interest on the class B notes will not be made.

Acquisition Fund; Purchase of Student Loans

On the date of issuance of the series 2006-A notes, approximately \$593,817,958 of the proceeds from the sale of the series 2006-A notes will be deposited into the Acquisition Fund.

Of this amount, approximately \$1,127,189 will be used on or about the date of issuance to pay costs of issuing the series 2006-A notes. The remaining \$592,690,769 will be used as follows: approximately \$279,804,601 will be used on or about the date of issuance to acquire approximately \$279,804,601 in aggregate principal amount of and accrued interest on student loans which constitute “eligible loans” from various of our affiliates and others constituting the transferors; approximately \$303,012,882 will be used together with other of our funds to refund and refinance certain of our existing indebtedness on the date of issuance, and approximately \$306,220,355 in aggregate principal amount of and accrued interest on eligible loans securing such prior indebtedness will be pledged by us as collateral under the indenture as of such date of issuance; and the remaining \$9,873,286 will be used by us by May 31, 2006 to fund pending disbursements on eligible loans that we have previously acquired. We and, to the limited extent described under the caption “SERVICING OF THE FINANCED STUDENT LOANS—Description of the Servicing Agreement,” the servicer, determine whether student loans meet our underwriting guidelines and there is no other independent verification that the student loans meet these criteria. See the caption “THE ISSUER—T.H.E. Loan Program Credit Criteria.” As the only financed student loans to be added after the date of issuance consist of student loans for which disbursements are pending, we will not inform investors of changes to the pool of financed student loans.

Collection Fund

The trustee will credit to the Collection Fund:

- all available funds, which includes revenues derived from the student loans and moneys or assets on deposit in the trust estate;
- any amounts transferred from the Acquisition Fund, the Capitalized Interest Account and the Reserve Fund;
- at our option, amounts we may choose to contribute and deposit to the Collection Fund to avoid the occurrence of a T.H.E. suspension event; and
- any earnings on investments of funds in the Acquisition Fund, the Reserve Fund, the Collection Fund and the Capitalized Interest Account.

On the 28th day of each month, or if such day is not a business day, the immediately succeeding business day, amounts will be withdrawn from the Collection Fund and applied to pay servicing and administration fees owed to the issuer for payment of servicing and administration fees and to pay the marketing and school services expense allowance, and any unpaid servicing and administration fees and marketing and school services expense allowance from prior months, except to the extent limited as described under “First” below.

On each quarterly distribution date, the trustee will transfer or allocate the moneys received during the preceding quarter in the Collection Fund for the payment of fees, interest and principal on the series 2006-A notes and for the other purposes in the amounts and in the priorities as follows:

First, pro rata, to the trustee for payment of trustee fees due on such quarterly distribution dates, and to NorthStar Capital Markets Services, Inc. for payment of the servicing and administration fees and marketing and school services expense allowance (to the extent remaining unpaid after the monthly payment dates) except that while (i) the ratio of (A) the total value of the assets in the trust estate, less accrued interest and fees payable, over (B) the principal amount of all series 2006-A notes outstanding, is less than 103% or (ii) the amount which is equal to (A) the total value of the assets in the trust estate, less accrued interest and fees payable, minus (B) the principal amount of all series 2006-A notes outstanding, is less than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes, no servicing or administration fees or marketing and school services expense allowance shall be paid except for (x) servicing fees due to third-party servicers and (y) servicing and administration fees in the amount of one-twelfth of \$50,000 per month;

Second, to the class A noteholders, the portion of the class A noteholders' interest distribution amount payable to such class on such distribution date;

Third, to the class B noteholders, the portion of the class B noteholders' interest distribution amount, provided that no class B note interest trigger event has occurred, in which case no such payment will occur until the class B note interest trigger event is no longer occurring;

Fourth, to the Reserve Fund, the amount, if any, necessary to restore the Reserve Fund to the reserve fund requirement;

Fifth, so long as no T.H.E. suspension event has occurred and is continuing, to pay an amount up to the T.H.E. deposit amount (as directed by us);

Sixth, to the class A noteholders, the class A principal distribution amount in the following order:

- to the class A-1 noteholders, until the class A-1 notes have been paid in full;
- to the class A-2 noteholders, until the class A-2 notes have been paid in full;
- to the class A-3 noteholders, until the class A-3 notes have been paid in full; and
- to the class A-4 noteholders, until the class A-4 notes have been paid in full.

Seventh, on and after the stepdown date and provided that no class B note principal trigger event is in effect on such quarterly distribution date, to pay to the class B noteholders, the class B principal distribution amount, provided further that if a class B note principal trigger event has occurred, then payments will be made pursuant to paragraph sixth above until no class B principal trigger event is then occurring;

Eighth, to NorthStar Capital Markets Services, Inc., for payment of accrued servicing and administration fees and the marketing and school services expense allowance to the extent not paid pursuant to first above, so long as (i) the ratio of (A) the total value of the assets in the trust

estate, less accrued interest and fees payable, over (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 103% and (ii) the amount which is equal to (A) the total value of the assets in the trust estate, less accrued interest and fees payable, minus (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes; and

Ninth, to the issuer, any remaining amounts so long as (i) the ratio of (A) the total value of the assets in the trust estate, less accrued interest and fees payable, over (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 103% and (ii) the amount which is equal to (A) the total value of the assets in the trust estate, less accrued interest and fees payable, minus (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes.

A “class B note interest trigger event” will occur if the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all class A notes, to (ii) the principal amount of class A notes outstanding, as of the end of the related collection period and after giving effect to distributions to be made on that quarterly distribution date is less than 100%. It will continue until such ratio is equal to or greater than 100%.

The “stepdown date” will be the earlier of the February 2012 quarterly distribution date, or the first date on which no class A notes remain outstanding.

A “class B note principal trigger event” will be in effect on any quarterly distribution date while any class A notes are outstanding if the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all series 2006-A notes, to (ii) the principal amount of all series 2006-A notes outstanding, as of the end of the related collection period is less than 100% after giving effect to distributions made on that quarterly distribution date. It will continue until such ratio is equal to or greater than 100%.

The term “Principal Distribution Amount” means, for each quarterly distribution date, the greater of (i) the amount by which the aggregate outstanding principal amount of all the series 2006-A notes immediately prior to that quarterly distribution date exceeds the quotient obtained by dividing the pool balance, plus amounts on deposit in the Capitalized Interest Account (if any) and the Reserve Fund, as of the last day of the related collection period, by 103% or (ii) the amount by which the aggregate outstanding principal amount of all the series 2006-A notes immediately prior to that quarterly distribution date exceeds the excess of the pool balance, plus amounts on deposit in the Capitalized Interest Account (if any) and the Reserve Fund, as of the last day of the related collection period, over an amount equal to 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes.

The class A principal distribution amount is equal to the principal distribution amount times the class A percentage. The class B principal distribution amount is equal to the principal distribution amount times the class B percentage.

For each quarterly distribution date the class A percentage will equal 100% minus the class B percentage.

For each quarterly distribution date the class B percentage will equal:

- 0%, prior to the stepdown date or on any other quarterly distribution date if a class B note principal trigger event is in effect; or
- on all other quarterly distribution dates, the percentage equivalent of a fraction, the numerator of which is the aggregate principal balance of the class B notes and the denominator of which is the aggregate principal balance of all outstanding series 2006-A notes, in each case determined on the calculation date for that quarterly distribution date.

“Pool balance” for any date means the aggregate principal balance of the financed student loans on that date, including accrued interest that is expected to be capitalized, plus the amounts on deposit in the Acquisition Fund, as reduced by the principal portion of the following:

- all payments received by the issuer through that date from borrowers;
- all amounts received by the issuer through that date from purchases of financed student loans;
- all liquidation proceeds and realized losses on the financed student loans through that date; and
- the amount of any adjustment to balances of the financed student loans that the servicer makes under the servicing agreement through that date.

A “T.H.E. suspension event” will occur if, on any quarterly distribution date occurring on or after the August 2007 quarterly distribution date, after giving effect to the payments described above as first through ninth under this caption “Collection Fund” (as if no T.H.E. suspension event were in effect), the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, less accrued interest and fees payable with respect to all series 2006-A notes, to (ii) the principal amount of all series 2006-A notes outstanding determined as of the end of the preceding calendar month but giving effect to such quarterly distribution date payments and any issuer contribution described below and made prior to the quarterly distribution date, would be less than as follows on the quarterly distribution dates specified below:

August 2007 – May 2008	100.75%
August 2008 – May 2009	101.50
August 2009 – May 2010	102.25
August 2010 and thereafter	103.00

In addition, on any quarterly distribution date occurring on or after the August 2010 quarterly distribution date, a T.H.E. suspension event will occur if the amount which is equal to (i) the total value of the assets in the trust estate, less accrued interest and fees payable minus (ii) the principal amount of all series 2006-A notes outstanding, is less than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes. If a T.H.E. suspension event has occurred and is continuing, then until (i) the ratio (expressed as a percentage) of (A) the value of the assets in the trust estate, less accrued interest and fees payable with respect to all series 2006-A notes, to (B) the principal amount of all series 2006-A notes outstanding, determined as of the end of the any month and giving effect to any issuer contribution described below made before the quarterly distribution date, is equal to or greater than 103% and (ii) the amount which is equal to (A) the total value of the assets in the trust estate, less accrued interest and fees payable minus (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes, the T.H.E. deposit will not be made. We may, at our option, contribute additional money, at any time to the Collection Fund, the Capitalized Interest Account or the Reserve Fund, or deposit eligible loans into the trust estate, in order to prevent or cure the occurrence of a T.H.E. suspension event, provided that (i) such contributed eligible loans will not include any eligible loans made to medical student borrowers that are not in repayment status, (ii) such contributed eligible loans at the time of each such contribution will be less than 60 days delinquent, (iii) no more than 10% in aggregate principal amount of such eligible loans being contributed will, at the time of such contribution, be delinquent and (iv) after the August 2012 quarterly distribution date, we may deposit such eligible loans into the trust estate only if we obtain a rating agency confirmation with respect to the deposit of such eligible loans.

We will not sell any student loans for a price less than the principal balance of the student loans as of the sale date, plus any borrower accrued interest.

If an event of default occurs under the Indenture, payments will not be made in the order described above. Instead, payments will be made as described herein under the caption “DESCRIPTION OF THE INDENTURE—Remedies on Default.”

Reserve Fund

On the date of issuance we will make a deposit to the Reserve Fund from the proceeds of the sale of the series 2006-A notes in an amount equal to 1% of the pool balance which is expected as of the date of issuance of the series 2006-A notes and giving effect to pending disbursements. If the amount on deposit in the Reserve Fund shall, at any time, be less than the amount required to be on deposit therein, the Reserve Fund will be replenished as described under the caption “Collection Fund” above to increase the amount therein to the required balance. The required balance for the Reserve Fund is equal to the greater of (i) one percent of the pool balance as of the close of business on the last date of the related collection period; and (ii) 0.50% of the original pool balance as of the date of issuance of the series 2006-A notes and after giving effect to pending disbursements, or such lesser amount permitted with a rating agency confirmation. Thus, the required balance in the Reserve Fund may be reduced in connection with the reduction of the outstanding principal amount of series 2006-A notes or

upon our receipt of a written confirmation from each rating agency that such reduction will not cause the reduction or withdrawal of any rating or ratings then applicable to any outstanding series 2006-A notes. See the caption “DESCRIPTION OF THE INDENTURE—Funds and Accounts—Reserve Fund” herein. Funds on deposit in the Reserve Fund in excess of the required balance will be transferred to the Collection Fund. For a definition of “pool balance” see “—Collection Fund” above. Amounts in the Reserve Fund will be used to make payments required to be made from the Collection Fund as described above as first through third and sixth through seventh under the caption “—Collection Fund” above, provided that such amounts will be used to pay principal of a class of the series 2006-A notes pursuant to sixth and seventh only on the legal final maturity date of such class of the series 2006-A notes, but in all cases, only to the extent amounts are unavailable therefor in the Collection Fund or in the case of first through third the Capitalized Interest Account.

Capitalized Interest Account

On the date of issuance, approximately \$50,800,000 of the proceeds from the sale of the series 2006-A notes will be deposited into the Capitalized Interest Account. Amounts on deposit in the Capitalized Interest Account will be available to make the monthly payments and the payments described as first through third above under the caption “—Collection Fund” prior to amounts being withdrawn from the Reserve Fund. However, any moneys remaining in the Capitalized Interest Account on the following quarterly distribution dates, in excess of the following amounts, will be transferred to the Collection Fund on such dates:

August 28, 2006	\$42,500,000
November 28, 2006	\$37,000,000
February 28, 2007	\$30,000,000
May 28, 2007	\$23,000,000
August 28, 2007	\$18,000,000
November 28, 2007	\$13,000,000
February 28, 2008	\$8,000,000
May 28, 2008	\$6,000,000
August 28, 2008	\$0

We are not required to replenish amounts paid out of the Capitalized Interest Account.

Redemption Upon Payment for Release of Financed Student Loans from the Indenture

We may, but are not required to, pay into the trust estate an amount sufficient to cause the release of all remaining student loans in the trust estate when the pool balance is 15% or less of the initial pool balance. If this option is exercised, the financed student loans would be released from the lien of the indenture as of the last business day of the preceding collection period, and any outstanding series 2006-A notes would be paid in full on the corresponding quarterly

distribution date (the “optional redemption date”), which will result in early retirement of the remaining series 2006-A notes. The amount we will be required to pay to effect the release of such financed student loans will equal the difference between a prescribed minimum release price and the amount then on deposit in the funds and accounts held under the indenture. The prescribed minimum release price is the amount that would be sufficient to:

- reduce the outstanding principal amount of each class of series 2006-A notes then outstanding on the related quarterly distribution date to zero;
- pay to the noteholders the interest payable on the related quarterly distribution date; and
- pay any unpaid carry-over servicing and administration fee.

Redemption Upon Mandatory Auction of Financed Student Loans

If any of the series 2006-A notes are outstanding and we do not notify the trustee of our intention to exercise our right to make a payment into the trust estate to effect a release of the financed student loans when the pool balance is 15% or less of the initial pool balance as described above, all of the remaining student loans in the trust estate will be offered for sale by the trustee before the next succeeding distribution date. We and unrelated third parties may offer to purchase the student loans in the auction.

If at least two bids are received, the trustee will solicit and resolicit new bids from all participating bidders until only one bid remains or the remaining bidders decline to resubmit bids. The trustee will accept the highest of the remaining bids if it equals or exceeds both the minimum release price described above and the fair market value (as determined by the trustee, which may consult, and, at our direction will consult, with a financial advisor, which may include an underwriter of the series 2006-A notes or the administrator) of the student loans remaining in the trust estate at the end of the related collection period. The net proceeds of any auction sale will be used to retire any outstanding series 2006-A notes on the next quarterly distribution date.

If the highest bid after the solicitation process does not equal or exceed both the minimum release price described above and the fair market value of the student loans remaining in the trust estate, the trustee will not complete the sale. If the sale is not completed, the trustee may, but will not be obligated to, solicit bids for the sale of the financed student loans at the end of future collection periods using procedures similar to those described above. The trustee will be obligated to make such solicitations if requested to do so by the issuer.

If our student loans are not sold as described above, on each subsequent quarterly distribution date, all amounts on deposit in the Collection Fund after giving effect to all withdrawals, except releases to the issuer under priority *ninth* described above under the caption “—Collection Fund,” will be distributed as accelerated payments of principal on the series 2006-A notes, in the order and priority described above, until they have been paid in full. The trustee may or may not succeed in soliciting acceptable bids for our student loans either on the auction date or subsequently.

BOOK-ENTRY REGISTRATION

Investors acquiring beneficial ownership interests in the series 2006-A notes issued in book-entry form will hold their series 2006-A notes through The Depository Trust Company in the United States or through Clearstream Banking, société anonyme (known as Clearstream, Luxembourg), formerly known as Cedelbank société, or Euroclear System in Europe, or indirectly through organizations which are participants in The Depository Trust Company, Clearstream, Luxembourg or Euroclear. Cede & Co., as nominee of The Depository Trust Company, will hold one or more global notes and certificates and Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of the respective depositories, which in turn will hold these positions in the depositories' names on the books of The Depository Trust Company. Transfers between The Depository Trust Company participants will occur in accordance with the rules of The Depository Trust Company, and transfers between Euroclear participants and Euroclear participants will occur in accordance with their applicable rules and operating procedures. Except as described below, no person acquiring a book-entry note will be entitled to receive a physical certificate representing the series 2006-A notes.

Cross-market transfers between persons holding directly or indirectly through The Depository Trust Company, on the one hand, and directly or indirectly through European Clearing System's participants, on the other, will be effected at The Depository Trust Company in accordance with the rules of The Depository Trust Company on behalf of the relevant European Clearing System by its depository; however, cross-market transactions will require delivery of instructions to the relevant European Clearing System by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European Clearing System will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving notes in The Depository Trust Company, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to The Depository Trust Company. The European Clearing System's participants may not deliver instructions directly to the depositories for such European Clearing System.

Because of time-zone differences, credits of notes received in the European Clearing Systems as a result of a transaction with participants in The Depository Trust Company will be made during subsequent notes settlement processing and dated the business day following The Depository Trust Company settlement date. Credits for any transactions in the LIBOR rate notes settled during this processing will be reported to the relevant European Clearing System's participant on that business day. Cash received in a European Clearing System as a result of sales of notes by or through a Clearstream, Luxembourg participant or a Euroclear participant to a participant in The Depository Trust Company will be received with value on The Depository Trust Company settlement date but will be available in the relevant European Clearing System's cash account only as of the business day following settlement in The Depository Trust Company.

The Depository Trust Company. The Depository Trust Company is a New York-chartered limited-purpose trust company that performs services for its participants, some of

which, and/or their representatives, own The Depository Trust Company. In accordance with its normal procedures, The Depository Trust Company is expected to record the positions held by each of its participants in notes issued in book-entry form, whether held for its own account or as nominee for another person. In general, beneficial ownership of book-entry notes will be subject to the rules, regulations and procedures governing The Depository Trust Company and its participants as in effect from time to time.

Purchases of the series 2006-A notes under The Depository Trust Company system must be made by or through direct participants, which are to receive a credit for the series 2006-A notes on The Depository Trust Company's records. The ownership interest of each actual purchaser of each class of the series 2006-A notes, or beneficial owner, is in turn to be recorded on the direct and indirect participants' records. Beneficial owners shall not receive written confirmation from The Depository Trust Company of their purchase, but beneficial owners are 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 series 2006-A notes are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners shall not receive certificates representing their ownership interests in the series 2006-A notes, except in the event that use of the book-entry system for the class of any notes is discontinued.

To facilitate subsequent transfers, all series 2006-A notes deposited by participants with The Depository Trust Company are registered in the name of The Depository Trust Company's partnership nominee, Cede & Co. The deposit of such series 2006-A notes with The Depository Trust Company and their registration in the name of Cede & Co. effect no change in beneficial ownership. The Depository Trust Company has no knowledge of the actual beneficial owners of notes; The Depository Trust Company's records reflect only the identity of the direct participants to whose accounts such series 2006-A notes are credited, which may or may not be the beneficial owners. The participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by The Depository Trust Company to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners are 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 Cede & Co. If less than all of the series 2006-A notes of any class are being redeemed, The Depository Trust Company's practice is to determine by lot the amount of the interest of each direct participant in such series 2006-A notes to be redeemed.

Neither The Depository Trust Company nor Cede & Co. will consent or vote with respect to the series 2006-A notes of any class. Under its usual procedures, The Depository Trust Company mails an omnibus proxy to us, or the trustee, as appropriate, 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 series 2006-A notes are credited on the record date.

Principal and interest payments on the series 2006-A notes are to be made to The Depository Trust Company. The Depository Trust Company's practice is to credit direct participant's accounts on the due date in accordance with their respective holdings shown on The Depository Trust Company's records unless The Depository Trust Company has reason to believe that it will not receive payment on the due date. Payments by participants to beneficial owners are 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 shall be the responsibility of the participant and not our responsibility or the responsibility of The Depository Trust Company or the trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to The Depository Trust Company is our responsibility or the responsibility of the trustee. Disbursement of such payments to direct participants shall be the responsibility of The Depository Trust Company, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

Clearstream, Luxembourg. Clearstream, Luxembourg is a duly licensed bank organized as a limited liability company (a société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its participants and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg participants through electronic book-entry changes in accounts of Clearstream, Luxembourg participants. Thus, the need for physical movement of certificates is eliminated. Transactions may be settled in Clearstream, Luxembourg in numerous currencies, including United States dollars. Clearstream, Luxembourg provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded notes and notes lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream, Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream, Luxembourg participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg participant, either directly or indirectly.

Euroclear. The Euroclear System was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may be settled in numerous currencies, including United States dollars. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with The Depository Trust Company described above. Euroclear is operated by Euroclear Bank, S.A./N.V.

All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator. Euroclear participants include banks, central banks, securities brokers and dealers and other professional financial intermediaries. Indirect access to the Euroclear System is also available to

other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law. These govern transfers of securities and cash within the Euroclear System, withdrawals of securities and cash from the Euroclear System, and receipts of payments with respect to securities in the Euroclear System. All securities in the Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to securities held through Clearstream, Luxembourg or Euroclear will be credited to the cash accounts of Clearstream, Luxembourg participants or Euroclear participants in accordance with the relevant system's rules and procedures, to the extent received by its depository. These distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. See the caption "United States Federal Income Tax Consequences" herein. Clearstream, Luxembourg or the Euroclear operator, as the case may be, will take any other action permitted to be taken by a securityholder under the agreement on behalf of a Clearstream, Luxembourg participant or Euroclear participant only in accordance with its relevant rules and procedures and subject to its depository's ability to effect these actions on its behalf through The Depository Trust Company.

Although The Depository Trust Company, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the series 2006-A notes among participants of The Depository Trust Company, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures. As a result, such procedures may be discontinued at any time.

We may decide to discontinue use of the system of book-entry transfers through The Depository Trust Company, Euroclear or Clearstream, Luxembourg or any successor securities depository. In that event, note certificates are to be printed and delivered. The Depository Trust Company, Euroclear or Clearstream, Luxembourg may discontinue providing its services as a securities depository with respect to the series 2006-A notes of any class at any time by giving reasonable notice to us and to the trustee. In the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered.

Neither we nor the transferors, the servicer, the trustee or the underwriters will have any responsibility or obligation to The Depository Trust Company, Euroclear or Clearstream, Luxembourg participants or the persons for whom they act as nominees with respect to:

- the accuracy of any records maintained by The Depository Trust Company, Euroclear or Clearstream, Luxembourg or any participant;

- the payment by The Depository Trust Company, Euroclear or Clearstream, Luxembourg or any participant of any amount due to any beneficial owner in respect of the principal amount or interest on the series 2006-A notes;
- the delivery by The Depository Trust Company, Euroclear or Clearstream, Luxembourg participant of any notice to any beneficial owner which is required or permitted under the terms of the indenture to be given to holders of the series 2006-A notes; or
- any other action taken by The Depository Trust Company, Euroclear or Clearstream, Luxembourg.

SERVICING OF THE FINANCED STUDENT LOANS

General

The financed student loans will be serviced on our behalf by Great Lakes Educational Loan Services, Inc. (“GLELSI”) pursuant to a Disbursement Services, Application Processing and Servicing Agreement for Private Loans dated November 1, 2000, as amended (the “servicing agreement”). University National Bank, one of the Originating Lenders, has been engaged to act as custodian for certain of the financed student loans originated by it. Additional default management collection activities are also undertaken by NorthStar Capital Markets Services, Inc. and third-party collection agencies and are described later in this section of the offering memorandum.

The Servicer

Great Lakes Educational Loan Services, Inc. (“GLELSI”) acts as a loan servicing agent for all of the financed student loans. GLELSI is a wholly owned subsidiary of Great Lakes Higher Education Corporation (“GLHEC”), a Wisconsin nonstock, nonprofit corporation. The primary operations center for GLHEC and its affiliates (including GLELSI) is in Madison, Wisconsin, which includes the data processing center and operational staff offices for both guarantee support services provided by GLELSI to GLHEC and affiliates and third party guaranty agencies and lender servicing and origination functions. GLHEC and its affiliates also maintain regional offices in Columbus, Ohio and St. Paul, Minnesota and customer support staff located nationally.

In 1977, Great Lakes Higher Education Corporation (“GLHEC”) (formerly known as Wisconsin Higher Education Corporation) established the Lender Servicing Program to encourage private lenders to participate in the FFELP. In 1985, GLHEC added loan origination services for lenders. In 1995, GLHEC began originating and servicing private alternative loans for lenders. In 1996, Great Lakes Educational Loan Services, Inc. (“GLELSI”) was formed as a loan servicing subsidiary corporation of GLHEC. The principal place of business of GLELSI is set forth on the last page of this offering memorandum.

As of December 31, 2005, GLELSI serviced 1,845,919 student and parental accounts (1,612,461 FFELP and 233,458 private alternative accounts) with an outstanding balance of \$27.1 billion (\$23.3 billion FFELP and \$3.8 billion private alternative loan) for over 1,200

lenders nationwide. As of December 31, 2005, 64% of the portfolio serviced by GLELSI has in repayment status, 4% was in grace status and the remaining 32% was in interim status. GLELSI will provide a copy of GLHEC's most recent consolidated financial statements on receipt of a written request directed to 2401 International Lane, Madison, Wisconsin 53704, Attention: Chief Financial Officer.

Description of the Servicing Agreement

Pursuant to the servicing agreement, GLELSI generally agrees to provide all customary post origination student loan servicing activities with respect to student loans made under the T.H.E. Loan Programs in accordance with our program guidelines. Such services generally include maintaining custody of copies of promissory notes and related documentation, billing for and processing payments from borrowers, undertaking certain required collection activities with respect to delinquent loans, establishing and maintaining records with respect to its servicing activities, and providing certain reports of its activities and the student loan portfolios serviced by them. GLELSI agrees to service the loans in compliance with all applicable federal and state laws and regulations. At our option, GLELSI may be required to provide certain origination services. Origination services are currently being provided by GLELSI only for a few select Wisconsin schools.

The servicing agreement continues in force until terminated or modified as set forth therein. The initial term of the servicing agreement was through November 1, 2003, and the servicing agreement provides for its automatic renewal for 12 month periods thereafter unless notice of termination is given by either party, subject to any renegotiated terms.

General Terms. Pursuant to the servicing agreement, GLELSI will service and perform other related tasks with respect to the financed student loans which are submitted to GLELSI and accepted by GLELSI for servicing with customary diligence and care. The following summary describes certain terms of the servicing agreement. The summary is not complete, and is subject to and qualified in its entirety, by reference to all of the provisions of the servicing agreement. GLELSI's administrative obligations generally include, but are not limited to, the following:

- (a) furnish us with copies of all material reports, records, and other documents and data as required by the servicing agreement, and safeguard all related financed student loan documentation;
- (b) notify us of any conflicts between our program guidelines and applicable law, and if such conflict is valid, cooperate with us to amend our program guidelines accordingly;
- (c) maintain its ability and eligibility requirements as a third party loan administrator and servicer;
- (d) provide us with an unaudited balance sheet, a statement of change in net assets and audited financial statements; and
- (e) keep in force and effect computer services and omissions coverage.

Disbursement Services and Application Processing. GLELSI will provide the application processing and disbursement services with respect to financed student loans, including, but not limited to, the following:

(a) review applications to determine whether the loan requested is one which is offered by us under our program, ensure that each application package received is complete and determine whether each complete application package satisfies all of the material requirements of the program guidelines;

(b) if in receipt of an eligible application package, notify us of relevant information relating to the loan and deem eligible application packages approved by us if we do not notify GLELSI of our decision to reject any of the eligible application packages within 24 hours, and if requested, provide us with each complete application package;

(c) with respect to approved applicants, send a notice of approval, initiate a debit against our disbursement account in accordance with program guidelines, or with respect to rejected applicants, provide notice of such denial, an adverse action letter, and a completed Truth-in-Lending Act statement as required under the program guidelines; and

(d) if in receipt of a request that does not constitute an eligible application package, notify the applicant of denial, retain appropriate application documentation, transmit and process all appeals.

Servicing. GLELSI will provide loan servicing services to us under the servicing agreement and the program guidelines, including, but not limited to the following:

(a) promptly correct any error in information processed pursuant to the servicing agreement, without charge;

(b) create and maintain loan documentation, files and records;

(c) respond to inquiries and communications from borrowers and us;

(d) convert borrower status when required under the program guidelines;

(e) mail to borrowers Truth-in-Lending Act disclosures and a notice specifying repayment terms;

(f) diligently collect on financed student loans in compliance with program guidelines;

(g) process funds received on behalf of the financed student loans, internally or through a lockbox processor, deposit all funds received to a servicing account maintained by GLELSI at a federally insured financial institution acceptable to us;

(h) transfer collected funds to us no less often than three times per month and not less often than once every 15 days, and account for and credit any refund due a borrower; and

(i) capitalize origination fees, if any.

Delinquencies. With respect to delinquent and defaulted financed student loans, GLELSI will perform a number of duties, including but not limited to:

(a) attempt collection of any returned bank check in accordance with applicable law; and

(b) perform due diligence in the collection of such loan.

Reporting Obligations. GLELSI will furnish us with copies of all material reports, records and other documents and data as required by law or by the servicing agreement.

Termination. The servicing agreement may be terminated by either party before its expiration upon a material breach by the other party, if such breach has not been cured within 60 days' prior written notice of the breach sent to the other party; however, our failure to pay any amount that is being contested in good faith will not constitute a breach. We may also terminate the disbursement services and application processing provisions of the servicing agreement without cause upon 60 days' prior written notice to GLELSI. We may terminate the servicing agreement, with cause, at our option, if GLELSI shall discontinue or take steps to wind down its business operations, not pay its debts as they come due, make a general assignment for the benefit of creditors, or upon certain bankruptcy or insolvency events.

GLELSI may terminate the servicing agreement if the program guidelines are changed unilaterally by us in a manner which exposes GLELSI to increased risk of liability, imposes significant additional duties, materially restricts from GLELSI's indemnification rights, or significantly increases GLELSI's costs or obligations, and the parties are unable to agree upon an amendment modifying such unilateral change. Such termination by GLELSI will occur within 90 days of such inability to agree. Additionally, GLELSI may terminate the servicing agreement within 120 days' prior written notice to us.

We have not given, nor have we received, any such written notice, and we do not presently intend to give any such notice. Upon our termination of the servicing agreement without cause, we are obligated to pay a servicing removal fee of \$14 per account, or the actual cost, if higher, to remove an active account from GLELSI's system.

Compensation. We agree to pay the servicer a monthly fee for the servicing of financed student loans equal to the product of the outstanding principal and accrued interest balance at each month-end, multiplied by the basis points charged monthly (0.50% of the principal balance of each financed student loan while in an in-school, grace or repayment status), divided by 12. GLELSI has agreed, however, that to the extent such amount exceeds certain per account calculations, such excesses are returned to NorthStar Capital Markets Services, Inc. This excess will not be paid to NorthStar Capital Markets Services, Inc. until certain conditions are satisfied. See the caption "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A

NOTES—Collection Fund” herein. The fees and such arrangement are subject to annual increases. We will compensate GLELSI for their performance of certain additional services as set forth under the servicing agreement.

Indemnification and Liability. The servicing agreement provides that GLELSI shall not be liable for any loss or damage incurred as the result of the failure of a student borrower to repay a loan, unless such failure was directly and primarily the result of errors or omissions of GLELSI in performing its obligations under the servicing agreement or the failure to follow the program guidelines. GLELSI is required to indemnify us from any losses which result from claims of third parties arising from the breach of any representations, covenants or agreements of GLELSI in the servicing agreement or any conduct, act or omission of GLELSI relating to the provision of services under the servicing agreement. Notwithstanding the foregoing, GLELSI has no obligation to indemnify against any loss to the extent the loss arises from our negligence, or willful misconduct, is based on utilization of loan documentation provided by us or to the reliance by GLELSI on the program guidelines, or arises out of federal or state consumer protection laws.

Default Management Program

Additional collection activities are undertaken by NorthStar Capital Markets Services, Inc. and third-party collection agencies. NorthStar Capital Markets Services, Inc. began in-house collection activities on private loans in July of 2003 to supplement the efforts of GLELSI with the creation of the Debt Management Group. As of the date of this offering memorandum, NorthStar Capital Markets Services, Inc. has 13 employees in the Debt Management Group. The following description of the collection activities of NorthStar Capital Markets Services, Inc. and third-party collection agencies is our policy as of the date of this memorandum and is subject to change over time.

The additional collection activities are generally divided into four phases, generally based on the payment status of the financed student loan. The phases include (a) financed student loans that have not entered into repayment; (b) financed student loans that are between 16 and 90 days delinquent; (c) financed student loans that are between 91 and 180 days delinquent; and (d) defaulted financed student loans.

Financed Student Loans Prior to Repayment. NorthStar Capital Markets Services, Inc. maintains contact with borrowers by providing a quarterly account summary to all borrowers indicating the current loan balance along with an estimated monthly payment amount the borrower would owe if they were to enter repayment at that time. The goal of these account summaries is to educate the borrowers as they progress through school about the level of debt that they are incurring and the size of their monthly payments once the financed student loan enters repayment status. NorthStar Capital Markets Services, Inc. also maintains a detailed debt management section on our website that has useful information for students to use for managing their debt while in school and for when they are preparing to graduate.

As a borrower nears graduation, the Debt Management Group begins a series of campaigns to enable each borrower that is about to enter repayment status to have the ability to begin to repay their loans. A primary tool is federal loan consolidation. The federal

consolidation loan program allows borrowers to consolidate a number of federal loans into a single federal loan and to reduce the required monthly payment on the federal loan. Unlike many student loan originators, NorthStar Capital Markets Services, Inc.'s consolidation processing staff is within the Debt Management Group. NorthStar Capital Markets Services, Inc. personnel take a financial counseling approach to assist borrowers by helping them to use all the tools available to be able to consistently make monthly payments on the financed student loans.

NorthStar Capital Markets Services, Inc. personnel perform exit interviews at many schools. In many schools, NorthStar Capital Markets Services, Inc. provides each student attending the exit interview with a detailed account summary of their debt load and a variety of strategies to minimize their overall monthly payment.

Financed Student Loans Between 16 and 90 Days Delinquent. Delinquent financed student loan accounts are referred to the Debt Management Group beginning on the date that a financed student loan is on its 16th day of delinquency. These borrowers are contacted through a series of letters and telephone calling campaigns. The telephone calls are placed during normal business hours, evening hours, and on Saturdays. The letters are all personalized with hand addressed envelopes and specific information about the borrower's loan. If the Debt Management Group does not have good address or telephone information for the borrower, NorthStar Capital Markets Services, Inc. utilizes a basic skip-tracing service to attempt to find the borrower. If that tool is not successful, the account is immediately placed with an outside collection agency that has more sophisticated skip tracing service.

Financed Student Loans Between 91 and 180 Days Delinquent. If a financed student loan is on the 90th day of delinquency without encouraging contact with the borrower, the account is placed with an outside collection agency and GLELSI ceases collection efforts. NorthStar Capital Markets Services, Inc. personnel continue the letters and telephone calls described in the preceding section, however, through 180 days delinquent, when the loans are declared in default.

Deferment, Forbearance and Payment Plan Policies on Financed Student Loans. The only deferment available for a financed student loan is an in-school deferment, which is available if an eligible school certifies that a borrower has returned to school at least half-time. GLELSI is authorized to grant forbearances on private loans for no more than 6 months over the life of the financed student loan. Longer forbearance is granted only in the case of extreme hardship such as under doctor-certified care. NorthStar Capital Markets Services, Inc. also offers an interest only payment plan during the first 24 months of repayment that is granted in 6 month increments. NorthStar Capital Markets Services, Inc.'s objective with these policies is to get borrowers in the habit of making monthly payments on the private loans, especially when their Federal Family Education loans are in forbearance and or deferment.

Financed Student Loans 180 Days Delinquent; Rehabilitation. Financed student loans are declared defaulted at 180 days delinquent. Upon default the principal and interest accrued through the date of default is removed from the calculation of loan balances when the collateral value or the parity ratio is calculated for purposes of the indenture. However, the loan continues to bear interest and remains part of the trust estate pledged to the trustee. Any subsequent

collections or recoveries are delivered to the trustee for deposit in the collection fund under the indenture.

Defaulted financed student loans are placed with collection agencies, which initially use traditional collection techniques to obtain payment in full. NorthStar Capital Markets Services, Inc. ceases collection efforts. Decisions to accept less than the full amount due plus collection costs are made by NorthStar Capital Markets Services, Inc. on a case-by-case basis. Each account placed with a collection agency is reviewed periodically, and if there is no progress for a significant period, the account is placed with another agency. NorthStar Capital Markets Services, Inc. has a policy of litigating defaulted accounts whenever feasible.

In the fall of 2004 we introduced our “Fresh Start” program. Under this program, a borrower with loans that have been declared defaulted who makes nine consecutive on-time payments will have the negative credit information regarding these loans on his or her credit report removed. The loans remain in default and are not considered included in the pool of eligible loans for purposes of calculating the loan pool balance or asset coverage ratios. The monthly payment amortizes the loan over a term which varies with the loan balance. Such rehabilitated loans are never included in calculations of loan balances when the collateral value or the parity ratio is calculated for purposes of the indenture. However, payments on such loans are recognized as collections or recoveries and are delivered to the trustee for deposit in the Collection Fund.

DESCRIPTION OF THE INDENTURE

General

We have entered into the indenture with the trustee which provides for the issuance of the series 2006-A notes. See the caption “Description of the series 2006-A notes” herein. The following is a summary of the material terms of the indenture providing for the issuance of the series 2006-A notes. The summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the indenture providing for the issuance of the series 2006-A notes.

The indenture establishes the general provisions of the series 2006-A notes issued by us thereunder and sets forth our various covenants and agreements relating thereto, default and remedy provisions, and responsibilities and duties of the trustee and establishes the various funds into which our revenues related to the financed student loans and the series 2006-A notes are deposited and transferred for various purposes.

Funds and Accounts

Acquisition Fund. The indenture establishes an Acquisition Fund. On the date of issuance of the series 2006-A notes, approximately \$593,817,958 of the proceeds from the sale of the series 2006-A notes will be deposited into the Acquisition Fund. Of this amount, approximately \$1,127,189 will be used on or about the date of issuance to pay costs of issuing the series 2006-A notes. The remaining \$592,690,769 will be used as follows: approximately \$279,804,601 will be used on or about the date of issuance to acquire approximately \$279,804,601 in aggregate principal amount of and accrued interest on student loans which

constitute pending disbursements for “eligible loans” from various of our affiliates and others constituting the transferors; approximately \$303,012,882 will be used together with other of our funds to refund and refinance certain of our existing indebtedness on the date of issuance, and approximately \$306,220,355 in aggregate principal amount of and accrued interest on eligible loans securing such prior indebtedness will be pledged by us as collateral under the indenture as of such date of issuance; and the remaining \$9,873,286 will be used by us during the prefunding period which is a period beginning on the date of issuance of the series 2006-A notes and ending on May 31, 2006, to fund pending disbursements on eligible loans that we have previously acquired. We and, to the limited extent described under the caption “SERVICING OF THE FINANCED STUDENT LOANS—Description of the Servicing Agreement,” the servicer, determine whether student loans meet our underwriting guidelines and there is no other independent verification that the student loans meet these criteria. As the only financed student loans to be added after the date of issuance consist of student loans for which disbursements are pending, we will not inform investors of changes to the pool of financed student loans.

Moneys on deposit in the Acquisition Fund may also be used for: (a) the redemption or purchase of, or distribution of principal with respect to, series 2006-A notes, (b) the transfer to the Collection Fund for payment of amounts due on the series 2006-A notes and any other obligations as set forth below in this section; (c) following the prefunding period, the deposit of the remaining acquisition amount into the Collection Fund; or (d) such other purposes related to the issuer’s loan programs as may be provided in an issuer order and regarding which a rating agency confirmation has been obtained.

Amounts in the Acquisition Fund shall be transferred to the credit of the Collection Fund on a quarterly distribution date to the extent required to provide for the payment of the amounts due under the indenture on the series 2006-A notes and any other obligations. In connection with the transfer contemplated in the preceding sentence, to the extent that the trustee does not receive timely transfer instructions from the issuer, the trustee shall use its reasonable best efforts to effectuate such transfer without further authorization or direction.

On the first monthly payment date following the end of the prefunding period, the trustee shall transfer from the Acquisition Fund to the Collection Fund, for the payment of principal of, or distribution of principal with respect to, series 2006-A notes, the amount remaining in the Acquisition Fund.

Financed eligible loans shall not be sold, transferred or otherwise disposed of by the trustee free from the lien of the indenture.

Collection Fund. The indenture establishes a Collection Fund. The trustee will credit to the Collection Fund all available funds, and all other moneys and investments derived from assets on deposit in and transfers from the Acquisition Fund, the Capitalized Interest Account and the Reserve Fund and any other amounts deposited thereto upon receipt of an issuer order and not otherwise inconsistent with the indenture.

On each monthly calculation date and quarterly distribution date, the trustee will allocate or transfer the moneys received during the preceding month in the Collection Fund as provided

under the caption “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES—Collection Fund” herein.

Pending transfers from the Collection Fund, the moneys therein will be invested in investment securities as described under the caption “—Investments” below, and any income from said investments will be retained therein.

Capitalized Interest Account. Amounts on deposit in the Capitalized Interest Account will be used to pay interest on the series 2006-A notes and operating expenses prior to amounts being withdrawn from the Reserve Fund.

Reserve Fund. Upon the delivery of the series 2006-A notes, and from the proceeds thereof or from any other available moneys we may have not otherwise credited to or paid into any fund or account under or otherwise subject to the pledge and security interest created by the indenture, the trustee will credit to the Reserve Fund the amount, if any, necessary to satisfy the reserve fund requirement.

Amounts in the Reserve Fund will be used to make payments required to be made from the Collection Fund as described above as first through third and sixth through seventh under the caption “—Collection Fund” above, provided that such amounts will be used to pay principal of a class of the series 2006-A notes pursuant to sixth and seventh only on the legal final maturity date of such class of the series 2006-A notes, but in all cases, only to the extent amounts are unavailable therefor in the Collection Fund or in the case of first through third the Capitalized Interest Account.

If on any monthly calculation date the balance in the Reserve Fund exceeds the Reserve Fund requirement, such excess will, upon our order, be transferred to the Collection Fund.

Pending transfers from the Reserve Fund, the moneys therein will be invested in investment securities as described under the caption “—Investments” below and any income from such investments will be deposited in the Collection Fund.

Series 2006-A Notes

The series 2006-A notes will be issued pursuant to the terms of the indenture. The following summary describes the material terms of the series 2006-A notes. The summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the series 2006-A notes and the indenture, which provisions are incorporated by reference herein. See the caption “DESCRIPTION OF THE SERIES 2006-A NOTES” herein for a more complete description of the terms of the series 2006-A notes. The indenture does not permit the issuance of additional notes or obligations.

The series 2006-A notes, including the principal thereof and interest thereon, are limited obligations, payable solely from the revenues and assets pledged therefor under the indenture.

Priorities of Different Classes of the Series 2006-A Notes. The class A notes will be equally and ratably secured under the indenture and will have payment and certain other

priorities over the class B notes. Holders of class A notes with a higher numerical designation are entitled to receive payments of principal after class A notes with a lower numerical designation (unless the principal on the series 2006-A notes has been accelerated after an event of default). All class B notes will be equally and ratably secured under the indenture, but will be subordinate with respect to payment and certain other matters to the class A notes.

Pledge; Encumbrances

The series 2006-A notes constitute our limited obligations specifically secured by the pledge of the proceeds of the sale of the series 2006-A notes (until expended for the purpose for which the series 2006-A notes were issued), the financed student loans and the revenues, moneys and securities in the various accounts and funds, in the manner and subject to the prior applications provided in the indenture.

We have agreed not to issue any bonds or other evidences of indebtedness secured by a pledge of the revenues and other assets pledged under the indenture, other than the series 2006-A notes as permitted by the indenture. Nothing in the indenture is intended to prevent us from issuing obligations secured by revenues and assets other than the revenues and other assets pledged in the indenture.

Covenants

Certain covenants with the holders of the series 2006-A notes and other beneficiaries contained in the indenture are summarized as follows:

Acquisition, Origination, Collection and Assignment of Financed Student Loans. We have agreed that we will acquire or originate only eligible loans with moneys in any of the funds and (subject to any adjustments referred to in the following paragraph) will diligently cause to be collected all principal and interest payments on all the financed student loans and other sums to which we are entitled with respect to such financed student loans.

Enforcement of Financed Student Loans. We have agreed to cause to be diligently enforced, and shall cause to be taken all steps, actions and proceedings reasonably necessary in our judgment for the enforcement of, all terms, covenants and conditions of all financed student loans and agreements in connection therewith, including the prompt payment of all principal and interest payments and all other amounts due to us thereunder. We shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of ourselves, the trustee and the noteholders under or with respect to each financed student loan and agreement in connection therewith. We shall not consent or agree to or permit any amendment or modification of any financed student loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the noteholders; provided, that nothing in this paragraph or the next paragraph under the caption “—Administration and Collection of Financed Student Loans” shall be construed to prevent us from (i) settling a default or from curing a delinquency on any financed student loan on such terms as shall be permitted by law; (ii) amending the terms of a financed student loan to provide for a different rate of interest thereon to the extent permitted by law; (iii) amending the terms of any financed student loan or agreement in connection therewith in any manner if a rating agency

confirmation is obtained with respect to such amendment; (iv) waiving amounts owing under a financed student loan; or (v) providing any borrower benefits with respect to financed student loans.

Administration and Collection of Financed Student Loans. We have agreed to service and collect, or enter into a servicing agreement pursuant to which a servicer agrees to service or collect, all financed student loans in accordance with all requirements of the indenture. We have agreed to cause to be diligently enforced, and take all steps, actions and proceedings reasonably necessary in our judgment for the enforcement of, all terms, covenants and conditions of any servicing agreement, and all other administration agreements, including, in the case of the servicing agreement, the prompt payment of all principal and interest payments and all other amounts due to us or the trustee thereunder. We shall not permit the release of the obligations of any servicer under any servicing agreement, except in accordance with the terms thereof, and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected our rights and privileges and the rights and privileges of the trustee and the registered owners under or with respect to any servicing agreement.

Tax-Exempt Status. We have agreed that we will not take any action which would result in the loss of, and will take all reasonable actions necessary to maintain, our status as an organization described in Section 501(c)(3) of the Internal Revenue Code and exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (or any successor provisions).

Continuing Existence; Merger and Consolidation. We have agreed to maintain our existence as a corporation and not to dispose of all or substantially all of our assets (by sale, lease or otherwise), except as otherwise specifically authorized in the indenture, or consolidate with or merge into another entity or permit any other entity to consolidate with or merge into us unless either we are the surviving corporation or each of the following conditions is satisfied:

- (a) the surviving, resulting or transferee entity, as the case may be, will be a corporation, limited liability company or other legal entity organized under the laws of the United States or one of the states thereof;
- (b) at least 30 days before any merger, consolidation or transfer of assets becomes effective, we will give the trustee written notice of the proposed transaction;
- (c) immediately after giving effect to any merger, consolidation or transfer of assets, no event of default under the indenture has occurred and is continuing;
- (d) each rating agency will have confirmed that such merger, consolidation or transfer of assets will not cause the withdrawal or reduction of any rating or ratings then applicable to any outstanding notes; and
- (e) prior to or concurrently with any merger, consolidation or transfer of assets, (i) any action as is necessary to maintain the lien and security interest created in favor of the trustee by this indenture will have been taken; (ii) the surviving, resulting or transferee entity, as the case may be, will deliver to the trustee an instrument assuming all of our obligations under the indenture and related agreements, together with any

necessary consents; and (iii) we will deliver to the trustee and each rating agency a certificate and an opinion of counsel (which shall describe the actions taken as required by clause (i) of this paragraph or that no such action need be taken) each stating that all conditions precedent to such merger, consolidation or transfer of assets have been complied with.

Further Covenants

We will file financing statements and continuation statements in any jurisdiction necessary to perfect and maintain the security interest we have granted under the indenture.

Upon written request of the trustee, we will permit the trustee or its agents, accountants and attorneys to examine and inspect the property, books of account, records, reports and other data relating to the student loans, and will furnish the trustee such other information as it may reasonably request. The trustee shall be under no duty to make any examination unless requested in writing to do so by the registered owners of 66% of the principal amount of the series 2006-A notes, and unless those holders have offered the trustee security and indemnity satisfactory to it against any costs, expenses and liabilities which might be incurred in making any examination.

If an event of default shall have happened and shall not have been remedied, our books of record and account relating to the financed student loans and the trust estate shall at all times be subject to the inspection and use of the trustee and any holder of at least twenty five percent (25%) of the principal amount of the series 2006-A notes outstanding and of their respective agents and attorneys.

We will post on our website not less than quarterly and provide to the trustee, and the trustee will forward to each requesting holder, a statement setting forth information with respect to the series 2006-A notes and the student loans pledged under the indenture as of the end of such period, including the following:

- the amount of principal payments made with respect to each class of series 2006-A notes during the applicable period and the note factor relating to each class of the series 2006-A notes;
- the amount of interest payments made with respect to each class of series 2006-A notes during the applicable period;
- the aggregate principal balance of the student loans pledged under the indenture as of the close of business on the last day of the applicable period;
- the aggregate outstanding principal amount of the series 2006-A notes;
- the interest rate for the applicable class of the series 2006-A notes with respect to each quarterly distribution date;
- the number and aggregate principal balance of the student loans pledged under the indenture that we deem to be delinquent; and

- the aggregate outstanding principal amount of the series 2006-A notes as of the close of business on the last day of the applicable period.

A copy of these reports may be obtained by any holder of the series 2006-A notes by a written request to the trustee.

Investments

Moneys from time to time on deposit in the funds and accounts may be invested in one or more of the following investment securities:

(a) direct general obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided such obligations are backed by the full faith and credit of the United States, FHA debentures, Freddie Mac senior debt obligations, Federal Home Loan Bank consolidated senior debt obligations, and Fannie Mae senior debt obligations, but excluding any of such securities whose terms do not provide for payment of a fixed dollar amount upon maturity or call for redemption;

(b) federal funds, certificates of deposit, time deposits and banker's acceptances (having original maturities of not more than 90 days) of any bank or trust company incorporated under the laws of the United States or any state thereof, provided that the short term debt obligations of such bank or trust company at the date of acquisition thereof have been rated "A-1+" or better by S&P, "P-1" or "A2" or better by Moody's and "F-1+" by Fitch;

(c) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of at least \$20,000,000 which deposits are held only up to the limits insured by the Bank Insurance Fund or Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation, provided that the unsecured long term debt obligations of such bank or savings and loan association have been rated "BBB" or better by S&P, "P-1" or "A-2" or better by Moody's and "BBB" or better by Fitch;

(d) commercial paper having original maturities of not more than 90 days which is rated "A-1+" or better by S&P, "P-1" or better by Moody's and "F-1+" by Fitch;

(e) debt obligations rated "AAA" by S&P, "Aaa" by Moody's and "AAA" by Fitch (other than any such obligations that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(f) investments in money market funds (including those funds managed or advised by the trustee or an affiliate thereof) rated "AAAm" by S&P, "Aaa" by Moody's and "AA" by Fitch;

(g) guaranteed investment contracts or surety bonds for which a rating agency confirmation has been obtained and providing for the investment of funds in an account or insuring a minimum rate of return on investments of such funds;

(h) a repurchase agreement for which a rating agency confirmation has been obtained; and

(i) any other investment regarding which a rating agency confirmation has been obtained (provided, however, that if such other investment meets the rating criteria above for a particular rating agency but not all rating agencies, then a rating agency confirmation need be satisfied only with respect to any other rating agency for which such rating criteria has not been met).

Interest and investment income realized on funds deposited in each such account or funds, to the extent of any net investment earnings, will be for the sole benefit of the trustee for application pursuant to the indenture. No person shall be responsible for the payment of any net investment loss.

Events of Default

If any of the following events occur, it is an “event of default” under the indenture:

(a) default in the due and punctual payment of any interest on any class A note when the same becomes due and payable, or if no class A notes are outstanding, default in the due and punctual payment of any interest on any class B note when the same becomes due and payable; or

(b) default in the due and punctual payment of the principal of any note when the same becomes due and payable on the related final maturity date; or

(c) default by us in the performance or observance of any other of the covenants, agreements or conditions contained in the indenture or in the series 2006-A notes, and such default shall have continued for a period of 90 days after written notice thereof shall have been given to us by the trustee; provided, that if the default is such that it can be corrected but not within 90 days, it shall not constitute an event of default if corrective action is undertaken by us within such 90-day period and is diligently pursued until the default is corrected; and

(d) the occurrence of an event of bankruptcy.

The term “event of bankruptcy” means that we have commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to us or our debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of us or any substantial part of our property, or have made a general assignment for the benefit of creditors, or we have declared a moratorium with respect to our debts or have failed generally to pay our debts as they become due, or have taken any action to authorize any of the foregoing; or an involuntary case or other proceeding shall have been commenced against us seeking liquidation, reorganization or other relief with respect to us or our debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property provided such action or proceeding is not dismissed within 90 days.

If a default under the indenture occurs and continues, the trustee will mail to each holder of the series 2006-A notes notice of the default within 90 days after it occurs.

Remedies

Possession of Trust Estate. Upon the happening of any event of default under the indenture, the trustee may take possession of any portion of the trust estate that may be in the custody of others, and all property comprising the trust estate, and may hold, use and control those assets. The trustee may also, in our name or otherwise, conduct business and collect and receive all charges, income and revenues of the trust estate. After deducting all expenses incurred and all other proper outlays authorized in the indenture, and all payments which may be made as just and reasonable compensation for its own services, and for the services of its attorneys, agents, and assistants, the trustee will apply the rest and residue of the money received by the trustee as follows (however, if the event of default relates to a default described in clause (c) under “—Events of Default” above, priorities *third* and, *fifth* below will be paid in that order and prior to priorities *fourth*, and *sixth* below):

- *first*, to the trustee for fees and expenses due and owing to the trustee;
- *second*, to the issuer, for payment to the servicer any due and unpaid servicing and administration fees;
- *third*, pro rata, to the class A noteholders for amounts due and unpaid on the class A notes for interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the class A notes for such interest;
- *fourth*, to class A noteholders for amounts due and unpaid on the class A notes for principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the class A notes for principal;
- *fifth*, to the class B noteholders for amounts due and unpaid for interest, pro rata, without preference or priority of any kind, according to the amounts due and payable on the class B notes for such interest;
- *sixth*, to the class B noteholders for amounts due and unpaid on the class B notes for principal, pro rata without preference or priority of any kind, according to the amounts due and payable on the class B notes for principal;
- *seventh*, to the issuer for payment to the servicer for any unpaid carryover servicing and administration fees; and
- *eighth*, to the issuer, for distribution in accordance with the terms of the indenture.

Sale of Trust Estate. Upon the happening of any event of default and if the principal of all of the outstanding series 2006-A notes shall have been declared due and payable, then the trustee may sell the trust estate to the highest bidder in accordance with the requirements of applicable law. In addition, the trustee may proceed to protect and enforce the rights of the

trustee or the registered owners in the manner as counsel for the trustee may advise, whether for the specific performance of any covenant, condition, agreement or undertaking contained in the indenture, or in aid of the execution of any power therein granted, or for the enforcement of such other appropriate legal or equitable remedies as may in the opinion of such counsel, be more effectual to protect and enforce the rights aforesaid. The trustee is required to take any of these actions if requested to do so in writing by the registered owners of a majority of the principal amount of the highest priority obligations outstanding under the defaulted indenture. However, if the event of default does not relate to a payment default or an event of bankruptcy, the trustee may take these actions only if requested to do so in writing by the registered owners of all obligations outstanding under the defaulted indenture unless the net proceeds received by the trustee from selling the trust estate are sufficient to pay all amounts owed to all the holders of obligations outstanding under the defaulted indenture.

Appointment of Receiver. If an event of default occurs, and all of the outstanding obligations under the indenture have been declared due and payable, and if any judicial proceedings are commenced to enforce any right of the trustee or of the registered owners under the indenture, then as a matter of right, the trustee shall be entitled to the appointment of a receiver for the trust estate.

Accelerated Maturity. If an event of default occurs, the trustee may declare, or upon the written direction by the registered owners of a majority of the principal amount of the highest priority obligations then outstanding under the defaulted indenture shall declare, the principal of all series 2006-A notes issued under the indenture, and then outstanding, and the interest thereon, immediately due and payable. A declaration of acceleration upon the occurrence of a default may be rescinded upon notice to the issuer by a majority of the registered owners of the obligations then outstanding if the issuer has paid or deposited with the trustee amounts sufficient to pay all principal and interest due on the series 2006-A notes (other than amounts due solely by reason of such acceleration) and any other event of default has been cured or waived.

Direction of Trustee. If an event of default occurs, the registered owners of a majority of the principal amount of the highest priority obligations then outstanding under the defaulted indenture shall have the right to direct and control the trustee with respect to any proceedings for any sale of any or all of the trust estate, or for the appointment of a receiver. The registered owners may not cause the trustee to take any proceedings which in the trustee's opinion would be unjustly prejudicial to non-assenting registered owners of obligations outstanding under the indenture.

Right To Enforce in Trustee. No registered owner of any obligation issued under the indenture shall have any right as a registered owner to institute any suit, action or proceedings for the enforcement of the provisions of the indenture or for the appointment of a receiver or for any other remedy under the indenture. All rights of action under the indenture are vested exclusively in the trustee, unless and until the trustee fails to institute an action or suit within 60 days after the registered owners:

- have given to the trustee written notice of a default under the indenture, and of the continuance thereof;

- shall have made written request upon the trustee and the trustee shall have been afforded reasonable opportunity to institute an action, suit or proceeding in its own name; and
- the trustee shall have been offered indemnity and security satisfactory to it against the costs, expenses, and liabilities to be incurred on an action, suit or proceeding in its own name.

If the issuer (or any other obligor on the series 2006-A notes) becomes the subject of a bankruptcy proceeding, the trustee may (or, if the holders of a majority in interest of the affected class or classes of notes outstanding direct, the trustee will) file and pursue a claim for the unpaid amounts of interest and principal due on the series 2006-A notes and will maintain certain other involvement and participation in the bankruptcy proceeding as necessary to preserve the rights of the noteholders.

Waivers of Events of Default. The trustee may in its discretion waive any event of default under the indenture and rescind any declaration of acceleration of the obligations due under the indenture. The trustee will waive an event of default upon the written request of the registered owners of at least a majority of the principal amount of the highest priority obligations then outstanding under the indenture. A waiver of any event of default in the payment of the principal or interest due on any obligation issued under the indenture may not be made unless prior to the waiver or rescission, provision shall have been made for payment of all arrears of interest or all arrears of payments of principal, and for all expenses of the trustee in connection with such default. A waiver or rescission of one default will not affect any subsequent or other default, or impair any rights or remedies consequent to any subsequent or other default.

The Trustee

Acceptance of Trust. The trustee will accept the trusts imposed upon it by the indenture, and will perform those trusts, but only upon and subject to the following terms and conditions:

- The trustee undertakes to perform only those duties as are specifically set forth in the indenture.
- In the absence of bad faith on its part, the trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the trustee and conforming to the requirements of the indenture.
- In case an event of default has occurred and is continuing, the trustee, in exercising the rights and powers vested in it by the indenture, will use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.
- Before taking any action under the indenture requested by registered owners, the trustee may require that it be furnished an indemnity bond or other indemnity and security satisfactory to it by the registered owners for the reimbursement of all expenses to which it may be put and to protect it against liability arising from any action taken by the trustee.

Limitations of Liability of the Trustee

The trustee is liable for its own negligent acts, its own negligent failure to act or its own willful misconduct, but is only responsible for undertaking the duties specifically outlined for it in the indenture and the transaction documents. The trustee is not liable for any action it takes or omits to take in good faith reliance on certificates of officers of the issuer or the opinion of counsel furnished to its primary officers.

The trustee is not liable for any error in judgment made in good faith by one of its primary officers unless it is proved that the trustee was negligent in ascertaining the relevant facts, and the trustee is not liable for any action it takes or omits to take in good faith at the direction of the noteholders as permitted under the indenture.

The trustee is not responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, custodian or nominee it appoints with due care to carry out its duties under the indenture. The trustee is not liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers unless such conduct constitutes willful misconduct, negligence or bad faith.

Trustee May Act Through Agents. The trustee may execute any of the trusts or powers under the indenture and perform any duty thereunder either itself or by or through its attorneys, agents, or employees. The trustee will not be answerable or accountable for any default, neglect or misconduct of any such attorneys, agents or employees, if reasonable care has been exercised in the appointment, supervision, and monitoring of the work performed. The issuer will pay all reasonable costs incurred by the trustee and all reasonable compensation to all such persons as may reasonably be employed in connection with the trust estate.

Indemnification of Trustee. The trustee is generally under no obligation or duty to perform any act at the request of registered owners or to institute or defend any suit to protect the rights of the registered owners under the indenture unless properly indemnified and provided with security to its satisfaction. The trustee is not required to take notice of any event under the indenture unless and until it shall have been specifically notified in writing of the event of default by the registered owners or the issuer's authorized representative.

However, the trustee may begin suit, or appear in and defend suit, execute any of the trusts, enforce any of its rights or powers, or do anything else in its judgment proper, without assurance of reimbursement or indemnity. In that case the trustee will be reimbursed or indemnified by the registered owners requesting that action, for all fees, costs and expenses, liabilities, outlays and counsel fees and other reasonable disbursements properly incurred. If the issuer or the registered owners, as appropriate, fail to make such reimbursement or indemnification, the trustee may reimburse itself from any money in its possession under the provisions of the indenture, subject only to the prior lien of the series 2006-A notes for the payment of the principal and interest thereon from the Collection Fund.

The issuer will agree to indemnify the trustee for, and to hold it harmless against, any loss, liability or expenses incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts, including the costs and

expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties in relation to the trust estate; provided, however, that any indemnification shall be payable solely out of the trust estate.

Compensation of Trustee. The issuer will pay to the trustee compensation for all services rendered by it under the indenture in an amount equal to 0.01% of the principal amount of the series 2006-A notes outstanding annually, and also all of its reasonable expenses, charges, and other disbursements. The trustee may not change the amount of its annual compensation without giving the issuer at least 90 days' written notice prior to the beginning of a fiscal year.

Resignation of Trustee. The trustee may resign and be discharged from the trust created by the indenture by giving notice in writing specifying the date on which such resignation is to take effect. A resignation will only take effect on the day specified in such notice if a successor trustee shall have been appointed pursuant to the provisions of the indenture and is qualified to be the trustee under the requirements of the provisions of the indenture.

Removal of Trustee. The trustee may be removed:

- at any time by the registered owners of a majority of the principal amount of the highest priority obligations then outstanding under the indenture;
- by the issuer for cause or upon the sale or other disposition of the trustee or its trust functions; or
- by the issuer without cause so long as no event of default exists or has existed within the last 30 days.

In the event the trustee is removed, removal shall not become effective until:

- a successor trustee shall have been appointed; and
- the successor trustee has accepted that appointment.

Successor Trustee. If the trustee resigns, is dissolved or otherwise is disqualified to act or is incapable of acting, or in case control of the trustee is taken over by any public officer or officers, the issuer may appoint a successor trustee. The issuer will cause notice of the appointment of a successor trustee to be mailed to the registered owners at the address of each registered owner appearing on the note registration books.

Every successor trustee:

- will be a bank or trust company in good standing, organized and doing business under the laws of the United States or of a state therein;
- have a reported capital and surplus of not less than \$50,000,000; and
- will be authorized under the law to exercise corporate trust powers, be subject to supervision or examination by a federal or state authority.

Merger of the Trustee. Any corporation into which the trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the trustee, shall be the successor of the trustee under the indenture; provided such corporation shall be otherwise qualified and eligible under the indenture, without the execution or filing of any paper or any further act on the part of any other parties thereto.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Registered Owners. The issuer can agree with the trustee to enter into any indentures supplemental to the indenture for any of the following purposes without notice to or the consent of noteholders:

- to cure any ambiguity or formal defect or omission in the indenture;
- to grant to or confer upon the trustee for the benefit of the registered owners any additional benefits, rights, remedies, powers or authorities;
- to subject to the indenture additional revenues, properties or collateral;
- to modify, amend or supplement the indenture or any indenture supplemental thereto in such manner as to permit the qualification under the Trust Indenture Act of 1939 or any similar federal statute or to permit the qualification of the series 2006-A notes for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;
- to evidence the appointment of a separate or co-trustee or a co-registrar or transfer agent or the succession of a new trustee under the indenture;
- to make any change as shall be necessary in order to obtain and maintain for any of the series 2006-A notes an investment grade rating from a nationally recognized rating service, which changes, in the opinion of the trustee are not to the prejudice of the registered owner of any of the obligations outstanding under the indenture;
- to make any changes necessary to comply with Internal Revenue Code and the regulations promulgated thereunder;
- to make the terms and provisions of the indenture, including the lien and security interest granted therein, applicable to a derivative product;
- to create any additional funds or accounts under the indenture deemed by the trustee to be necessary or desirable; or
- to make any other change which, in the judgment of the trustee is not to the material prejudice of the registered owners of any obligations outstanding under the indenture.

Supplemental Indentures Requiring Consent of Registered Owners. Any amendment of an indenture other than those listed above must be approved by the registered owners of not less than a majority of the principal amount of the series 2006-A notes then outstanding under the indenture.

The changes described below may be made in a supplemental indenture only with the consent of the registered owners of all series 2006-A notes then outstanding,

- an extension of the maturity date of the principal of or the interest on any obligation; or
- a reduction in the principal amount of any obligation or the rate of interest thereon; or
- a privilege or priority of any obligation under the indenture over any other obligation; or
- a reduction in the aggregate principal amount of the obligations required for consent to such supplemental indenture; or
- the creation of any lien other than a lien ratably securing all of the obligations at any time outstanding under the indenture.

Any modification of the rights, duties or privileges of the trustee will require the prior written approval of the trustee.

Satisfaction of Indenture

If the registered owners of the series 2006-A notes issued under the indenture are paid all the principal of and interest due on their series 2006-A notes, at the times and in the manner stipulated in the indenture, then the pledge of the trust estate will thereupon terminate and be discharged. The trustee will execute and deliver to us instruments to evidence the discharge and satisfaction, and the trustee will pay all money held by it under the indenture to the party entitled to receive it under the indenture.

Series 2006-A notes will be considered to have been paid if money for their payment or redemption has been set aside and is being held in trust by the trustee. Any outstanding note will be considered to have been paid if the note is to be redeemed on any date prior to its stated maturity and notice of redemption has been given as provided in the indenture and on said date there shall have been deposited with the trustee either money or governmental obligations the principal of and the interest on which when due will provide money sufficient to pay the principal of and interest to become due on the series 2006-A notes.

GLOSSARY OF CERTAIN DEFINED TERMS

Set forth below is a glossary of the principal defined terms used in this offering memorandum and not otherwise defined herein. Such definitions apply to the terms used in this offering memorandum whether or not the term used herein is capitalized.

“*Account*” means accounts established by the indenture.

“*Acquisition Fund*” means the Acquisition Fund created and established by the indenture.

“*Aggregate Value*” means on any calculation date the sum of the values of all assets of the trust estate established pursuant to the indenture.

“*Authorized Denominations*” means \$100,000 and multiples of \$1,000 in excess thereof.

“*Authorized Representative*” means, when used with reference to the issuer, any person duly authorized to act on the issuer’s behalf and shall specifically include those individuals authorized to act for the issuer as set forth in a list delivered by the issuer to the trustee, as such list may be amended from time to time by the issuer.

“*Available Funds*” means, with respect to a distribution date or any related monthly payment date, the sum of the following amounts received to the extent not previously distributed: (a) all collections received by a servicer on the financed eligible loans (including payments from any co-signer received with respect to the financed eligible loans); (b) all liquidation proceeds from any financed eligible loans which have become liquidated financed student loans in accordance with a servicer’s customary servicing procedures, and all other moneys collected with respect to any liquidated financed student loan which has been written off, net of the sum of any amounts expended by a servicer in connection with such liquidation and any amounts required by law to be remitted to the obligor on such liquidated financed student loan; (c) the aggregate purchase amounts received for financed eligible loans sold by the issuer; (d) other amounts received by a servicer pursuant to its role as servicer under a servicing agreement and paid to the issuer; and (e) all interest earned or gain realized from the investment of amounts in any fund or account.

“*Beneficial Owner*” means the person in whose name a note is recorded as beneficial owner of such note by a securities depository under a book-entry system or by a participant or indirect participant in such securities depository, as the case may be.

“*Book-Entry Form*” means a form of ownership and registration under which (a) the beneficial right to principal and interest may be transferred only through a book entry; and (b) physical securities in registered form are issued only to a securities depository or its nominee as registered holder, with the securities “immobilized” to the custody of the securities depository.

“*Business Day*” means, (i) for purposes of calculating LIBOR, any day on which banks in New York, New York and London, England are open for the transaction of international business and (ii) for all other purposes, any day other than a Saturday, Sunday, holiday or other day on which the New York Stock Exchange or banks located in New York, New York or the city in which the principal office of the trustee is located, are authorized or permitted by law or executive order to close.

“*Capitalized Interest Account*” means the Account by that name created by the indenture.

“*Carryover Servicing and Administration Fee*” means fees, if any, designated by the issuer as “carryover servicing and administration fees” in a written direction.

“*Class A Noteholders’ Interest Distribution Amount*” means, for any quarterly distribution date for a class of class A notes, the class A-1 noteholders’ interest distribution amount, the class A-2 noteholders’ interest distribution amount, the class A-3 noteholders’ interest distribution amount or the class A-4 noteholders’ interest distribution amount, as applicable, in each case to the extent payable on such quarterly distribution date.

“*Class A Notes*” means, collectively, the class A-1 notes, the class A-2 notes, the class A-3 notes and the class A-4 notes secured on a senior priority to the class B obligations.

“*Class A Percentage*” means, for any quarterly distribution date, 100% less the class B percentage.

“*Class A Principal Distribution Amount*” means, for any quarterly distribution date, the product of the principal distribution amount and the class A percentage.

“*Class A-1 Note Interest Shortfall*” means, with respect to any quarterly distribution date, the excess, if any, of (a) the class A-1 noteholders’ interest distribution amount on the immediately preceding quarterly distribution date over (b) the amount of interest actually distributed to the class A-1 noteholders on such preceding quarterly distribution date, plus interest on the amount of such excess interest due to the class A-1 noteholders, to the extent permitted by law, at the interest rate borne by the class A-1 notes from such immediately preceding quarterly distribution date to, but not including, the current quarterly distribution date, as determined by the trustee.

“*Class A-1 Noteholders’ Interest Distribution Amount*” means, with respect to any quarterly distribution date, the sum of (a) the amount of interest accrued at the class A-1 rate for the related interest accrual period on the aggregate outstanding principal balances of the class A-1 notes immediately prior to such quarterly distribution date; and (b) the class A-1 note interest shortfall for such quarterly distribution date, as based on the actual number of days in such interest accrual period divided by 360.

“*Class A-1 Notes*” means the \$155,063,000 Class A-1 Student Loan Asset-Backed Notes, Series 2006-A, issued by the issuer pursuant to the indenture.

“*Class A-1 Rate*” means, for any interest accrual period, other than the first interest accrual period, the applicable three-month LIBOR, plus 0.04%, as determined by the trustee on each LIBOR determination date.

“*Class A-2 Note Interest Shortfall*” means, with respect to any quarterly distribution date, the excess, if any, of (a) the class A-2 noteholders’ interest distribution amount on the immediately preceding quarterly distribution date over (b) the amount of interest actually distributed to the class A-2 noteholders on such preceding quarterly distribution date, plus interest on the amount of such excess interest due to the class A-2 noteholders, to the extent permitted by law, at the interest rate borne by the class A-2 notes from such immediately preceding quarterly distribution date to, but not including, the current quarterly distribution date, as determined by the trustee.

“*Class A-2 Noteholders’ Interest Distribution Amount*” means, with respect to any quarterly distribution date, the sum of (a) the amount of interest accrued at the class A-2 rate for the related interest accrual period on the aggregate outstanding principal balances of the class A-2 notes immediately prior to such quarterly distribution date; and (b) the class A-2 note interest shortfall for such quarterly distribution date, as based on the actual number of days in such interest accrual period divided by 360.

“*Class A-2 Notes*” means the \$111,290,000 Class A-2 Student Loan Asset-Backed Notes, Series 2006-A, issued by the issuer pursuant to the indenture.

“*Class A-2 Rate*” means, for any interest accrual period other than the first interest accrual period three-month LIBOR for such interest accrual period plus 0.19%, as determined by the trustee.

“*Class A-3 Note Interest Shortfall*” means, with respect to any quarterly distribution date, the excess, if any, of (a) the class A-3 noteholders’ interest distribution amount on the immediately preceding quarterly distribution date over (b) the amount of interest actually distributed to the class A-3 noteholders on such preceding quarterly distribution date, plus interest on the amount of such excess interest due to the class A-3 noteholders, to the extent permitted by law, at the interest rate borne by the class A-3 notes from such immediately preceding quarterly distribution date to, but not including, the current quarterly distribution date, as determined by the trustee.

“*Class A-3 Noteholders’ Interest Distribution Amount*” means, with respect to any quarterly distribution date, the sum of (a) the amount of interest accrued at the class A-3 rate for the related interest accrual period on the aggregate outstanding principal balances of the class A-3 notes immediately prior to such quarterly distribution date; and (b) the class A-3 note interest shortfall for such quarterly distribution date, as based on the actual number of days in such interest accrual period divided by 360.

“*Class A-3 Notes*” means the \$112,931,000 Class A-3 Student Loan Asset-Backed Notes, Series 2006-A, issued by the issuer pursuant to the indenture.

“*Class A-3 Rate*” means, for any interest accrual period other than the first interest accrual period three-month LIBOR for such interest accrual period plus 0.21%, as determined by the trustee.

“*Class A-4 Note Interest Shortfall*” means, with respect to any quarterly distribution date, the excess, if any, of (a) the class A-4 noteholders’ interest distribution amount on the immediately preceding quarterly distribution date over (b) the amount of interest actually distributed to the class A-4 noteholders on such preceding quarterly distribution date, plus interest on the amount of such excess interest due to the class A-4 noteholders, to the extent permitted by law, at the interest rate borne by the class A-4 notes from such immediately preceding quarterly distribution date to, but not including, the current quarterly distribution date, as determined by the trustee.

“*Class A-4 Noteholders’ Interest Distribution Amount*” means, with respect to any quarterly distribution date, the sum of (a) the amount of interest accrued at the class A-4 rate for

the related interest accrual period on the aggregate outstanding principal balances of the class A-4 notes immediately prior to such quarterly distribution date; and (b) the class A-4 note interest shortfall for such quarterly distribution date, as based on the actual number of days in such interest accrual period divided by 360.

“*Class A-4 Notes*” means the \$208,056,000 Class A-4 Student Loan Asset-Backed Notes, Series 2006-A, issued by the issuer pursuant to the indenture.

“*Class A-4 Rate*” means, for any interest accrual period other than the first interest accrual period three-month LIBOR for such interest accrual period plus 0.35%, as determined by the trustee.

“*Class B Note Interest Shortfall*” means, with respect to any quarterly distribution date, the excess, if any, of (a) the class B Noteholders’ interest distribution amount on the immediately preceding quarterly distribution date over (b) the amount of interest actually distributed to the class B noteholders on such preceding quarterly distribution date, plus interest on the amount of such excess interest due to the class B noteholders, to the extent permitted by law, at the interest rate borne by the class B notes from such immediately preceding quarterly distribution date to, but not including, the current quarterly distribution date, as determined by the trustee.

“*Class B Note Interest Trigger Event*” means, with respect to any quarterly distribution date while any class A notes are outstanding, that the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all class A notes, to (ii) the principal amount of class A notes outstanding as of the end of the related collection period and after giving effect to distributions to be made on that quarterly distribution date is less than 100%. It will continue until such ratio is equal to or greater than 100%.

“*Class B Note Principal Trigger Event*” means, on any quarterly distribution date while any class A notes are outstanding, that the ratio (expressed as a percentage) of (i) the value of the assets in the trust estate, excluding amounts in the Reserve Fund, less accrued interest and fees payable with respect to all series 2006-A notes, to (ii) the principal amount of all series 2006-A notes outstanding, as of the end of the related collection period is less than 100% after giving effect to distributions made on that quarterly distribution date. It will continue until such ratio is equal to or greater than 100%.

“*Class B Noteholders’ Interest Distribution Amount*” means, with respect to any quarterly distribution date, the sum of (a) the amount of interest accrued at the class B rate for the related interest accrual period on the aggregate outstanding principal balances of the class B notes immediately prior to such quarterly distribution date; and (b) the class B note interest shortfall for such quarterly distribution date, as based on the actual number of days in such interest accrual period divided by 360.

“*Class B Notes*” means the \$65,260,000 Class B Student Loan Asset-Backed Notes, Series 2006-A, issued by the issuer pursuant to the indenture secured on a subordinate priority to the class A notes.

“*Class B Percentage*” means, for any quarterly distribution date, (a) prior to the stepdown date or with respect to any quarterly distribution date on which a trigger event is in effect, zero; or (b) on and after the stepdown date and provided that no trigger event is in effect, a fraction expressed as a percentage, the numerator of which is the aggregate outstanding amount of the class B notes and the denominator of which is the aggregate outstanding amount of all notes, in each case determined by the issuer on the determination date for that quarterly distribution date.

“*Class B Principal Distribution Amount*” means, for any quarterly distribution date, the product of the principal distribution amount and the class B percentage.

“*Class B Rate*” means, for any interest accrual period other than the first interest accrual period three-month LIBOR for such interest accrual period plus 0.55%, as determined by the trustee.

“*Clearstream, Luxembourg*” means Clearstream Banking, société anonyme, Luxembourg.

“*Collection Fund*” means the Collection Fund created and established by the indenture.

“*Collection Period*” means, with respect to the first quarterly distribution date, the period beginning on the date of issuance and ending on July 31, 2006, and with respect to each subsequent quarterly distribution date, the collection period means the three calendar months immediately following the end of the previous collection period, beginning August 1, 2006.

“*Credit and Collection Policy*” means our, or the servicer’s, policies and procedures with respect to the origination and collection of student loans, as set forth in the program guidelines.

“*Cutoff Date*” means (i) with respect to the initial pool of financed eligible loans, May 1, 2006; and (ii) with respect to subsequently acquired eligible loans, the date on which such eligible loans are transferred to the issuer.

“*Date of Issuance*” means May 11, 2006, the date of initial issuance and delivery of the series 2006-A notes.

“*Defaulted Student Loan*” means any student loan (a) that is defaulted with respect to any applicable servicing requirements; or (b) is more than 180 days past due.

“*Distribution Date*” means for the series 2006-A notes each quarterly distribution date.

“*Eligible Borrower*” means, an obligor who meets the relevant credit criteria of our T.H.E Loan Program or is an obligor on a loan purchased from Associated Bank.

“*Eligible Loan*” means a student loan, on any date of determination:

(a) which was originated or acquired by us in the ordinary course of our business;

(b) that constitutes an instrument, account or a general intangible as defined in the Uniform Commercial Code as in effect in the jurisdiction that governs the perfection of our interests therein and the perfection of the trustee's interest therein;

(c) the borrower thereof is an eligible borrower;

(d) the borrower thereof is a United States citizen or United States national;

(e) which is not a defaulted student loan;

(f) that provides or, when the payment schedule with respect thereto is determined, will provide for payments on a periodic basis that fully amortize the principal balance thereof by its maturity, as such maturity may be modified in accordance with any applicable deferral or forbearance periods granted in accordance with applicable laws;

(g) with regard to which our warranty set forth in the Indenture, with respect to the title of such student loan pledged to the trustee, is true and correct;

(h) with regard to which the granting of a security interest to the trustee pursuant to the indenture does not contravene or conflict with any law or regulation, or require the consent or approval of, or notice to, any person;

(i) that is denominated and payable only in dollars in the United States;

(j) that together with the related student loan note therefor represents the genuine, legal, valid and binding payment obligation of the related borrower, enforceable by or on behalf of the holder thereof against such borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and similar laws relating to creditors' rights generally and subject to general principles of equity; and that has not been satisfied, subordinated or rescinded and no right of rescission, setoff, counterclaim or defense has been asserted or, to our knowledge, overtly threatened in writing with respect to such student loan;

(k) that complied at the time it was originated or made, and on the date that such student loan becomes a financed student loan complies, and we, and our agents, with respect to such student loan, have at all times complied, in all material respects with all requirements of applicable federal, state and local laws and regulations thereunder;

(l) that is the subject of a valid servicing agreement;

(m) which complies in all material respects with the credit and collection policy; and

(n) which is made pursuant to a student loan program.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended.

“*Euroclear*” means the Euroclear System, or any successor thereto.

“*Event of Bankruptcy*” means (a) the issuer shall have commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall have made a general assignment for the benefit of creditors, or shall have declared a moratorium with respect to its debts or shall have failed generally to pay its debts as they become due, or shall have taken any action to authorize any of the foregoing; or (b) an involuntary case or other proceeding shall have been commenced against the issuer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property provided such action or proceeding is not dismissed within 90 days.

“*Event of Default*” means an event of default under the indenture, as described under the caption “Description of the Indenture—Events of Default” herein.

“*Financed*” when used with respect to eligible loans or student loans, shall mean or refer to eligible loans or student loans (a) acquired by us with balances in the Acquisition Account or otherwise deposited in or accounted for in the Acquisition Account or otherwise constituting a part of the trust estate and (b) eligible loans or student loans substituted or exchanged for financed eligible loans or student loans, but does not include eligible loans or student loans released from the lien of the indenture and sold or transferred, to the extent permitted by the indenture.

“*Funds*” means any of the funds, accounts or subaccounts established by the indenture.

“*Highest Priority Obligations*” means at any time when class A notes are outstanding, the class A notes and at any time when no class A notes are outstanding, the class B notes.

“*Holder*” when used with respect to any note, means the person in whose name such note is registered in the note register.

“*Indenture*” means our indenture of trust, dated as of May 1, 2006, with the trustee.

“*Indirect Participants*” means organizations which have indirect access to the securities depository, such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

“*Initial Pool Balance*” means the pool balance as of the statistical calculation date and giving effect to pending disbursements, which is approximately \$573,230,006.

“*Interest Accrual Period*” means with respect to each class of series 2006-A notes, initially, the period commencing on the date of issuance to but not including the first quarterly distribution date, and thereafter, with respect to each quarterly distribution date, the period beginning on the prior quarterly distribution date and ending on the day immediately preceding such quarterly distribution date.

“*Issuer Order*” means a written order signed in the name of the issuer by an authorized representative.

“*LIBOR Determination Date*” means, for each interest accrual period, the second business day immediately preceding the first day of that interest accrual period.

“*LIBOR*” means Three-Month LIBOR.

“*Liquidated Financed Student Loan*” means any defaulted financed student loan liquidated by the servicer or which the servicer has, after using all reasonable efforts to realize upon such financed student loan, determined to charge off.

“*Liquidation Proceeds*” means, with respect to any liquidated financed student loan which became a liquidated financed student loan during the current collection period in accordance with the servicer’s customary servicing procedures, the moneys collected in respect of the liquidation thereof from whatever source, other than moneys collected with respect to any liquidated financed student loan which was written off in prior collection periods or during the current collection period, net of the sum of any amounts expended by the servicer in connection with such liquidation and any amounts required by law to be remitted to the obligor on such liquidated financed student loan.

“*Marketing and School Services Expense Allowance*” means a monthly allowance equal to one-twelfth of 0.10% of the ending principal balance of the financed student loans, plus accrued interest thereon, during the preceding month, or such greater or lesser amount as we may direct (provided that we receive written confirmation from each rating agency that the increase in such amounts will not cause the reduction or withdrawal of any rating or ratings then applicable to any outstanding notes).

“*Monthly Payment Date*” means the 28th day of each calendar month (or, if such 28th day is not a business day, the immediately succeeding business day).

“*NorthStar*” means NorthStar Education Finance, Inc., a nonstock nonprofit corporation duly organized and existing under the laws of the State of Delaware, and any successor or assignee thereto.

“*Notes*” means all of our notes issued pursuant to the indenture.

“*Obligor*” means a person obligated to make payments with respect to a student loan.

“*Outstanding*” means, when used with respect to any series 2006-A note, all series 2006-A notes other than (a) any series 2006-A notes deemed no longer outstanding as a result of the purchase, payment or defeasance thereof; (b) any series 2006-A notes surrendered for transfer or exchange for which another series 2006-A note has been issued under the indenture; or (c) series 2006-A notes which we own.

“*Participant*” means a member of, or participant in, the securities depository.

“*Pool Balance*” means as of any date the aggregate principal balance of the financed eligible loans on such date (including accrued interest thereon that is expected to be capitalized), plus amounts on deposit in the Acquisition Fund, as reduced by the principal portion of the following, without duplication: (a) all payments received by the issuer through such date from or on behalf of borrowers on such financed eligible loans (b) all purchase amounts on financed eligible loans received by the issuer through such date from a transferor or the servicer; (c) all liquidation proceeds and realized losses on financed eligible loans liquidated through such date; and (d) the aggregate amount of adjustments to balances of financed eligible loans permitted to be effected by a servicer under a servicing agreement, if any, recorded through such date. The pool balance shall be calculated by the issuer and certified to the trustee, upon which the trustee may conclusively rely with no duty to further examine or determine such information.

“*Principal Balance*” when used with respect to an eligible loan, means the unpaid principal amount thereof (including accrued interest that is expected to be capitalized) as of a given date.

“*Principal Distribution Amount*” means, with respect to each quarterly distribution date, the greater of (i) the amount by which the outstanding amount of the series 2006-A notes immediately prior to such quarterly distribution date exceeds the quotient obtained by dividing the pool balance, plus amounts on deposit in the Capitalized Interest Account (if any) and the Reserve Fund, as of the last day of the related collection period by 103% or (ii) the amount by which the aggregate outstanding principal amount of all the series 2006-A notes immediately prior to that quarterly distribution date exceeds the excess of the pool balance, plus amounts on deposit in the Capitalized Interest Account (if any) and the Reserve Fund as of the last day of the related collection period, over an amount equal to 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes. Further, on the final maturity date for a class of series 2006-A notes, the “*Principal Distribution Amount*” on that date also shall include the amount needed to reduce the outstanding principal amount of such class of series 2006-A notes to zero.

“*Program Guidelines*” means the NorthStar Loan Programs program guidelines as are in effect as of the date of issuance, as revised, amended, modified or supplemented from time to time.

“*Quarterly Distribution Date*” means the 28th day of each February, May, August and November, or if such day is not a Business Day, the immediately succeeding Business Day, commencing August 28, 2006.

“*Rating Agency*” means each of Fitch Ratings, Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services, and their successors and assigns or any other rating agency requested by the issuer to maintain a rating on any of the series 2006-A notes.

“*Rating Agency Confirmation*” means a letter from each rating agency then providing a rating for any of the series 2006-A notes at the request of the issuer, confirming that a proposed action, failure to act, or other event specified therein will not, in and of itself, result in a downgrade of any of the ratings then applicable to the series 2006-A notes, or cause any rating agency to suspend, withdraw or qualify the ratings then applicable to the series 2006-A notes.

“*Realized Loss*” means the excess of the unpaid principal balance (including any interest that had been or had been expected to be capitalized) of any liquidated financed student loan over liquidation proceeds with respect to such financed eligible loan to the extent allocable to principal (including any interest that had been or had been expected to be capitalized).

“*Reference Banks*” means, with respect to a determination of LIBOR for any interest accrual period by the trustee, four major banks in the London interbank market selected by us.

“*Registered Owner*” means any noteholder, except that, solely for the purpose of giving any consent pursuant to the indenture, any note registered in the name of the issuer or any affiliate of the issuer shall be deemed not to be outstanding and the outstanding amount evidenced thereby shall not be taken into account in determining whether the requisite principal amount of series 2006-A notes necessary to effect such consent has been obtained unless at the time the issuer and its affiliates own all of the series 2006-A notes that are outstanding.

“*Reserve Fund*” means the Reserve Fund created and established by the indenture.

“*Reserve Fund Requirement*” means, at any time, an amount equal to the greater of (i) one percent of the pool balance as of the close of business on the last date of the related collection period; and (ii) 0.50% of the original pool balance as of the date of issuance of the series 2006-A notes and after giving effect to pending disbursements, or such lesser amount if we receive written confirmation from each rating agency that such lesser amount will not cause the reduction or withdrawal of any rating or ratings then applicable to any outstanding series 2006-A notes.

“*SEC*” means the Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Securities Depository*” means The Depository Trust Company or, if (a) the then existing securities depository resigns from its functions as depository of the series 2006-A notes or (b) we discontinue use of the securities depository pursuant to the indenture, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the series 2006-A notes and which we select with the consent of the trustee.

“*Senior Parity Percentage*” means the ratio (expressed as a percentage) of the value of the assets in the trust estate, determined as provided in the indenture, less accrued interest and fees payable with respect to all senior notes, to the principal amount of class A notes outstanding.

“*Series 2006-A Notes*” means the series 2006-A notes issued pursuant to the indenture and offered by this offering memorandum in the original principal amount of \$652,600,000.

“*Servicer*” means any organization with which we have entered into a servicing agreement; in any case, so long as such party acts as servicer of the financed student loans pledged under the indenture.

“*Servicing Agreement*” means any agreement we have with a servicer under which the servicer agrees to act as our agent in connection with the administration and collection of financed student loans in accordance with the indenture, including our disbursement services, application processing, and servicing agreement, dated November 1, 2000, among Great Lakes Educational Loan Services, Inc., U.S. Bank National Association, and us (as assignee of NorthStar Guaranty, Inc., Division B), together with the bailment notice and acknowledgment, dated as of May 11, 2006, which relates thereto.

“*Servicing and Administration Fee*” means (a) a monthly fee payable to NorthStar Capital Markets Services, Inc. on each monthly payment date equal to 1/12 of 0.50% of the ending principal balance of the financed student loans, plus accrued interest thereon, during the preceding month, or such greater or lesser amount as may be provided by issuer order (provided that a rating agency confirmation is obtained with respect to any increase in such amount) up to which amount we may release to the servicer each month to cover its expenses and (b) certain incidental amounts permitted by the servicing agreement.

“*Servicing Fees*” means any fees we are required to pay to (a) a servicer in respect of financed student loans pursuant to the provisions of a servicing agreement and (b) a collection agent in respect of financed student loans in default.

“*Stepdown Date*” means the earlier to occur of (a) the quarterly distribution date in February, 2012 or (b) the first date on which all of the class A notes are no longer outstanding.

“*Student Loan*” means a loan to a borrower for or in connection with post-secondary education, bar preparation expenses or medical residency expenses.

“*Supplemental Indenture*” means any amendment of or supplement to the indenture made in accordance with the provisions thereof.

“*Telerate Page 3750*” means the display page so designated on the Telerate Service (or such other page as may replace that page on that service for the purpose of displaying comparable rates or prices).

“*T.H.E. Deposit Amount*” initially means an amount equal to 1.3% of the principal amount of each financed student loan originated before April 1, 2003 or 1.0% of the principal amount of each financed student loan originated on or after April 1, 2003, multiplied by the principal balance of such financed student loans in repayment (and not delinquent more than 60 days) calculated and transferred monthly from the Collection Fund on each monthly calculation date.

“*T.H.E. Suspension Event*” means if, on any quarterly distribution date occurring on or after the August 2007 quarterly distribution date, after giving effect to the payments described above as first through ninth under the caption “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2006-A NOTES--Collection Fund” (as if no T.H.E. suspension event were in effect), the ratio (expressed as a percentage) of (i) the total value of the assets in the trust estate, less accrued interest and fees payable with respect to all series 2006-A notes, to (ii) the principal amount of all series 2006-A notes outstanding determined as of the end of the preceding calendar month but giving effect to such quarterly distribution date payments and any issuer contribution

described below and made prior to the quarterly distribution date, would be less than as follows on the quarterly distribution dates specified below:

August 2007 – May 2008	100.75%
August 2008 – May 2009	101.50
August 2009 – May 2010	102.25
August 2010 and thereafter	103.00

In addition, on any quarterly distribution date occurring on or after the August 2010 quarterly distribution date, a T.H.E. suspension event will occur if the amount which is equal to (i) the total value of the assets in the trust estate, less accrued interest and fees payable minus (ii) the principal amount of all series 2006-A notes outstanding, is less than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes. If a T.H.E. suspension event has occurred and is continuing, then until (i) the ratio (expressed as a percentage) of (A) the value of the assets in the trust estate, less accrued interest and fees payable with respect to all series 2006-A notes, to (B) the principal amount of all series 2006-A notes outstanding, determined as of the end of the any month and giving effect to any issuer contribution described below made before the quarterly distribution date, is equal to or greater than 103% and (ii) the amount which is equal to (A) the total value of the assets in the trust estate, less accrued interest and fees payable minus (B) the principal amount of all series 2006-A notes outstanding, is equal to or greater than 2.25% of the total value of the assets which were on deposit in the trust estate at the time of the initial issuance and delivery of the series 2006-A notes, the T.H.E. deposit will not be made. We may, at our option, contribute additional money, at any time to the Collection Fund, the Capitalized Interest Account or the Reserve Fund, or deposit eligible loans into the trust estate, in order to prevent or cure the occurrence of a T.H.E. suspension event, provided that (i) such contributed eligible loans will not include any eligible loans made to medical student borrowers that are not in a repayment status, (ii) such contributed eligible loans at the time of each such contribution will be less than 60 days delinquent, (iii) no more than 10% in aggregate principal amount of such eligible loans being contributed will, at the time of such contribution, be delinquent and (iv) after the August 2012 quarterly distribution date, we may deposit such eligible loans into the trust estate only if we obtain a rating agency confirmation with respect to the deposit of such loans.

“*Three-Month LIBOR*” means, with respect to any interest accrual period, the London interbank offered rate for deposits in U.S. dollars having the applicable index maturity as it appears on Telerate Page 3750 as of 11:00 a.m., London time, on the related LIBOR determination date as determined by the issuer. If this rate does not appear on Telerate Page 3750, the rate for that day will be determined on the basis of the rates at which deposits in U.S. dollars, having the index maturity and in a principal amount of not less than U.S. \$1,000,000, are offered at approximately 11:00 a.m., London time, on that LIBOR determination date, to prime banks in the London interbank market by the reference banks. We or the trustee, as applicable, will request the principal London office of each reference bank to provide a quotation of its rate. If the reference banks provide at least two quotations, the rate for that day will be the arithmetic mean of the quotations. If the reference banks provide fewer than two quotations, the rate for that day will be the arithmetic mean of the rates quoted by major banks in New York City,

selected by the issuer or the trustee, as applicable, at approximately 11:00 a.m., New York time, on that LIBOR determination date, for loans in U.S. dollars to leading European banks having the index maturity and in a principal amount of not less than U.S. \$1,000,000. If the banks selected as described above are not providing quotations, the Three-Month LIBOR based rate in effect for the applicable interest accrual period will be the Three-Month LIBOR based rate in effect for the previous interest accrual period.

“*Total Parity Percentage*” means the ratio (expressed as a percentage) of the value of assets in the trust estate, determined as provided in the indenture, less accrued interest and fees payable with respect to all series 2006-A notes, to the principal amount of all series 2006-A notes outstanding.

“*Transferor*” means collectively, NorthStar T.H.E. Funding, LLC, NorthStar T.H.E. Funding II, L.L.C. and NorthStar T.H.E. Funding III, L.L.C., Delaware limited liability companies of which we are the sole member.

“*Trust Estate*” means the property described as such herein.

“*Trustee*” means U.S. Bank National Association, in its capacity as trustee under the indenture, and any successor or assign in that capacity, and any other corporation which may at any time be substituted in its place pursuant to the indenture.

“*Trustee Fee*” means an amount equal to the annual amount set forth in the indenture, payable as provided in the indenture. Such fee shall be in satisfaction of the trustee’s compensation as trustee under the indenture. Such fee shall not be increased unless the issuer obtains a rating agency confirmation.

THE TRUSTEE

U.S. Bank National Association will act as trustee under the indenture. U.S. Bank National Association is a national banking association and a wholly owned subsidiary of U.S. Bancorp, which is currently ranked as the sixth largest bank holding company in the United States with total assets exceeding \$207 billion as of September 30, 2005. As of September 30, 2005, U.S. Bancorp served approximately 13.3 million customers, operated 2,306 branch offices in 24 states and had over 51,000 employees. A network of specialized U.S. Bancorp offices across the nation, inside and outside its 24-state footprint, provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, government and institutions.

U.S. Bank National Association has one of the largest corporate trust businesses in the country with offices in 31 U.S. cities. The indenture will be administered from U.S. Bank National Association’s corporate trust office located at 425 Walnut Street, CN-OH-W6CT, Cincinnati, Ohio 45202, Attention: Corporate Trust Services. The telephone number of the trustee is (513) 632-2518.

U.S. Bank National Association has provided corporate trust services since 1924. As of September 30, 2005, U.S. Bank National Association was acting as trustee with respect to approximately 49,500 issuances of securities with an aggregate outstanding principal balance of

over \$1.58 trillion. This portfolio includes corporate and municipal bonds, mortgage backed and asset backed securities and collateralized debt obligations.

On December 30, 2005, U.S. Bank National Association purchased the corporate trust and structured finance trust services businesses of Wachovia corporation. Following the closing of the acquisition, the Wachovia affiliate named as fiduciary or agent, as applicable, under each client agreement will continue in that role until U.S. Bank National Association succeeds to that role in accordance with the terms of the governing instrument or agreement and applicable law.

The trustee shall make each monthly statement available to the holders via the trustee's internet website at <http://www.usbank.com/abs>. Holders with questions may direct them to the trustee's bondholder services group at (800) 934-6802.

As of December 31, 2005, U.S. Bank National Association (and its affiliate U.S. Bank Trust National Association) was acting as trustee on 65 issuances of student loan backed securities with an outstanding aggregate principal balance of approximately \$4,489,000,000.00.

The trustee has not reviewed or participated in the preparation of this offering memorandum and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this offering memorandum or other offering materials except for the information under the heading "THE TRUSTEE."

CERTAIN LEGAL ASPECTS OF THE STUDENT LOANS

Transfer of Student Loans

Each transferor intends that the transfer of the financed student loans by it to us will constitute a valid sale and assignment of those loans. We intend that the pledge and assignment of the student loans by us to the trustee (including the student loans in which a lien of a separate indenture will be released in connection with the refunding of related notes) will be deemed to constitute an assignment of collateral as security. Nevertheless, if the transfer of the student loans by a transferor to us is deemed to be an assignment of collateral as security, then a security interest in the student loans may be perfected by either taking possession of the promissory note or a copy of the master promissory note evidencing the loan or by filing of notice of the security interest in the manner provided by the applicable Uniform Commercial Code, or the UCC as it is commonly known, for perfection of security interests in accounts and instruments. Accordingly:

- a financing statement or statements covering the financed student loans naming the applicable transferor, as debtor, will be filed under the UCC to protect the interest of the transferor if the transfer by the transferor is deemed to be an assignment of collateral as security; and
- a financing statement or statements covering the financed student loans naming us, as debtor, will also be filed under the UCC to protect the interest of the trustee.

If the transfer of the student loans is deemed to be an assignment as security for the benefit of the trustee (which is contemplated with respect to the pledge by us to the trustee under the indenture) or us, there are limited circumstances under the UCC in which prior or subsequent

transferees of student loans could have an interest in the student loans with priority over the interest of the trustee or us. A tax or other government lien on property of a transferor or us arising before the time a student loan comes into existence may also have priority over the interest of the transferor, the trustee or us in the student loan. Under the indenture, however, we will warrant that we have pledged the student loans to the trust estate free and clear of the lien of any third party. In addition, we will covenant that we will not sell, pledge, assign, transfer or grant any lien on any financed student loan held by us or any interest in that loan other than to the trust estate.

Under the servicing agreement, the servicer as custodian will have custody of any promissory notes, credit agreements or other loan documents evidencing the financed student loans. Our records and the records of each transferor and the servicer will be marked to indicate the sale and we will cause UCC financing statements to be filed with the appropriate authorities. If, through inadvertence or otherwise, any of the financed student loans were sold to another party that:

- purchased the financed student loans in the ordinary course of its business;
- acquired possession of the financed student loans; and
- acquired the financed student loans for new value and without actual knowledge of the interest of us or the trustee;

then that purchaser might acquire an interest in the financed student loans superior to ours or the trustee's.

Consumer Protection Laws

Numerous federal and state consumer protection laws and related regulations impose substantial requirements upon lenders and servicers involved in consumer finance. These requirements may apply to assignees such as us and may result in both liability for penalties for violations and a material adverse effect upon the enforceability of the financed student loans. For example, federal law such as the Truth-in-Lending Act can create both actual and statutory damage liability for assignees and defenses to enforcement of the financed student loans, if errors were made in disclosures that must accompany all of these loans. Certain federal and state disclosure laws, such as those protecting cosigners, may also affect the enforceability of the financed student loans if appropriate disclosures were not given or records of those disclosures were not retained. If the interest rate on the loans in question exceeds applicable usury laws, that violation can materially adversely affect the enforceability of the loans. If the loans were marketed or serviced in a manner that discriminated against a borrower on a prohibited basis or that was unfair or deceptive, or if marketing, origination or servicing violated any applicable law, then federal or state unfair and deceptive practices acts may impose liability on the loan holder, as well as creating defenses to enforcement. Under certain circumstances, the holder of a financed student loan is subject to all claims and defenses that the borrower on that loan could have asserted against the educational institution that received the proceeds of the loan. Many of the financed student loans in question include so-called "risk based pricing," in which borrowers with impaired creditworthiness are charged higher prices. If the practice has a disproportionately

negative impact on classes protected under the federal Equal Credit Opportunity Act and other similar laws, claims under those acts may be asserted against the originator and, possibly, the loan holder. For a discussion of the trustee's rights if the financed student loans were not originated or serviced in all material respects in compliance with applicable laws, See the caption "SERVICING OF THE FINANCED STUDENT LOANS" and "DESCRIPTION OF THE INDENTURE—Covenants" in this offering memorandum.

Student Loans In Bankruptcy

Education loans are generally not dischargeable by a borrower in bankruptcy under the U.S. Bankruptcy Code unless the borrower proves that keeping the loans non-dischargeable would impose an undue hardship on the borrower and the borrower's dependents.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

Federal Tax Disclaimer

To the extent that this offering memorandum provides federal income tax advice, this offering memorandum is not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. This offering memorandum is being used to support the promotion or marketing of the transaction described herein. The taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Chapman and Cutler LLP does not and will not impose any limitation on disclosure of the tax treatment or tax structure of the matter that is the subject of its opinion.

Certain Federal Income Tax Consequences

The following is a summary of the principal federal income tax consequences resulting from the ownership of a series 2006-A note by certain persons. This summary does not consider all the possible Federal tax consequences of the purchase, ownership or disposition of a series 2006-A note and is not intended to reflect the individual tax position of any owner. Moreover, except as expressly indicated, it addresses initial purchasers of a series 2006-A note that (a) purchase at a price equal to the first price to the public at which a substantial amount of each class of the series 2006-A notes are sold; and (b) who hold a series 2006-A note as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold series 2006-A notes (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a series 2006-A note and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed under "Non-United States Holders" below this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary is based upon the United States federal tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or its

interpretations, any of which may be applied retroactively. It does not discuss the tax laws of any state, local or foreign governments.

Persons considering the purchase of a series 2006-A note should consult their own tax advisors concerning the Federal income tax consequences to them in light of their particular situations as well as any consequences to them under the laws of any other taxing jurisdiction.

United States Holders

Characterization of the Series 2006-A Notes as Indebtedness. In the opinion of Chapman and Cutler LLP, based upon certain assumptions and certain representations of NorthStar, the series 2006-A notes will be treated as debt for federal income tax purposes. However, NorthStar has not sought a ruling from the Internal Revenue Service in this regard. Unlike a ruling from the Internal Revenue Service, the opinion of Chapman and Cutler LLP is not binding on the courts or the Internal Revenue Service. Thus, it is possible that the Internal Revenue Service could successfully assert, on audit or in court, that, for purposes of the Internal Revenue Code, the transaction contemplated by this offering memorandum constitutes a sale of the assets comprising the trust estate (or an interest therein) to the series 2006-A noteholders or that the relationship which will result from this transaction is that of a partnership, or an association taxable as a corporation.

If, instead of treating the series 2006-A notes as debt, the transaction were treated as creating a partnership among the holders of the series 2006-A notes and NorthStar, which has purchased the underlying trust estate assets, the resulting partnership would not be subject to federal income tax, unless such partnership were treated as a publicly traded partnership taxable as a corporation. Rather, NorthStar and each holder of a series 2006-A note would be taxed individually on their respective distributive shares of the partnership's income, gain, loss, deductions and credits. The amount and timing of items of income and deduction of the holder of a series 2006-A note may differ if the series 2006-A notes were held to constitute partnership interests, rather than indebtedness.

If, alternatively, it were determined that this transaction created an entity other than NorthStar which was classified as a corporation or a publicly traded partnership taxable as a corporation and was treated as having sold the assets comprising the trust estate, such entity would be subject to federal income tax at corporate income tax rates on the income it derives from the financed eligible loans and other assets, which would reduce the amounts available for payment to the holders of the series 2006-A notes. Cash payments to the holders of the series 2006-A notes generally would be treated as dividends for tax purposes to the extent of such corporation's earnings and profits. A similar result would apply if the holders of the series 2006-A notes were deemed to have acquired stock or other equity interests in NorthStar. However, as noted above, NorthStar has been advised that the series 2006-A notes will be treated as debt for federal income tax purposes.

NorthStar expresses in the indenture its intent that, for applicable tax purposes, the series 2006-A notes will be indebtedness of NorthStar secured by the trust estate. NorthStar and the holders of the series 2006-A notes, by accepting the series 2006-A notes, have agreed to treat the series 2006-A notes as indebtedness of NorthStar for federal income tax purposes. NorthStar

intends to treat this transaction as a financing reflecting the series 2006-A notes as its indebtedness for tax and financial accounting purposes rather than a sale of the trust estate for such purposes.

In general, the characterization of a transaction as a sale of property, for federal income tax purposes, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized. While the Internal Revenue Service and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or an issuance of debt secured by the property in question, the primary factors in making this determination are whether there is a reasonable expectation of a payment of the advance and whether the party making the advance has assumed the risk of loss or other economic burdens relating to the property from which payment is expected and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form.

NorthStar believes that it has a reasonable expectation that the series 2006-A notes will be repaid in accordance with their terms and that it has retained the preponderance of the primary benefits and burdens associated with the financed eligible loans and other assets comprising the trust estate and should therefore be treated as the owner of such assets for federal income tax purposes. If, however, the Internal Revenue Service were to successfully assert that this transaction should be treated as a sale of the trust estate assets, the Internal Revenue Service could further assert that the entity created pursuant to the indenture, as the owner of the trust estate for federal income tax purposes, should be deemed engaged in a business and, therefore, characterized as an association taxable as a corporation or a publicly traded partnership taxable as a corporation.

Payments of Interest. In general, interest on a series 2006-A note will be taxable to an owner who or which is (a) a citizen or resident of the United States; (b) a corporation created or organized under the laws of the United States or any State (including the District of Columbia); or (c) a person otherwise subject to federal income taxation on its worldwide income (a “United States holder”) as ordinary income at the time it is received or accrued, depending on the holder’s method of accounting for tax purposes. If a partnership holds series 2006-A notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding series 2006-A notes should consult their tax advisors.

Although the matter is not free from doubt, it is anticipated that the series 2006-A notes will be treated as providing for stated interest at “qualified floating rates,” as this term is defined by applicable Treasury regulations, and accordingly as having been issued without original issue discount. NorthStar intends to report interest income in respect of the series 2006-A notes in a manner consistent with this treatment. If it were to be determined that the series 2006-A notes do not provide for stated interest at qualified floating rates, the series 2006-A notes would be treated as having been issued with original issue discount. In that event, the holder of a series 2006-A note would be required to include original issue discount in gross income as it accrues on a constant yield to maturity basis in advance of the receipt of any cash attributable to

the income, regardless of whether the holder is a cash or accrual basis taxpayer. NorthStar anticipates, however, that even if the series 2006-A notes were treated as issued with original issue discount under these circumstances, the amount which a holder of a series 2006-A note would be required to include in income currently under this method would not differ materially from the amount of interest on the series 2006-A notes otherwise includable in income.

Series 2006-A Note Purchased at a Market Discount. A series 2006-A note, whether or not issued with original issue discount, will be subject to the “market discount rules.” In general, market discount is the excess of the stated redemption price at maturity of a series 2006-A note less the holder’s basis in a series 2006-A note. Thus, market discount generally will occur where a holder acquires a series 2006-A note for an amount that is less than the series 2006-A note’s issue price (or revised issue price if a series 2006-A note is treated as being issued with an original issue discount), unless such difference is less than a specified *de minimis* amount.

In general, any partial payment of principal or any gain recognized on the maturity or disposition of a market discount note will be treated as ordinary income to the extent that such gain or payments of principal do not exceed the accrued market discount on such note. Alternatively, a United States holder of a market discount note may elect to include market discount in income currently over the life of the market discount note. That election applies to all debt instruments with market discount acquired by the electing United States holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

Market discount accrues on a straight-line basis unless the United States holder elects to accrue such discount on a constant yield to maturity basis. That election is applicable only to the market discount note with respect to which it is made and is irrevocable. A United States holder of a market discount note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the note in an amount not exceeding the accrued market discount on such note until the maturity or disposition of the note.

Purchase, Sale, Exchange and Retirement of the Series 2006-A Notes. A United States holder’s tax basis in a series 2006-A note generally will equal its cost, increased by any market discount and original issue discount included in the United States holder’s income with respect to the series 2006-A note. A United States holder generally will recognize gain or loss on the sale, exchange or retirement of a series 2006-A note equal to the difference between the amount realized on the sale or retirement and the United States holder’s tax basis in the series 2006-A note. Except to the extent described under “Series 2006-A Note purchased at a Market Discount” above, as described below in regard to contingent payment debt instruments denominated in non-U.S. currency, and except to the extent attributable to accrued but unpaid interest, gain or loss recognized on the sale, exchange or retirement of a series 2006-A note will be capital gain or loss (based upon the assumption of this discussion that such notes are held as capital assets) and will be long-term capital gain or loss if the series 2006-A note was held for more than one year.

Non-United States Holders

The following is a general discussion of certain United States federal income and estate tax consequences resulting from the beneficial ownership of series 2006-A notes by a person other than a United States holder or a former United States citizen or resident (a “non-United States holder”).

Subject to the discussions of backup withholding below, payments of principal and interest by NorthStar or any of its agents (acting in its capacity as agent) to any non-United States holder will not be subject to United States Federal withholding tax, provided, in the case of interest, that (a) the non-United States holder is not, among other things, a controlled foreign corporation for United States tax purposes that is related to NorthStar (directly or indirectly) through stock ownership and (b) in general, either (i) the non-United States holder certifies to NorthStar or its agent under penalties of perjury that it is not a United States person and provides, among other things, its name and address or (ii) a securities clearing organization, bank or other financial institution that holds customers’ securities in the ordinary course of its trade or business and holds the series 2006-A notes certifies to NorthStar or its agent under penalties of perjury that such statement has been received from the non-United States holder by it or by another financial institution and furnishes the payor with a copy.

A non-United States holder that does not qualify for exemption from withholding as described above generally will be subject to United States Federal withholding tax at the rate of 30% (or lower applicable treaty rate) with respect to payments of interest on the series 2006-A notes. To qualify for a lower treaty rate, a non-United States holder must provide us with a properly executed U.S. Form W-8BEN, including such holder’s U.S. taxpayer identification number.

If a non-United States holder is engaged in a trade or business in the United States and interest on the series 2006-A notes is effectively connected with the conduct of such trade or business, the non-United States holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States Federal income tax on such interest in the same manner as if it were a United States holder. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States Federal withholding tax. In addition, if the non-United States holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a series 2006-A note will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States.

Any capital gain or market discount realized on the sale, exchange, retirement or other disposition of a series 2006-A note by a non-United States holder will not be subject to United States Federal income or withholding taxes if (a) the gain is not effectively connected with a United States trade or business of the non-United States holder and (b) in the case of an individual, the non-United States holder is not present in the United States for 183 days or more

in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

Series 2006-A notes held by an individual who is neither a citizen nor a resident of the United States for United States Federal tax purposes at the time of the individual's death will not be subject to United States Federal estate tax, provided that the income from the series 2006-A note was not or would not have been effectively connected with a United States trade or business of the individual and that the individual qualified for the exemption from United States Federal withholding tax (without regard to the certification requirements) described above.

Treasury regulations also provide alternative procedures to be followed by a non-United States holder in establishing eligibility for a withholding tax reduction or exemption.

Purchasers of series 2006-A notes that are non-United States holders should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes upon income realized in respect of the series 2006-A notes.

Information Reporting and Back-up Withholding

For each calendar year in which the series 2006-A notes are outstanding, NorthStar is required to provide the Internal Revenue Service with certain information, including the holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain United States holders, including corporations, tax-exempt organizations and individual retirement accounts.

If a United States holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under reports its tax liability, NorthStar, its agents or paying agents or a broker may be required to "backup" withhold a tax currently equal to 28% of each payment of interest and any premium on the series 2006-A notes. This backup withholding is not an additional tax and may be credited against the United States holder's Federal income tax liability, provided that the holder furnishes the required information to the Internal Revenue Service.

Under current Treasury regulations, backup withholding and information reporting will not apply to payments of interest made by NorthStar or any of its agents (in their capacity as such) to a non-United States holder of a series 2006-A note if the holder has provided the required certification that it is not a United States person as set forth in clause (b) in the second paragraph under "Non-United States Holders" above, or has otherwise established an exemption (provided that neither NorthStar nor its agent has actual knowledge that the holder is a United States person or that the conditions of an exemption are not in fact satisfied).

In general, payments of the proceeds from the sale of a series 2006-A note to or through a foreign office of a broker will not be subject to information reporting or backup withholding. However, information reporting may apply to those payments if the broker is one of the following:

- (a) a United States person;
- (b) a controlled foreign corporation for United States tax purposes;
- (c) a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- (d) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a series 2006-A note to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner otherwise establishes an exemption from information reporting and backup withholding.

Treasury regulations also provide presumptions under which a non-United States holder is subject to information reporting and backup withholding unless NorthStar or its agent receives certification from the holder regarding non-United States status.

The Federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the series 2006-A notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in Federal or other tax laws.

STATE TAX CONSIDERATIONS

In addition to the federal income tax consequences described in "United States Federal Income Tax Consequences," potential investors should consider the state income tax consequences of the acquisition, ownership and disposition of the series 2006-A notes. State income tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to the various state tax consequences of an investment in the series 2006-A notes.

ERISA CONSIDERATIONS

To the extent that this offering memorandum provides federal income tax advice, this offering memorandum is not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. This offering memorandum is being used to support the promotion or marketing of the transaction described herein. The taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Chapman and Cutler LLP does not and will not impose any limitation on disclosure of the tax treatment or tax structure of the matter that is the subject of its opinion.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA (“ERISA Plans”). Section 4975 of the Internal Revenue Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) of the Internal Revenue Code (“Qualified Retirement Plans”) and on Individual Retirement Accounts (“IRAs”) described in Section 408(b) of the Internal Revenue Code (collectively, “Tax-Favored Plans”). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Internal Revenue Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Accordingly, assets of such plans may be invested in series 2006-A notes without regard to the ERISA considerations described below, subject to the provisions of applicable federal and state law. Any such plan which is a Qualified Retirement Plan and exempt from taxation under Sections 401(a) and 501(a) of the Internal Revenue Code, however, is subject to the prohibited transaction rules set forth in the Internal Revenue Code.

In addition to the imposition of general fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties in Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Internal Revenue Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding or transfer of series 2006-A notes might be deemed to constitute prohibited transactions under ERISA and the Internal Revenue Code if assets of NorthStar were deemed to be assets of a Benefit Plan. Under a regulation issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of NorthStar would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Internal Revenue Code only if the Benefit Plan acquires an “equity interest” in NorthStar and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the series 2006-A note should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation.

However, without regard to whether the series 2006-A notes are treated as an equity interest for such purposes, the acquisition or holding of series 2006-A notes by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if NorthStar or the trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. In such case, certain exemptions from the prohibited

transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a series 2006-A note. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by “in-house asset managers;” PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts;” PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional assets managers.” Each purchaser and each transferee of a series 2006-A note shall be deemed to represent and warrant that either (a) it is not a Benefit Plan or (b) its purchase and holding of the series 2006-A notes will not result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a government plan, any substantially similar applicable law).

Any ERISA Plan fiduciary considering whether to purchase series 2006-A notes of a series on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Internal Revenue Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Internal Revenue Code.

AFFILIATIONS, CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

NorthStar Education Finance, Inc., NorthStar Capital Markets Services, Inc. and the transferors (the “NorthStar Parties”) are not affiliates of the servicer or the trustee. The affiliations between the NorthStar parties are described elsewhere in this offering memorandum. Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (or their affiliates) provide warehouse facilities to certain of the NorthStar Companies for the acquisition and origination of student loans as well as certain other services. There are no other business relationships, agreements, arrangements, transactions or understandings entered into outside the ordinary course of business or on terms other than those that would be obtained in an arm's length transaction with an unrelated third party that are material to noteholders other than as described in this memorandum between or among us and any other principal party.

REPORTS TO NOTEHOLDERS

Periodic reports concerning us and the trust estate will be delivered to holders of the series 2006-A notes. We will post on our website not less than monthly and provide to the trustee, and the trustee will forward to each requesting holder, a statement setting forth information with respect to the series 2006-A notes and the student loans pledged under the indenture as of the end of such period, including the following:

- (a) the amount of principal payments made with respect to each class of series 2006-A notes during the applicable period and the note factor relating to each class of the series 2006-A notes;

(b) the amount of interest payments made with respect to each class of series 2006-A notes during the applicable period;

(c) the aggregate principal balance of the student loans pledged under the indenture as of the close of business on the last day of the applicable period;

(d) the aggregate outstanding principal amount of each class of the series 2006-A notes of each class;

(e) the interest rate for the applicable class of the series 2006-A notes with respect to each quarterly distribution date;

(f) the number and aggregate principal balance of the student loans pledged under the indenture that we deem to be delinquent; and

(g) the aggregate outstanding principal amount of the series 2006-A notes as of the close of business on the last day of the applicable period.

So long as Cede & Co., as nominee of The Depository Trust Company is registered holder of the series 2006-A notes, you will receive reports through the participants in The Depository Trust Company. See the caption “BOOK-ENTRY REGISTRATION” herein. Copies or forms of the administration agreement, the indenture, the servicing agreement, the repurchase agreement and our charter documents will be made available upon request to the trustee.

UNDERWRITING

Subject to the terms and conditions set forth in a note purchase agreement with Citigroup Global Markets Inc. and Deutsche Bank Securities Inc., we have agreed to sell to the underwriters, and the underwriters have severally agreed to purchase from us, the respective aggregate principal amounts of the series 2006-A notes set forth below:

	Class A Notes			
<u>Underwriter</u>	<u>Class A-1 Notes</u>	<u>Class A-2 Notes</u>	<u>Class A-3 Notes</u>	<u>Class A-4 Notes</u>
Citigroup Global Markets Inc.	\$ 77,532,000	\$ 55,645,000	\$ 56,465,000	\$104,028,000
Deutsche Bank Securities Inc.	<u>77,531,000</u>	<u>55,645,000</u>	<u>56,466,000</u>	<u>104,028,000</u>
Total	<u>\$155,063,000</u>	<u>\$111,290,000</u>	<u>\$112,931,000</u>	<u>\$208,056,000</u>

Class B Notes

Underwriter	Class B Notes
Citigroup Global Markets Inc.	\$32,630,000
Deutsche Bank Securities Inc.	32,630,000
Total	\$65,260,000

The underwriters have agreed to purchase all of the series 2006-A notes listed above if any of the series 2006-A notes are purchased. The underwriters have advised that they propose to offer the series 2006-A notes to the public initially at the respective offering prices set forth below and on the cover page of this offering memorandum. After the initial public offering, these prices may change.

	<u>Initial Public Offering Prices</u>	<u>Underwriting Discount</u>	<u>Proceeds to the Issuer⁽¹⁾</u>
Per Class A-1 Note	100.00%	0.205%	99.795%
Per Class A-2 Note	100.00	0.290	99.710
Per Class A-3 Note	100.00	0.315	99.685
Per Class A-4 Note	100.00	0.335	99.665
Per Class B Note	100.00	0.505	99.495
Total	\$652,600,000	\$2,023,060	\$650,576,940

⁽¹⁾Before deducting expenses estimated to be \$1,127,189.

Until the distribution of the series 2006-A notes is completed, the rules of the SEC may limit the ability of the underwriters and selling group members to bid for and purchase the series 2006-A notes. As an exception to these rules, the underwriters are permitted to engage in transactions that stabilize the price of the series 2006-A notes. These transactions consist of bids of purchase for the purpose of pegging, fixing or maintaining the price of the series 2006-A notes.

Purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of those purchases.

In addition, the underwriters may impose a penalty bid on the broker-dealers who sell the series 2006-A notes. This means that if an underwriter purchases the series 2006-A notes in the open market to reduce a broker-dealer's short position or to stabilize the prices of the series 2006-A notes, it may reclaim the selling concession from the broker-dealer who sold those series 2006-A notes as part of the offering.

In general, over-allotment transactions and open market purchases of the series 2006-A notes for the purpose of stabilization or to reduce a short position could cause the price of a series 2006-A note to be higher than it might be in the absence of such transactions.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices

of the series 2006-A notes. In addition, neither we nor any of the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The underwriters have advised us that they presently intend to make a market in the series 2006-A notes; however, they are not obligated to do so. In addition, any market-making may be discontinued at any time, and an active public market for the series 2006-A notes may not develop.

From time to time, the underwriters or their affiliates may perform investment banking and advisory services for, and may provide general financing and banking services to, us or our affiliates.

The note purchase agreement provides that we will indemnify the underwriters against certain liabilities, including liabilities under applicable securities laws, or contribute to payments the underwriters may be required to make in respect thereof.

Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (or their affiliates) also provide warehouse facilities to certain of the NorthStar Companies for the acquisition and origination of student loans.

LEGAL MATTERS

Certain legal matters relating to us and federal income tax matters will be passed upon by Mark A. Lindgren, Esq., our Vice President and General Counsel, and by Chapman and Cutler LLP. Certain legal matters will be passed upon for the underwriters by Kutak Rock LLP.

RATINGS

It is a condition of issuance of the series 2006-A notes that (a) the class A notes are rated “Aaa” by Moody’s Investors Service, Inc., “AAA” by Standard and Poor’s Ratings Services and “AAA” by Fitch Ratings and (b) the class B notes are rated “A3” by Moody’s Investors Service, Inc., “A” by Standard and Poor’s Ratings Services and “A” by Fitch Ratings. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. The ratings of the series 2006-A notes address the likelihood of the ultimate payment of principal and the timely payment of interest on the series 2006-A notes pursuant to their terms. The rating agencies do not evaluate, and the ratings on the series 2006-A notes do not address, the likelihood of redemptions on the series 2006-A notes.

LEGAL PROCEEDINGS

To our knowledge, there are no legal proceedings pending or proceedings by governmental authorities contemplated against us, the trustee, the servicer or any transferor that are material to the holders of the series 2006-A notes.

LISTING AND GENERAL INFORMATION

Application has been made to the Irish Stock Exchange for the series 2006-A notes to be admitted to the Official List and trading on its regulated Market. There can be no assurances that such listing will be obtained.

For so long as the series 2006-A notes are listed on the Irish Stock Exchange, the material contracts and documents referred to herein, including the indenture, the servicing agreement, this offering memorandum and our certificate of incorporation, will be made available for inspection in electronic or physical format at our principal office at 444 Cedar Street, Suite 550, St. Paul, Minnesota 55101.

Each of the series 2006-A notes, the indenture and the supplemental indenture are governed by the laws of the State of Minnesota. The servicing agreement is governed by the laws of the State of Wisconsin.

Since our formation, we have not been involved in any governmental, legal or arbitration proceedings relating to claims on amounts which are material in the context of the issue of the series 2006-A notes. Nor, so far as we are aware, are any such proceedings pending or threatened.

The issuance of the series 2006-A notes was authorized by a resolution of our board of directors on March 8, 2006.

As of the date of the execution and delivery of the indenture, no operations under that indenture have commenced and no audited financial statements have been produced in relation to the series 2006-A notes.

The estimated total cost in relation to the admission to trading on the Irish Stock Exchange is €20,000.

We are not required by Delaware state law to publish any financial statements, nor do we intend to; we will, however, post our consolidated financial statements on our web site at www.northstar.org. The indenture and the supplemental indenture require us to provide the trustee with written notification, on an annual basis, that to the best of our knowledge, following review of the activities of the prior year, no event of default or other matter which is required to be brought to the trustee's attention has occurred.

We were incorporated as a Delaware nonstock nonprofit corporation on January 19, 2000. Our Delaware corporation file number is 3162213.

Our directors may be contacted at: 444 Cedar Street, Suite 550, St. Paul, Minnesota 55101.

**IMPORTANT NOTICE ABOUT INFORMATION
PRESENTED IN THIS OFFERING MEMORANDUM**

You should rely only on the information provided in this offering memorandum. We have not authorized anyone to provide you with different information. The series 2006-A notes are not offered in any jurisdiction where the offer is not permitted.

We have included cross-references in this offering memorandum to captions in this offering memorandum where you can find further related discussions. The table of contents on the back of this offering memorandum provides the pages on which the captions are located.

You can find the definitions of words and terms used herein under the caption “GLOSSARY OF CERTAIN DEFINED TERMS” herein.

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EXHIBIT A

Prepayments, Weighted Average Lives and Expected Maturities of the Series 2006-A Notes

Prepayments on pools of student loans can be measured or calculated based on a variety of prepayment models. The model used to calculate prepayments in this offering memorandum is the constant prepayment rate (or “CPR”) model.

The CPR Model

The CPR model is based on prepayments assumed to occur at a constant percentage rate. CPR is stated as an annualized rate and is calculated as the percentage of the loan amount outstanding at the beginning of a period (including accrued interest to be capitalized), after applying scheduled payments, that are paid during that period. The CPR model assumes that student loans will prepay in each month according to the following formula:

$$\text{Monthly Prepayments} = \text{Balance After Scheduled Payments} \times (1 - (1 - \text{CPR})^{1/12})$$

Accordingly, monthly prepayments assuming a \$1000 balance after scheduled payments would be as follows for the percentages of CPR listed below:

CPR	0%	2%	4%	6%	8%	10%
Monthly Prepayment	\$0.00	\$1.68	\$3.40	\$5.14	\$6.92	\$8.74

The CPR model does not purport to describe historical prepayment experience or to predict the prepayment rate of any actual financed student loan pool. The financed student loans will not prepay at any constant CPR, nor will all of the financed student loans prepay at the same rate. You must make an independent decision regarding the appropriate principal prepayment scenarios to use in making any investment decision.

Additional Assumptions

For purposes of the CPR model, it is assumed, among other things, that:

- the statistical calculation date for the financed student loans is February 28, 2006;
- the date of issuance will be May 11, 2006;
- all financed student loans (as grouped within the “rep lines” described below) remain in their current status until their status end date and then move to repayment, and no student loan moves from repayment to any other status;
- the financed student loans that are not in repayment status, have interest accrue and capitalized upon entering repayment;

- no delinquencies or defaults occur on any of the financed student loans, no repurchases for breaches of representations, warranties or covenants occur, and all borrower payments are collected in full;
- index levels for calculation of borrower payments are:
 - 91-day Treasury bill rate of 4.68%; and
 - three-month LIBOR rate of 5.08%;
- all funds deposited into the Acquisition Fund will be transferred to the Collection Fund on the day after the end of the prefunding period;
- quarterly distributions begin on August 28, 2006, and payments are made quarterly on the 28th day of every February, May, August and November thereafter, but if any quarterly distribution date is not a business day, the quarterly distribution date will be the next business day;
- the initial principal amount of each class of the series 2006-A notes will be equal to:
 - class A-1 notes: \$155,063,000
 - class A-2 notes: \$111,290,000;
 - class A-3 notes: \$112,931,000;
 - class A-4 notes: \$208,056,000; and
 - class B notes: \$65,260,000;
- the interest rate for each class of outstanding notes at all times will be equal to:
 - class A-1 notes: 5.13%;
 - class A-2 notes: 5.26%;
 - class A-3 notes: 5.31%;
 - class A-4 notes: 5.43%; and
 - class B notes: 5.68%;
- interest accrues on the series 2006-A notes on an actual/360 day count basis;
- the stepdown date is February 28, 2012;

- a marketing and school services allowance equal to 1/12th of 0.10% is payable monthly by us to NorthStar Capital Markets Services , Inc.;
- a servicing and administration fee equal to 1/12th of the then outstanding principal amount of the financed student loans times 0.50% is payable monthly by us for servicing;
- a trustee fee equal to 1/4th of 0.01% is paid quarterly by us to the trustee;
- the reserve account has an initial balance equal to \$5,958,982 and at all times a balance equal to the greater of (1) 1% of the pool balance and (2) 0.50% of the original pool balance;
- the Collection Fund has an initial balance equal to \$0;
- the capitalized interest account has an initial balance equal to \$50,800,000 and those amounts will be available to make monthly payments, however any moneys remaining in the Capitalized Interest Account on the following quarterly distribution dates, in excess of the following amounts, will be transferred to the Collection Fund on such dates:

August 28, 2006	\$42,500,000
November 28, 2006	\$37,000,000
February 28, 2007	\$30,000,000
May 28, 2007	\$23,000,000
August 28, 2007	\$18,000,000
November 28, 2007	\$13,000,000
February 28, 2008	\$8,000,000
May 28, 2008	\$6,000,000
August 28, 2008	\$0

- all payments are assumed to be made at the end of the month and amounts on deposit in the Collection Fund, Reserve Fund and Capitalized Interest Account, including reinvestment income earned in the previous month, net of servicing fees, are reinvested in investment securities permitted under the indenture at the assumed reinvestment rate of 5.05% per annum through the end of the collection period and, reinvestment earnings are available for distribution from the prior collection period;

- the average loan age is 8 months* ;
- prepayments on the financed student loans are applied monthly in accordance with CPR, as described above;
- we will not enter into any interest rate swaps or caps;
- we may pay into the trust estate an amount sufficient to cause the release of all remaining financed student loans in the trust estate when the pool balance is 15% or less of the initial pool balance (the “optional redemption”); and
- the pool of financed student loans consists of 199 representative loans (“rep lines”), which have been created for modeling purposes from individual financed student loans based on combinations of similar individual student loan characteristics, which include, but are not limited to, borrower payment status, principal balance outstanding, interest rate, loan type, index, margin, delinquency days, remaining term and FICO score.

The following tables have been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the rep lines, which will differ from the characteristics and performance of the actual pool of financed student loans) and should be read in conjunction therewith. In addition, the diverse characteristics, remaining terms and loan ages of the financed student loans could produce slower or faster principal payments than indicated in the following tables, even if the dispersions of weighted average characteristics, remaining terms and loan ages are the same as the assumed characteristics, remaining terms and loan ages.

CPR Tables

The following tables show the weighted average remaining lives, expected maturity dates and percentages of original principal of each class of the series 2006-A notes at various percentages of CPR from the date of issuance until the optional redemption date.

* Assumes that all existing financed student loans to non-medical graduate students will continue with a repayment term of 15 years, which may not necessarily occur as a result of the possible extension of the repayment term to 20 years for financed student loans to non-medical graduate students who have loans disbursed after April 1, 2006. We believe that up to approximately \$74.5 million in financed student loans could be eligible for an extension of the repayment term from 15 to 20 years. This estimate is based upon the number of non-medical graduate borrowers that have a graduation date after June 30, 2006 and therefore could take out additional loans after April 1, 2006.

**Weighted Average Lives and Expected Maturities of the
Series 2006-A Notes at Various CPR Percentages⁽¹⁾**

Weighted Average Life (years)⁽²⁾	0%	2%	4%	6%	8%	10%
Class A-1 Notes	4.66	3.64	3.00	2.55	2.25	2.03
Class A-2 Notes	9.72	8.19	6.99	6.10	5.41	4.87
Class A-3 Notes	12.68	11.27	10.00	8.87	7.93	7.17
Class A-4 Notes	17.53	16.12	14.88	13.77	12.72	11.74
Class B Notes	13.28	12.39	11.64	11.02	10.46	9.95

Expected Maturity Date	0%	2%	4%	6%	8%	10%
Class A-1 Notes	May 2014	November 2012	November 2011	February 2011	May 2010	February 2010
Class A-2 Notes	August 2017	February 2016	November 2014	August 2013	November 2012	May 2012
Class A-3 Notes	August 2020	February 2019	November 2017	November 2016	August 2015	November 2014
Class A-4 Notes	November 2025	May 2024	February 2023	February 2022	February 2021	February 2020
Class B Notes	November 2025	May 2024	February 2023	February 2022	February 2021	February 2020

⁽¹⁾ Assuming for purposes of this table that, among other things, the optional redemption occurs on the quarterly distribution date immediately following the date on which the pool balance falls below 15% of the initial pool balance.

⁽²⁾ The weighted average life of the series 2006-A notes (assuming a 360-day year consisting of twelve 30-day months) is determined by: (1) multiplying the amount of each principal payment on the applicable class of series 2006-A notes by the number of years from the date of issuance of the series 2006-A notes to the related quarterly distribution date, (2) adding the results, and (3) dividing that sum by the aggregate principal amount of the applicable class of series 2006-A notes as of the date of issuance of the series 2006-A notes.

Class A-1 Notes

**Percentages Of Original Principal Of The Series 2006-A Notes
Remaining At Certain Distribution Dates At Various CPR Percentages**

Distribution Date	0%	2%	4%	6%	8%	10%
Date of Issuance	100%	100%	100%	100%	100%	100%
May 2007	87%	84%	81%	78%	76%	73%
May 2008	79%	74%	68%	62%	56%	51%
May 2009	70%	59%	48%	37%	27%	17%
May 2010	61%	45%	29%	14%	0%	0%
May 2011	51%	30%	10%	0%	0%	0%
May 2012	34%	8%	0%	0%	0%	0%
May 2013	17%	0%	0%	0%	0%	0%
May 2014	0%	0%	0%	0%	0%	0%

Class A-2 Notes

**Percentages Of Original Principal Of The Series 2006-A Notes
Remaining At Certain Distribution Dates At Various CPR Percentages**

Distribution Date	0%	2%	4%	6%	8%	10%
Date of Issuance	100%	100%	100%	100%	100%	100%
May 2007	100%	100%	100%	100%	100%	100%
May 2008	100%	100%	100%	100%	100%	100%
May 2009	100%	100%	100%	100%	100%	100%
May 2010	100%	100%	100%	100%	99%	79%
May 2011	100%	100%	100%	88%	63%	40%
May 2012	100%	100%	78%	46%	17%	0%
May 2013	100%	82%	43%	8%	0%	0%
May 2014	97%	51%	10%	0%	0%	0%
May 2015	68%	19%	0%	0%	0%	0%
May 2016	36%	0%	0%	0%	0%	0%
May 2017	2%	0%	0%	0%	0%	0%
May 2018	0%	0%	0%	0%	0%	0%

Class A-3 Notes

**Percentages Of Original Principal Of The Series 2006-A Notes
Remaining At Certain Distribution Dates At Various CPR Percentages**

Distribution Date	0%	2%	4%	6%	8%	10%
Date of Issuance	100%	100%	100%	100%	100%	100%
May 2007	100%	100%	100%	100%	100%	100%
May 2008	100%	100%	100%	100%	100%	100%
May 2009	100%	100%	100%	100%	100%	100%
May 2010	100%	100%	100%	100%	100%	100%
May 2011	100%	100%	100%	100%	100%	100%
May 2012	100%	100%	100%	100%	100%	90%
May 2013	100%	100%	100%	100%	77%	49%
May 2014	100%	100%	100%	73%	40%	12%
May 2015	100%	100%	77%	39%	7%	0%
May 2016	100%	87%	44%	8%	0%	0%
May 2017	100%	53%	12%	0%	0%	0%
May 2018	66%	19%	0%	0%	0%	0%
May 2019	33%	0%	0%	0%	0%	0%
May 2020	2%	0%	0%	0%	0%	0%
May 2021	0%	0%	0%	0%	0%	0%

Class A-4 Notes

**Percentages Of Original Principal Of The Series 2006-A Notes
Remaining At Certain Distribution Dates At Various CPR Percentages**

Distribution Date	0%	2%	4%	6%	8%	10%
Date of Issuance	100%	100%	100%	100%	100%	100%
May 2007	100%	100%	100%	100%	100%	100%
May 2008	100%	100%	100%	100%	100%	100%
May 2009	100%	100%	100%	100%	100%	100%
May 2010	100%	100%	100%	100%	100%	100%
May 2011	100%	100%	100%	100%	100%	100%
May 2012	100%	100%	100%	100%	100%	100%
May 2013	100%	100%	100%	100%	100%	100%
May 2014	100%	100%	100%	100%	100%	100%
May 2015	100%	100%	100%	100%	100%	89%
May 2016	100%	100%	100%	100%	87%	73%
May 2017	100%	100%	100%	88%	72%	59%
May 2018	100%	100%	90%	73%	58%	46%
May 2019	100%	95%	75%	59%	47%	36%
May 2020	100%	79%	62%	48%	37%	27%
May 2021	85%	66%	50%	38%	28%	19%
May 2022	70%	52%	39%	28%	19%	12%
May 2023	54%	40%	28%	19%	12%	6%
May 2024	45%	32%	21%	13%	7%	3%
May 2025	37%	24%	15%	8%	3%	0%
May 2026	27%	17%	9%	4%	0%	0%
May 2027	18%	10%	4%	0%	0%	0%
May 2028	9%	3%	0%	0%	0%	0%
May 2029	3%	0%	0%	0%	0%	0%
May 2030	0%	0%	0%	0%	0%	0%

Class B Notes

**Percentages Of Original Principal Of The Series 2006-A Notes
Remaining At Certain Distribution Dates At Various CPR Percentages**

Distribution Date	0%	2%	4%	6%	8%	10%
Date of Issuance	100%	100%	100%	100%	100%	100%
May 2007	100%	100%	100%	100%	100%	100%
May 2008	100%	100%	100%	100%	100%	100%
May 2009	100%	100%	100%	100%	100%	100%
May 2010	100%	100%	100%	100%	100%	100%
May 2011	100%	100%	100%	100%	100%	100%
May 2012	97%	96%	95%	94%	93%	92%
May 2013	92%	89%	86%	84%	81%	78%
May 2014	86%	82%	78%	74%	70%	66%
May 2015	80%	74%	69%	64%	59%	55%
May 2016	73%	66%	60%	55%	50%	45%
May 2017	65%	58%	52%	46%	41%	36%
May 2018	57%	50%	44%	38%	33%	29%
May 2019	49%	43%	37%	31%	27%	22%
May 2020	42%	36%	30%	25%	21%	17%
May 2021	36%	30%	24%	20%	16%	12%
May 2022	29%	24%	19%	15%	11%	8%
May 2023	23%	18%	14%	10%	7%	4%
May 2024	19%	15%	10%	7%	4%	2%
May 2025	15%	11%	7%	4%	2%	0%
May 2026	11%	8%	4%	2%	0%	0%
May 2027	8%	4%	2%	0%	0%	0%
May 2028	4%	1%	0%	0%	0%	0%
May 2029	1%	0%	0%	0%	0%	0%
May 2030	0%	0%	0%	0%	0%	0%

PRINCIPAL OFFICES

ISSUER

NorthStar Education Finance, Inc.
444 Cedar Street, Suite 550
St. Paul, Minnesota 55101

ADMINISTRATOR

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SERVICER

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Madison, Wisconsin 53704

TRUSTEE AND NOTE REGISTRAR

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IRISH LISTING AGENT

McCann FitzGerald Listing Services Limited
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Exhibit A Prepayments, Weighted Average Lives
and Expected Maturities of the Series 2006-A
Notes

\$652,600,000

NORTHSTAR EDUCATION FINANCE, INC.

STUDENT LOAN ASSET-BACKED NOTES SERIES 2006-A

Class A-1 LIBOR Rate Notes

Class A-2 LIBOR Rate Notes

Class A-3 LIBOR Rate Notes

Class A-4 LIBOR Rate Notes

Class B LIBOR Rate Notes

OFFERING MEMORANDUM

Citigroup Deutsche Bank Securities
Joint Book-Runner Joint Book-Runner

