

**OKLAHOMA STUDENT LOAN AUTHORITY**

**1996 INSURED BOND RESOLUTION, AS SUPPLEMENTED  
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA REPORT  
at June 30, 2004**

*The information in this Annual Financial Information and Operating Data Report (the "Report") is subject to change without notice. The delivery of this Report does not mean that there has been no change since the Reporting Period. The presentation of information in this Report is intended to show recent historical information. It is not intended to indicate future or continuing trends regarding the Bonds or the loan portfolios that are security for payment of the Bonds.*

Name of Issuer: **OKLAHOMA STUDENT LOAN AUTHORITY** CUSIP Base No. 679110  
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Reporting Period: June 30, 2004

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**CUSIP NUMBERS REPORTED**

The nine digit CUSIP numbers for the various series of Bonds issued under the Oklahoma Student Loan Authority's 1996 Insured Bond Resolution, as Supplemented (the "Insured Bond Resolution") are:

- Variable Rate Demand Obligations, Series 1996A 679110 CH 7
- Variable Rate Demand Obligations, Series 1997A 679110 CJ 3
- Variable Rate Demand Obligations, Series 1998A 679110 CK 0
- Variable Rate Demand Obligations, Series 2000A-4 679110 CP 9
- Variable Rate Demand Obligations, Series 2002A 679110 CV 6

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- Variable Rate Demand Obligations, Series 2003A-2      679110 CX 2
- Taxable Auction Rate Bonds, Series 2000A-1          679110 CL 8
- Taxable Auction Rate Bonds, Series 2000A-2          679110 CM 6
- Taxable Auction Rate Bonds, Series 2000A-3          679110 CN 4
- Fixed Rate Refunding Bonds, Series 2003A-1          679110 CW 4

### INSURED BOND RESOLUTION

#### Terms of Debt

Pursuant to the Insured Bond Resolution, the Oklahoma Student Loan Authority (the "Authority") issued multiple series of student loan revenue bonds (the "Bonds") under separate Supplemental Bond Resolutions. The series of Bonds listed below are outstanding under the Insured Bond Resolution.

Series	Dated	Maturity	Interest Rate <sup>1</sup>	Federal Income Tax Status	Principal Amount Outstanding <sup>2</sup>
1996A	Nov. 8, 1996	June 1, 2026	Weekly	Tax-Exempt	\$ 32,580,000
1997A	May 13, 1997	Dec. 1, 2026	Weekly	Tax-Exempt	33,000,000
1998A	July 8, 1998	June 1, 2028	Weekly	Tax-Exempt	33,100,000
2000A-1	Aug. 31, 2000	June 1, 2030	28-Day Auction	Taxable	50,000,000
2000A-2	Aug. 31, 2000	June 1, 2030	28-Day Auction	Taxable	25,000,000
2000A-3	Aug. 31, 2000	June 1, 2030	28-Day Auction	Taxable	25,000,000
2000A-4	Aug. 31, 2000	June 1, 2029	Weekly	Tax-Exempt	20,945,000
2002A	Jan. 31, 2002	Dec. 1, 2031	Weekly	Tax-Exempt	40,625,000
2003A-1	Jan. 1, 2003	Dec. 1, 2032	Fixed	Tax-Exempt	9,670,000
2003A-2	Jan. 31, 2003	Dec. 1, 2032	Weekly	Tax-Exempt	30,955,000
Total Bonds Outstanding					\$300,875,000

<sup>1</sup>Interest is payable semi-annually on all Tax-Exempt Bonds.

<sup>2</sup>As of June 30, 2004.

#### Bond Insurance

Payment of the principal of and interest on each series of Bonds, as the payments become due, is secured by a separate financial guaranty insurance policy issued by MBIA Insurance Corporation ("MBIA"), as the "Credit Facility Provider".

Based on the financial guaranty insurance policies, each series of the Bonds has long-term ratings of:

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- “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”); and
- “AAA” by Standard & Poor’s Ratings Services (“S&P”).

The ratings of the Series 2003A Bonds were assigned in connection with their issuance in January 2003. At that time, the ratings of the various Outstanding parity Bonds listed above were confirmed.

**Liquidity Facilities**

The Series 1996A, Series 1997A, Series 1998A, Series 2000A-4, Series 2002A and Series 2003A-2 Bonds are outstanding as demand obligations bearing a Weekly Rate of interest. Each Weekly Rate series of Bonds is supported by a separate Standby Bond Purchase Agreement as a “Liquidity Facility”.

The Liquidity Facility providers for the Weekly Rate series of Bonds are:

Bond Series	Liquidity Facility Provider	Current Expiration Date
2003A-2	Bank One, NA	Jan. 28, 2005
2002A	Bank One, NA	Jan. 27, 2005
2000A-4	Dexia Bank, S.A. (New York Branch)	Aug. 6, 2006
1998A	Landesbank Hessen-Thüringen Girozentrale (New York Branch)	December 31, 2015 <sup>1</sup>
1997A	Bank of America, NA	May 4, 2005
1996A	Bank of America, NA	May 4, 2005

<sup>1</sup>Subject to 2-year optional terminations beginning June 1, 2006.

In addition to their long-term ratings, the Weekly Rate series of Bonds also have short-term ratings of:

- VMIG-1 by Moody’s; and,
- A-1+ (A-1 for Series 2002A and Series 2003A-2) by S&P.

**Corporate Trustee**

Bank of Oklahoma, N. A., Oklahoma City, OK is the corporate Trustee under the Insured Bond Resolution.

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**Additional Obligations**

The Insured Bond Resolution permits the issuance of Additional Obligations by adoption of Supplemental Bond Resolutions on the conditions, among other things, that the Corporate Trustee receives:

- Written consent of the Credit Facility Provider;
- Written verification from each rating agency -
  - that the ratings on the Additional Obligations is not lower than the ratings on the Series 1996A Bonds, and
  - confirming that the ratings on the outstanding series of Bonds will not be lowered or withdrawn because of the issuance of the Additional Obligations; and
- An opinion of bond counsel regarding various matters.

If issued, Additional Obligations would be on a parity with the outstanding Bonds.

**Debt Service Reserve Account Surety**

In connection with the issuance of the Series 2002A Bonds, the Insured Bond Resolution was amended to reduce the Debt Service Reserve Account Requirement from 2% to 1% of the principal amount of Bonds outstanding under the Insured Bond Resolution. The amendment was made pursuant to provisions of the Insured Bond Resolution that required the consent of the Credit Facility Provider and the Liquidity Facility Providers, and confirmation of the ratings by Moody's and S&P.

MBIA issued three separate Debt Service Reserve Surety Bonds for coverage of the Debt Service Reserve Account Requirement in the aggregate amount of \$3,008,750, which equals one percent (1%) of the aggregate principal amount of all Bonds outstanding.

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### Redemption History

Maturity Date	Interest Rate	Principal Amount Issued	Principal Matured	Principal Redemptions	Principal Amount Outstanding <sup>1</sup>
6-1-2026	Weekly	\$ 32,580,000	\$ 0	\$ 0	\$ 32,580,000
12-1-2026	Weekly	33,000,000	0	0	33,000,000
6-1-2028	Weekly	33,100,000	0	0	33,100,000
6-1-2029	Weekly	20,945,000	0	0	20,945,000
6-1-2030	28-Day Auction	50,000,000	0	0	50,000,000
6-1-2030	28-Day Auction	25,000,000	0	0	25,000,000
6-1-2030	28-Day Auction	25,000,000	0	0	25,000,000
12-1-2031	Weekly	40,625,000	0	0	40,625,000
12-1-2032	Weekly	30,955,000	0	0	30,955,000
12-1-2032	Fixed	9,670,000	0	0	9,670,000
Total		\$300,875,000	\$ 0	\$ 0	\$300,875,000

<sup>1</sup>As of June 30, 2004.

### LOAN PORTFOLIO DATA

#### General

Eligible Loans in the security for the Insured Bond Resolution consist of Federal Family Education Loan ("FFEL") Program loans that are made under the Higher Education Act. The FFEL Program loans are guaranteed or insured to the maximum allowed by the Higher Education Act with respect to the Eligible Loan at the time it was originated.

At June 30, 2004, the current principal balance of the Authority's Eligible Loan principal (exclusive of uninsured status loans) receivable from borrowers was approximately as shown in the following table.

FFEL Program Loans	Eligible Loan Principal
Authority Total	\$682,794,916
Insured Bond Resolution Trust Estate	\$299,385,383

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### Loan Guarantee or Insurance

At June 30, 2004, the current principal balance of Eligible Loans was guaranteed approximately in the percentages shown in the following table.

Guarantor	Principal Location	Per Cent of Total Authority	Per Cent of Insured Bond Resolution Trust Estate
State Guarantee			
Agency (OGSLP)	Oklahoma City, OK	91.4%	95.9%
SLGFA, Inc. (AR)	Little Rock, AR	5.2	2.6
TGSLC (TX)	Austin, TX	2.9	1.1
USAF, Inc.	Indianapolis, IN	0.3	0.4
LSFAC	Baton Rouge, LA	0.2	0.0
		100.0%	100.0%

At June 30, 2004, the loan guarantee eligibility (percentage of the principal amount of a default claim) of Eligible Loans was approximately in the percentages shown in the following table.

Guarantee Eligibility	Per Cent of Total Authority	Per Cent of Insured Bond Resolution Trust Estate
98%	99.1%	99.2%
100%	0.9	0.8
Total	100.0%	100.0%

### Loan Type

At June 30, 2004, the current principal balance of Eligible Loans by loan type was approximately in the percentages shown in the following table.

Loan Type	Percent of Total Authority	Per Cent of Insured Bond Resolution Trust Estate
Federal Stafford		
Subsidized	38.7%	38.6%
Unsubsidized	28.0	25.8
Total Stafford	66.7%	64.4%
Federal Consolidation	28.5	31.7
Federal SLS/PLUS	4.8	3.9
Total	100.0%	100.0%

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**Loan Status**

At June 30, 2004, the current principal balance of Eligible Loans by loan status was approximately in the percentages shown in the following table.

Loan Status	Per Cent of Total Authority	Per Cent of Insured Bond Resolution Trust Estate
Interim Loans:		
In-School	23.7%	15.3%
Grace	10.2	8.2
Deferment	10.1*	12.4
Sub-Total – Interim	44.0%	35.9%
Repayment Loans:		
Current	34.6%	38.3%
Delinquent >30 days	8.9	10.7
Forbearance	11.9	14.4
Sub-Total – Repayment	55.4%	63.4%
Claim Loans:	0.6%	0.7%
Total	100.0%	100.0%

\*Approximately 57% of the loan principal in Deferment status were Subsidized Stafford loans or certain Consolidation loans on which the U.S. Department of Education (“USDE”) pays interest during Deferment. Interest accrues as the responsibility the borrower on the remainder of the Deferment status loans.

**Repayment Loan Delinquency**

At June 30, 2004, the delinquency rates of the current principal balance of Eligible Loans that were in Repayment status, including Forbearance status loans, was approximately in the percentages shown in the following table.

Delinquency Aging	Per Cent of Total Authority	Per Cent of Insured Bond Resolution Trust Estate
31 - 60 Days	4.7%	4.9%
61 - 90 Days	2.7	2.8
91 - 120 Days	2.1	2.1
121 - 150 Days	1.5	1.5
151 - 180 Days	1.4	1.5
181 - 210 Days	1.6	1.8
211 - 240 Days	0.9	1.0
241 - 270 Days	0.5	0.5
271+ Days	0.6	0.7
Total	16.0%	16.8%

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**School Type**

At June 30, 2004, the current principal balance of Eligible Loans by school type, exclusive of Federal Consolidation Loans which are not reported by school type, was approximately in the percentages shown in the following table.

School Type	Per Cent of Total Authority	Per Cent of Insured Bond Resolution Trust Estate
University - 4 Year	71.5%	71.4%
College - 2 Year	11.8	11.9
Vocational/Proprietary	16.7	16.7
Total	100.0%	100.0%

**LOAN SERVICING**

At June 30, 2004, the servicing of the current principal balance of Eligible Loans was in the percentages shown in the following table.

Servicer	Principal Location	Per Cent of Total Authority	Per Cent of Master Bond Resolution Trust Estate
The Authority*	Oklahoma City, OK	100.0%	100.0%

\*Loan servicing is performed by the Authority a/k/a its trademarked name, OSLA Student Loan Servicing™.

At June 30, 2004, the Authority serviced loans, including education loans serviced for 33 other lenders in the OSLA Student Lending Network, with a current principal balance totaling approximately \$785,444,020.

**Standards and Activities**

We have serviced our own loans, and performed third party pre-acquisition servicing of the loans of the OSLA Network, since 1994. Loan servicing activities performed by us include:

- Application processing and funds disbursement in originating loans;
- Customer service;
- Loan account maintenance, including production of notices and forms to borrowers and the resulting processing;
- Reconciliation and payment of guarantee fee billings;
- Billings to USDE for Interest Benefit Payments and Special Allowance Payments;
- Collection of principal and interest from borrowers;
- Filing claims to collect guarantee payments on defaulted loans; and
- Accounting.



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We are required to use due diligence in originating, servicing and collecting education loans. In addition, we are required to use collection practices no less extensive and forceful than those generally in use among financial institutions with respect to other consumer debt.

In order to satisfy the due diligence requirements, we must adhere to specific activities in a timely manner. These activities begin with the receipt of the loan application and continue throughout the life of the loan. Examples of specific due diligence activities include:

- Verifying that the original application is completed with all pertinent data and has a guarantee provided to the lender;
- Diligent efforts to contact a delinquent borrower by letter and telephone;
- Skip tracing if a borrower has an invalid phone number or address;
- Requesting default aversion assistance from the Guarantor between 60 and 120 days of delinquency;
- Sending a final demand letter to the borrower when the loan becomes 241 or more days delinquent; and
- Timely filing of the default claim for payment, provided the borrower's failure to make monthly installment payments when due, or to comply with other terms of the obligation, persists for the most recent consecutive 270-day period (330 days for a loan repayable in less frequent installments).

### **OSLA Student Loan Servicing System**

From 1994 to 2002, our loan servicing was done as a remote user of another party's loan servicing system. Presently, we originate and service loans in-house using our own staff and the "OSLA Student Loan Servicing System" comprised of:

- An IBM iSeries computer that we own and related operating and database software that we license from IBM;
- Personal computers and an NT based local area network;
- Aid Delivery System ("ADS") software that we licensed on a perpetual basis from Idaho Financial Associates, Inc. ("IFA"), Boise, Idaho;
- Student Loan Servicing System ("SLSS") software that we licensed also on a perpetual basis from IFA; and
- Ancillary software programs of proprietary software and database query reports that we developed.

We began originating education loans using the OSLA Student Loan Servicing System on January 28, 2002. We converted loans from the remote third party database and implemented all servicing of our portfolio, and the portfolios of the OSLA Network, with the OSLA Student Loan Servicing System as of March 1, 2002.

Together, the IFA ADS and IFA SLSS systems are referred to herein as the "IFA System". IFA provides ADS to one other student loan user and provides the SLSS education loan servicing software to 13 other student loan users that service loans. In addition to licensing the IFA System software, IFA provides software maintenance and enhancement at the direction of the users, as well as support.

IFA is a wholly owned subsidiary of Nelnet, Inc., Lincoln, Nebraska. Nelnet, Inc. uses the IFA SLSS to service loans. Nelnet, Inc. also is a competitor as a loan servicer and secondary market.

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In operating the OSLA Student Loan Servicing System, also we are responsible for:

- Providing, maintaining and operating the requisite computer system and its operating and database software;
- Maintenance of tables and profiles on lenders, guarantors and post-secondary education institutions that we work with;
- Installing and testing new releases of the IFA System;
- Participation in the IFA System users' group which is responsible for compliance of the IFA System with the Higher Education Act and other applicable law;
- Exchanges of data files with various third party trading partners;
- Any necessary or desirable ancillary programming for loan servicing functionality not provided by IFA; and
- Necessary or desirable internet functionality related to loan origination and servicing.

In addition to our own use of the OSLA Student Loan Servicing System, we provide, operate, support and maintain our system for remote use by certain OSLA Network lenders in their origination and interim servicing of FFEL Program loans from their premises. Under the remote arrangement, the OSLA Network lenders are required to sell, and we are required to purchase, their FFEL Program loans originated and serviced by the remote use of the OSLA Student Loan Servicing System.

### FUND ACCOUNT BALANCES AND COVERAGES

#### Fund and Account Balances

	<u>Lending Fund as of June 30, 2004<sup>1</sup></u>	<u>End of Acquisition Period</u>	<u>End of Recycling Period</u>
Series 1996A	\$ 374,673	Dec. 1, 1998	July 1, 2006
Series 1997A	532,882	Nov. 15, 1998	July 1, 2006
Series 1998A	745,703	Nov. 5, 1999	July 1, 2006
Series 2000A	297,512	April 1, 2001	July 1, 2006
Series 2002A	222,501	March 1, 2004	July 1, 2006
Series 2003A	785,875	Jan. 1, 2005	July 1, 2006

<sup>1</sup>Recycling monies that were spent after June 30, 2004 for loan acquisition. Original bond proceeds were spent prior to the end of the Acquisition Period.

#### Asset Coverage Ratios

At June 30, 2004, the Eligible Assets, Liabilities and Fund Balances of the Master Bond Resolution Trust Estate and resulting coverage was approximately as shown in the following tables.

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Eligible Assets	Insured Bond Resolution Total
Insured Eligible Loans	\$299,385,383
Accrued Borrower Interest	4,493,370
Accrued USDE Benefits	793,848
Investment Securities	4,130,632
Pledged Collections	1,088,810
Other Eligible Assets	4,472
Rebate Fund*	178,767
Total Eligible Assets	\$310,075,282
<b>Liabilities &amp; Fund Balances</b>	
Bonds Payable	\$300,875,000
Accrued Interest Payable	249,678
Admin. & Servicing Payables	289,742
Estimated Arbitrage Rebate	170,356
Other Liabilities (net)	75,736
Estimated Excess Yield	1,011,574
Total Liabilities	\$302,672,086
Fund Balances	7,403,196
Total Liabilities & Fund Balances	\$310,075,282

\*Not part of the Security for the Bonds.

The assets and liabilities held in trust pursuant to the Insured Bond Resolution constitute one Trust Estate to secure repayment of all obligations of the Insured Bond Resolution.

Coverage Ratio	Insured Bond Resolution Total
All Bonds Combined	102.45%

### Excess Yield Calculations

Proceeds from the Authority's tax exempt debt that are invested in student loans are subject to a maximum allowable spread between the student loan yield and the related debt yield over the life of the respective issues. Any excess student loan interest over the allowable debt yield would be rebated to the student loan borrowers as interest rate reductions or loan principal forgiveness.

As of May 1, 2004, the computed estimate of the excess loan yield for the Series 1996A Bonds was approximately \$554,700, and the estimated excess loan yield for the Series 1997A Bonds was approximately \$437,022. The excess loan yield for the Series 1998A Bonds at June 1, 2003 was calculated at approximately \$19,852.

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At June 30, 2004, there was no excess loan yield for the Series 2000A-4 Bonds, for the Series 2002A Bonds or for the Series 2003A Bonds.

Management is actively monitoring the yield spread and will take necessary action to maintain student loan yields within the allowable spread over the life of the respective debt issuances.

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