

PHEAA - 1988C Revenue Bond - Quarterly Servicing Report

Issuer : PHEAA

Indenture Name: 1988C Revenue Bond

Cusip#: 709163BF5

Reporting Period : 7/1/08 - 9/30/08

Bond Status

| Series | Maturity Date | Taxable / Tax-Exempt | Beginning Principal Balance (\$) | Activity (\$) | Ending Principal Balance (\$) | Interest Paid (\$) 9/30/08 | Coupon Type (ie. ARC, Fixed, VRDN) |
|--------|---------------|----------------------|----------------------------------|---------------|-------------------------------|----------------------------|------------------------------------|
| 1988C | 07/01/18 | Tax Exempt | \$ 200,000 | \$ (100,000) | \$ 100,000 | \$ 1,995 | 7d VRDN |
| 1988C | 07/01/18 | Tax Exempt | \$ 74,800,000 | \$ 100,000 | \$ 74,900,000 | \$ 941,479 | Bank Bonds at Prime Rate |

7 day VRDN Interest Rates during the Period

| FROM | TO | 1988C |
|-----------|-----------|---------|
| 6/25/2008 | 7/1/2008 | 6.000% |
| 7/2/2008 | 7/8/2008 | 5.850% |
| 7/9/2008 | 7/15/2008 | 5.800% |
| 7/16/2008 | 7/22/2008 | 5.800% |
| 7/23/2008 | 7/29/2008 | 6.450% |
| 7/30/2008 | 8/5/2008 | 6.600% |
| 8/6/2008 | 8/12/2008 | 6.200% |
| 8/13/2008 | 8/19/2008 | 6.000% |
| 8/20/2008 | 8/26/2008 | 6.000% |
| 8/27/2008 | 9/2/2008 | 6.000% |
| 9/3/2008 | 9/9/2008 | 6.000% |
| 9/10/2008 | 9/16/2008 | 6.000% |
| 9/17/2008 | 9/23/2008 | 6.000% |
| 9/24/2008 | 9/30/2008 | 10.000% |

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Trust Estate and Parity

PHEAA - 1988C Revenue Bond
 Balance Sheet & Income Statement
 For the Period Ended:

| | | |
|-----------------------------------|-----------------------------|----------------------------------|
| Current Qtr September 30, 2008 | Prior Qtr. June 30, 2008 | Prior Year September 30, 2007 |
|-----------------------------------|-----------------------------|----------------------------------|

Accruals Ledger

| | PHEAA - 1988C | PHEAA - 1988C | PHEAA - 1988C |
|---|----------------------|----------------------|----------------------|
| <u>Balance Sheet:</u> | | | |
| <u>Assets</u> | | | |
| Customer Cash | \$ 252,306 | \$ 192,731 | \$ 456,199 |
| Accounts Receivable | 0 | 0 | 0 |
| Interest Income Receivable | 1,766,034 | 1,441,531 | 1,858,083 |
| Investments | 3,586,918 | 2,937,891 | 2,489,954 |
| Student Loans Receivable | 73,592,400 | 75,061,764 | 75,467,087 |
| Plant, Property & Equip Net | 0 | 0 | 0 |
| Deferred Financing Costs | 408,997 | 419,484 | 450,945 |
| Prepaid Exp & Other Expenses | 39,375 | 0 | 39,375 |
| Total Assets | \$ 79,646,030 | \$ 80,053,401 | \$ 80,761,644 |
| <u>Liabilities</u> | | | |
| Accounts Payable & Reserves | \$ 150,219 | \$ 160,080 | \$ 210,553 |
| Student Ln Financings Int Pay | 298,116 | 294,522 | 240,687 |
| Student Ln Financings Payable | 75,000,000 | 75,000,000 | 75,000,000 |
| Total Liabilities | \$ 75,448,335 | \$ 75,454,602 | \$ 75,451,240 |
| <u>Fund Balances</u> | | | |
| Fund Balances | 4,598,799 | 5,213,758 | 5,213,758 |
| Current Yr Net Income | (401,104) | (614,959) | 96,646 |
| Ending Fund Balance | \$ 4,197,695 | \$ 4,598,799 | \$ 5,310,404 |
| Total Liabilities & Fund Balance | \$ 79,646,030 | \$ 80,053,401 | \$ 80,761,644 |
| Parity Ratio | 1.050 | 1.055 | 1.064 |

Income Statement:

| | PHEAA - 1988C | PHEAA - 1988C | PHEAA - 1988C |
|--|---------------------|---------------------|---------------------|
| <u>Revenues</u> | | | |
| Interest income | \$ 941,962 | \$ 4,279,726 | \$ 1,185,153 |
| Premium on Student Loan Sales | 0 | 6,162 | 0 |
| Total Revenues | \$ 941,962 | \$ 4,285,888 | \$ 1,185,153 |
| <u>Expenses</u> | | | |
| Interest Expense & Related Cst | \$ 1,069,172 | \$ 3,707,508 | \$ 798,434 |
| General & Administrative | 269,695 | 1,166,250 | 281,852 |
| Total Expenses | \$ 1,338,867 | \$ 4,873,758 | \$ 1,080,286 |
| Operating Income / (Loss) | \$ (396,905) | \$ (587,870) | \$ 104,866 |
| Financial Aid | 4,200 | 27,089 | 8,220 |
| Net Income / (Loss) before Trsf | \$ (401,104) | \$ (614,959) | \$ 96,646 |
| Transfers | 0 | 0 | 0 |
| Net Income / (Loss) | \$ (401,104) | \$ (614,959) | \$ 96,646 |

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Collection Activity (excluding loan sales)

| | |
|------------------------------------|---------------------|
| Principal Repayment Received (\$) | \$ 1,708,368 |
| Principal Prepayment Received (\$) | 1,782,246 |
| Principal Reimbursement (\$) | |
| Interest Payment Received (\$) | 614,958 |
| Interest Reimbursements (\$) | |
| Special Allowance Payments (\$) | (98,152) |
| Subsidy Payments (\$) | 135,649 |
| Funds Release from Reserve (\$) | |
| Others (please specify) | |
| Total | \$ 4,143,069 |

Borrower Benefit Information

Utilization

| | End of Quarter Principal | % of Total Borrower Benefit Recipients | % of Total Portfolio |
|-------------------------------|-----------------------------|---|-------------------------|
| Disqualified | \$ 29,299,686 | 45.98% | 39.81% |
| May Still Qualify | 27,866,665 | 43.73% | 37.87% |
| Qualified | 6,524,357 | 10.24% | 8.87% |
| Qualified - Deferred | <u>30,117</u> | 0.05% | 0.04% |
| Total Borrower Benefit | \$ 63,720,825 | | |
| No Benefit | <u>9,871,575</u> | <u>0%</u> | <u>13.41%</u> |
| Total Portfolio | \$ 73,592,400 | 100.00% | 100.00% |

| | EFT Int Savings | Rebate Amount | Interest Savings |
|---------|-----------------|---------------|------------------|
| Savings | \$ 1,777 | \$ - | \$ 25,687 |

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Fees and Other Payments

| | |
|---------------------------------------|-------------------|
| <i>Remarketing Fees (\$)</i> | \$ 13,125 |
| <i>Consolidation Rebate Fees (\$)</i> | 16,287 |
| <i>Servicing Fees (\$)</i> | 234,079 |
| <i>Commitment Fees (\$)</i> | 56,009 |
| <i>Trustee Fees (\$)</i> | 12,500 |
| <i>Liquidity Fees (\$)</i> | |
| <i>Admin fee (\$)</i> | 18,750 |
| <i>Insurance Fees (\$)</i> | 52,500 |
| Total | \$ 403,250 |

| | |
|-------------------------------------|---------------|
| <i>Lender Origination Fees (\$)</i> | 780 |
| <i>Origination Discount (\$)</i> | 86 |
| Total | \$ 866 |

| | |
|---|-------------------|
| Grand Total Fees & Other Pymts | \$ 404,116 |
|---|-------------------|

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Student Loan Pool Data

| | Beginning of Period | | Purchases / Originations During Period (\$) | Cash Payments | Non-Cash Transfers | Loans Repaid/Sold During Period (\$) | Loans Defaulted (\$) | End of Period Balance | | Weighted Average Interest Rate (%) | Weighted Average Remaining Term (Months) |
|------------------------------|----------------------|----------------|---|-----------------------|-----------------------|---|-------------------------|-----------------------|----------------|---|---|
| | \$ | % | | | | | | \$ | % | | |
| FFELP | | | | | | | | | | | |
| <i>Subsidized Stafford</i> | 34,606,727 | 46.10% | 5,131,054 | (1,890,454) | 114,381 | (17,675) | | 37,944,033 | 51.56% | 4.880% | 83.45 |
| <i>Unsubsidized Stafford</i> | 24,193,244 | 32.23% | 5,033,240 | (1,329,244) | 120,416 | (1,060) | | 28,016,596 | 38.07% | 4.782% | 86.89 |
| <i>PLUS</i> | 6,615,757 | 8.81% | 349,573 | (169,908) | 15,399 | - | | 6,810,821 | 9.25% | 7.539% | 110.76 |
| <i>PLUSGB</i> | 408,206 | 0.54% | 128,771 | (1,476) | 7,868 | - | | 543,369 | 0.74% | 7.806% | 126.49 |
| <i>Consolidation</i> | 9,237,900 | 12.31% | - | (99,531) | 25,255 | (8,886,043) | | 277,581 | 0.38% | 6.684% | 192.25 |
| Total | \$ 75,061,835 | 100.00% | \$ 10,642,637 | \$ (3,490,614) | \$ 283,319 | \$ (8,904,777) | | \$ 73,592,400 | 100.00% | 5.117% | 88.02 |

AES/PHEAA
 1988C - Prop / Non-Prop Loan Breakdown
 Reporting Period : 7/1/08 - 9/30/08

| | Prop. Ind. | School type | Principal | |
|--------------------|------------|----------------------|----------------------|------------|
| N | | GRADUATE | 118,547 | |
| N | | SCHOOL OF THEOLOGY | 295,320 | |
| N | | STATE RELATED | 21,219,448 | |
| N | | 2 YEAR PRIV JR COLL | 1,222,806 | |
| N | | 2 YEAR PUB JR COLL | 6,295,863 | |
| N | | 4 YEAR PRIVATE COLL | 21,467,045 | |
| N | | 4 YEAR PUBLIC COLL | 12,756,907 | |
| N Total | | | \$ 63,375,936 | 86% |
| Y | | ALL NON-PROPRIETARY | 0 | |
| Y | | ALL PROPRIETARY | 0 | |
| Y | | CORRESPONDENCE | 0 | |
| Y | | FED OWNED DEFR ONLY | 18,181 | |
| Y | | HOSPITAL DIPLOMA PGM | 719,765 | |
| Y | | PRIV PRESCHL/ELEM | 0 | |
| Y | | PROP VOC/TECH | 1,350,798 | |
| Y | | PROPRIETARY BUSINESS | 3,583,411 | |
| Y | | TRADE/TECH SCHOOL | 4,544,310 | |
| Y Total | | | \$ 10,216,464 | 14% |
| Grand Total | | | \$ 73,592,400 | |

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As of September 30, 2008

| <i>1988C Revenue Bond</i> | 9/30/2008 | Prior Qtr 6/30/2008 | Prior Year 9/30/2007 |
|------------------------------------|---------------|---------------------|----------------------|
| <i>1. LOANS IN-SCHOOL/IN-GRACE</i> | | | |
| In school | \$ 7,310,405 | \$ 4,611,261 | \$ 4,352,666 |
| In grace | 4,055,939 | 1,335,389 | 6,225,431 |
| 2. LOANS IN DEFERMENT | 9,178,833 | 7,137,742 | 9,390,982 |
| 3. LOANS IN REPAYMENT | | | |
| A. CURRENT | 34,108,594 | 42,975,926 | 41,355,907 |
| Forbearances | 9,216,802 | 8,331,269 | 7,221,734 |
| B. 31-60 PAST DUE | 2,122,550 | 2,215,452 | 2,127,160 |
| C. 61-90 PAST DUE | 1,664,827 | 1,443,120 | 1,112,172 |
| D. 91-120 PAST DUE | 1,239,008 | 1,502,401 | 954,829 |
| E. 121-180 PAST DUE | 1,227,531 | 1,823,805 | 1,067,794 |
| F. 181-270 PAST DUE | 1,793,962 | 2,354,475 | 1,025,369 |
| G. 271 OR GREATER PAST DUE | 1,131,402 | 632,564 | 308,652 |
| H. CLAIMS FILED BUT NOT PAID | 550,518 | 667,023 | 308,367 |
| 4. IN LITIGATION | - | - | - |
| 5. UNINSURED | - | 31,952 | 28,953 |
| 6. CREDIT BALANCES | (7,971) | (544) | (12,928) |
| 7. END PRIN. BAL. | \$ 73,592,400 | \$ 75,061,835 | \$ 75,467,087 |

| <i>1988C Revenue Bond</i> | 9/30/2008 | Prior Qtr 6/30/2008 | Prior Year 9/30/2007 |
|---------------------------|------------|---------------------|----------------------|
| Loans @ CP** | 61,252,310 | 61,927,205 | 61,734,641 |
| Loans @ Tbill** | 12,340,090 | 12,630,027 | 10,765,917 |
| Total | 73,592,400 | | |
| Pre 10/1/07 loan balance | 73,038,624 | 74,504,395 | N/A |
| Post 10/1/07 loan balance | 553,776 | 557,440 | N/A |
| Total | 73,592,400 | 75,061,835 | N/A |

**As of 9/30/08, these figures include ending balances of the total loan portfolio. Prior quarters included average balance during the quarter for Title IV loans only

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Claims Paid

| | Claims Paid During Period Principal |
|------------------------------|---|
| <i>Subsidized Stafford</i> | \$ 765,673 |
| <i>Unsubsidized Stafford</i> | 596,161 |
| <i>Consolidation</i> | 52,850 |
| <i>PLUS</i> | 3,109 |
| <i>Total</i> | \$ 1,417,793 |

| | |
|-----------------------------|-------|
| <i>% of Loans in Repay</i> | 2.67% |
| <i>% of Total Portfolio</i> | 1.93% |

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For the quarter ended September 30, 2008

| | Loans Sold | | Premium | | Loans Purchased | | Premium | |
|------------------------------------|--------------|---------|---------|---|-----------------|---------|---------|---|
| | \$ | % | \$ | % | \$ | % | \$ | % |
| <i>Subsidized Stafford Total</i> | \$ 17,675 | 0.20% | | | \$ 5,131,054 | 48.24% | | |
| <i>Unsubsidized Stafford Total</i> | 1,060 | 0.01% | | | 5,033,240 | 47.32% | | |
| <i>PLUS Total</i> | | | | | 343,323 | 3.23% | | |
| <i>PLUSGB</i> | | | | | 128,771 | 1.21% | | |
| <i>Consolidation Total</i> | 8,886,043 | 99.79% | | | | | | |
| <i>Total</i> | \$ 8,904,777 | 100.00% | | | \$ 10,636,387 | 100.00% | | |