

GENERAL DESCRIPTION OF



OKLAHOMA STUDENT LOAN AUTHORITY
As of June 30, 2007



www.OSLA.org

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OKLAHOMA STUDENT LOAN AUTHORITY
As of June 30, 2007

CUSIP Base Number: 679110

This General Description is subject to change without notice. The presentation of this information does not mean that there has been no change in this information or in the affairs of OSLA™ since June 30, 2007.

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OPERATING BUSINESS

Oklahoma Student Loan Authority (*OSLA*™) is an express public trust created in 1972 for the benefit of the State of Oklahoma. We are a secondary market, loan servicer and eligible lender in the guaranteed Federal Family Education Loan (*FFEL*) Program under the Higher Education Act of 1965, as amended (the *Higher Education Act*). We perform loan origination and servicing functions under the registered tradename “OSLA Student Loan Servicing™”.

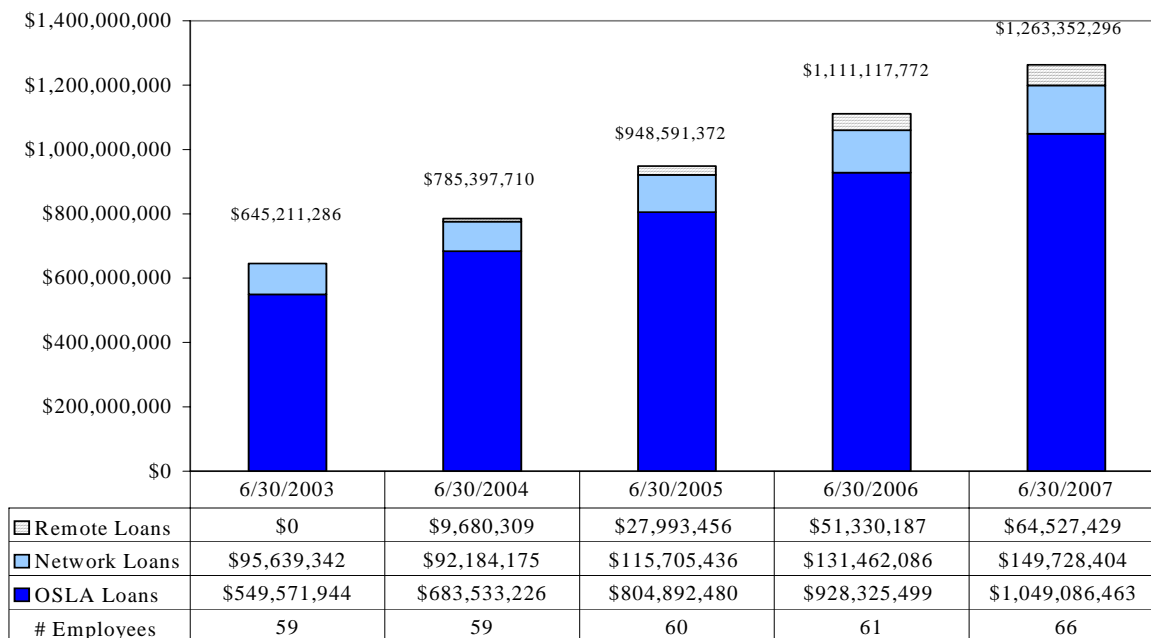
As a loan servicer, we were designated by the U.S. Department of Education (*USDE*) for Exceptional Performance status (*Exceptional Performer*) beginning January 1, 2006. However, legislation enacted subsequent to June 30, 2007, repealed the Exceptional Performer status for loan servicers.

We originate our own Consolidation Loans and we originate and perform pre-acquisition servicing of FFEL Program loans for 41 other eligible lenders that are members of the OSLA Student Lending Network™ (the *OSLA Network*). In addition, the OSLA Network includes eligible lenders that are responsible for originating, and interim servicing of, their own loans using our loan

servicing system from their premises. Each OSLA Network lender is required to sell, and we are required to purchase, the loans that we service. We maintain a revolving warehouse line of credit that currently has a maturity of April 29, 2008, to fund these purchases.

At the dates indicated in the Table below, we managed FFEL Program loans that we owned (including uninsured loans) plus loans serviced for other eligible lenders, with current principal balances as shown in the following Graph and Table:

OSLA - FFEL PROGRAM LOANS MANAGED
Current Principal Balance



The FFEL Program under the Higher Education Act has sections that expire by its terms and conditions. In addition, the FFEL Program is subject to frequent amendments, including amendments through the federal budget process. The College Cost Reduction and Access Act enacted after June 30, 2007, eliminated the Exceptional Performer status and contained provisions that reduced the yield on student loans significantly. Other provisions of the Higher Education Act that were subject to reauthorization in calendar year 2004, have not been reauthorized and have been the subject of numerous temporary extensions.

In our Supplemental Higher Education Loan FinanceTM (*SHELFTM*) Program for private loans, we also originate and hold education loans that are *not* guaranteed under the Higher Education Act. SHELF loans are underwritten based on the borrower's, or co-borrower's, credit to provide supplemental funds as determined by the financial aid staff at eligible schools. SHELF loans are *not* a material portion of the loans that we own.

The education loan industry is highly competitive. We compete with numerous local and national secondary markets, loan servicers and lenders that participate in the FFEL Program. Many of the participants in the education loan program that compete with us are larger, have more extensive operations and greater financial resources.

In addition to competing for FFEL Program loans made to finance attendance at eligible educational institutions, we must compete against numerous other lenders to make FFEL Program loans that consolidate education loans that we own. These Consolidation Loans combine and refinance the various education loans of a borrower, including borrowers of loans held by us. Generally, the underlying loans held by us that would be consolidated and paid off at par would have been acquired from the OSLA Network at a premium.

The education loan industry also is highly regulated. The USDE is the federal government department that is the primary regulator. In addition, USDE competes directly with us through its William D. Ford Direct Student Loan Program. The effect of this competition is to reduce the annual volume of student loan originations that are available to the FFEL Program market.

Our Fiscal Year is from July 1 of each year through June 30 of the next year. We receive no appropriated funds from the State of Oklahoma for our operating expenses. We pay all expenses from revenues derived from the administration of our various education loan programs. At June 30, 2007, our total assets were approximately \$1,130,714,099.

The bonds and notes issued by us to finance our FFEL Program loans are not general obligations, but are limited revenue obligations payable solely from the assets of the trust estates created for particular financings by various bond resolutions.

Our offices are located at 525 Central Park Drive, Suite 600, Oklahoma City, OK 73105-1706. The administrative telephone number is (405) 556-9210; and the facsimile transmission number is (405) 556-9255. Our general internet e-mail address is *info@osla.org*. Certain financial information about us is available on the internet at our separate *website* located at “www.OSLAfinancial.com”.

ORGANIZATION AND POWERS

We were created by an express Trust Indenture dated August 2, 1972 in accordance with the provisions of the:

- Student Loan Act at Title 70, Oklahoma Statutes 2001, Sections 695.1 *et seq.*, as amended; and
- Public Trust Act at Title 60, Oklahoma Statutes 2001, Sections 176 to 183.3, inclusive, as amended.

We are governed by five Trustees who are appointed by the Governor of Oklahoma, subject to the advice and consent of the State Senate, for overlapping five (5) year terms. The present Trustees of OSLA and their principal occupations are as follows:

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>	<u>Principal Occupation</u>
Patrick T. Rooney	Chairman	April 6, 2010	Chairman, First Bancorp of Oklahoma, Inc. ¹ ; Oklahoma City, OK

Dr. T. Sterling Wetzel	Vice Chairman	April 6, 2008	Professor of Accounting, Oklahoma State University; Stillwater, OK
Hilarie Blaney	Secretary	April 6, 2012	Senior Vice President, Arvest Bank ² ; Oklahoma City, OK
James O. Waites	Assistant Secretary	April 6, 2009	Assistant to the President for Institutional Advancement, Southwestern Oklahoma State University; Weatherford, OK
John Greenfield	Trustee	April 6, 2011	Superintendent, Davenport Public Schools; Davenport, OK

¹A wholly owned subsidiary, First National Bank of Oklahoma is an eligible lender in the OSLA Network.

²Arvest Bank is an eligible lender in the OSLA Network.

Both of the banks noted above participate on terms and conditions available to OSLA Network lenders similarly situated.

The Trust Indenture creating OSLA, and Oklahoma law, empower us to incur debt and to secure such debt by lien, pledge or otherwise. In addition, the Trustees are authorized to make and perform contracts of every kind, and to do all acts necessary or desirable for the proper management of the trust estate. We may bring any suit or action that is necessary or proper to protect the interests of the trust estate, or to enforce any claim, demand or contract.

Under the Public Trust Act and the Trust Indenture creating OSLA, the trust can not be terminated by voluntary action if there is any indebtedness or fixed term obligations outstanding, unless all owners of such indebtedness or obligations consent in writing to the termination.

ADMINISTRATION

Executive Management

Our day-to-day management is vested in a President and Executive Staff appointed by the Trustees of OSLA. Our present executive officers are listed below.

James T. Farha, Esq., President. Mr. Farha became President and Chief Executive Officer of OSLA in June, 1999. From 1998 until assuming his current position, he was a practicing attorney with Kerr, Irvine, Rhodes & Ables, Oklahoma City, Oklahoma. Prior to that he was President and Chief Executive Officer and a Member of the Board of Directors for Standard Life and Accident Insurance Company, Oklahoma City, Oklahoma.

Mr. Farha serves as a Director and Chairman of the Education Finance Council. He has served as a Director of the National Council of Higher Education Loan Programs; as a Director/Vice

Chairman, and Chairman for the Oklahoma Life and Health Guaranty Association; Director, Past Treasurer and Chairman for the National Organization of Life and Health Guaranty Associations; and Director/President for the Association of Oklahoma Life Insurance Companies.

Mr. Farha is a member of the American Bar Association, the Oklahoma Bar Association, the Association of Life Insurance Counsel as well as various civic organizations. He received his Associate in Arts degree from Wentworth Military Academy in 1961, his Bachelor of Business Administration degree from the University of Oklahoma School of Business in 1963, and his Juris Doctor degree from the University of Oklahoma College of Law in 1966.

W. A. Rogers, C.P.A., Controller and Vice President — Operations. Mr. Rogers has been employed by OSLA as Controller since October 1991. His primary duties as Controller are the production of accrual basis financial statements, related management reports and the management of systems related thereto. In 1995, Mr. Rogers also assumed responsibility for OSLA loan servicing operational functions.

From 1987 to 1991, Mr. Rogers was the Controller for W. R. Hess Company of Chickasha, Oklahoma, a gasoline jobber and retailer of computer hardware and software. From 1981 to 1987, Mr. Rogers worked in public accounting in Oklahoma City where his duties included auditing, management advisory services and tax compliance work for a variety of governmental, non-profit and commercial entities.

Mr. Rogers received a Bachelor of Science degree in 1978 from Arkansas State University and received his CPA certificate in July 1983. He is a member of the American Institute of Certified Public Accountants.

Larry Hollingsworth, Vice President – Loan Management. Mr. Hollingsworth has been employed by OSLA since April, 2006. His primary duties include management of three teams – Loan Originations, Customer Service and Asset Management, which handles collections and claims.

Prior to joining OSLA, Mr. Hollingsworth was involved in financial aid on university campuses for twenty-seven years. He served as Director of Student Financial Services at Southwestern Oklahoma State University in Weatherford, OK from 2001 to 2006; as Director of Student Financial Services at Oklahoma Baptist University, Shawnee, OK from 1996 to 2006; and as Financial Aid Director at Oklahoma Christian University, Oklahoma City, OK from 1984 to 1996.

While working in financial aid, Mr. Hollingsworth served on numerous state, regional and national financial aid committees and held offices as Treasurer and President of the Oklahoma Association of Student Financial Aid Administrators and Conference Chairman for the Southwest Association of Student Financial Aid Administrators. Mr. Hollingsworth was a state and regional trainer and made frequent financial aid presentations at annual conferences.

Mr. Hollingsworth received his Bachelor of Science degree in Education at Oklahoma Christian University in 1972.

Tonya Latham, Vice President - Information Technology Services. Ms. Latham has been employed by OSLA since November 2002. Her primary duties are managing the Information

Technology staff in administration of the systems for loan portfolio servicing, information management and communications. In addition, she has responsibility for project management, information security and strategic technology planning.

Prior to joining OSLA, Ms. Latham was the Director of Information Systems for Express Personnel Corporate Headquarters. Express Personnel is a franchise organization which supplies staffing solutions to companies throughout the United States and Canada. Ms. Latham was responsible for the overall direction and strategy of Express' Information Technology department which included the corporate applications and the network infrastructure. Ms. Latham was employed by Express from 1994 to 2002.

From 1989 to 1994, Ms. Latham was employed by Marketing Information Network. She served as Vice President of Product Development and Network Operations. Her responsibilities included the development of software applications for companies specializing in the management and brokerage of direct marketing mailing lists.

Ms. Latham attended Oklahoma State University, Stillwater, Oklahoma from 1983 to 1985, majoring in Computer Science.

Kay Brezny, Vice President – Marketing. Ms. Brezny has been employed by OSLA since September 2006. Her primary duties include developing strategy, product marketing, public relations, events marketing and promotions. The marketing team researches, collaborates, plans, writes, presents and measures the effectiveness of marketing plans, proposals, publications, events, web and other communications efforts.

Prior to joining OSLA, Ms. Brezny worked for 25 years in healthcare marketing in Oklahoma. Most recently she served from 1999-2006 as director of marketing for Deaconess Hospital in Oklahoma City, a for-profit hospital owned by Triad Hospitals Inc. Her work included media relations, marketing plans, publications, physician marketing and strategic planning. Prior to that, she held positions with Bone & Joint Hospital/McBride Clinic, St. Anthony Hospital and HCA Management Company.

Ms. Brezny serves on the Oklahoma State University Alumni Association Board and is a graduate of Leadership Oklahoma City, Class XXII. She graduated from Oklahoma State University in 1981 with a Bachelor of Science degree in journalism/public relations.

Carole D. Lowe, Assistant Vice President – Finance. Ms. Lowe has been employed by OSLA in her current position since August 2000. Prior to rejoining us, she was Director of Administrative Services for Financial Aid at Langston University, Langston, Oklahoma from August 1998 to August 2000. She originally joined OSLA in December 1987 serving as Assistant Vice President of Loan Management until 1998.

From 1972 to 1987, Ms. Lowe was employed with The Bank of Casey, Casey, Illinois. She was Vice President of the Loan Department, overseeing all aspects of the lending portfolio, which included commercial, agricultural, consumer, real estate and student loans. In 1986, she served as President of the Illinois Bankers Association.

Ms. Lowe attended Oklahoma State University, Stillwater, Oklahoma from 1961 to 1962 majoring in Business. She received her Associate Degree in Banking from Southern Illinois University, Carbondale, Illinois in 1983, her Bachelor of Theology degree from Liberty School of Theology, Beacon University, Columbus, Georgia in 1996, and her Master of Theology and Counseling degree from Liberty School of Theology, Beacon University in 1999.

Employees

At June 30, 2007, we had approximately 66 full time equivalent employees, including the individuals listed above. The statutory full time equivalent limit on OSLA employees presently is 85.

Properties

Our offices, including the loan servicing center, are maintained under a lease agreement with an unaffiliated third party that expires November 30, 2007, with a renewal option. Subsequent to June 30, the renewal option was exercised for a five-year term.

BORROWER BENEFITS OFFERED

Our borrowers, including borrowers from OSLA Network lenders, can qualify for: (1) our TOP™ interest rate and principal reduction programs; (2) our REAP principal reduction program for Consolidation Loans; (3) the EZ-Pay™ Discount for automatic debits for all loans; (4) a Zero Origination Fee on Stafford Loans; and (5) payment of the 1% federal Default Fee by us.

Timely On Payments (TOP™) Benefit – Stafford and PLUS Loans

The TOP program for Stafford and PLUS loans has two types of borrower savings:

- TOP Principal Reduction of 1.00% if the first three payments of principal and interest are made on time; and
- TOP Interest Rate Reduction of 1.50% if the first 12 payments of principal and interest are made on time.

EZ-Pay Interest Discount (EZ-Pay™) – All Loans

The EZ-Pay interest discount of 1.00% off the loan interest rate is available to all FFEL Program borrowers who make their payments by automatic debit of their financial institution account.

Reduction of Eligible Account Principal (REAP) – Consolidation Loans

Federal Consolidation Loans that we hold are not eligible for TOP. However, the REAP program for Consolidation Loans provides a principal reduction of 1.00% if the first six payments of principal and interest are made on time. Under the Higher Education Act, we are required to pay the federal government a monthly rebate, at the annual rate of 1.05%, on the principal and accrued interest amount of Consolidation Loans that we hold.

Zero Origination (O) Fees – Stafford Loans

Most lenders in the OSLA Network are paying the Stafford Loan borrower’s loan Origination, or “O”, fee that is charged by the USDE. Beginning July 1, 2007, the “O” fee is 1.50% of the Stafford Loan principal amount. The “O” fee percentage charged by USDE is scheduled to decline each academic year until it is eliminated at July 1, 2010.

The lender’s payment of the Stafford Loan borrower’s “O” fee results in a *Zero O Fee* plan. We have agreed to share the cost of offering the Zero “O” Fee with participating OSLA Network lenders at least for the 2007-2008 academic year. Payment of the “O” fee provides more loan proceeds for borrowers to pay their cost of attendance at eligible institutions.

Federal Default Fee Payment – Stafford and PLUS Loans

For loans guaranteed on or after July 1, 2006, the Deficit Reduction Act requires guarantors to deposit a new *Default Fee* of one per cent (1.00%) of loan principal into the guarantor’s federal fund. The federal Default Fee *must* be collected either by deduction from the borrower’s loan proceeds or by payment from other non-federal sources.

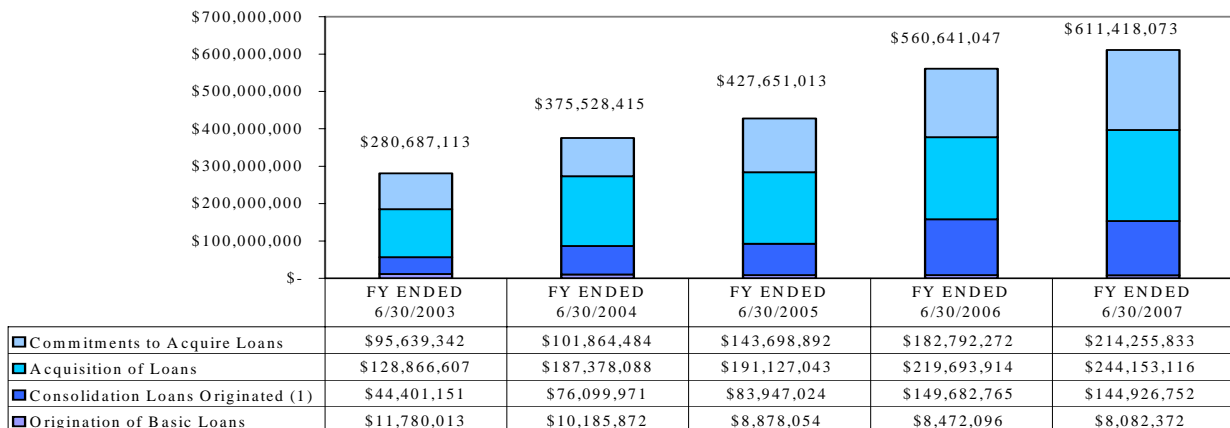
In order to benefit student borrowers in the OSLA Network, we have agreed to pay the federal Default Fee, if it is charged by the loan guarantor, at least for the 2007-2008 academic year. This payment will provide more loan proceeds for borrowers to pay their cost of attendance at eligible institutions.

LOAN FINANCE PROGRAMS

Program Activity Summary

During the Fiscal Years ended June 30, as indicated below, our total loan financing activity in the FFEL Program was approximately as shown in the following Graph and Table:

OSLA - FFEL PROGRAM FINANCING ACTIVITY
Current Principal Balance of Student Loans

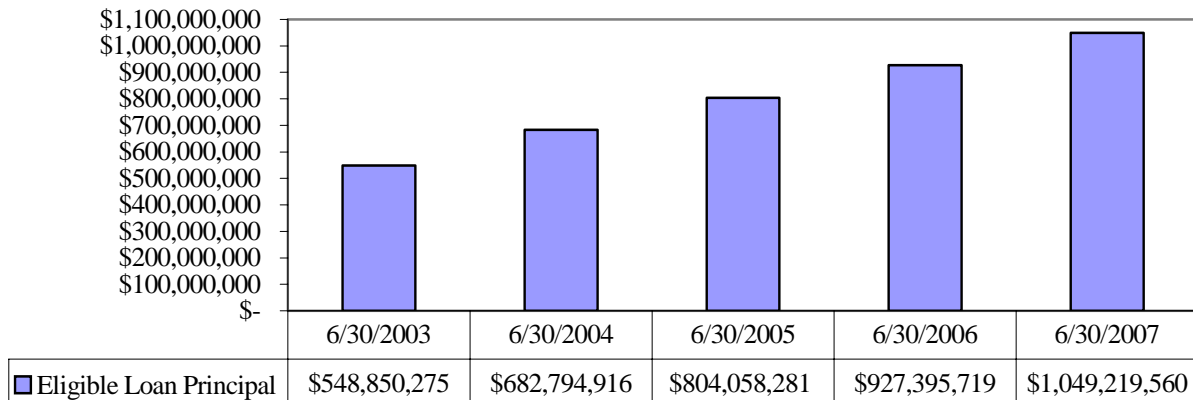


¹In the Fiscal Year ended June 30, 2007, 90% (86% in 2006 and 91% in 2005) of Consolidation Loans that were originated paid off loans that were already owned by OSLA.

Eligible Loan Principal Balances

At the dates indicated in the Table below, the current principal balance of our Eligible Loan principal (exclusive of uninsured status loans) receivable from borrowers was approximately as shown in the following Graph and Table:

OSLA - FFEL PROGRAM ELIGIBLE LOANS OWNED
Current Principal Balance



Average Borrower Indebtedness

<u>Loan Type</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>
Stafford Subsidized	\$ 5,400	\$ 5,435	\$ 5,417	\$ 5,230
Stafford Unsubsidized	\$ 6,200	\$ 6,230	\$ 5,987	\$ 5,806
PLUS	\$ 6,800	\$ 7,155	\$ 7,000	\$ 7,477
Consolidation	\$20,450	\$21,630	\$21,890	\$20,835

Guarantee of FFEL Program Loans

Under a contract of guarantee, a lender/holder of FFEL Program loans is entitled to a claim payment from the guarantee agency for 98% (97% for loans first disbursed on or after July 1, 2006), or 100% of any proven loss resulting from default, death, permanent and total disability, or discharge in bankruptcy of the borrower.

As an eligible lender/holder, we are required to use due diligence in the origination, servicing and collection of loans in order to maintain the guarantee. The Guarantee Agencies are reinsured, subject to various terms and conditions, by the USDE for reimbursement from 75% to 100% of the amounts expended in payment of claims.

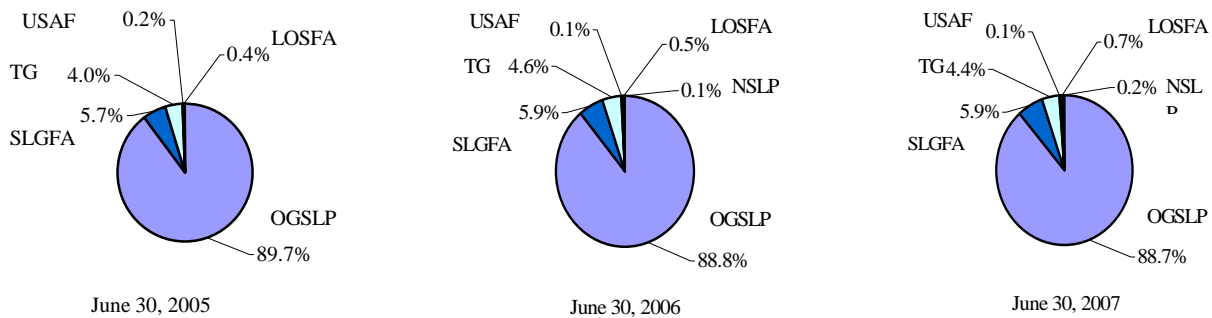
Loans financed by us are guaranteed to the extent provided for in the Higher Education Act by the:

- Oklahoma State Regents for Higher Education, Guaranteed Student Loan Program (*OGSLP*), Oklahoma City, OK;
- Student Loan Guarantee Foundation of Arkansas, Inc. (*SLGFA*), Little Rock, AR;

- Texas Guaranteed Student Loan Corporation (*TG*), Austin, TX;
- United Student Aid Funds, Incorporated (*USAF*), Indianapolis, IN;
- Louisiana Student Financial Assistance Commission (*LOSFA*), Baton Rouge, LA;
- Colorado Department of Higher Education – College Access Network, Denver, Co; and
- National Student Loan Program (*NSLP*), Lincoln, NE.

At June 30, 2007, substantially all of the current principal balance of our loans had loan guarantee eligibility (percentage of the principal amount of a claim) of 98%. At the dates indicated below, the Guarantor composition of our guaranteed loans was approximately as shown in the following Graphs:

OSLA - FFEL PROGRAM GUARANTEE COMPOSITION
Share of Current Principal Balance



OGSPLP - Okla. State Regents Guaranteed Student Loan Program
 SLGFA - Student Loan Guarantee Foundation of Arkansas, Inc.
 TG - Texas Guaranteed Student Loan Corporation

USAF - USAF Incorporated
 LOSFA - Louisiana Student Financial Assistance Commission
 NSLP - National Student Loan Program

Secondary Market Loan Acquisition

We established the OSLA Network of eligible lenders in August 1994 to further our secondary market activities. We perform loan application processing, disbursement and pre-acquisition servicing of FFEL Program loans for the OSLA Network lenders pursuant to separate education loan servicing agreements between us and each participating lender. We indemnify each of the OSLA Network lenders against any servicing errors made by us in the performance of this work.

Also, we provide our loan servicing system for use by eligible lenders on a remote basis from their premises. The remote users are responsible for their own origination and servicing prior to the required sale of the loans to us.

We maintain a separate forward purchase commitment with each participating lender. These agreements require the lender to sell, and us to purchase, education loans held by the OSLA Network lenders after the loans are fully disbursed, but no later than when repayment of the loans begins. All the purchases are made at prices agreed upon in the forward purchase commitments.

Lender of Last Resort

In February 1994, we began offering loans to certain students, primarily those attending high default rate schools, under a Lender of Last Resort Loan Program with the State Guarantee Agency. At June 30, 2007, we held approximately \$84,910.72 principal amount of such loans, compared to \$128,104 at June 30, 2006, and \$162,791 at June 30, 2005.

Students requesting Lender of Last Resort loans generally must have two (2) denial letters from other eligible lenders that will not make the loan to that student. Lender of Last Resort loans that default are guaranteed 100% as to principal and interest by the State Guarantee Agency.

SHELF™ Loan Program

In April 2000, we started our SHELF Program as a private, or alternative, loan program that is self insured. SHELF is *not* guaranteed by the federal government or a third party. SHELF Program loans are originated and serviced by us.

SHELF Program loans are underwritten based on the credit score of a borrower. A co-borrower may be required for credit underwriting purposes. SHELF Program loans are funded with our own funds and not by bond or note proceeds.

Guarantee fees are withheld from SHELF loan disbursements and placed in the Guarantee Reserve Fund of our General Student Loan Trust as a reserve against loan defaults. At June 30, 2007, the Guarantee Reserve Fund had a balance of approximately \$121,757.

The intent of the SHELF Program is to supplement loan funds available in the FFEL Program, as determined by the financial aid staff at eligible schools. Loan disbursements are made through eligible school financial aid offices. At the dates indicated below, we held approximately the principal amount of SHELF Program loans indicated in the Table below:

<u>SHELF Portfolio Principal Amount</u>				
<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>
\$2,586,571	2,875,396	\$2,893,016	\$3,044,209	\$3,067,299

FFEL PORTFOLIO DATA

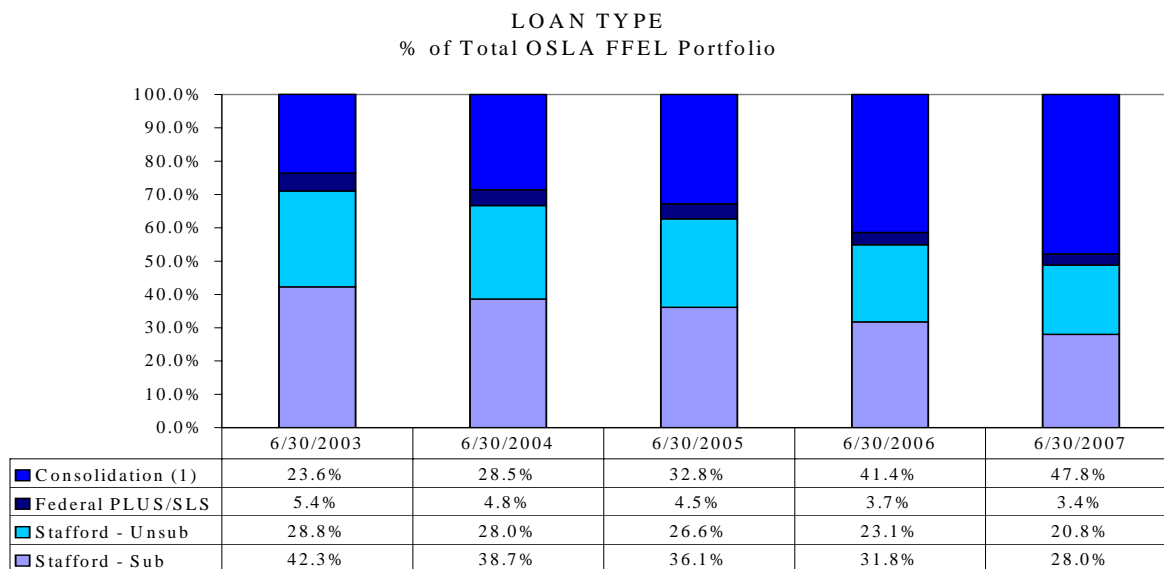
Loan Type

One of the major trends has been an increasing concentration of the Consolidation Loan type in our portfolio as we consolidated loans of our borrowers. This trend was accelerated in the Fiscal Years ended June 30, 2005 and 2006 by the eligibility of in-school students to consolidate at a fixed rate of interest and the economic incentive to consolidate before significant annual variable rate

increases on July 1, 2005 and 2006. However, under the Deficit Reduction Act, as of July 1, 2006, students that are in in-school status are no longer able to apply for a Consolidation Loan.

Consolidation loans require us to pay a monthly rebate to USDE at an annual rate of 1.05% of principal and accrued borrower interest. This burden is offset partially by a higher average borrower indebtedness that lowers servicing cost relative to loan principal, by a lower delinquency rate that reduces collection cost and by a lower default rate that reduces claims filing cost. We have not purchased Consolidation Loans from outside parties.

At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by loan type was approximately in the percentages shown in the following Graph and Table:



This shift to the Consolidation loan type caused a corresponding decrease of approximately 6.1% in the total portfolio share of Stafford loans from June 30, 2006 to June 30, 2007.

The following Table indicates the growing concentration of the Consolidation loan type in our Repayment status portfolio, including loans in forbearance status, at the dates indicated below:

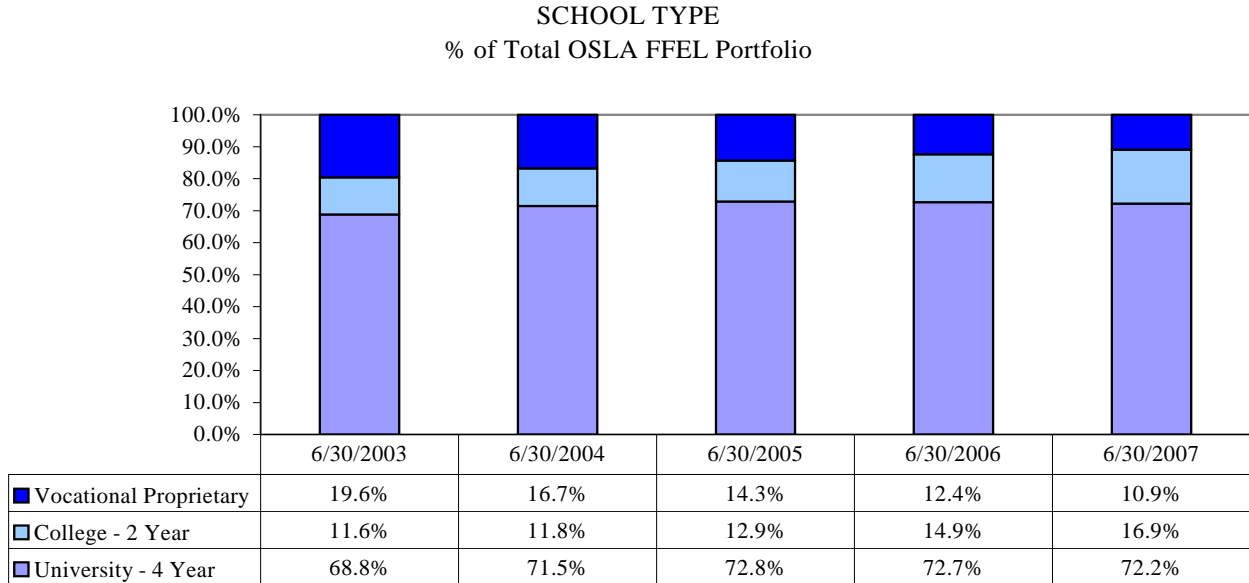
Consolidation Loan Share of Repayment Portfolio

<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/07</u>
35.6%	43.5%	49.3%	52.9%	52.3%

In June 2006, federal appropriation legislation repealed the Consolidation loan program's single holder rule. The single holder rule permitted a holder of all the loans of a specific borrower to refuse to allow another lender to pay off the borrower's underlying loans by making a Consolidation loan to that borrower. The repeal of the single holder rule means that any borrower may consolidate their loans with any eligible lender in the FFEL Program.

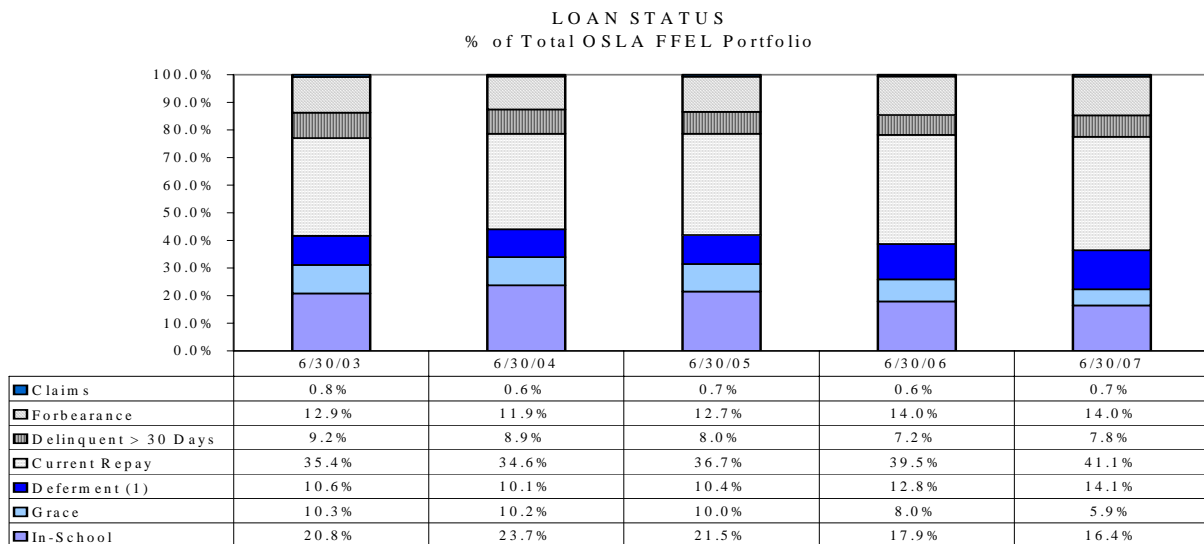
School Type

At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by school type, *exclusive of Federal Consolidation Loans that are not generally reported by school type*, was approximately in the percentages shown in the following Graph and Table:



Loan Status

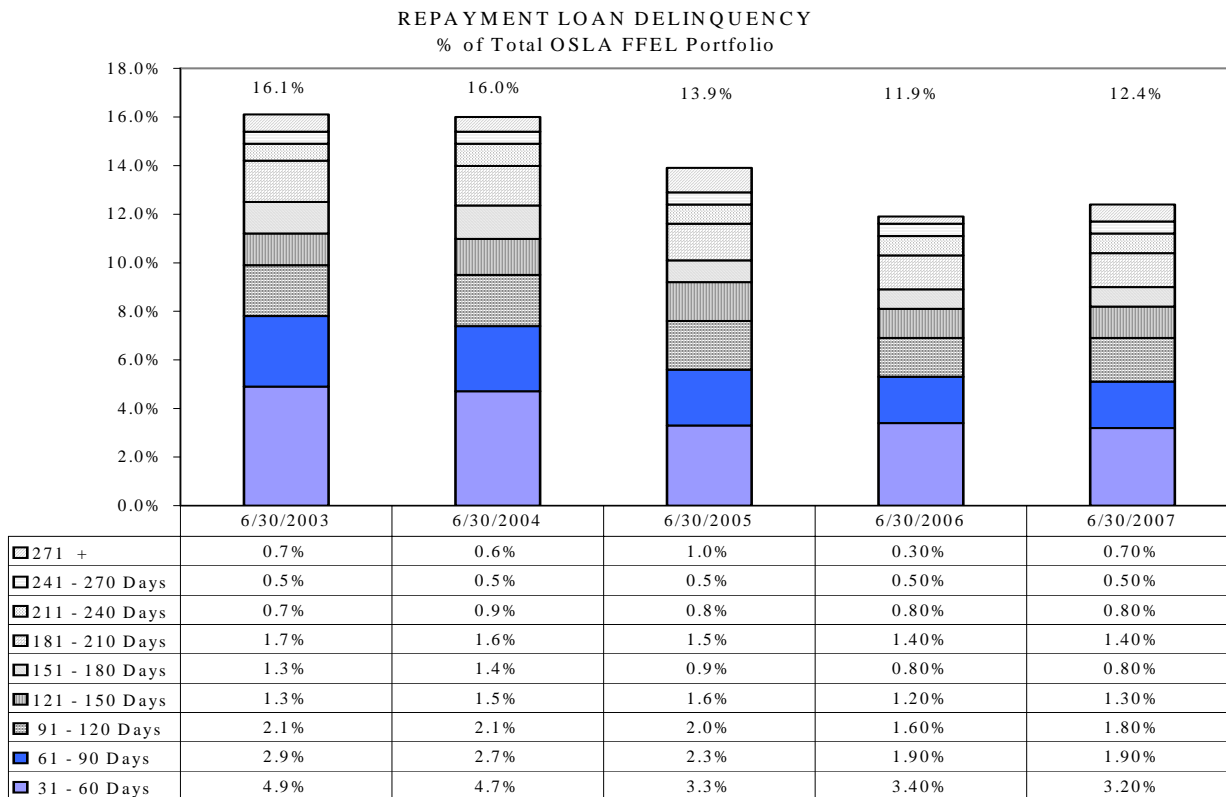
At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by loan status was approximately in the percentages shown in the following Graph and Table:



¹At June 30, 2007, approximately 52% of this category (52% at June 30, 2006 and 55% at June 30, 2005) were Subsidized Stafford loans or certain Consolidation Loans on which the USDE pays interest during deferment.

Repayment Loan Delinquency

At June 30 of the Fiscal Years indicated below, the delinquency rates of the current principal balance of our Eligible Loans that were in Repayment status, including Forbearance status loans, were approximately in the percentages shown in the following Graph and Table:



However, at June 30 of the Fiscal Years indicated below, total delinquency rates varied widely by loan type as shown in the following Table:

Repayment Loan Delinquency By Loan Type

<u>Loan Type</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>
Stafford	21.1%	21.5%	19.8%	23.0%
PLUS	8.8%	7.9%	7.9%	9.0%
Consolidation	12.7%	9.2%	7.2%	7.2%

LOAN SERVICING

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;
- Billings to USDE for Interest Benefit Payments and Special Allowance Payments;
- Reconciliation and payment of federal default fee billings;
- Collection of principal and interest from borrowers;
- Filing claims to collect guarantee payments on defaulted loans; and
- Accounting for ourselves and the OSLA Network.

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 written correspondence 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, we performed loan servicing 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 acquired in October 2005 that we own, which replaced an earlier iSeries model, resulting in a significant upgrade in configuration, processing capability and memory storage;
- iSeries related operating and database software that we license from IBM;
- Personal computers and an NT based local area network;
- Aid Delivery System (*IFA-ADS*) software that we licensed on a perpetual basis from Idaho Financial Associates, Inc. (*IFA*), Boise, Idaho;
- IFA Student Loan Servicing System (*IFA-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 and various commercial software applications licensed from multiple vendor sources.

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*. We are the only user of ADS, but IFA provides its IFA-SLSS education loan servicing software to 13 other student loan users that service loans, including Nelnet, Inc. In addition to licensing the IFA-SLSS 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. also is a competitor of ours as a loan servicer, secondary market and Consolidation Loan lender.

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

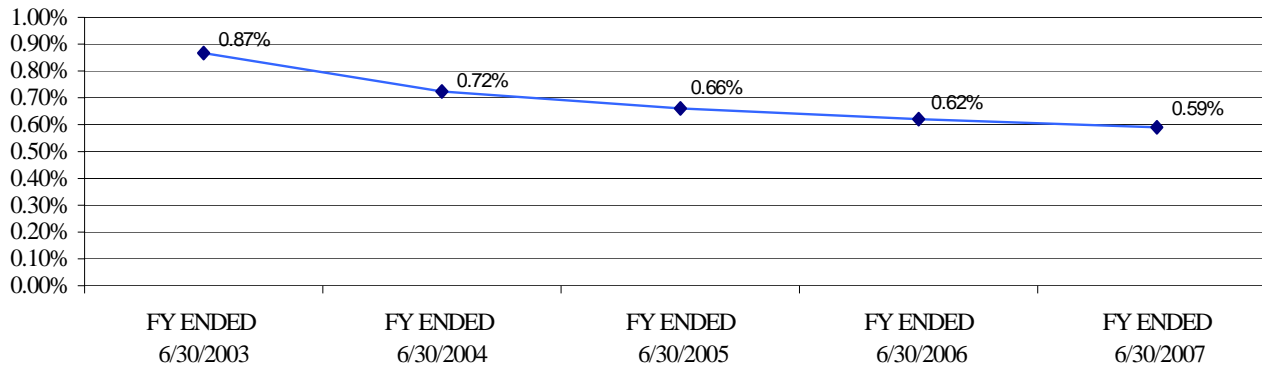
- Providing, maintaining and operating the requisite computer system and its operating and database software;
- Maintenance of tables and profiles on lenders, guarantors and post-secondary education institutions that we work with;
- Installing and testing new releases of the IFA System;
- Participation in the IFA System users' group which is responsible for compliance of IFA-SLSS 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.

Servicing Costs

At the dates indicated in the Graph below, our annual loan servicing cost (expressed as a percent of the outstanding Current Principal Balance of loans serviced) was approximately as shown in the following Graph:

OSLA - LOAN SERVICING COSTS



Note: The percentage is the total Annual Operating Cost of OSLA divided by the average of month end outstanding Current Principal Balances of loans.

If we do not comply with the due diligence standards required by the Higher Education Act, a claim to the Guarantor of the loan may be rejected. In such event, we can attempt to cure the rejected claim loan by various procedures. A cure within three years re-instates the guarantee.

During the Fiscal Years ended June 30, as indicated below, our cure experience was as shown in the following Table:

<u>Fiscal Year Ended</u>	<u>Claims Filed</u>	<u>Rejected¹</u>	<u>Rejection Rate</u>	<u>Cured¹ (cumulative)</u>	<u>Un-Resolved</u>
6/30/2007	\$37,261,708	\$ 50,309	0.14%	\$ 39,279	\$ 11,030
6/30/2006	\$33,030,794	\$230,849	0.70%	\$ 83,666	\$147,183
6/30/2005	\$27,356,200	\$215,037	0.78%	\$ 11,113	\$203,924
6/30/2004	\$23,581,512	\$152,746	0.65%	\$152,746	\$112,494
6/30/2003	\$21,172,322	\$ 90,370	0.43%	\$ 90,370	\$ 69,196

¹Annual amounts are adjusted over the time period due to the reconciliation and capitalized interest from recovery.

PROGRAM REVIEWS

Federal Reviews

The USDE routinely conducts site program reviews of secondary markets and student loan servicers, such as OSLA, for compliance with various aspects of the Higher Education Act.

The USDE conducted a Program Review of our operations as a secondary market in September 2002. There were no findings in the Review Report issued in April 2003. That Report stated that the review was closed.

The USDE conducted a Program Review of our loan service operations, including the portfolios of the OSLA Network serviced by us, in November 2002. The Review Report also issued in April 2003 had one finding on a non-recurring matter for the quarter ended March 31, 2002. The finding related to incorrect average daily balance calculations supplied to us on the conversion from our remote loan system to the IFA SLSS. The incorrect average daily balances overstated the billing on certain portions of our portfolio receiving Special Allowance Payments and did not have a monetary effect on the billing of any lenders in the OSLA Network. The miscalculation was corrected and balances were adjusted for the March 2003 quarter. This correction was reported to USDE, and in March 2004, the USDE reported that the adjustments satisfied the finding and stated that the review was closed.

State Guarantee Agency Reviews

In addition, the State Guarantee Agency routinely conducts site program reviews, or audits, of lenders, such as us, and our OLSA Network members. These reviews are conducted to evaluate compliance with various aspects of the Higher Education Act. We underwent a site joint program compliance review by OSGLP, the Oklahoma State Guarantee agency, and SLGFA, the Arkansas state guarantee agency, in late October and early November 2006.

At the exit conference at the end of the site review, no material findings or issues were raised by the program reviewers. The program reviewers for the joint compliance review issued their report after June 30, 2007 and identified three findings of non-compliance. This report also noted that corrective action had been taken on all three of these findings prior to the completion of their audit period and that no further action was required.

SUMMARY DEBT INFORMATION

We issued various debt obligations for our loan financing activities. The bonds and notes issued by us are not general obligations, but are limited revenue obligations secured by, and payable solely from, the assets of the Trust Estates created for particular financings by the various Bond Resolutions.

At June 30 of the Fiscal Years indicated below, the total outstanding debt in our various financing systems was as shown in the following Table:

<u>Total Outstanding Debt</u>				
<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>
\$550,085,000	\$658,410,000	\$806,580,000	\$928,150,000	\$1,030,896,850

At June 30, 2007, \$1,030,896,850 of our debt was publicly held and had long term credit ratings assigned by Moody's Investors Service, Inc. (*Moody's*) and Standard and Poor's (*S&P*) based on the type of security as shown in the Table below. The credit ratings have been maintained and periodically the ratings have been confirmed in connection with new parity debt issues or extensions of recycling periods.

<u>Credit Rating(s)</u>	<u>Principal Amount</u>	<u>Type of Security</u>
Aaa Moody's/AAA S&P	\$971,665,000	Senior Lien or Insured
A2 Moody's/A S&P	\$ 37,210,000	Subordinate Bonds ¹

¹The subordinate bonds represent debt that was issued under the 1995 Master Bond Resolution to provide self credit enhancement for Senior debt obligations under that master Resolution.

\$408,795,000 of the Authority is Aaa/AAA debt listed above bears a Weekly Rate and, in addition to the long-term ratings, also has short-term ratings by Moody's (VMIG-1) and S&P (A-1+ or A-1).

We meet our temporary funding requirements through a taxable revolving warehouse line of credit provided by commercial banks. The commitment amount of the taxable line of credit is \$150,000,000, of which \$22,000,000 was outstanding at June 30, 2007. Advances on the commitment are available in multiple draws as needed by us. The commitment expires at the final stated maturity of the note, April 29, 2008. The taxable line of credit is *not* rated.

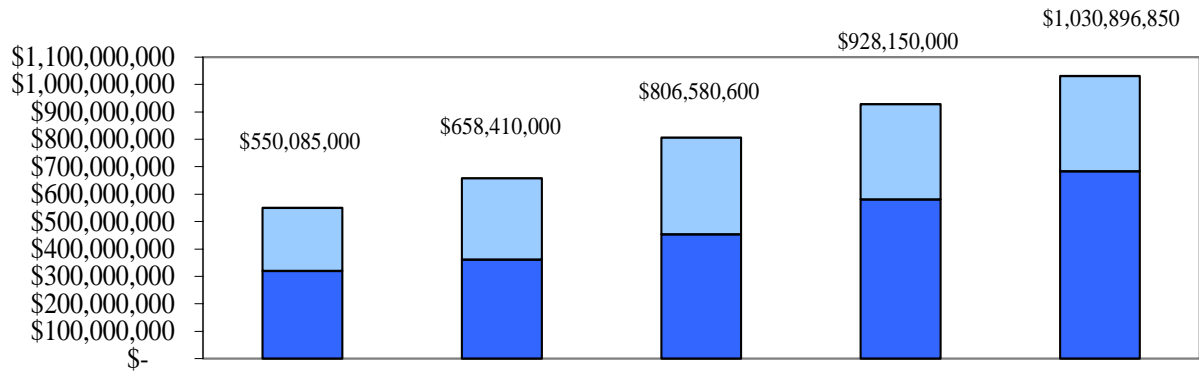
In addition, we meet temporary funding needs for tax-exempt debt issuance through a non-revolving tax-exempt line of credit provided by a commercial bank. The remaining commitment amount of the tax-exempt line of credit at June 30, 2007 was \$12,314,000. In June 2007, approval was given to increase the line of credit by \$100,000,000 and subsequent to June 30, 2007, the line of credit commitment was increased to \$112,314,000 with Advances available on the line until September 1, 2010. The tax-exempt line of credit is *not* rated.

We lease certain facilities and equipment under non-cancelable operating leases that expire at various dates through Calendar Year 2012. The future minimum rental payments under these leases for the next five Fiscal Years after June 30, 2007 total approximately \$2,070,000, including a building lease obligation entered into after June 30, 2007. We have no capitalized lease obligations. In addition, we have no off-balance sheet financings.

The characteristics of the various outstanding taxable and tax-exempt debt obligations at June 30 of the Fiscal Years indicated below are itemized in the following Graphs and Tables:

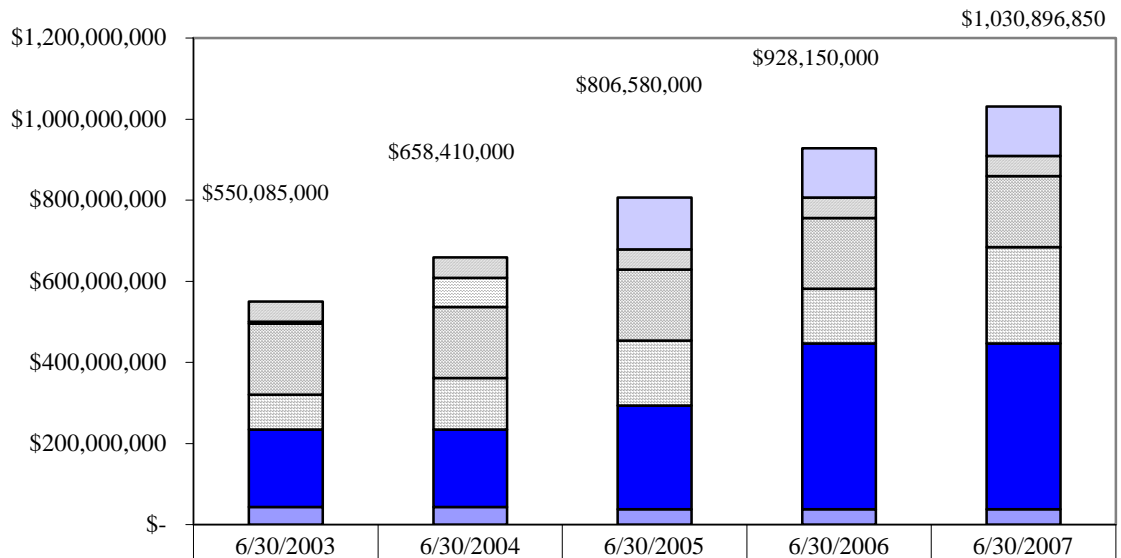
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OSLA – OUTSTANDING DEBT
Tax Status of Obligations



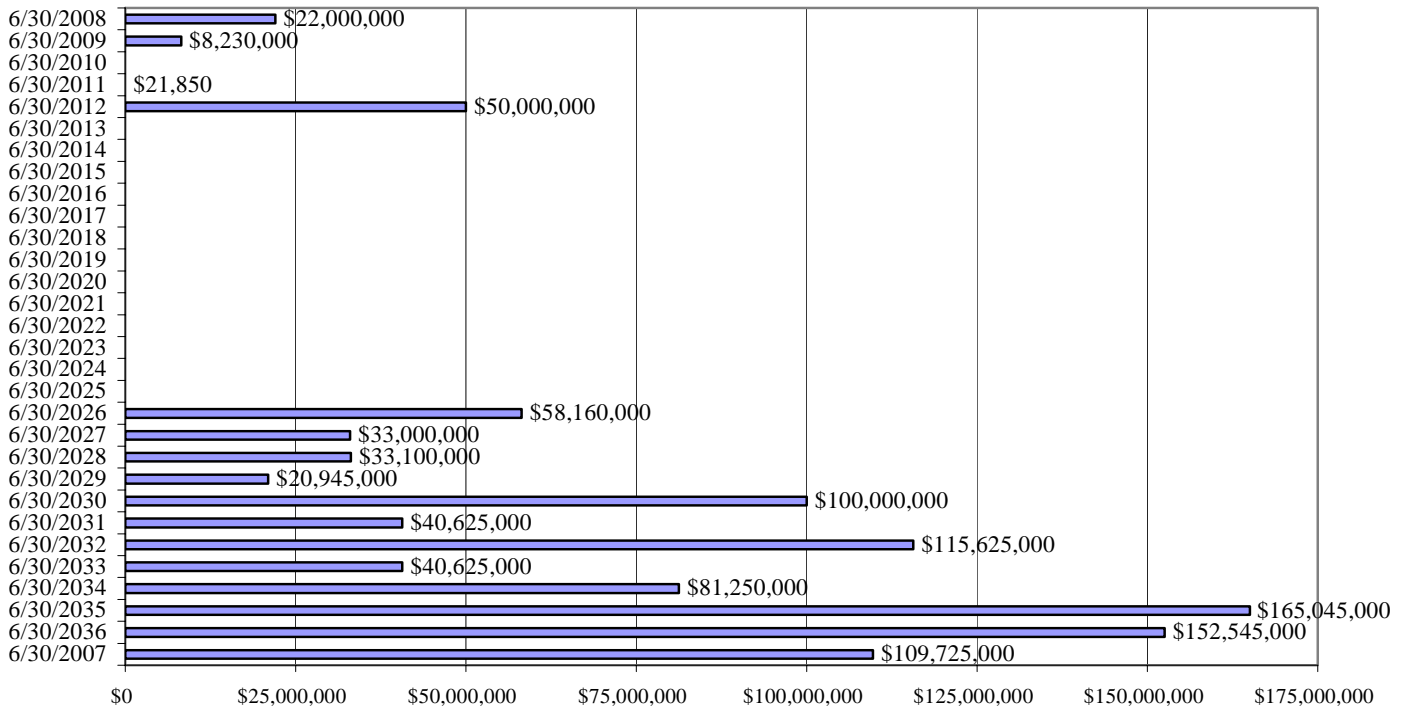
	6/30/2003	6/30/2004	6/30/2005	6/30/2006	6/30/2007
■ Taxable Debt	\$229,600,000	\$297,300,000	\$352,775,000	\$347,000,000	\$347,000,000
■ Tax-Exempt Debt	\$320,485,000	\$361,110,000	\$453,805,000	\$581,150,000	\$683,896,850

OSLA - OUTSTANDING DEBT
Interest Basis Composition



	6/30/2003	6/30/2004	6/30/2005	6/30/2006	6/30/2007
■ Taxable - LIBOR Index	\$0	\$0	\$127,775,000	\$122,000,000	\$122,000,000
■ Taxable - CP Index	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000
■ Taxable - T-Bill Index	\$4,600,000	\$72,300,000	\$0	\$0	\$0
■ Taxable - Auction Rate	\$175,000,000	\$175,000,000	\$175,000,000	\$175,000,000	\$175,000,000
■ Tax-Exempt - Auction Rate	\$85,800,000	\$126,425,000	\$160,050,000	\$134,850,000	\$237,575,000
■ Tax-Exempt - Weekly VRDO	\$191,205,000	\$191,205,000	\$256,250,000	\$408,795,000	\$408,795,000
■ Tax-Exempt - LIBOR Index	\$0	\$0	\$0	\$0	\$21,850
■ Tax-Exempt - Fixed Rate	\$43,480,000	\$43,480,000	\$37,505,000	\$37,505,000	\$37,505,000

OSLA - SCHEDULED BOND MATURITIES AT JUNE 30, 2007
Total Principal Amount Due \$1,030,896,850



FINANCIAL STATEMENTS

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, unless such statements are in direct conflict with statements issued by the Governmental Accounting Standards Board (*GASB*). Our financial statements are prepared to comply with Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”.

The financial statements for the Fiscal Years ended June 30, 2006 and 2005 were audited and reported on by Grant Thornton LLP, Oklahoma City, Oklahoma, independent certified public accountants. The audited financial statements speak only as of their date and Grant Thornton LLP has not been requested, nor has it undertaken, to conduct any post-audit review.

A copy of the comparative financial statements for June 30, 2006 and 2005 is available on the internet at the *website* address of “www.OSLAFinancial.com” and a copy was filed with the various Nationally Recognized Municipal Securities Information Repositories.

Our financial statements for the Fiscal Year ended June 30, 2007 are being audited by Grant Thornton LLP, Oklahoma City, Oklahoma. However, those financial statements, and the Auditors’ Report thereon, have not been released as of the date of this General Description. A copy of the audited financial statements for the Fiscal Years ended June 30, 2007 and 2006 will be posted on the *website* www.OSLAFinancial.com when available.



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