This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may an offer to buy be accepted, prior to the time the Official Statement is delivered in final form. This Preliminary Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 27, 1996

NEW ISSUE - BOOK ENTRY ONLY

In the opinion of Bond Counsel, assuming continuing compliance with certain requirements and covenants, under existing law interest on the Series 1996B Bonds is excludable from gross income for federal income tax purposes; however, interest on the Series 1996B Bonds constitutes a specific item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is further of the opinion that, pursuant to the Act, the Series 1996B Bonds and the income therefrom are exempt from taxation in the State of Oklahoma. For a more complete description of certain tax matters, see the caption "TAX MATTERS" herein.

$12,205,000*

OKLAHOMA STUDENT LOAN AUTHORITY

Oklahoma Student Loan Bonds and Notes

Consisting Of

$5,975,000* ___ % Subordinate Bonds, Series 1996B-1
Due August 1, 2004 Price _______ %

$6,230,000* ___ % Subordinate Bonds, Series 1996B-2
Due August 1, 2008 Price _______ %

(plus accrued interest)

Dated: August 1, 1996

The Oklahoma Student Loan Bonds and Notes will be issued by the Oklahoma Student Loan Authority (the "Authority") pursuant to the Master Bond Resolution adopted by the trustees of the Authority on November 2, 1995 (the "Master Bond Resolution") and corresponding Series Supplemental Bond Resolutions adopted August __, 1996. The $5,975,000* Subordinate Bonds, Series 1996B-1 (the "Series 1996B-1 Bonds") and the $6,230,000* Subordinate Bonds, Series 1996B-2 (the "Series 1996B-2 Bonds") will be issued as fully registered obligations without coupons in principal amounts of $5,000 or any integral multiple thereof. Together, the Series 1996B-1 Bonds and the Series 1996B-2 Bonds are referred to herein as the "Series 1996B Bonds". Interest on the Series 1996B Bonds will be payable semi-annually at the rates of interest shown above on February 1 and August 1 of each year, commencing February 1, 1997.

When issued, the Series 1996B Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York which will act as securities depository. Individual purchases of beneficial ownership interests in the Series 1996B Bonds will be made in Book Entry form only. The principal of and interest on the Series 1996B Bonds are payable from the Trust Estate (as defined herein) held by the Master Trustee, Boatmen's First National Bank of Oklahoma, Oklahoma City, Oklahoma, to DTC, which is in turn to remit such principal and interest to its Participants (as defined herein) which are in turn to remit such principal and interest to the Beneficial Owners (as defined herein) of the Series 1996B Bonds. See the caption "DESCRIPTION OF THE SERIES 1996B BONDS - Securities Depository" herein.

The Series 1996B Bonds will be issued as additional subordinate indebtedness pursuant to the Master Bond Resolution on a parity with the Authority's outstanding $2,000,000 Subordinate Bonds, Series 1995B-1 (due September 1, 2008), and $3,980,000 Subordinate Bonds, Series 1995B-2 (due September 1, 2025). Together, the Series 1995B-1 Bonds and the Series 1995B-2 Bonds are referred to herein as the "Series 1995B Bonds".

The payment of the principal of and interest on the Series 1996B Bonds and Series 1995B Bonds is subordinated in right of payment, to the extent and in the manner specified in the Master Bond Resolution and described herein, to the payment of the principal of and interest on the $21,600,000 Senior Notes, Series 1995A-1 and $7,000,000 Senior Notes, Series 1995A-2, any additional bonds or notes issued in the future on a parity therewith and to certain other payment obligations arising under the Master Bond Resolution. See the caption "SECURITY AND SOURCES OF PAYMENT - Certain Payment Priorities" herein.

The Series 1996B Bonds are subject to mandatory redemption prior to maturity as more fully described in the corresponding Supplemental Bond Resolutions and herein under the caption "DESCRIPTION OF THE SERIES 1996B BONDS - Redemption Provisions".

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including all Appendices attached hereto, to obtain information essential to the making of an informed investment decision. See the caption "INVESTMENT CONSIDERATIONS" herein for a discussion of certain factors which prospective investors should consider in connection with an investment in the Series 1996B Bonds offered hereby.

The Series 1996B Bonds, and the interest thereon, are limited and special revenue obligations of the Authority, secured by and payable solely from revenues, funds and other assets specifically pledged therefor, as more particularly described herein and in the Master Bond Resolution and the corresponding Supplemental Bond Resolutions. The Series 1996B Bonds, and the interest thereon do not constitute or create an obligation (general or special), debt, liability or moral obligation of the State of Oklahoma or of any political subdivision thereof within the meaning of any constitutional or statutory provision whatsoever; and neither the faith and credit nor the taxing power of the State of Oklahoma or any political subdivision thereof is pledged to the payment of the principal of, or interest on, the Series 1996B Bonds. The Series 1996B Bonds, and the interest thereon, are not personal obligations of the trustees of the Authority and are not a general obligation of the Authority. The Authority has no taxing power.

The Series 1996B Bonds are offered pursuant to public sale, subject to the approval of legality by Kutak Rock, Oklahoma City, Oklahoma, Bond Counsel. Certain legal matters will be passed upon for the Authority by its special counsel Roderick W. Durrell, Esq. Rauscher Pierce Refsnes, Inc., Phoenix, Arizona is the cash flow consultant to the Authority for the Series 1996B Bonds. It is expected that the Series 1996B Bonds will be delivered through the facilities of DTC in New York, New York on or about August 27, 1996.

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*Preliminary, subject to change

No dealer, broker, salesman or other person has been authorized by the Authority, the State Guarantee Agency or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 1996B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the Authority, the State Guarantee Agency, and other sources which are believed to be reliable. Such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information concerning the State Guarantee Agency and DTC has been furnished by the State Guarantee Agency and DTC, respectively, and such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Authority or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the State Guarantee Agency, or any other entity described herein after the date hereof.

This Official Statement does not constitute a contract between the Authority or the Underwriter and any one or more of the purchasers or Registered Owners of the Series 1996B Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 1996B BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 1996B BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 1996B BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 1996B BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON, OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

FOR NEW HAMPSHIRE RESIDENTS: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER 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.

This Preliminary Official Statement and the information contained herein is in a form deemed final by the Authority for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). However, the information herein is subject to revision, completion or amendment in a final Official Statement.

TABLE OF CONTENTS

INDEX OF PRINCIPAL TERMS

The purpose of this Index is to provide an alphabetical listing, for convenience of reference, of the definitions of principal terms used in the main body of this Official Statement. Such terms are summaries of their complete definitions in the Master Bond Resolution, as Supplemented. **For the complete definitions of the terms listed herein, reference is made to the Master Bond Resolution and the various Supplemental Bond Resolutions, copies of which are on file with the Master Trustee and the Authority.** See also, a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED", which was distributed by the Authority in connection with the offering of the Series 1996B Bonds, an additional copy of which is available upon request to the Authority.

$12,205,000*

OKLAHOMA STUDENT LOAN AUTHORITY
Oklahoma Student Loan Bonds and Notes

INTRODUCTION

General

The Official Statement is being distributed by the Oklahoma Student Loan Authority (the "Authority"), an express trust established for the benefit of the State of Oklahoma (the "State") by a certain Trust Indenture dated August 2, 1972, to furnish information in connection with the offering of its Oklahoma Student Loan Bonds and Notes dated August 1, 1996, which consist of:

- $5,975,000* Subordinate Bonds, Series 1996B-1 (the "Series 1996B-1 Bonds") due August 1, 2004 (CUSIP Number 679110 - ___; and
- $6,230,000* Subordinate Bonds, Series 1996B-2 (the "Series 1996B-2 Bonds") due August 1, 2008 (CUSIP Number 679110-___;

(together, the "Series 1996B Bonds") to be issued in the respective principal amounts described above bearing interest at rates of interest as shown on the cover page hereof.

For a further description of the Authority, see the caption "THE AUTHORITY" herein, and see also "Appendix A - OKLAHOMA STUDENT LOAN AUTHORITY, FINANCIAL INFORMATION AND OPERATING DATA" herein.

Authorization

The Series 1996B Bonds will be issued pursuant to the provisions of the Oklahoma Student Loan Act, Title 70, Oklahoma Statutes 1991, Sections 695.1 *et seq*., as amended (the "Student Loan Act"), and the Oklahoma Trusts for Furtherance of Public Functions Act, Title 60, Oklahoma Statutes 1991, Sections 176 to 180.3, inclusive, as amended (the "Public Trust Act"). The "Student Loan Act" and the "Public Trust Act" are together referred to herein as the "Act".

The Series 1996B Bonds also will be issued pursuant to that certain Master Bond Resolution adopted by the trustees of the Authority on November 2, 1995 (the "Master Bond Resolution").

The Series 1996B Bonds also will be issued pursuant to corresponding Series Supplemental Bond Resolutions (together, the "Series 1996B Supplemental Resolutions") adopted on August __, 1996. Collectively, the Master Bond Resolution, the Series 1995 Supplemental Resolutions (as defined below) and the Series 1996B Supplemental Resolutions are herein referred to as the "Master Bond Resolution, as Supplemented".

*Preliminary, subject to change

Pursuant to the Master Bond Resolution, the Authority adopted four corresponding Series 1995 Supplemental Bond Resolutions (collectively, the "Series 1995 Supplemental Resolutions") on November 2, 1995 and issued and has outstanding $34,580,000 aggregate principal amount of Oklahoma Student Loan Bonds and Notes, Series 1995 consisting of:

- $21,600,000 auction rate Senior Notes, Series 1995A-1 (the "Series 1995A-1 Notes") due September 1, 2025 (CUSIP Number 679110 CB 0);
- $7,000,000 auction rate Senior Notes, Series 1995A-2 (the "Series 1995A-2 Notes") due September 1, 2025 (CUSIP Number 679110 CC 8);
- $2,000,000 5.80% Subordinate Bonds, Series 1995B-1 (the "Series 1995B-1 Bonds") due September 1, 2008 (CUSIP Number 679110 CD 6); and
- $3,980,000 6.35% Subordinate Bonds, Series 1995B-2 (the "Series 1995B-2 Bonds") due September 1, 2025 (CUSIP Number 679110 CE 4);

which are collectively herein referred to as the "Series 1995 Bonds and Notes".

As of July 1, 1996, all of the proceeds of the Series 1995 Bonds and Notes that were available for the acquisition of Eligible Loans (as defined herein) have been disbursed for that purpose. In addition, as of that same date, the Authority had commenced acquiring additional Eligible Loans with the Recoveries of Principal (as defined herein) of the education loans financed with such proceeds (referred to herein as "Recycling"). The Recycling acquisition period for the Series 1995 Bonds and Notes presently expires on November 1, 1998. The Recycling acquisition period for the Series 1996B Bonds will expire on November 1, 1999. The present expiration dates of the respective periods for Recycling are subject to extension upon the satisfaction of certain conditions described herein. See the caption "DESCRIPTION OF THE SERIES 1996B BONDS - Redemption Provisions" herein.

For a summary of certain definitions and provisions of the Master Bond Resolution, as Supplemented, including without limitation, provisions regarding: the rights, duties and obligations of the Authority; the revenues and fund accounts of the Trust Estate (as defined herein); defaults and remedies; the rights, duties, and obligations of the Master Trustee (as defined herein); and supplemental resolutions; reference is made to a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" which is being distributed by the Authority in connection with the offering of the Series 1996B Bonds, an additional copy of which is available upon request to the Authority.

Capitalized terms used and not defined herein have the same meanings set forth in the Master Bond Resolution, as Supplemented, unless the context clearly indicates otherwise.

Master Trustee

Administration of the Trust Estate (as defined herein) created for the Series 1996B Bonds will be governed by a certain Master Trust Agreement dated as of November 1, 1995 (the "Master Trust Agreement") by and between the Authority and Boatmen's First National Bank of Oklahoma, Oklahoma City, Oklahoma, as trustee thereunder (the "Master Trustee"). In addition, Boatmen's First National Bank of Oklahoma also will be acting as the "Series 1996 Trustee" pursuant to that certain Series 1996 Trust Agreement dated as of August 1, 1996 (the "Series 1996 Trust Agreement") by and between the Authority and the Master Trustee. The Master Trustee is acting as Paying Agent, Authenticating Agent and Registrar pursuant to the respective Series 1996B Supplemental Resolutions and the Series 1996 Trust Agreement.

Payment from the Trust Estate by the Master Trustee of the principal of and interest on the Series 1996B-1 Bonds and the Series 1996B-2 Bonds is subordinated in right of payment, to the extent and in the manner specified in the Master Bond Resolution and as described herein, to the payment of the principal of and interest on the Series 1995A-1 Notes and Series 1995A-2 Notes, any additional bonds or notes issued in the future on a parity therewith and to certain other payment obligations arising under the Master Bond Resolution. See the caption "SECURITY AND SOURCES OF PAYMENT - Certain Payment Priorities" herein. The Series 1996B Bonds will be issued as additional subordinated indebtedness on a parity as to right of payment with the Series 1995B-1 Bonds and the Series 1995B-2 Bonds (together, the "Series 1995B Bonds").

Use of Proceeds

The proceeds of the Series 1996B Bonds, together with other legally available assets, will be used by the Authority, among other things: (i) to current refund the September 1, 1996 maturity of its Series 1992A Bonds outstanding in the aggregate principal amount of $6,230,000; (ii) to current refund, in whole, its privately placed 1987 Series A Revenue Note (the "Refunded Note") outstanding in the aggregate principal amount of $5,975,000; (iii) to provide funds to finance Eligible Loans (as defined herein); (iv) to fund the Debt Service Reserve Account Requirement in an amount equal to two percent (2%) of the aggregate principal amount of the Series 1996B Bonds; (v) to fund capitalized interest, if any; and (vi) to pay costs of issuance. See the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Financed Eligible Loans

Eligible Loans held under the Master Bond Resolution, the Master Trust Agreement and the corresponding Series Supplemental Resolutions are referred to herein as "Financed Eligible Loans". The education loan promissory notes evidencing the Financed Eligible Loans and related loan documentation will be held by the Master Trustee, acting as "Custodian" pursuant to the provisions of a certain Master Custodian Services Agreement dated September 27, 1994 (the "Custodian Agreement") between the Master Trustee, as Custodian, and the Authority. See the captions "SECURITY AND SOURCES OF PAYMENT - Trust Estate"; "INVESTMENT CONSIDERATIONS"; and "THE AUTHORITY" herein; and see also the various Appendices herein.

Financed Eligible Loans are expected to be acquired in the Trust Estate by transfer of such loans from the trust estate for the Refunded Note and from loans previously originated or acquired by the Authority to be available for such purpose. The Eligible Loans Financed by the proceeds of the Series 1996B Bonds are expected to be deposited in the Trust Estate on or about October 1, 1996.

Financed Eligible Loans will be guaranteed to the extent provided for in the Higher Education Act of 1965, as amended and the regulations thereunder (the "Higher Education Act"): (i) by the Oklahoma State Regents for Higher Education (the "State Regents"), acting as the State Guarantee Agency (the "State Guarantee Agency") in administering the Student Educational Assistance Fund (the "Guarantee Fund"); or, (ii) by other guarantors of Eligible Loans qualified under the provisions of the Master Bond Resolution to act in such capacity (each, including the State Guarantee Agency, a "Guarantee Agency"); or (iii) in certain instances by the Secretary (the "Secretary") of the United States Department of Education (the "USDE"). The respective Guarantee Agencies are reinsured, subject to various terms and conditions, by the Secretary for reimbursement from 78% to 100% of the amounts expended in payment of claims by eligible lenders (including the Authority) regarding education loans guaranteed by the respective Guarantee Agencies.

As of June 30, 1996, approximately 98.6% of the Federal Family Education Loan Program (the "FFEL Program") loans held by the Authority were guaranteed by the State Guarantee Agency, approximately 1.4% were guaranteed by another Guarantee Agency, and the remainder were guaranteed by the Secretary directly. See the caption "GUARANTEE AGENCIES" herein; and see also, "Appendix B - THE STATE GUARANTEE AGENCY DESCRIPTIVE, STATISTICAL AND FINANCIAL STATEMENT INFORMATION" and "Appendix C - DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" herein.

Recycling

As a general practice, the Authority utilizes Recycling of Recoveries of Principal from its various funding sources to finance additional Eligible Loans instead of redeeming bond principal prior to its scheduled maturity. The Authority plans to use this method of loan financing to the maximum extent possible with respect to the Series 1996B Bonds. As used herein:

A. "Eligible Loans" mean, among other things, any loan made to finance post-secondary education that, (i) is made under the Higher Education Act, and (ii) is insured or guaranteed by a Guarantee Agency for the maximum percentage of the principal of and accrued interest on such loan allowed by the Higher Education Act at the time such loan was originated, and is subject to reimbursement (under federal reimbursement contracts) to such Guarantee Agency for payments made by it on defaulted Eligible Loans of at least the minimum reimbursement allowed by the Higher Education Act with respect to a particular Eligible Loan; and

B. "Recoveries of Principal" mean, among other things, all amounts received by or on behalf of the Authority or by the Master Trustee (or any Series Trustee) for the account of the Authority, from or on account of any Financed Eligible Loan as a recovery of the principal amount thereof, including scheduled, delinquent and advance payments, payouts or prepayments, proceeds from the sale, assignment, transfer, reallocation or other disposition of such loans, and any payments representing principal from claim payments on the guarantee or insurance of any such loan, but excludes any Claim Adjustments relating to principal on an Eligible Loan and any Recoveries of Principal released from the lien of the Trust Estate as provided in the Master Bond Resolution, as Supplemented.

It is anticipated that a significant number of Eligible Loans financed by the Recoveries of Principal available for Recycling will be eligible for the Authority's "TOP"™ program. "TOP"™ is the identifying trademark name of the Authority's behavioral incentive loan program for borrowers that are timely on payments and qualify for a subsequent interest rate discount of 1.50 percent on their education loans. In order to be eligible for "TOP"™, an education loan must have been, with certain exceptions, first disbursed on or after July 1, 1996. In order to qualify for "TOP"™, an eligible borrower must make twelve (12) consecutive timely payments of principal and interest. Once achieved, the "TOP"™ loan discount is permanent.

Loan Servicing

The Authority services its education loans internally on a remote servicing system database provided by UNIPAC Service Corporation ("UNIPAC"), Aurora, Colorado. See the caption "THE AUTHORITY - Loan Servicing" herein. Pursuant to the Master Bond Resolution, the Authority is required to perform all services and duties customary to the servicing of education loans in compliance with all standards and procedures provided for in the Higher Education Act.

The Authority also performs origination and pre-acquisition interim servicing for certain other eligible lenders in Oklahoma that are participating members of the Authority's Guaranteed Student Loan Network (the "Network"). Pursuant to such arrangements, the Network members are required to sell such loans from time to time to the Authority.

Security for the Bonds

The Master Bond Resolution establishes three priority levels of obligations that can be issued: (i) Senior Obligations; (ii) Subordinate Obligations; and (iii) Junior-Subordinate Obligations; (collectively, the "Obligations") with varying priorities in rights to payment.

A. *Senior Obligations*. Payment of the principal of and interest on the Series 1995A-1 Notes and Series 1995A-2 Notes is secured by the pledge effected by the Master Bond Resolution, as Supplemented, with respect to certain revenues and assets as described herein, including Revenues (other than Revenues held in the Rebate Fund), as defined herein, and Recoveries of Principal received with respect to Financed Eligible Loans, and moneys, investments and other assets in certain Funds and Accounts (as defined herein) established under the Master Bond Resolution, as Supplemented, on a parity with each other, with any additional obligations issued as Senior Bonds and Notes, and with certain other payment obligations arising under the Master Bond Resolution, as Supplemented (collectively, the "Senior Obligations"). Rights as to payment and other remedies for holders of Senior Obligations are superior to such rights afforded to holders of Subordinate Obligations (including the Series 1996B Bonds) and Junior-Subordinate Obligations (each as defined herein). However, current principal and interest may be paid on Subordinate Obligations, if all principal and interest payments due and owing on the Senior Obligations previously have been made or provided for as set forth in the Master Bond Resolution, as Supplemented.

Upon issuance of the Series 1996B Bonds, the Series 1995A-1 Notes and Series 1995A-2 Notes will constitute the only Senior Obligations currently issued and outstanding under the Master Bond Resolution, as Supplemented. See the caption "SECURITY AND SOURCES OF PAYMENT" herein, and see also a separate document titled the "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" which is available upon request to the Authority.

B. *Subordinate Obligations.* Payment of the principal of and interest on the Series 1995B Bonds and the Series 1996B Bonds will be secured by the pledged assets of the Trust Estate subordinate to the rights of payment of the Senior Obligations, but on a parity with each other and all other Subordinate Obligations. Subordinate Obligations are payable on a superior basis to payments on Junior-Subordinate Obligations. However, current principal and interest may be paid on the Junior-Subordinate Obligations if all principal and interest payments due and owing on the Senior Obligations and the Subordinate Obligations previously have been made or provided for as set forth in the Master Bond Resolution, as Supplemented.

Upon issuance of the Series 1996B Bonds, the Series 1995B Bonds and the Series 1996B Bonds will constitute the only Subordinate Obligations currently issued and outstanding under the Master Bond Resolution, as Supplemented. See the caption "SECURITY AND SOURCES OF PAYMENT" herein, and see also the separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" which is available upon request to the Authority.

C. *Junior-Subordinate Obligations.* Junior-Subordinate Bonds and Notes that are subordinate in right of payment to both the Senior Obligations and the Subordinate Obligations may be issued from time to time in the future pursuant to the Master Bond Resolution, as Supplemented. Payment of the principal of and interest on the Junior-Subordinate Obligations will be secured by the pledged assets of the Trust Estate subordinate to the rights of payment of the Senior Obligations and the Subordinate Obligations. Such payments of Junior-Subordinate Obligations, if any, may be on a parity with other Junior-Subordinate Obligations, or may be subject to separate preferences or priorities within such class of obligations.

Upon issuance of the Series 1996B Bonds, there will be no Junior-Subordinate Obligations currently issued or outstanding.

The Series 1996B Bonds, and the interest thereon, are limited and special revenue obligations of the Authority, secured by and payable solely from revenues, funds and other assets specifically pledged therefor, as more particularly described herein and in the Master Bond Resolution, as Supplemented. The Series 1996B Bonds, and the interest thereon, do not constitute or create an obligation (general or special), debt, liability or

moral obligation of the State or of any political subdivision thereof within the meaning of any constitutional or statutory provision whatsoever; and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, or interest on, the Series 1996B Bonds. The Series 1996B Bonds, and the interest thereon, are not personal obligations of the trustees of the Authority and are not a general obligation of the Authority. The Authority has no taxing power.

Availability of Documentation

The descriptions of the Series 1996B Bonds and of the documents authorizing and securing the Series 1996B Bonds contained herein do not purport to be definitive or comprehensive. All references herein to such documents are qualified in their entirety by reference to the Series 1996B Bonds and such documents. Copies of the documents may be examined at the office of the Master Trustee located at 211 North Robinson Avenue, Suite 1100 North, Oklahoma City, Oklahoma 73102, Attention: Corporate Trust Services; or, at the offices of the Authority located at 4545 North Lincoln Boulevard, Suite 66, Oklahoma City, Oklahoma 73105, Attention: President.

DESCRIPTION OF THE SERIES 1996B BONDS

The Series 1996B Bonds are available in Book Entry form only. See the caption "DESCRIPTION OF THE SERIES 1996B BONDS - Securities Depository" herein. As long as Cede & Co., as nominee of The Depository Trust Company (the "DTC"), New York, New York, is the Registered Owner of the Series 1996B Bonds, references herein to the Registered Owners of the Series 1996B Bonds mean Cede & Co. and do not mean the Beneficial Owners (as defined herein) of the Series 1996B Bonds.

General

The Master Bond Resolution and the Series 1996B Supplemental Resolutions will authorize, among other things: (i) the issuance of the Series 1996B Bonds; (ii) the transfer of fully disbursed Financed Eligible Loans and other assets to the Trust Estate; (iii) the creation and administration of various Funds and Accounts, including the Debt Service Reserve Account in its required amount; and (iv) the execution and delivery of the various related documents pertaining to the issuance of the Series 1996B Bonds.

The Series 1996B Bonds will be issued only as fully registered bonds without coupons in principal amounts of $5,000 or any integral multiples thereof. When issued, DTC will act as securities depository (the "Securities Depository") for the Series 1996B Bonds. The Series 1996B Bonds will be issued initially in fully registered form registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered certificate will be issued for each maturity of each Series of the Series 1996B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Individual purchases will be made in Book Entry form only and purchasers of beneficial ownership interests (the "Beneficial Owners") will not receive certificates representing their interests in the Series 1996B Bonds.

The Series 1996B Bonds are being issued as Subordinate Obligations, but on a parity with the Series 1995B Bonds, pursuant to the terms and provisions of the Master Bond Resolution, as Supplemented. See the caption "SECURITY AND SOURCES OF PAYMENT - Certain Payment Priorities" herein for a discussion regarding the payment priorities for the various obligations that are issued, or may be issued under the Master Bond Resolution, as Supplemented.

Interest on the Series 1996B Bonds

The Series 1996B-1 Bonds and the Series 1996B-2 Bonds will bear interest at the corresponding rates shown on the cover page hereof. Interest on the Series 1996B Bonds will be payable semi-annually on February 1 and August 1 of each year, commencing February 1, 1997. Interest payable on the Series 1996B-1 Bonds and the Series 1996B-2 Bonds will be computed on the assumption that each year contains 360 days and is composed of twelve 30-day months.

Interest payments on the Series 1996B-1 Bonds and the Series 1996B-2 Bonds are to be made by the Series 1996 Trustee to the persons who are the Registered Owners thereof as of the fifteenth day of the month preceding each Interest Payment Date for such Series (the "Record Date"). See the caption "DESCRIPTION OF THE SERIES 1996B BONDS - Securities Depository" herein for a description of how the Securities Depository, as the Registered Owner of the Series 1996B Bonds, is expected to disburse such payments to the Beneficial Owners.

Redemption Provisions

The Series 1996B Bonds are subject to redemption by or on behalf of the Authority upon notice as described under the caption "DESCRIPTION OF THE SERIES 1996B BONDS - Notice of Redemption" herein. If less than all Series 1996B Bonds that are outstanding are to be redeemed, the particular bonds to be redeemed will be selected (and redeemed only in denominations of $5,000 or any integral multiple thereof) as described under the caption "DESCRIPTION OF THE SERIES 1996B BONDS - Partial Redemption" herein.

Optional Redemption. The Series 1996B Bonds are not subject to optional redemption by the Authority prior to maturity.

Mandatory Redemption. The Series 1996B Bonds are subject to mandatory redemption by the Authority , in whole or in part, on any date at a redemption price equal to the principal amount thereof being redeemed, plus accrued interest to the date set for redemption, in denominations of $5,000 or any integral multiple thereof, from moneys on deposit in the corresponding Series Principal Subaccounts of the Tax-Exempt Repayment Account of the Student Loan Sinking Fund or in the Series 1996 Loan Subaccount of the Tax-Exempt Loan Account of the Student Loan Fund:

A. Which are not derived from the voluntary sale or disposition of Eligible Loans and which the Authority determines (as indicated in an order given to the Master Trustee at least forty-five (45) days before the redemption date) are not available or are not expected to be used to acquire Eligible Loans;

B. Which represent moneys deposited therein on the Date of Issuance of the Series 1996B Bonds which have not been used to acquire Eligible Loans by January 1, 1997 or such later date acceptable to the Rating Agencies, provided that the Authority and the Master Trustee receive written confirmation from each Rating Agency (presently, Moody's Investors Service, Inc., herein referred to as "Moody's", is the only Rating Agency rating the Series 1995 Bonds and Notes and the Series 1996B Bonds at the request of the Authority) that its then-applicable Ratings on all Bonds and Notes issued and secured pursuant to the Master Bond Resolution, as Supplemented, will not be lowered or withdrawn because of such extension of the acquisition period; or

C. Which represent Recoveries of Principal from Eligible Loans acquired directly or indirectly with the proceeds of the Series 1996B Bonds, which Recoveries of Principal are received after November 1, 1999 or such later date acceptable to the Rating Agencies, provided that the Authority and the Master Trustee receive written confirmation from each Rating Agency (presently only Moody's) that its then-applicable Ratings on all Bonds and Notes issued and secured pursuant to the Master Bond Resolution, as Supplemented, will not be lowered or withdrawn because of such extension of the acquisition period;

provided, however, that (i) the Series 1996B-1 Bonds shall be redeemed prior to the redemption of Series 1996B-2 Bonds and (ii) Subordinate Bonds may not be redeemed unless after such redemption the Aggregate Market Value of the Trust Estate will equal at least 110.5% of the aggregate principal amount of all Senior Bonds and Notes Outstanding.

Extraordinary Redemption. In addition, the Series 1996B Bonds are subject to mandatory redemption if the Authority suffers unreasonable burdens or excessive liabilities in connection with the operation of its program for originating, purchasing or financing student loans (the "Program") with the proceeds of Bonds and Notes issued and secured pursuant to the Master Bond Resolution, as Supplemented, or the redemption of the Series 1996B Bonds is required or necessary under applicable law or regulations of the Secretary to enable the Authority to continue to receive various federal benefits, all as evidenced by a certificate of the Authority addressed to the Master Trustee, subject to the conditions set forth above under "Mandatory Redemption".

Purchase of Bonds and Notes; Tenders. If at any time moneys are held in any of the trust funds or trust accounts established or continued by, or pursuant to the Master Bond Resolution or an applicable Supplemental Bond Resolution (the "Funds and Accounts") to be used to redeem Series 1996B Bonds, in lieu of such redemption the Authority may direct the Series 1996 Trustee to use part or all of such moneys to purchase Series 1996B Bonds of the respective Series, interest rates and maturities that would otherwise be subject to redemption from such moneys.

The purchase price of such Series 1996B Bonds will not exceed the applicable principal amount of the Series 1996B Bonds which would be redeemed but for such purchase (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon such redemption). Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Series 1996B Bonds. All Series 1996B Bonds so purchased will be cancelled by the Series 1996 Trustee and applied as a credit against the Authority's obligation to redeem such Series 1996B Bonds from such moneys. Savings resulting from the purchase of Series 1996B Bonds at less than their respective redemption prices: (i) may be used to purchase or redeem additional Bonds and Notes to the extent permitted by the provisions of the corresponding Supplemental Bond Resolutions; or, (ii) at the request of the Authority, may be transferred to the Tax-Exempt Repayment Account of the Student Loan Sinking Fund.

The Authority may direct the Series 1996 Trustee, on behalf of the Authority, to request the submission of tenders following notice requesting such submission prior to making the purchases authorized pursuant to the preceding paragraph. The Authority may specify the maximum and minimum periods of time which will transpire between the date upon which such notice is to be given and the date upon which such tenders are to be accepted. No tenders will be considered or accepted at any price exceeding the price specified in the preceding paragraph for the purchase of Series 1996B Bonds. The Authority will accept bids with the lowest price and in the event the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and if there are tenders at an equal price above the amount of moneys available for purchase, then the Authority will select randomly, or in such manner as it shall determine in its discretion, the Series 1996B Bonds tendered which shall be purchased.

Partial Redemption

If less than all of the Series 1996B Bonds of like maturity of any Series are to be redeemed, the particular Series 1996B Bonds or portions of Series 1996B Bonds to be redeemed will be selected, not more than 15 days prior to the date of notice of redemption, by the Series 1996 Trustee in the manner required by the applicable Supplemental Bond Resolution or, if not so required, at random in such manner as the Series 1996 Trustee in its discretion may deem fair and appropriate. The Series 1996 Trustee shall treat each Series 1996B Bond to be redeemed as representing that number of Series 1996B Bonds as is obtained by dividing the principal amount of such Series 1996B Bond by $5,000.

In case part but not all of an outstanding Series 1996B Bond shall be selected for redemption, upon presentation and surrender of such Series 1996B Bond by the person in whose name a Series 1996B Bond is registered on the registration books maintained by the Series 1996 Trustee (the "Registered Owner") or his attorney duly authorized in writing (with, if the Authority or the Series 1996 Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Authority and the Series 1996 Trustee duly executed by, the Registered Owner thereof or his attorney duly authorized in writing) to the Series 1996 Trustee, the Authority will execute and the Master Trustee will authenticate and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed portion of the principal amount of the Series 1996B Bond so surrendered, a Series 1996B Bond, at the option of such Registered Owner or such attorney, in the denomination of $5,000, or any integral multiple thereof, of like tenor.

Notice of Redemption

When any Series 1996B Bonds are to be redeemed, the Series 1996 Trustee will give notice of the redemption in the name of the Authority specifying, among other things, the date, the principal amount of the Series 1996B Bonds being redeemed, the CUSIP numbers and other distinguishing marks of the Series 1996B Bonds to be redeemed, the place or places where amounts due upon such redemption will be payable, and in the case of Series 1996B Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed.

Such notice will further state that on such date the principal amount will become due and payable upon each Series 1996B Bond to be redeemed, together with interest accrued to the redemption date, and that, from and after such date, interest thereon will cease to accrue.

Such notice will be given by mailing a copy of such notice, postage prepaid, not less than fifteen (15) days nor more than sixty (60) days before the redemption date to the Registered Owners of any Series 1996B Bonds, or portions of Series 1996B Bonds, which are to be redeemed at their last addresses appearing upon the registration books. Failure to so mail any such notice to any of such Registered Owners will not affect the validity of the proceedings for the redemption of other Series 1996B Bonds. In addition, the Series 1996 Trustee will send (no more than sixty (60) days after the date for redemption) a further notice of redemption to each Registered Owner who has not presented their Series 1996B Bond for redemption within thirty (30) days subsequent to the redemption date.

The obligation of the Series 1996 Trustee to give the notice of redemption is not conditioned upon the prior payment to the Series 1996 Trustee of moneys or Investment Securities sufficient to pay the principal amount of the Series 1996B Bonds to which such notice relates or the interest thereon to the redemption date. Any notice of redemption may, if directed by the Authority, be given specifying that the redemption of the Series 1996B Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the date fixed for redemption and, if amounts are not so available, such notice of redemption will be cancelled and be null and void and the Series 1996B Bonds so called for redemption and subject to such conditional redemption notice will continue to remain Outstanding.

The Series 1996B Bonds, or portions thereof, to be redeemed will (on the date fixed for redemption) become due and payable at the principal amount thereof specified in the notice of redemption plus accrued interest to the redemption date. Upon presentation and surrender thereof at the place specified in such notice, such Series 1996B Bonds or portions thereof will be paid at the principal amount thereof, plus accrued interest to the redemption date. On and after the redemption date (unless the Authority defaults in the payment of the principal amount thereof and accrued interest), such Series 1996B Bonds will cease to bear interest, and such Bonds will no longer be considered as Outstanding under the Master Bond Resolution, as Supplemented.

If moneys sufficient to pay the principal amount thereof and accrued interest have not been made available by the Authority to the Series 1996

Trustee on the redemption date, such Series 1996B Bonds will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

No assurance can be given by the Authority or the Master Trustee that DTC will distribute to the Participants, or the Participants will distribute to the Beneficial Owners: (i) payments of principal and interest on the Series 1996B Bonds paid to DTC (or its nominee), as the Registered Owner; or (ii) any redemption or other notices; or (iii) that DTC or the Participants will serve and act on a timely basis or in the manner described herein.

Transfer and Exchange

Notwithstanding the following, for so long as the Series 1996B Bonds are available only in the Book Entry System of DTC as the Securities Depository, transfers and exchanges of the Series 1996B Bonds by the Beneficial Owners thereof will occur as described under the caption "DESCRIPTION OF THE SERIES 1996B BONDS - Securities Depository" herein.

Each Series 1996B Bond will be transferable only upon the books of the Authority, which will be kept for such purpose at the corporate trust office of each Series Registrar, presently the Series 1996 Trustee, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the corresponding Series Registrar duly executed by the Registered Owner or his duly authorized attorney. Upon surrender for transfer of any such Series 1996B Bond, the Authority will execute and the applicable Series Registrar (if any) or the Series 1996 Trustee will authenticate and deliver, in the name of the transferee, one or more new fully registered Series 1996B Bonds of the same aggregate principal amount, Series, maturity and rate of interest as the surrendered Series 1996B Bond.

The Authority, the corresponding Series Registrar (if any) and the Series 1996 Trustee will deem and treat the person in whose name any Outstanding Series 1996B Bond is registered upon the books of the Authority as the absolute owner thereof, whether such Series 1996B Bond is overdue or not, for the purpose of receiving payment of (or on account of) the principal amount of and interest on such Series 1996B Bond and for all other purposes. Payment of the principal amount and interest will be made only to (or upon the order of) such Registered Owner. All such payments to such Registered Owner will be valid and effectual to satisfy and discharge the liability upon such Series 1996B Bond to the extent of the sum or sums so paid, and none of the Authority, any Series Registrar (if any) or the Series 1996 Trustee will be affected by any notice to the contrary.

For every such exchange or transfer of Series 1996B Bonds, the Authority, the corresponding Series Registrar (if any) or the Series 1996 Trustee may make a charge sufficient for reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Such sum or sums will be paid by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the corresponding Series Registrar (if any) or the Series 1996 Trustee will be obligated to: (i) issue, exchange or transfer any Series 1996B Bond of any Series after the Record Date next preceding a Bond Payment Date; (ii) issue, exchange or transfer any Series 1996B Bond during a period beginning at the opening of business fifteen (15) days next preceding any selection of Series 1996B Bonds to be redeemed and ending at the close of business on the date of the first mailing of notice of such redemption; or (iii) transfer or exchange any Series 1996B Bonds called or being called for redemption in whole or in part.

Mutilated, Destroyed, Lost and Stolen Series 1996B Bonds

If any mutilated Series 1996B Bond is surrendered to the Series 1996 Trustee, or the Series 1996 Trustee and the Authority receive evidence to their satisfaction of the destruction, loss or theft of any Series 1996B Bond, and there is delivered to the Series 1996 Trustee and the Authority such security or indemnity as may be required by them to save each of them harmless, then the Authority will execute, and, upon request by the Authority the applicable Series Registrar (if any) or the Series 1996 Trustee will authenticate and deliver, in exchange for any such mutilated Series 1996B Bond, or in lieu of any such destroyed, lost or stolen Series 1996B Bond, a new Series 1996B Bond of like Series, tenor and principal amount, bearing a number not contemporaneously Outstanding. The Series 1996 Trustee will thereupon cancel any such mutilated Series 1996B Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Series 1996B Bond has become or is about to become due and payable, the Authority in its discretion may pay such Series 1996B Bond instead of issuing a new Series 1996B Bond.

Upon the issuance of any new Series 1996B Bond, the Authority may require the payment by the Registered Owner thereof of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Authority, the corresponding Series Registrar (if any) or the Series 1996 Trustee, that may be connected therewith.

Securities Depository

DTC will act as Securities Depository for the Series 1996B Bonds. The Series 1996B Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered certificate will be issued for each maturity of the Series 1996B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 1996B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 1996B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 1996B Bond is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC 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 1996B Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 1996B Bonds, except in the event that use of the Book Entry system for the Series 1996B Bonds is discontinued.

To facilitate subsequent transfers, all Series 1996B Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 1996B Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 1996B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 1996B Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to Cede & Co. If less than all of the Series 1996B Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Series 1996B Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 1996B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 1996B Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable dates. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Master Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority or the Master Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 1996B Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 1996B Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of Book Entry transfers through DTC (or a successor securities depository). In that event, Series 1996B Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book Entry system has been obtained from DTC (Sample Official Statement Language Describing Book-Entry-Only Issuance, P-1319A 11/91) and from other sources which the Authority believes to be reliable, but the Authority, Bond Counsel, the Underwriter and the Master Trustee take no responsibility for the accuracy thereof.

THE AUTHORITY, BOND COUNSEL, THE MASTER TRUSTEE, THE SERIES 1996 TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DTC PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 1996B BONDS: (i) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 1996B BONDS; (ii) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 1996B BONDS; OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 1996B BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR ITS PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, BOND COUNSEL, THE MASTER TRUSTEE, THE SERIES 1996 TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS (DIRECT OR INDIRECT) OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO: (i) THE SERIES 1996B BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE SERIES 1996B BONDS; (iv) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE MASTER BOND RESOLUTION OR A CORRESPONDING

SUPPLEMENTAL BOND RESOLUTION TO BE GIVEN TO REGISTERED OWNERS; (v) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 1996B BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

In reading this Official Statement, it should be understood that while the Series 1996B Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Series 1996B Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the Authority or the Master Trustee will be given only to DTC.

SECURITY AND SOURCES OF PAYMENT

Trust Estate

The Master Bond Resolution provides that all Bonds and Notes issued thereunder, including the Series 1996B Bonds, and the principal of and interest thereon, as well as any Swap Agreement and any Trust Estate Collateral Investment Agreement are limited and special revenue obligations of the Authority secured by and payable solely from revenues, funds and other assets specifically pledged therefor (collectively, the "Trust Estate"), including among other things, all rights, title, interest and privileges of the Authority with respect to:

A. The "Revenues" (other than Revenues deposited or required to be deposited in the Rebate Fund) in and payable into the Funds and Accounts created by the Master Bond Resolution, as Supplemented, including among other things;

   1. All payments and other income received by or on behalf of the Authority, or by the Master Trustee (or any Series Trustee) for the account of the Authority, including, (i) scheduled, delinquent and advance payments of interest, (ii) payouts or prepayments of interest, (iii) Interest Benefit or Special Allowance payments from the Secretary, (iv) any guarantee or insurance payments with respect to interest, from any Financed Eligible Loan held as a part of the Trust Estate or as a result of the sale or alienation thereof,

   2. All interest earned or gain realized from the investment of amounts in any Fund or Account, and

   3. All payments received by the Authority pursuant to a Swap Agreement,

   but *excluding* Recoveries of Principal, Claim Adjustments relating to interest on an Eligible Loan and any Revenues released from the lien of the Trust Estate as provided in the Master Bond Resolution, as Supplemented;

B. The Recoveries of Principal in and payable into the Funds and Accounts created by the Master Bond Resolution, as Supplemented;

C. All moneys and Investment Securities held in the Funds and Accounts created by the Master Bond Resolution, as Supplemented;

D. The Financed Eligible Loans and any other student loans financed by the Authority by the expenditure of amounts pledged under the Master Bond Resolution, as Supplemented (including the education loan promissory notes evidencing such indebtedness and related loan documentation);

E. The rights of the Authority in and to the Authority Guarantee Agreements, the Custodian Agreement, any Service Agreement (as defined herein), and any Student Loan Purchase Agreement (as defined herein) as such documents relate to Finance Eligible Loans;

F. The rights of the Authority in and to any Swap Agreement, or any Trust Estate Collateral Investment Agreement, (each as defined herein), provided that such interest will not be for the benefit of any counterparty with respect to any such agreements; and

G. Any and all other property, rights and interests of every kind granted, transferred or delivered from time to time to the Master Trustee or any Series Trustee as additional security, whether now existing or hereafter coming into existence and whether now or hereafter acquired.

The Series 1996B Bonds, and the interest thereon, do not constitute or create an obligation (general or special), debt, liability or moral obligation of the State or of any political subdivision thereof within the meaning of any constitutional or statutory provision whatsoever; and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, or interest on, the Series 1996B Bonds. The Series 1996B Bonds, and the interest thereon, are not personal obligations of the trustees of the Authority and are not a general obligation of the Authority. The Authority has no taxing power.

The Master Bond Resolution provides that the Authority may enter (or instruct the Master Trustee to enter) into the following transactions.

A. *Swap Agreements*. One or more written contracts (each a "Swap Agreement") with third parties (each a "Swap Counterparty") rated at least "Aa2/P-1" by Moody's pursuant to which the Authority is obligated to pay (whether on a net payment basis or otherwise) certain payments (the "Authority Swap Payments") on one or more scheduled dates in exchange for the Swap Counterparty's obligation to pay certain payments to the Authority on one or more scheduled payment dates. See the captions "SWAP AGREEMENTS" and "REVENUES AND FUNDS - Student Loan Sinking Fund" in a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" which is available upon request to the Authority.

No voluntary termination payment required to be made by the Authority under a Swap Agreement may be paid from moneys in the Trust Estate unless the Master Trustee shall have received written confirmation from each Rating Agency that its then applicable ratings on all Bonds and

Notes secured by the Master Bond Resolution, as Supplemented, will not be lowered or withdrawn due to such payment.

Upon issuance of the Series 1996B Bonds there will be no Swap Agreements currently issued or outstanding.

B. *Trust Estate Collateral Investment Agreements.* One or more written agreements (each a "Trust Estate Collateral Investment Agreement") with an entity, which may be an affiliate of the Authority, (each a "Trust Estate Collateral Investment Counterparty") which will permit the Trust Estate Collateral Investment Counterparty on any date to demand that the Master Trustee transfer an amount limited by the terms of the Trust Estate Collateral Investment Agreement, to the Trust Estate Collateral Investment Counterparty from any moneys or investments contained in the Trust Estate on a senior priority basis as provided in the Master Bond Resolution. See the captions "TRUST ESTATE COLLATERAL INVESTMENT AGREEMENTS", "REVENUES AND FUNDS - Student Loan Fund", and "REVENUES AND FUNDS - Student Loan Sinking Fund" in a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED", which is available upon request to the Authority.

The Master Trustee is not permitted to enter into any Trust Estate Collateral Agreement unless it receives written confirmation from each Rating Agency that its then applicable ratings on all Bonds and Notes secured by the Master Bond Resolution, as Supplemented will not be lowered or withdrawn because of the execution of such Trust Estate Collateral Investment Agreement and the Master Trustee receives a Favorable Opinion.

Each Trust Estate Collateral Investment Agreement shall provide the mechanism for collateralizing the moneys or investment transferred thereunder, provide the repayment terms and provide the circumstances under which the Trust Estate Collateral Investment Counterparty may demand that the Master Trustee transfer such moneys and investment to the Trust Estate Collateral Investment Counterparty.

Upon issuance of the Series 1996B Bonds, there will be no Trust Estate Collateral Investment Agreements currently issued and outstanding.

Certain Payment Priorities

The Master Bond Resolution establishes three priority levels of Obligations that can be issued: (i) Senior Obligations; (ii) Subordinate Obligations; and (iii) Junior-Subordinate Obligations; with varying priorities in rights to payment:

A. *Senior Obligations.* Senior Obligations are payable on a superior basis to payments on any Subordinate Obligations and Junior-Subordinate Obligations, provided, however, that current principal and interest may be paid on the Subordinate Obligations and Junior-Subordinate Obligations if all principal and interest payments due and owing on the

Senior Obligations have been previously made or provided for as set forth in the Master Bond Resolution. Senior Obligations collectively include the following three types of obligations:

1. The payment of principal of, premium if any, and interest on Senior Bonds and Notes;

2. Any Authority Swap Payments secured on a parity with the Senior Bonds and Notes; and

3. Any payments to be made to a Trust Estate Collateral Investment Counterparty pursuant to its Trust Estate Collateral Investment Agreement.

Upon issuance of the Series 1996B Bonds, the Series 1995A-1 Notes and Series 1995A-2 Notes will constitute the only Senior Obligations currently issued and outstanding under the Master Bond Resolution, as Supplemented.

B. *Subordinate Obligations.* Subordinate Obligations are payable on a superior basis to payments on any Junior-Subordinate Obligations, provided however, that current principal and interest may be paid on the Junior-Subordinate Obligations if all principal and interest payments due and owing on the Senior Obligations and the Subordinate Obligations have been previously made or provided for as set forth in the Master Bond Resolution. Subordinate Obligations collectively include the following two types of obligations:

1. The payment of principal of, premium if any, and interest on Subordinate Bonds and Notes; and

2. Any Authority Swap Payments secured on a parity with the Subordinate Bonds and Notes.

Upon issuance of the Series 1996B Bonds, the Series 1995B Bonds will constitute the only other Subordinate Obligations currently issued and outstanding under the Master Bond Resolution, as Supplemented.

C. *Junior-Subordinate Obligations.* Junior-Subordinate Obligations may have varying priorities of payment within such category, as determined pursuant to a Supplemental Bond Resolution. Collectively, Junior-Subordinate Obligations include the following two types of obligations:

1. The payment of principal of, premium if any, and interest on Junior-Subordinate Bonds and Notes; and

2. Any Authority Swap Payments secured on a parity with the Junior-Subordinate Bonds and Notes.

Upon issuance of the Series 1996B Bonds, there will be no Junior-Subordinate Obligations currently issued or outstanding.

Cash Flow Projections

The Authority anticipates that it will not issue its Series 1996B Bonds unless it believes, based on its analysis of cash flow projections which will include various cash flow scenarios including the assumptions described herein, that Revenues and Recoveries of Principal to be received pursuant to the Master Bond Resolution, as Supplemented will be sufficient to pay principal of and interest on the Series 1996B Bonds when due, and also to pay when due all Program Expenses until the final maturity of the Series 1996B Bonds.

The Cash Flow projections related to the issuance of the Series 1996B Bonds have been prepared for the Authority by Rauscher Pierce Refsnes, Inc., Phoenix, Arizona (the "Cash Flow Consultant"). Pursuant to the agreement between the Authority and the Cash Flow Consultant, the duties and obligations of the Cash Flow Consultant have been specifically limited to cash flow and related structuring matters. The Cash Flow Consultant is not acting in the capacity of financial advisor to the Authority with regard to the issuance of the Series 1996B Bonds. The fee of the cash flow consultant is not contingent upon the issuance of the Series 1996B Bonds.

Cash flow projections normally utilize assumptions, which the Authority believes are reasonable, regarding the current and future composition of and yield on the Eligible Loans, the rate of return on moneys to be invested in various Funds and Accounts under the Master Bond Resolution, as Supplemented, and the occurrence of future events and conditions. They also take into account various limitations or requirements under the Master Bond Resolution, as Supplemented, and the anticipated Recycling of principal repayments into new Eligible Loans during the time period allowed for recycling. While such assumptions are and will be derived from the Authority's experience in the administration of the Program, actual circumstances can and most likely will differ from the assumptions.

See "Appendix A- OKLAHOMA STUDENT LOAN AUTHORITY, FINANCIAL INFORMATION AND OPERATING DATA" herein for certain information about the Eligible Loans financed under the Master Bond Resolution, as Supplemented, with the proceeds of the Series 1995 Bonds and Notes. Also set forth therein are certain assumptions about the Eligible Loans expected to be financed under the Series 1996B Supplemental Resolutions as well as other assumption factions, such as Program Expenses, Servicing Fees, interest rates, default rates and guarantee payments.

There can be no assurance that interest and principal payments from the Financed Eligible Loans will be received as anticipated, that the reinvestment rates assumed on the amounts in various Funds and Accounts will be realized, or that Interest Benefit or Special Allowance Payments will be received in the amounts and at the times anticipated. Furthermore, future events over which the Authority has no control may adversely affect the Authority's actual receipt of Revenues and Recoveries of Principal pursuant to the Master Bond Resolution, as Supplemented. See the caption "INVESTMENT CONSIDERATIONS - Factors Affecting Cash Flow Sufficiency" herein.

Flow of Funds

Generally, Revenues and Recoveries of Principal deposited to the Tax-Exempt Repayment Account and the Taxable Repayment Account of the Student Loan Sinking Fund are used in the following order of priority:

A. To pay any rebate or excess interest payments required by the Internal Revenue Code of 1986, as amended from time to time, and the regulations thereunder (the "Code");

B. To pay any Servicing Fees which are due and payable;

C. To pay any other Program Expenses which are due and payable;

D. To pay interest on any Senior Bonds and Notes and to pay any Authority Swap Payments secured on a parity with Senior Bonds and Notes;

E. To pay the principal on any Senior Bonds and Notes;

F. To pay interest on any Subordinate Bonds and Notes and to pay any Authority Swap Payments secured on a parity with Subordinate Bonds and Notes;

G. To pay the principal on any Subordinate Bonds and Notes;

H. To pay any Administrative Expenses which are due and payable;

I. To pay interest on any Junior-Subordinate Bonds and Notes and to pay any Authority Swap Payments secured on a parity with Junior-Subordinate Bonds and Notes;

J. To pay the principal on any Junior-Subordinate Bonds and Notes;

K. To fund any deficiency in the Debt Service Reserve Account;

L. Upon an order of the Authority, transferred to the respective Accounts in the Student Loan Fund to finance additional Eligible Loans; and

M. Upon satisfying certain collateral ratios described under the caption "SECURITY AND SOURCES OF PAYMENT - Releases to the Authority" herein, transferred to the Authority free and clear of lien of the Master Bond Resolution and any Supplemental Bond Resolution.

Prior to the payment of any Subordinate Obligations and/or any Junior-Subordinate Obligations, the Master Trustee is required to set aside an amount sufficient to pay any due and payable principal on any Senior Bonds and Notes, if any, and an amount sufficient to pay the interest accrued to such payment date on all Senior Bonds and Notes and any Authority Swap Payments secured on a parity with the Senior Bonds and Notes and transfers to any Trust Estate Collateral Investment Counterparty pursuant to the Master Bond Resolution.

In addition, prior to the payment of any Junior-Subordinate Obligations, the Master Trustee is required to set aside an amount sufficient to pay any due and payable principal on any Subordinate Bonds and Notes, if any, and an amount sufficient to pay the interest accrued to such payment date on all Subordinate Bonds and Notes and any Authority Swap payments secured on a parity with the Subordinate Bonds and Notes.

For a more detailed description of the flow of funds under the Master Bond Resolution, see the captions "REVENUES AND FUNDS - Student Loan Fund, - Student Loan Sinking Fund and - Debt Service Reserve Account" in a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED", which is available upon request to the Authority.

Notwithstanding the foregoing, moneys or investments in the Tax-Exempt Repayment Account or the Taxable Repayment Account of the Student Loan Sinking Fund or in the Tax-Exempt Loan Account or the Taxable Loan Account of the Student Loan Fund, or any Subaccounts therein, may be transferred on any date to a Trust Estate Collateral Investment Counterparty pursuant to the Master Bond Resolution. See the captions "TRUST ESTATE COLLATERAL INVESTMENT AGREEMENTS", "REVENUES AND FUNDS - Student Loan Fund" and "REVENUES AND FUNDS - Student Loan Sinking Fund" in a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" which is available upon request to the Authority.

Creation of Series 1996B Accounts

The Series 1996B Supplemental Resolutions establish with the Master Trustee the following Subaccounts with respect to the Series 1996B Bonds:

A. Within the Tax-Exempt Loan Account of the Student Loan Fund, the "Series 1996 Loan Subaccount" to be used to account for,

1. Original proceeds of the Series 1996B Bonds deposited thereto,

2. Eligible Loans Financed by the proceeds of the Series 1996B Bonds, and

3. Recoveries of Principal on the Series 1996B Bonds that are to be used to finance additional Eligible Loans; and

B. Within the Tax-Exempt Repayment Account of the Student Loan Sinking Fund, the following Subaccounts,

1. Series 1996B-1 Principal Subaccount,

2. Series 1996B-1 Subordinate Interest Subaccount,

3. Series 1996B-2 Principal Subaccount, and

4. Series 1996B-2 Subordinate Interest Subaccount; and

C. Within the Debt Service Reserve Account of the Student Loan Sinking Fund, the Series 1996B Tax-Exempt Debt Service Reserve Subaccount.

Debt Service Reserve Account

The Master Bond Resolution established a Debt Service Reserve Account within the Student Loan Sinking Fund for the benefit of the Registered Owners of the Obligations, including the Series 1996B Bonds. Pursuant to the Master Bond Resolution, the Authority is required to maintain the Debt Service Reserve Account at an amount equal to the Debt Service Reserve Account Requirement, which is equal to the sum of the Series Debt Service Reserve Requirements for each Series of the Bonds and Notes issued pursuant to the Master Bond Resolution and the corresponding Supplemental Bond Resolutions.

The Debt Service Reserve Account Requirement for the Series 1996B Bonds is an amount equal to two percent (2%) of the principal amount of the Series 1996B Bonds outstanding under the Master Bond Resolution. The Series Debt Service Reserve Requirement for the Series 1996B Bonds will be funded upon the issuance of the Series 1996B Bonds.

Upon issuance of the Series 1996B Bonds, the Authority expects to instruct the Master Trustee to invest the Debt Service Reserve Account Requirement for the Series 1996B Bonds in direct general obligations of, or obligations the timely payment of principal on and interest on which is unconditionally guaranteed by, the United States of America (the "Governmental Obligations") for terms approximately equal to the respective final maturities of the Series 1996B-1 Bonds and the Series 1996B-2 Bonds.

The Series 1995 Debt Service Reserve Account Requirement is also 2% and is invested in a repurchase investment agreement for a term equal to the final maturity of the Series 1995 Bonds and Notes that is collateralized by U.S. Treasury securities or certain government agency securities. The provider of that repurchase investment agreement is WestBank LB (Westdeutsche Landesbank Girozentrale) New York Branch, New York, New York.

To the extent there are insufficient moneys in either the Tax-Exempt Repayment Account or the Taxable Repayment Account of the Student Loan Sinking Fund to make the transfers described in paragraphs A. through J., inclusive, under the caption "SECURITY AND SOURCES OF PAYMENT - Flow of Funds" herein, then, after any required transfer from the Student Loan Fund, the amount of such deficiency will be paid directly from the Debt Service Reserve Account.

If the Debt Service Reserve Account is used for the purposes described in the preceding paragraph, the Master Trustee will restore the Debt Service Reserve Account to the Debt Service Reserve Account Requirement by transfers from the Tax-Exempt Repayment Account or the Taxable Repayment Account of the Student Loan Sinking Fund. If, on any date, the amount in the Debt Service Reserve Account exceeds the Debt Service Reserve Account Requirement for any reason, the Master Trustee, at the direction of the Authority, will transfer the excess to the corresponding Repayment Account of the Student Loan Sinking Fund.

The Debt Service Reserve Account secures all Obligations issued under the Master Bond Resolution. Consequently, the establishment of a Series Debt Service Reserve Account Requirement with respect to additional Obligations at a level less than 2% of the outstanding principal amount of such additional

Obligations will dilute the security of the Debt Service Reserve Account with respect to the Series 1996B Bonds. However, additional Bonds and Notes may only be issued upon receipt by the Authority and the Master Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the issuance of such additional Obligations. See the caption "REVENUES AND FUNDS - Debt Service Reserve Account" in a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED", which is available upon request to the Authority.

Issuance of Additional Obligations

The Master Bond Resolution provides that the Authority may issue additional Obligations upon satisfying certain conditions, including the receipt by the Authority and the Master Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the issuance of such Additional Bonds or Notes. See the caption "GENERAL TERMS OF THE BONDS AND NOTES - Provisions for the Issuance of Bonds and Notes" in a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" which is available upon request to the Authority. Such Additional Bonds or Notes may be issued as Senior Bonds and Notes, Subordinate Bonds and Notes and/or Junior-Subordinate Bonds and Notes, as determined by the Authority in the applicable Supplemental Bond Resolutions issuing such Additional Bonds or Notes. See the caption "SECURITY AND SOURCES OF PAYMENT - Certain Payment Priorities" herein.

Releases to the Authority

The Master Bond Resolution permits the Authority to instruct the Master Trustee to transfer certain excess assets of the Trust Estate to the Authority free and clear of the lien of the Master Bond Resolution and any Supplemental Bond Resolution; provided that no such transfer of assets to the Authority will be made unless:

A. There is on deposit in the Debt Service Reserve Account an amount at least equal to the Debt Service Reserve Account Requirement;

B. The Master Trustee has received,

1. A Cash Flow Certificate prepared based upon assumptions that are consistent with criteria approved by the Rating Agencies for maintaining the ratings of the Bonds and Notes, and showing, with respect to the period extending from the date of the Cash Flow Certificate to each Maturity of the Bonds and Notes, (i) all Revenues and Recoveries of Principal anticipated to be received during such period, (ii) the application of all Revenues and Recoveries of Principal in accordance with the provisions of the Master Bond Resolution, and (iii) resulting balances, provided that the Cash Flow Certificate must show that anticipated Revenues and Recoveries of Principal will be at least sufficient and available to pay all Servicing Fees and Program Expenses payable under the Master Bond

Resolution and the debt service on all Obligations during such period, and

2. An Authority certificate to the effect that all rebate liability as calculated pursuant to the Tax Regulatory Agreements and Investment Instructions through the date of such transfer has been paid or deposited in the Rebate Fund; and

C. Immediately after taking into account any such transfer, the Aggregate Market Value of the assets in the Trust Estate will be at least equal to,

A. 110.5% of the unpaid principal amount of the Senior Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount,

B. 103% of the unpaid principal amount of the Senior Bonds and Notes and Subordinate Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount, and

C. 100% of the unpaid principal amount of the Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount.

ESTIMATED SOURCES AND USES OF FUNDS

The Authority expects to apply the proceeds from the sale of the Series 1996B Bonds and other moneys as shown on the following table:

<u>Sources</u>

Series 1996B Bond Proceeds	$12,205,000*
Amounts Made available from the Refunded trust estates	12,205,000
Total	$24,410,000

<u>Uses</u>

Deposit to 1987 Series A Redemption Account	$ 5,975,000
Deposit to Series 1992A Redemption Account	6,230,000
Deposit to Series 1996 Loan Subaccount	11,800,000*
Deposit to Tax-Exempt Debt Service Reserve Subaccount	244,100
Original Issue Discount	
Costs of Issuance	55,000
Underwriting Fee and Expenses	
Total	$24,410,000

*Preliminary, Subject to Change

Accrued interest received upon the sale and delivery of the Series 1996B Bonds will be deposited in the Tax-Exempt Repayment Account of the Student Loan Sinking Fund.

INVESTMENT CONSIDERATIONS

Prospective purchasers and Beneficial Owners of the Series 1996B Bonds should consider the following factors which, among other things, could affect the ability of the assets pledged to the Trust Estate to provide payment of debt service on the Series 1996B Bonds. In addition, other factors could affect the ability of the Authority to administer the Trust Estate for the Series 1996B Bonds and service the Eligible Loans in the Trust Estate, and which could affect the marketability or market price of the Series 1996B Bonds to an extent that can not be predicted. This section of the Official Statement does not include all such factors, but is merely an attempt to summarize some of these considerations.

Factors Affecting Cash Flow Sufficiency

The cash flow projections prepared in conjunction with the issuance of the Series 1996B Bonds (see the caption "SECURITY AND SOURCES OF PAYMENT - Cash Flow Projections" herein) utilize assumptions, which the Authority believes are reasonable, regarding the current and future composition of and yield on the Authority's education loan portfolio to be held in the Trust Estate, the rate of return on moneys to be invested in various Funds and Accounts under the Master Bond Resolution, and the occurrence of future events and conditions. Such assumptions are derived from the Authority's experience in the administration of its FFEL Program. However, there can be no assurance that actual Revenues and Recoveries of Principal from the Eligible Loans in the Trust Estate will be received as anticipated, that the composition of the Financed Eligible Loan portfolio will be as assumed, that the reinvestment rates assumed on the amounts in various Funds and Accounts will be realized, that Interest Benefit Payments and Special Allowance Payments from the USDE will be received in the amounts and at the times anticipated or that actual expenditures related to the Trust Estate or Financing of Eligible Loans will occur as projected. Consequently, actual results should be expected to vary from projected results and such variation may be material. Furthermore, future events over which the Authority has no control may adversely affect the Trust Estate or the Authority.

Receipt of Revenues and Recoveries of Principal on the Eligible Loans in the Trust Estate may be accelerated due to various factors, including without limitation: (i) default claims or claims due to the disability, death or bankruptcy of the borrowers; (ii) actual principal amortization periods which are shorter than those assumed based upon the current analysis of the Authority's education loan portfolio; (iii) the commencement of principal repayment by borrowers on earlier dates than are assumed based upon the current analysis of the Authority's education loan portfolio; and (iv) economic conditions that induce borrowers to refinance or repay their loans prior to maturity, including possible consolidation by the USDE's William D. Ford Federal Direct Loan Program (formerly the Federal Direct Student Loan Program, or "FDSLP") competing with the Authority's FFEL Program. Acceleration of receipt of Revenues and Recoveries of Principal on Eligible Loans in the Trust Estate may adversely affect payment of principal of and interest on the Series 1996B Bonds when due, including if such timing results in failure to recover from payments on the Eligible Loans in the Trust Estate an amount equal to that portion of the proceeds of the Series 1996B Bonds used to pay any premium and transfer fee upon the acquisition of Eligible Loans or results in an early redemption of the Series 1996B Bonds.

Receipt of Revenues and Recoveries of Principal on the Eligible Loans in the Trust Estate may be delayed due to various factors including without limitation: (i) borrowers entering deferment periods due to a return to school or other eligible conditions; (ii) forbearance being granted to borrowers; (iii) loans becoming delinquent for periods longer than assumed; (iv) actual loan principal amortization periods which are longer than those assumed based upon the current analysis of the Authority's education loan portfolio; and (v) the commencement of principal repayment by borrowers at dates later than those assumed based upon the current analysis of the Authority's education loan portfolio. Such delay in the receipt of Revenues and Recoveries of Principal on Eligible Loans in the Trust Estate may adversely affect payment of principal of and interest on the Series 1996B Bonds when due.

If actual receipt of Revenues and Recoveries of Principal or actual expenditures vary materially adversely from those projected, then the Authority may be unable to pay the principal of and interest on the Series 1996B Bonds when due. In such event, the Master Bond Resolution authorizes, and under certain circumstances requires, the Master Trustee to declare an Event of Default, accelerate the payment of the Series 1996B Bonds, and sell the Eligible Loans in the Trust Estate and all other assets comprising the Trust Estate. See a separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" which is available upon request to the Authority. In such event, it is possible that the Master Trustee would not be able to sell the Eligible Loans in the Trust Estate and the other assets comprising the Trust Estate for a sufficient amount to pay all of the remaining principal of and accrued interest on all Series 1996B Bonds.

Compliance with the Higher Education Act

The Higher Education Act requires lenders, including the Authority, making and servicing Eligible Loans, a Guarantee Agency guaranteeing education loans, and third party servicing agents servicing student loans to follow certain due diligence procedures in an effort to ensure that Eligible Loans are properly made and disbursed to, and timely repaid by, the borrowers.

The required due diligence procedures include certain loan application procedures, certain loan origination procedures and, when an education loan is delinquent or in default, certain loan collection procedures. Such loan application procedures, loan origination procedures and loan collection procedures are usually performed by the Authority, but in certain instances may have been performed by a prior lender or servicer.

Failure to comply with the required due diligence procedures may result in the Secretary's refusal to make reinsurance payments to the Guarantee Agency on such loans, or in the Guarantee Agency's refusal to honor its guarantee on such loans to the Authority, or in the Authority being required to repay to the Secretary or a Guarantee Agency various federal benefits received by the Authority with respect to an Eligible Loan which was not entitled to receive such amounts. Loss of reinsurance payments by the Secretary could adversely affect the ability of the Guarantee Agency to honor guarantee claims made by the Authority, and loss of guarantee payments to the Authority by a Guarantee Agency or other federal benefits could adversely affect payment of principal of and interest on the Series 1996B Bonds when due. In certain of such occurrences, the Authority may have the right of reimbursement from a prior servicer that failed to properly service such loans, or the right to cause a prior lender to repurchase a loan which is subject to a loss of guarantee payments.

Financial Status of Guarantee Agencies

The Authority's ability to pay, when due, the principal of and interest on the Series 1996B Bonds from monies to be received into the Trust Estate depends in part on the Authority's timely receipt from the Guarantee Agencies of guarantee payments required to be made pursuant to agreements between the Authority and the respective Guarantee Agencies. Although the Guarantee Agencies are obligated to make 100% guarantee claim payments as to guaranteed loans disbursed prior to October 1, 1993, and, with certain exceptions, 98% guarantee claim payments as to guaranteed loans first disbursed on or after October 1, 1993, the Guarantee Agencies rely on reinsurance by the Secretary (which reinsurance amount varies between 78% and 100% of the amount of the claim paid, depending on when the loan was made and on the default "trigger" rate applicable to all loans a Guarantee Agency has guaranteed and not just the loans held by the Authority). The ability of the Guarantee Agencies to make guarantee claim payments with respect to defaulted Eligible Loans in the Trust Estate in full and in a timely manner is dependent, in part, upon factors which are unrelated to the Authority's Eligible Loan portfolio and may be impaired if guarantee claim payments exceed expectations.

The Higher Education Amendments of 1992 to the Higher Education Act contained certain amendments that were intended to enhance the financial status of Guarantee Agencies. See the caption "GUARANTEE AGENCIES - Federal Payment of Claims" herein. However, the Student Loan Reform Act of 1993 contained certain amendments affecting Guarantee Agencies, such as reducing the maximum guarantee fee allowed to be charged by Guarantee Agencies, reducing the reinsurance rates from the Secretary for Eligible Loans first disbursed on or after October 1, 1993 and reducing the defaulted loan collection retention rate, among other things. The Secretary was also given authority to recover and restrict the use of Guarantee Agency reserve funds under certain circumstances.

As of June 30, 1996, approximately 98.6% the Authority's FFEL Program loans were guaranteed by the State Regents, acting as the State Guarantee Agency. Consequently, the Authority relies significantly on the financial status of the State Guarantee Agency and its obligations to make guarantee claim payments on defaulted Eligible Loans in the Trust Estate. During the federal fiscal year ended September 30, 1995, the State Guarantee Agency received reimbursement from the Secretary for 100% of the claim amount paid. However, during a portion of each of the previous four federal fiscal years ended September 30, the State Guarantee Agency received reimbursement payments from the Secretary on some of its reinsurance requests at the rate of 90% of the claim amount instead of 100% because of the "trigger" rate calculation for such federal fiscal years. See the caption "GUARANTEE AGENCIES" herein, and see also, "Appendix B - THE STATE

GUARANTEE AGENCY, DESCRIPTIVE, STATISTICAL AND FINANCIAL STATEMENT INFORMATION" herein.

Changes in Federal Law

Since its original enactment, the Higher Education Act has been amended and reauthorized several times, including the Higher Education Amendments of 1986, 1990, 1992 and 1993. There can be no assurance that the Higher Education Act, or other relevant law, will not be changed in a manner that could adversely impact the Authority's FFEL Program.

The Student Loan Reform Act of 1993 enacted a variety of changes in the FFEL Program, and enacted the FDSLP with direct lending by the USDE to students at eligible institutions participating in that program. Among other things, changes made to the FFEL Program included imposing on lenders or holders certain lender loan fees, a reduction of the insurance or guarantee level on defaulted Eligible Loans to 98% of the claim amount for loans first disbursed on or after October 1, 1993 and a reduction for loans first disbursed on or after July 1, 1995 in Interest Benefit Payments on Eligible Loans while the Secretary is paying interest benefits on such loans, e.g. loans in school, grace or deferment status.

The Student Loan Reform Act of 1993 may have a material adverse impact on Guarantee Agencies and student loan lenders and holders such as the Authority. See "Appendix C - DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" herein.

In addition, numerous provisions have been proposed that could adversely affect the Authority, including, without limitation: (i) an increase in the lender loan fee currently assessed at 0.5% of loan principal originated; (ii) fees on purchase of loans; (iii) fees on loan principal held by the lender in repayment status; (iv) elimination of Interest Benefit Payments for Federal Stafford Loans in grace status; and (v) increased co-insurance risk by reducing the maximum guarantee amount paid to eligible lenders to 95% from the current 100% (or, with certain exceptions, 98% for loans disbursed on or after October 1, 1993).

Competing Direct Loan Program

Beginning July 1, 1994, USDE began implementing its FDSLP which was authorized by the enactment of the Student Loan Reform Act of 1993. FDSLP competes with the FFEL Program by lending directly at eligible schools electing to participate in that program, eliminating FFEL Program lenders, such as the Authority, from originating some or all education loans at the participating schools.

FDSLP could involve increasing reductions in the volume of loans made under the FFEL Program generally. As these reductions occur, servicing cost increases and revenue reductions for lenders and holders, such as the Authority, and for Guarantee Agencies may occur. Additionally, if the volume of loans made under the Authority's FFEL Program is reduced, the Authority may be required to redeem the Series 1996B Bonds earlier than expected which could adversely affect the cash flow in the Trust Estate.

The Authority is unable to predict the future impact of FDSLP on its originations of FFEL Program loans or on the effect of FDSLP on the originations of FFEL Program loans by other eligible lenders that might sell such loans to the Authority.

A. *First Year Participation in FDSLP.* In the year ended June 30, 1995, FDSLP nationally achieved a 5% share of the annual student loan volume. In Oklahoma, Oklahoma State University, Stillwater, Oklahoma participated 100% in FDSLP. In addition to originating new loans, USDE is offering borrowers the opportunity to prepay FFEL Program loans, such as are held by the Authority, and consolidate them as FDSLP Direct Consolidation Loans.

B. *Second Year Participation in FDSLP.* In the second year of FDSLP ended June 30, 1996, that program was intended to achieve nationally a 40% share of the annual student loan volume. The aggregate lending volume of the additional schools in Oklahoma that participated in FDSLP in the second year of its implementation was not material to the Authority's lending volume.

C. *Comparative Authority Lending Volume.* Despite the presence of FDSLP, the Authority's lending volume for the Fiscal Year ended June 30, 1996 and June 30, 1995, respectively, was approximately $27,205,000 (plus Consolidation Loans of approximately $10,175,000) and $24,940,000 (plus Consolidation Loans of approximately $2,650,000 originated) compared with disbursements of approximately $25,030,000 for the Fiscal Year ended June 30, 1994.

D. *Future Implementation of FDSLP.* In future years, FDSLP nationally has a target share of the annual student loan volume of 50% in the years ending June 30, 1997 and 1998, and 60% in the year ending June 30, 1999. The Authority is not able to predict the extent of participation in FDSLP by schools where the Authority presently lends.

E. *Pending Federal Legislation Regarding FDSLP.* Several proposals have been made regarding FDSLP. The President of the United States and USDE have advocated accelerating the implementation of FDSLP to 100% of the student loan market by 1998. Other proposals would limit FDSLP participation. It is impossible to predict the outcome of proposed or pending legislation or the effect on the Authority of any legislation that is enacted.

Secondary Market Liquidity

A Registered or Beneficial Owner's ability to sell their interests in Series 1996B Bonds, and the price realized therefrom, will be dependent on the secondary market for such securities.

The Underwriter (as defined herein) will not be obligated to maintain a secondary market for the Series 1996B Bonds or act as a dealer for their own account in buying and selling Series 1996B Bonds. There can be no assurance that a secondary market will develop to enable a Registered Owner to sell their interest in the Series 1996B Bonds, and such sale, and the price received therefrom will be dependent on numerous factors, including without limitation: (i) general economic and securities market conditions; (ii) general levels of interest rates, including interest rates (before and after tax considerations) on comparable securities available on the market; (iii) the credit rating assigned to the Series 1996B Bonds by Moody's which is a current assessment of the credit worthiness of those specific obligations and may be changed, suspended or withdrawn by the agency furnishing same (see the caption "RATINGS" herein); and (iv) the other investment considerations described in this section of the Official Statement.

Enforceability of Remedies

As long as Senior Bonds and Notes or other Senior Obligations are outstanding, the failure to pay the principal of, interest on or other payments due on Subordinate Obligations and the Junior-Subordinate Obligations, when due and payable, if sufficient funds are not available therefor under the Master Bond Resolution, does not constitute an Event of Default under the Master Bond Resolution. Furthermore, as long as there are Senior Bonds or Notes outstanding, the Registered Owners of Subordinate Bonds and Notes and the Junior-Subordinate Bonds and Notes are not permitted to direct any remedies under the Master Bond Resolution. See the captions "DEFAULTS AND REMEDIES - Events of Default", "- Remedies on Default" and "- Direction of the Master Trustee" in the separate document titled "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" which is available upon request to the Authority.

The remedies available to the Master Trustee, the Authority or Registered Owners of the Series 1996B Bonds upon an Event of Default under the Master Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Master Bond Resolution or the Master Trust Agreement may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 1996B Bonds and the Series 1996B Supplemental Resolutions are qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

THE AUTHORITY

The material in this Section of the Official Statement is a brief overview of the Authority, and does not purport to be complete information on the Authority. Appendix A herein provides additional financial information and operating data regarding the Authority. Reference is made to "Appendix C - OKLAHOMA STUDENT LOAN AUTHORITY, FINANCIAL INFORMATION AND OPERATING DATA" herein for such information.

Organization and Powers

The Authority was created by an express Trust Indenture dated August 2, 1972 in accordance with the provisions of the Act. The Student Loan Act authorized the Governor of the State to accept the beneficial interest in the trust, which was so accepted on August 2, 1972, making the State the beneficiary of the trust.

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

Name	Office	Term Expiration	Principal Occupation
Patrick Rooney	Chairman	April 6, 2000	Chairman, Charter National Bank; Oklahoma City, OK
Ted VanLandingham	Vice Chairman	April 6, 1999	General Manager & Co-Owner, Devery Implement Company; Alva, OK
Sylvia Weedman	Secretary	April 6, 1997	Instructor, Gordon Cooper Area Vo-Tech School; Shawnee, OK
Tom McCasland, III	Assistant Secretary	April 6, 2001	Vice-President, Mack Energy Company; Duncan, OK
Dr. T. Sterling Wetzel, C.P.A.	Trustee	April 6, 1998	Professor, Oklahoma State University; Stillwater, OK

The Trust Indenture creating the Authority, and the Act, empower the trustees of the Authority, among other things, to incur indebtedness by the issuance of revenue notes, bonds or other evidences of indebtedness, and to secure such obligations by lien, pledge or otherwise. In addition, the trustees of the Authority are authorized to make and perform contracts of every kind, to do all acts in their judgement necessary or desirable for the proper and advantageous management, investment and distribution of the trust estate and income therefrom; and to bring any suit or action, which in their judgement is necessary or proper to protect the interests of the trust estate, or to enforce any claim, demand or contract for the Authority. Under the Public Trust Act and the Trust Indenture, 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.

The day-to-day management of the Authority is provided by a President and executive staff appointed by the trustees of the Authority. See "Appendix A - OKLAHOMA STUDENT LOAN AUTHORITY, FINANCIAL INFORMATION AND OPERATING DATA - Executive Management" herein.

The offices of the Autnority are located at 4545 North Lincoln Boulevard, Suite 66, Oklahoma City, Oklahoma 73105. Its administrative telephone number is (405) 556-9210 and its facsimile transmission number is (405) 556-9255.

General

The primary purpose of the Authority is to provide funds for education loans. In doing so the Authority acts as an originating lender to student borrowers or their parents for costs of post-secondary education (approximately 92.8% of the Authority's Fiscal Year 1996 loan finance activity, including Consolidation Loans) and, in certain instances, purchases guaranteed education loans from other eligible lenders (approximately 6.8% of the Authority's Fiscal Year 1996 loan finance activity). The Authority is also a Lender of Last Resort for the State Guarantee Agency (approximately 0.4% of the Authority's Fiscal Year 1996 loan finance activity). See the heading "Lender of Last Resort" in this section of the Official Statement.

The Authority services its own education loans and those of other Oklahoma lenders utilizing a remote servicing system database pursuant to an agreement with UNIPAC Service Corporation of Aurora, Colorado. Education loan application processing, origination and servicing functions are performed by the Authority under the registered tradename "Oklahoma Student Loan Servicing™". See the heading "Loan Servicing" in this section of the Official Statement.

The Authority receives no appropriated funds from the State for its operating expenses. All expenses of the Authority are paid from revenues derived from trust operations in administration of its various education loan programs.

The USDE routinely conducts site program reviews or audits secondary markets, such as the Authority, for compliance with various aspects of the Higher Education Act. The Authority is presently undergoing a program review by the USDE. The review has not been concluded, and therefore the outcome of any USDE findings are not known at this time. However, the Authority believes that it is in substantial compliance with the provisions of the Higher Education Act and does not expect the results of the program review to have a material adverse effect upon its ability to comply with the provisions of the Master Bond Resolution, as Supplemented, or its continuing operations.

Lending Programs

The lending programs offered by the Authority make loans for students enrolled in the following types of post-secondary educational institutions: (i) four year universities and colleges; (ii) two year junior, community and technical colleges; (iii) proprietary vocational and trade schools; and (iv) public vocational-technical schools. Oklahoma residents attending educational institutions out of state are also eligible to borrow from the Authority.

The FFEL lending programs presently offered by the Authority are listed below.

- Federal Stafford Loan ("Stafford") Program
- Unsubsidized Stafford Loans for Middle Income Borrowers ("Unsubsidized Stafford") Program
- Federal Parent Loans to Undergraduate Students ("PLUS") Program

■ Federal Consolidation Loan ("Consolidation") Program

The following table illustrates the approximate dollar amount and type of loan principal disbursed (net of cancelled disbursements) by the Authority for the past five Fiscal Years ended June 30:

Fiscal Year	Stafford Loans	Unsubsidized Stafford	PLUS Loans	SLS Loans	Consolidation Loans	Total
1996	$17,415,000	$7,709,000	$2,081,000	$ 0	$10,175,000	$37,380,000
1995	$16,410,000	$6,030,000	$2,100,000	$ 400,000*	$ 2,650,000	$27,590,000
1994	$16,882,455	$1,836,639	$2,431,349	$3,881,683	$ 0	$25,032,126
1993	$13,763,054	$ 236,958	$3,707,397	$4,447,144	$ 2,015,072**	$24,169,625
1992	$15,627,661	N/A	$3,907,382	$5,638,148	$ 2,917,599**	$28,090,790

*SLS was repealed by the Higher Education Act for periods of enrollment beginning on or after July 1, 1994.

**Represents Health Education Assistance Loan volume. The Authority discontinued making such loans in May 1993 and sold these loans in November 1994 to a third party.

See "Appendix C - DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" herein for a more complete description of the FFEL Program.

Acquisition Programs

In June 1993, the Authority began acquiring certain guaranteed education loans from other eligible lenders in Oklahoma which had originated and serviced such loans. Under the provisions of the purchase agreements for such loan acquisitions, the seller agrees to repurchase any loans that have a claim rejected by the guarantor thereof or are not collectible for certain other reasons because of circumstances or events that occurred prior to the acquisition and servicing of the loan by the Authority. In the Fiscal Year ended June 30, 1996, the Authority acquired approximately $2,712,000 principal amount of such loans from other eligible lenders.

In connection with its acquisition of education loans, the Authority has established a Statewide guaranteed education lending Network of eligible Oklahoma lenders. The Authority performs loan application processing, disbursement and servicing of education loans for the other Network lenders, pursuant to separate Education Loan Servicing Agreements between the Authority and each participating lender. In addition, the Authority maintains separate Forward Purchase Commitment Agreements with each such participating lender requiring the lender to sell and the Authority to purchase education loans held by such lender from time to time at agreed upon prices from time to time. At June 30, 1996, the amount of such loans required to be purchased in the future did not exceed the lines of credit available to the Authority for education loan funding.

Lender of Last Resort

In February 1994, the Authority began offering loans to certain students, primarily those attending high default rate schools, under certain conditions pursuant to the State Guarantee Agency's Lender of Last Resort Loan Program. In the Fiscal Year ended June 30, 1996, the Authority disbursed approximately $174,000 principal amount of Lender of Last Resort Loans. At June 30, 1996, the Authority held approximately $626,500 principal amount of such loans.

Students requesting Lender of Last Resort loans generally must have two (2) denial letters from other eligible lenders that will not agree to make the loan to such student. Lender of Last Resort loans that default are guaranteed 100% as to principal and interest by the State Guarantee Agency, even if disbursed on or after October 1, 1993.

Loan Servicing

The Authority is required under the Higher Education Act, the rules and regulations of the Guarantee Agencies and the Master Bond Resolution to use due diligence in the servicing and collection of Financed Eligible Loans and to use collection practices no less extensive and forceful than those generally in use among financial institutions with respect to other commercial debt. If the Authority does not comply with the due diligence standards in such servicing, the Authority's ability to realize the benefits of guarantee payments and the Guarantee Agencies' ability to realize the benefits of federal reinsurance payments may be adversely affected. See the caption "INVESTMENT CONSIDERATIONS - Compliance with the Higher Education Act" herein.

The Authority originates and services loans at its facilities on a remote servicing system database provided by UNIPAC pursuant to the provisions of a certain Electronic Data Processing Service Agreement dated as of November 1, 1993 for a term ending October 31, 1996. Conversion of the Authority's FFEL Program loans to the UNIPAC remote servicing system database began in December 1993, and effective July 1, 1994, substantially all of the Authority's loans were converted to the UNIPAC remote servicing system.

Such education loan servicing work functions performed by Authority employees include, among other things, application processing and funds disbursement by check, master check or electronic funds transfer in originating loans, customer service, loan account maintenance, including production of notices and forms to borrowers and the processing thereof, billings to USDE for Interest Benefits and Special Allowance Payments, collections of principal and interest from borrowers, filing claims to collect guarantee payments on defaulted loans and accounting. The Authority will be paid Servicing Fees from the Revenues of the Trust Estate for such servicing work functions. The remote servicing software is operated from terminals and a gateway computer file server controlled by the Authority and connected to the UNIPAC data processing facilities by a data channel on a dedicated telecommunications line.

UNIPAC provides the Authority with a mainframe computer data base for storage of loan account data, the use of education loan servicing software and support thereof for the Authority to perform its servicing work functions, maintenance of the education loan servicing software, daily mainframe computer batch processing and reporting of loan data and information to the Authority.

Generally, in its business in the student loan industry, UNIPAC provides education loan servicing, time sharing, administration and other services to lenders and secondary market purchasers throughout the United States. Based on information provided by UNIPAC and not independently verified by the Authority, UNIPAC began its education loan servicing operations on January 1, 1978. UNIPAC is owned 80.5% by Union Bank and Trust Company of Nebraska. As of June 30, 1996, UNIPAC had approximately 612 employees in Aurora, Colorado, and approximately 260 employees in its office in Lincoln, Nebraska. As of June 30, 1996, UNIPAC's full servicing volume was approximately $5.2 billion for its full service clients. At that date, UNIPAC also had $2.4 billion of servicing volume on its remote lender servicing system, including the FFEL Program loans held and serviced by the Authority on the Oklahoma remote servicing system database at UNIPAC.

Plan For Doing Business

The Authority prepared a Plan for Doing Business which was submitted to the Governor of the State and the State Guarantee Agency. The Plan for Doing Business was approved by the Governor of the State on August 24, 1987 and was transmitted to the Secretary of the USDE.

Future Loan Programs

The Authority may develop and offer other education lending programs from time to time in the future. Such loans may be financed under the Master Bond Resolution.

Additional Information

For further information regarding the Authority, including financial and operating data, see "Appendix A - OKLAHOMA STUDENT LOAN AUTHORITY, FINANCIAL INFORMATION AND OPERATING DATA" herein.

Included in Appendix A are the *unaudited* consolidated financial statements of the Authority for the nine months ended March 31, 1996 and 1995. The unaudited financial statements are prepared on the basis of generally accepted accounting principles, but have not been audited and reported on by independent certified public accountants.

The financial statements of the Authority for the Fiscal Years ended June 30, 1995 and 1994, were prepared on the basis of generally accepted accounting principles and were audited and reported on by KPMG Peat Marwick LLP, Oklahoma City, Oklahoma, independent certified public accountants. A copy of such audited financial statements have been filed with the various Nationally Recognized Municipal Securities Information Repositories (the "NRMSIRs"). The Authority expects to receive its audited financial statements for the Fiscal Years ended June 30, 1996 and 1995 in October, 1996. Pursuant to its continuing disclosure of information undertaking with respect to the Series 1995 Bonds and Notes, the Authority will file such audited financial statements with the NRMSIRs.

The Series 1996B Bonds, and the interest thereon, are not general obligations of the Authority, but rather are limited and special revenue obligations of the Authority secured by, and payable solely from, the assets of the Trust Estate. The audited financial statements on file with the NRMSIRs and the *unaudited* financial statements presented in Appendix A are intended only as background information on the Authority and its overall operations.

GUARANTEE AGENCIES

The material in this Section of the Official Statement is a brief overview and does not purport to be complete information on the Guarantee Agencies, including the State Guarantee Agency which is the primary guarantor of education loans held by the Authority. Appendix B herein provides descriptive, statistical and financial statement information on the State Guarantee Agency. Reference is made to "Appendix B - THE STATE GUARANTEE AGENCY, DESCRIPTIVE, STATISTICAL AND FINANCIAL STATEMENT INFORMATION" herein for such information.

Guarantee and Reinsurance of Loans

The Eligible Loans in the Trust Estate will be guaranteed: (i) by the State Regents acting as the State Guarantee Agency; or (ii) by other Guarantee Agencies qualified under the Master Bond Resolution to act in such capacity; or (iii) in certain circumstances by the Secretary.

Pursuant to a contract of guarantee between a guarantor and an eligible lender, such as the Authority, the lender is entitled to a claim payment from the Guarantee Agencies for 98% to 100% of any proven loss resulting from default, death, permanent and total disability, or discharge in bankruptcy of the borrower. In servicing a portfolio of education loans, an eligible lender, including the Authority, is required under the Higher Education Act and the rules and regulations of the Guarantee Agencies to use due diligence in the servicing and collection of loans and to use collection practices no less extensive and forceful than those generally in use among financial institutions in order to maintain the guarantee on the loan. The eligible lender, including the Authority, is required to continue collection efforts on a defaulted loan until the loan is 180 days past due and submit a claim for payment thereon to the Guarantee Agency within 90 days thereafter.

Under the Higher Education Act, a guarantor deems default to mean the borrower's failure to make an installment payment when due or to comply with other terms of a note or agreement under circumstances in which the holder, such as the Authority, may reasonably conclude that the borrower no longer intends to honor the repayment obligation and in which the failure persists for 180 days. When a loan becomes 151-180 days past due, the holder is required to make a final demand for payment of the loan by the borrower and to submit a claim for reimbursement within 90 days thereafter to the guarantor. The holder, such as the Authority, is required to continue collection efforts until the loan is 180 days past due. At the time of payment of guarantee benefits, the holder, such as the Authority, must assign to such guarantor all rights accruing to the holder under the notes evidencing the loan.

Pursuant to the Higher Education Act, each respective Guarantee Agency has entered into a guarantee agreement (the "Federal Guarantee Agreement") and a supplemental guarantee agreement (the "Supplemental Guarantee Agreement"), pertaining to the Secretary's reimbursement to each respective Guarantee Agency for amounts expended by such Guarantee Agency in discharge of its guarantee obligation with respect to losses resulting from the default by the borrower in the payment of principal or interest on loans guaranteed by such Guarantee Agency.

The Supplemental Guarantee Agreement is subject to annual renegotiation and to termination for cause by the Secretary.

Consolidation of Guarantee Agencies

There are approximately 36 guarantee agencies participating in the FFEL Program nationally. In view of the planned reduction of the FFEL Program loan volume, USDE has advocated the merger or consolidation of such guarantors into regional combinations with a significantly reduced number continuing to operate as guarantors of FFEL Program loans. Some state guarantee agencies have ceased operating and others have reported mergers or other reorganizations or are reported to be discussing mergers or other reorganizations. The Authority is not able to predict the outcome of such consolidation activities or the effect thereof on the Authority.

Federal Payment of Claims

Pursuant to the Higher Education Act, if the Secretary has determined that a Guarantee Agency is unable to meet its insurance obligations, the holder of loans insured by the Guarantee Agency may submit insurance claims directly to the Secretary and the Secretary will pay to the holder the full insurance obligation of the Guarantee Agency. Such arrangements will continue until the Secretary is satisfied that the insurance obligations have been transferred to another Guarantee Agency who can meet those obligations or a successor will assume the outstanding insurance obligations. There can be no assurance, however, that the Secretary will make such a determination or will do so in a timely manner. The Higher Education Act also provides that the Secretary is authorized, on terms and conditions satisfactory to the Secretary, to make advances to a Guarantee Agency in order to assist the Guarantee Agency in meeting its immediate cash needs and to ensure uninterrupted payment of default claims by lenders.

Oklahoma Guaranteed Student Loan Program

Substantially all of the guaranteed FFEL Program conducted by the Authority is operated under the guidelines of the State Guarantee Agency. Numerous other lenders also make education loans guaranteed by the State Guarantee Agency utilizing the Guarantee Fund. The State Guarantee Agency is operated by the State Regents, an agency of the State, acting as the State Guarantee Agency and administering and utilizing the Guarantee Fund established in the State Treasury by Title 70 Oklahoma Statutes 1991, Sections 622 and 623, as amended, to guarantee education loans made by various eligible lenders, including the Authority, to applicants who attend approved universities, colleges, vocational education or trade schools.

The State Guarantee Agency has been in operation in the State since November 1965. Except for the Authority, eligible lenders have primarily consisted of banks, savings and loan associations and credit unions. As of June 30, 1996, loans made by various eligible lenders and guaranteed by the State Guarantee Agency were outstanding in the total principal amount of approximately $1,41 billion. The Guarantee Fund balance (cash basis) at that date was approximately $15.5 million or, 1.10% of the guaranteed principal amount outstanding. This ratio exceeds the requirements of the Higher Education Act. The reserve ratio required by the Higher Education Act for the State Guarantee Agency for the Fiscal

Year ended June 30, 1996 was 0.9% which requirement will increase to 1.10% for the Fiscal Year ending June 30, 1997.

The State Guarantee Agency is a separate legal entity from the Authority, and the members of the State Regents and the trustees of the Authority do not overlap. In addition, the administrative management of the State Guarantee Agency and the Authority are separate.

For a description of the State Guarantee Agency, including statistical and financial statement information, see "Appendix B - THE STATE GUARANTEE AGENCY, DESCRIPTIVE, STATISTICAL AND FINANCIAL STATEMENT INFORMATION" herein.

ABSENCE OF LITIGATION

There is no litigation of any nature now pending or threatened, or in any way contesting or affecting the validity of the Series 1996B Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 1996B Bonds or the existence or powers of the Authority.

LEGALITY OF INVESTMENT

The Student Loan Act provides in pertinent part in Section 695.3 as follows:

> All bonds issued under the Oklahoma Student Loan Act are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees and guardians, and for the State of Oklahoma and any of its political subdivisions, departments, institutions and agencies. When accompanied by all unmatured coupons appurtenant thereto, the bonds are sufficient security for all deposits of state funds and of all funds of any board in control at the par value of the bonds.

LEGAL MATTERS

The issuance of the Series 1996B Bonds is subject to approval of validity by Kutak Rock, Oklahoma City, Oklahoma, Bond Counsel, whose approving opinion will be addressed to the Authority and the Underwriter and will state, among other things, that under existing law:

A. The Authority is an express trust duly created and established for public purposes, and has full power and authority to issue the Series 1996B Bonds and to adopt the Master Bond Resolution, as Supplemented, and enter into the Master Trust Agreement, the Series 1996 Trust Agreement, the Series 1996 Tax Regulatory Agreement and the other documents contemplated thereby and perform its obligations thereunder;

B. The Master Bond Resolution, as Supplemented, the Master Trust Agreement, the Series 1996 Trust Agreement and the Series 1996 Tax Regulatory agreement have been duly authorized, executed and delivered, are in full force and effect and constitute legal, valid and binding agreements of the Authority enforceable in accordance with their terms;

C. The Series 1996B Bonds have been duly authorized and issued by the Authority, are entitled to the benefits of the Master Bond Resolution, as Supplemented, and be valid and binding limited and special revenue obligations of the Authority secured by and payable solely from the revenues, funds and accounts of the Authority pledged as the trust estate therefor pursuant to the Master Bond Resolution, as Supplemented.

The opinion of Bond Counsel relies upon the opinion of counsel to the Master Trustee with respect to the organization and good standing of the Master Trustee and its corporate power to execute and deliver the Master Trust Agreement and the Series 1996 Trust Agreement and that the same constitute the binding obligations of the Master Trustee.

Bond Counsel has not passed upon any matters relating to the business, properties, affairs or condition, financial or otherwise, of the Authority and no inference should be drawn that they have expressed an opinion on matters relating to the financial ability of the Authority to perform its obligations under the Series 1996B Bonds and the documents described herein.

The opinions expressed above by Bond Counsel with respect to the enforceability of the Series 1996B Bonds and the documents described herein are qualified to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, by the application of general principles of equity, and by the exercise of judicial discretion in appropriate cases.

The fee and expenses of Bond Counsel is contingent upon the sale and delivery of the Series 1996B Bonds.

In addition, Bond Counsel will deliver a supplemental opinion to the Authority, the Underwriter and Moody's regarding the fair and accurate description of certain provisions in the Official Statement, the exemption from securities registration of the Series 1996B Bonds and the creation of a first perfected security interest in the Trust Estate which secures the Series 1996B Bonds.

Certain legal matters will be passed on for the Authority by its special counsel, Roderick W. Durrell, Esq., and for the Master Trustee by its general counsel, Sam Ott, Esq. Certain legal matters also will be passed on by the Attorney General of the State of Oklahoma in approving the transcript of legal proceedings. See also, the caption "TAX MATTERS" below.

TAX MATTERS

In the opinion of Kutak Rock, Oklahoma City, Oklahoma, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 1996B Bonds is excludable from gross income of the recipients thereof for federal income tax purposes; however, interest on the Series 1996B Bonds constitutes a specific item of tax preference for purposes of the federal alternative minimum tax for individuals and corporations.

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service. The Authority has covenanted to comply with the requirements of the Code in order to maintain the exclusion from gross income of interest on the Series 1996B Bonds for federal income tax purposes.

The opinion of Bond Counsel will assume continuing compliance with the covenants of the Authority pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Series 1996B Bonds for federal income tax purposes and, in addition, will rely on representations by the Authority with respect to matters solely within the knowledge of the Authority which Bond Counsel has not independently verified. If the Authority should fail to comply with its covenants or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Series 1996B Bonds could become taxable from the date of issuance of the Series 1996B Bonds, regardless of the date on which the event causing such taxation occurs. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 1996B Bonds may affect the tax status of interest on the Series 1996B Bonds.

Although Bond Counsel is of the opinion that interest on the Series 1996B Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 1996B Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion reading any such consequences. Purchasers of the Series 1996B Bonds, particularly purchasers that are corporations (including S corporations, corporations subject to the environmental tax imposed by Section 59A of the Code and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security and Railroad Retirement benefits, or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Series 1996B Bonds.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 1996B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. Each purchaser of the Series 1996B Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Bond Counsel is further of the opinion that, pursuant to the Act, the Series 1996B Bonds and the income therefrom are exempt from taxation in the State.

RATINGS

Moody's Investors Service, Inc., 99 Church Street, New York, New York, has assigned its separate municipal bond ratings of "___" to the Series 1996B-1 Bonds and the Series 1996B-2 Bonds. The ratings were applied for by the Authority, which has furnished certain information and materials concerning the Series 1996B Bonds and regarding the Authority, some of which is not included in this Official Statement. Generally, a rating agency bases its rating on such information and materials and also on such investigations, studies and assumptions as it may undertake or establish independently. The ratings are not a recommendation to buy, sell or hold the Series 1996B Bonds and an explanation of the significance of the ratings may be obtained from Moody's.

Moody's previously assigned its separate municipal bond ratings of "Aaa" to the Series 1995A-1 and Series 1995A-2 Notes, and separate ratings of "A" to the Series 1995B-1 and Series 1995B-2 Bonds. As a condition to the issuance of the Series 1996B Bonds, Moody's will have to provide written confirmation that its ratings on the Series 1995 Bonds and Notes will not be lowered or withdrawn due to the issuance of the Series 1996B Bonds.

The ratings are subject to change or withdrawal at any time and any such change or withdrawal may affect the market price or marketability of the Series 1996B Bonds. Neither the Authority nor the Underwriter, as hereinafter defined, has undertaken any responsibility either to bring to the attention of the Registered Owners of the Series 1996B Bonds any proposed change in, or proposed withdrawal of, the ratings on the Series 1996B Bonds or to oppose any such change or withdrawal. However, under the Continuing Disclosure Agreement, as hereinafter defined, the Authority has agreed to provide (or cause to be provided), under certain conditions and in a timely manner, notice of the occurrence of rating changes with respect to the Series 1996B Bonds.

UNDERWRITING

The Series 1996B Bonds are to be purchased by ______________ (the "Underwriter") pursuant to the terms and conditions of an Official Bid Form submitted at a competitive sale on August __, 1996, and the Standard Terms and Provisions of the Bond Purchase Agreement (together with the Official Bid Form, the "Bond Purchase Agreement") incorporated into the Official Bid Form by reference.

The Bond Purchase Agreement entered into by and between the Authority and the Underwriter requires the Underwriter to pay a purchase price of $_________ (representing the par amount of the Series 1996B Bonds, less an Original Issue Discount of $________), plus accrued interest from their dated date at the rates of interest shown on the cover hereof.

The Bond Purchase Agreement provides that the Underwriter's obligation is subject to certain conditions and that the Underwriter will purchase all of the

Series 1996B Bonds, if any are purchased. Upon delivery of, and payment for the Series 1996B Bonds, the Underwriter will be paid a fee of $______, which is equal to ___% of the aggregate principal amount of the Series 1996B Bonds, for its services.

The initial public offering price (as shown on the cover page hereof) may be changed from time to time by the Underwriter without notice. The Underwriter may offer and sell the Series 1996B Bonds to certain dealers (including dealers depositing Series 1996B Bonds into investment trusts) and others at prices lower than the public offering price shown on the cover page hereof.

CONTINUING DISCLOSURE OF INFORMATION

Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, requires the Underwriter, before purchasing or selling the Series 1996B Bonds, to reasonably determine that the Authority and any other "obligated person" has undertaken to provide certain annual financial information and event notices to various information repositories.

In order to assist the Underwriter in complying with the Rule, the Authority will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") dated as of August 1, 1996, with the Master Trustee for the benefit of the Registered and Beneficial Owners of the Series 1996B Bonds.

Pursuant to the Continuing Disclosure Agreement, the Authority, as long as it is an "obligated person" with respect to the Series 1996B Bonds, will agree to provide (or cause to be provided) the items of information set forth below.

A. *Financial Information and Operating Data* at least annually to each NRMSIR, and to the appropriate state information depository, if any, no later than 180 days after the end of the Fiscal Year of the Authority, beginning with the Fiscal Year ending June 30, 1997, including:

   1. <u>Audited Financial Statements</u> prepared in accordance with generally accepted accounting principles which have been audited by a firm of independent certified public accountants; and

   2. <u>Financial Information and Operating Data</u> of the type indicated in "Appendix A - OKLAHOMA STUDENT LOAN AUTHORITY, FINANCIAL INFORMATION AND OPERATING DATA" regarding its education lending Program and the portfolio of Financed Eligible Loans for the Series 1996B Bonds.

B. *Notice of Certain Events* with respect to the Series 1996B Bonds, if material, that are specified in the Rule and in the Continuing Disclosure Agreement, in a timely manner to each NRMSIR or to the Municipal Securities Rulemaking Board, and to the appropriate state information depository, if any.

The Continuing Disclosure Agreement will be enforceable by or on behalf of any Registered Owner (for such purpose Beneficial Owners of the Series 1996B Bonds will also be considered Registered Owners of the Series 1996B Bonds) of the Series 1996B Bonds.

The Continuing Disclosure Agreement is also enforceable on behalf of the Registered Owners of the Series 1996B Bonds by the Master Trustee, and the Master Trustee may, and upon the written direction of the Registered Owners of not less than twenty-five percent (25%) of the aggregate outstanding principal amount of the Series 1996B Bonds, or the Underwriter, shall, proceed to protect and enforce the rights of the Registered Owners of the Series 1996B Bonds pursuant to the applicable Continuing Disclosure Agreement; provided that in all cases the Master Trustee will be entitled to the indemnification and other provisions of the Master Bond Resolution with regard to any actions. Any failure by the Authority to comply with the provisions of the Continuing Disclosure Agreement will not be an Event of Default under the Master Bond Resolution.

The rights of the Registered Owners and the Underwriter to enforce the provisions of the Continuing Disclosure Agreement will be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under the Continuing Disclosure Agreement and the Authority, its trustees, officers and employees shall incur no liability under the Continuing Disclosure Agreement by reason of any act or failure to act thereunder.

Compliance With Prior Undertakings. The Authority's only undertaking under the Rule was with respect to the Series 1995 Bonds and Notes. The Authority's initial obligation to provide financial information and operating data and audited financial statements is for the Fiscal Year ended June 30, 1996, which information is due by December 31, 1996. Consequently, the Authority has not failed to comply with any prior undertaking under the Rule. A failure by the Authority to comply an with undertaking will not constitute an Event of Default under the Master Bond Resolution, as Supplemented. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 1996B Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 1996B Bonds and their market price.

MISCELLANEOUS

The information in this Official Statement is presented for the guidance of prospective purchasers of the Series 1996B Bonds described herein. The information has been compiled from official and other sources which, while not guaranteed by the Authority or the Underwriter, are believed to be reliable. So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

Prospective purchasers of the Series 1996B Bonds are also cautioned that the accuracy of any statistical or economic projection or analysis contained herein is not guaranteed and therefore investors are urged to consult their own advisors concerning such projections or analysis. This Official Statement is not to be construed as a contract or agreement between the Authority or the Underwriter and the purchasers or Registered or Beneficial Owners of any of the Series 1996B Bonds.

All quotations from, and summaries and explanations of, the Act, the Higher Education Act, the Master Bond Resolution, the respective Series 1996B Supplemental Resolutions, the Master or Series 1996B Trust Agreement, and other documents contained herein do not purport to be complete, and reference is made to such laws, regulations and documents for full and complete statements of their provisions. All of the Appendices attached hereto are a part of this Official Statement.

This Official Statement has been approved by the Authority for distribution by the Underwriter to the prospective purchasers and the Registered and Beneficial Owners of the Series 1996B Bonds.

OKLAHOMA STUDENT LOAN AUTHORITY

[SEAL]

____
Chairman

ATTEST:

____
Secretary

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Oklahoma Student Loan Authority
Oklahoma Student Loan Bonds and Notes, Series 1996B

OKLAHOMA STUDENT LOAN AUTHORITY
CUSIP Base Number: 679110

FINANCIAL INFORMATION AND OPERATING DATA

The presentation of financial information and operating data in this Appendix is intended to show recent historical information and is not intended to indicate future or continuing trends with respect to the education loan portfolios, the Series 1995 Bonds and Notes or the Series 1996B Bonds.

The information provided herein is subject to change without notice, and the delivery hereof shall not, under any circumstances, create any implication that there has been no change after the date hereof. In addition, the delivery hereof shall not, under any circumstances, create any implication that there have been no other changes in the affairs of the Authority after the date of the Official Statement for the Series 1996B Bonds.

MASTER BOND RESOLUTION

Pursuant to the Master Bond Resolution adopted by the Trustees of the Oklahoma Student Loan Authority (the "Authority"), the Authority expects to issue separate series of student loan revenue bonds under separate Supplemental Bond Resolutions. Upon delivery of the Series 1996B Bonds, the Authority will have issued and have outstanding under the Master Bond Resolution, the following:

Series	Dated As Of	Maturity	Principal Amount Issued	Principal Amount Outstanding
1995A-1[1]	Date of Issuance	September 1, 2025	$21,600,000	$21,600,000
1995A-2[1]	Date of Issuance	September 1, 2025	$ 7,000,000	$ 7,000,000
1995B-1[2]	November 1, 1995	September 1, 2008	$ 2,000,000	$ 2,000,000
1995B-2[2]	November 1, 1995	September 1, 2025	$ 3,980,000	$ 3,980,000
1996B-1[2]	August 1, 1996	August 1, 2004	$ 5,975,000	$ 5,975,000*
1996B-2[2]	August 1, 1996	August 1, 2008	$ 6,230,000	$ 6,230,000*

*As of the date of delivery of the Series 1996B Bonds.
[1]Senior Auction Remarketed Notes, subject to conversion to adjustable or fixed interest rates.
[2]Subordinate Bonds, bearing fixed rates of interest.

The Master Bond Resolution permits the issuance of Additional Bonds and Notes by adoption of Supplemental Bond Resolutions under certain conditions. Such Additional Bonds and Notes, if issued, may be on a parity with one or more other series of Bonds and Notes issued pursuant to the Master Bond Resolution.

GENERAL

The Authority acts as an originating lender to student borrowers or their parents, purchases guaranteed education loans from other eligible lenders, and is also a Lender of Last Resort ("LLR") for the Oklahoma State Regents for Higher Education, acting as the "State Guarantee Agency".

The Fiscal Year of the Authority is presently from July 1 of each year through June 30 of the next succeeding calendar year. The information presented herein is for the Fiscal Year ended June 30, 1996, unless otherwise noted.

The offices of the Authority are located at 4545 North Lincoln Boulevard, Suite 66, Oklahoma City, Oklahoma 73105. Its telephone number is (405) 556-9210 and its facsimile transmission number is (405) 556-9255.

ADMINISTRATION

Governing Board

The Authority was created by an express Trust Indenture dated August 2, 1972 for the benefit of the State of Oklahoma (the "State"). The Authority is governed by five trustees who are appointed by the Governor of the State, subject to the advice and consent of the State Senate, for overlapping five (5) year terms.

Executive Management

The day-to-day management of the Authority is vested in a president and executive staff appointed by the trustees of the Authority. The present executive officers of the Authority are listed below.

Dr. Gene Satterfield, President. Dr. Satterfield became President and Chief Executive Officer of the Authority on January 22, 1991. From 1973 until assuming his current position, he was the University Business Manager of Oklahoma State University, Stillwater, Oklahoma. Prior to that he was the Assistant Controller for Oklahoma State University. He has also served as the Controller and Secretary-Treasurer for the Oklahoma State University Education and Research Foundation. Dr. Satterfield is a member of the Oklahoma and the Central Associations of College and University Business Officers as well as various civic organizations. Dr. Satterfield received a Bachelor of Science degree in Business in 1961, a Master of Arts degree in 1984 and a Doctor of Education degree in 1988 from Oklahoma State University.

Patricia VanAntwerp, Esq., Vice President - Lending. Ms. VanAntwerp has been employed by the Authority in her current position since July 1, 1987. From 1984 to 1987, Ms. VanAntwerp was employed by the Oklahoma State Regents for Higher Education as Director of the Oklahoma Student Loan Program. From 1979 to 1984, Ms. VanAntwerp was Assistant General Counsel for the Oklahoma Corporation Commission. Ms. VanAntwerp received a Bachelor of Science degree in Business from Oklahoma State University in 1960. In 1977, she received a Juris Doctor degree from Oklahoma City University School of Law. She is a member of the Oklahoma Bar Association, the American Bar Association, the Oklahoma County Bar Association, Women Lawyers of Oklahoma, National Association of Women Lawyers and the Oklahoma and National Business and Professional Women's Organizations.

Roderick W. Durrell, Esq., Vice President - Finance. Mr. Durrell has been employed by the Authority since July 1, 1990 with primary responsibilities in financial analysis and planning. Prior to joining the Authority, Mr. Durrell was in private practice specializing in public finance law in Oklahoma City and an officer of municipal securities broker-dealer firms in Oklahoma City. Mr. Durrell is a member of the Oklahoma Bar Association and the National Association of Bond Lawyers. Mr. Durrell received his Bachelor of Science degree from the University of Vermont in 1967, his Master of Business Administration degree from the University of Hartford in 1972 and his Juris Doctor degree from the University of Oklahoma in 1975.

Graden Perry, Vice President - Loan Management. Mr. Perry joined the Authority staff on July 8, 1991 and assumed the position of Vice President on January 1, 1992. Mr. Perry was employed by Continental Federal Savings & Loan Association, Oklahoma City, Oklahoma, from 1976 to June, 1991. He was Retail Banking Division Manager, Senior Vice President from 1984 to 1991; Chief Loan Officer, Senior Vice President from 1983 to 1984; Personal Lending Division Manager, Senior Vice President 1980 to 1983; and Branch Manager, Vice President from 1976 to 1980. While at Continental Federal, Mr. Perry's responsibilities included developing and managing its guaranteed student loan activities. From 1959 to 1976, Mr. Perry was employed by Transamerica Financial Corporation in Oklahoma City. Mr. Perry attended the University of Tulsa and the University of Central Oklahoma.

William A. Rogers, C.P.A., Controller and Vice President - Operations. Mr. Rogers has been employed by the Authority as Controller since October 1, 1991. His primary duties as Controller are the production of accrual basis financial statements, related management reports and the management of systems related thereto. 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. From 1978 to 1981, Mr. Rogers worked for the State of Arkansas, Division of Legislative Audits, performing financial and compliance audits of municipal and county governments in Arkansas. 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.

Employment

The Authority has approximately 34 full time equivalent employees, including the individuals listed above.

LOAN FINANCE PROGRAMS

During the Fiscal Year ended June 30, 1996, total loan financing by the Authority in the Federal Family Education Loan ("FFEL") Program was approximately as shown in the following table:

	Authority Total Amount	Per Cent
Origination of Basic Loans	$27,031,000	67.4%
Origination of Consolidation Loans*	10,175,000	25.4
Origination of LLR Loans	174,000	0.4
Acquisition of Loans	2,712,000	6.8
Total Loans Financed	$40,092,000	100.0%

*Of this amount, approximately 81% paid off loans owned by the Authority and approximately 19% paid off loans held by other eligible lenders.

LOAN PORTFOLIO DATA

General

At June 30, 1996, the current principal balance of the Authority's Eligible Loan principal receivable from borrowers and average borrower indebtedness was approximately as shown in the following table.

Holder	Eligible Loan Principal	Average Borrower Account
Authority Total	$129,343,000	$4,200
Series 1995 Trust Estate	$ 28,597,000	$3,600*
Series 1996B Trust Estate	$ 11,800,000	$4,000**

*Stafford Loans were approximately $3,000; PLUS, $4,800; and Consolidation Loans, $12,500.

**Not applicable at June 30, 1996. Numbers reflect loans expected to be deposited in the Trust Estate after the application of the Series 1996B Bonds.

Loan Guarantee or Insurance

At June 30, 1996, the current principal balance of the Authority's Eligible Loans were guaranteed approximately as shown in the following table.

Guarantor	Principal Location	Per Cent of Total Portfolio	Per Cent of Series 1995 Trust Estate	Per Cent of Series 1996B Trust Estate**
State Guarantee Agency	Oklahoma City, OK	98.6%	98.4%	98.2%
USAF	Indianapolis, IN	1.4	1.6	1.8
Secretary, USDE	Washington, DC	0.0*	0.0	0.0
		100.0%	100.0%	100.0%

*Less than 0.1%.

**Not applicable at June 30, 1996. Numbers reflect loans expected to be deposited in the Trust Estate after the application of the Series 1996B Bonds.

At June 30, 1996, the loan guarantee eligibility (percentage of the principal amount of a default claim) of the Authority's Eligible Loans was approximately as shown in the following table.

Guarantee Eligibility	Per Cent of Total Portfolio	Per Cent of Series 1995 Trust Estate	Per Cent of Series 1996B Trust Estate*
100%	43.9%	44.2%	40.0%
98%	56.1	55.8	60.0
Total	100.0%	100.0%	100.0%

*Not applicable at June 30, 1996. Numbers reflect loans expected to be deposited in the Trust Estate after the application of the Series 1996B Bonds.

Loan Type

At June 30, 1996, the current principal balance of the Authority's Eligible Loans by loan type was approximately as shown in the following table.

Loan Type	Per Cent of Total Portfolio	Per Cent of Series 1995 Trust Estate	Per Cent of Series 1996B Trust Estate**
Federal Stafford			
Subsidized	67.1%*	62.4%	80.0%
Unsubsidized	12.2	10.2	20.0
Total Stafford	79.3%	72.6%	100.0%
Federal SLS	4.0	0.2	0.0
Federal PLUS	7.0	13.4	0.0
Federal Consolidation	9.7	13.8	0.0
Loan Principal Receivable	100.0%	100.0%	100.0%

*Includes Federal Insured Student Loans insured directly by the Secretary of USDE.

**Not applicable at June 30, 1996. Numbers reflect loans expected to be deposited in the Trust Estate after the application of the Series 1996B Bonds.

Loan Status

At June 30, 1996, the current principal balance of the Authority's Eligible Loans by loan status was approximately as shown in the following table.

Loan Status	Per Cent of Total Portfolio	Per Cent of Series 1995 Trust Estate	Per Cent of Series 1996B Trust Estate**
Interim Loans:			
In-School	24.8%	19.9%	N/A%
Grace	10.2	10.9	N/A
Deferment*	9.9	12.6	N/A
Sub-Total - Interim	44.9%	43.4%	N/A%
Repayment Loans:			
Current	32.0%	30.2%	N/A%
Delinquent < 30 days	7.8	8.8	N/A
Delinquent 30-180 days	6.8	8.1	N/A
Forbearance	6.6	7.5	N/A
Sub-Total - Repayment	53.2	54.6	N/A
Claim Loans:	1.9	2.0	N/A
Total	100.0%	100.0%	N/A%

*Approximately 60% (and 53% of the Series 1995 Trust Estate) of this category are subsidized Stafford loans on which the USDE pays interest during deferment; interest accrues as the responsibility of the borrower on the remainder.

**Not Applicable at June 30, 1996. Numbers to be provided in subsequent years.

School Type

At June 30, 1996, the current principal balance of the Authority's Eligible Loans by school type, exclusive of Federal Consolidation Loans which loan type is not reported by school type, was approximately as shown in the following table.

School Type	Per Cent of Total Portfolio*	Per Cent of Series 1995 Trust Estate*	Per Cent of Series 1996B Trust Estate*&**
University - 4 Year	74.3%	74.8%	70.3%
College - 2 Year	6.7	6.7	7.3
Vocational/Proprietary	19.0	18.5	22.4
Total	100.0%	100.0%	100.0%

*Excludes Federal Consolidation Loans which are not reported by school type.

**Not applicable at June 30, 1996. Numbers reflect loans expected to be deposited in the Trust Estate after the application of the Series 1996B Bonds.

Loan Servicing

At June 30, 1996, the servicing of the current principal balance of the Authority's Eligible Loans was as shown in the following table.

Servicer	Principal Location	Per Cent of Total Portfolio	Per Cent of Series 1995 Trust Estate	Per Cent of Series 1996B Trust Estate**
The Authority*	Oklahoma City, OK	100.0%	100.0%	100.0%

*Utilizing a remote servicing system database pursuant to an agreement with UNIPAC Services Corporation of Aurora, CO.

**Not applicable at June 30, 1996. Numbers reflect loans expected to be deposited in the Trust Estate after the application of the Series 1996B Bonds.

FUND BALANCES AND BOND REDEMPTIONS

Fund and Account Balances

	Series 1995 Trust Estate	Series 1996B Trust Estate
Lending Fund as of June 30, 1996:	$ 2,703,000*	$ N/A**
End of Acquisition Period:	August 1, 1996	January 1, 1997
End of Recycling Period:	November 1, 1998	November 1, 1999
Debt Service Reserve Account as of June 30, 1996:	$ 691,600	$ N/A**
Debt Service Reserve Requirement:	$ 691,600	$ 241,400

*These moneys were used to acquire loans on July 1, 1996.

**Not Applicable. Number to be provided in subsequent years.

Redemption History

Maturity Date	Interest Rate	Original Amount	Principal Matured	Principal Redemptions*	Principal Outstanding
8-1-2004	_**_%	$ 5,975,000	$ 0	$ 0	$ 5,975,000***
8-1-2008	_**_%	6,230,000	0	0	6,230,000***
9-1-2008	5.80%	2,000,000	0	0	2,000,000
9-1-2025	35 day Auction	21,600,000	0	0	21,600,000
9-1-2025	1 Year Auction	7,000,000	0	0	7,000,000
9-1-2025	6.35%	3,980,000	0	0	3,980,000
Total		$46,785,000	0	$ 0	$46,785,000

*Detail of dates, amounts, source of funds, type of call provided below, if applicable.

**At the rate shown on the cover hereof.

***After delivery of the Series 1996B Bonds.

CASH FLOW ASSUMPTIONS FOR THE SERIES 1996B BONDS

The information below is *not* information that is planned to be reported for purposes of continuing disclosure of financial and operating data for the Series 1995 Bonds and Notes or the Series 1996B Bonds.

Set forth below are certain additional assumptions used in preparation of the cash flow projections for the Series 1996B Bonds. See also, the captions "SECURITY AND SOURCES OF PAYMENT - Cash Flow Projections" and "INVESTMENT CONSIDERATIONS - Factors Affecting Cash Flow Sufficiency" in the main body of the Official Statement.

There can be no assurance that interest and principal payments from the Financed Eligible Loans will be received as anticipated, that the reinvestment rates assumed on the amounts in various Funds and Accounts will be realized, or that Interest Benefit or Special Allowance Payments will be received in the amounts and at the times anticipated. Furthermore, future events over which the Authority has no control may adversely affect the Authority's actual receipt of Revenues and Recoveries of Principal pursuant to the Master Bond Resolution, as Supplemented.

Financed Eligible Loan Assumptions

For cash flow projection purposes, based on its experience in administering the Program, the Authority has analyzed the Eligible Loans financed under the Master Bond Resolution or expected to be financed with the proceeds of the Series 1996B Bonds. These Series 1996B Eligible Loans are expected to be acquired by the Authority on or about October 1, 1996.

The assumptions utilized in the cash flow projections represent an average, and at any given point in time such assumptions will not match the actual portfolio of Financed Eligible Loans. The Authority does not covenant or guarantee that these assumptions will be correct.

See "Appendix C - DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" herein for a description of various terms and provisions relating to the guaranteed education loans that comprise the Eligible Loans expected to be held under the Master Bond Resolution, as Supplemented following the application of the proceeds of the Series 1996B bonds.

A. *Duration.* The Eligible Loans expected to be held under the Master Bond Resolution, as Supplemented following the application of the proceeds of the Series 1996B Bonds are assumed to have an average status duration of: (i) thirty (30) months for in-school status loans; (ii) six (6) months for grace status loans; (iii) 100 months for loans in repayment status; and (iv) twelve (12) months for loans in deferment status. In-school loans are assumed to enter repayment based upon the student's expected graduation date.

B. *Premium.* It is assumed that loans acquired (other than loans transferred from the trust estate for the Refunded Note) will be acquired with a one percent (1%) premium paid.

C. *Borrower Incentive Loan Discount.* It is anticipated that a significant number of Eligible Loans financed by the Recoveries of Principal available for Recycling will be eligible for the Authority's "TOP"™ program. "TOP"™ is the identifying trademark name of the Authority's behavioral incentive loan program for borrowers that are timely on payments and qualify for a subsequent interest rate discount of 1.50 percent on their education loans held by the Authority. In order to be eligible for "TOP"™, an education loan must have been, with certain exceptions, first disbursed on or after July 1, 1996. In order to qualify for "TOP"™, an eligible borrower must make twelve (12) consecutive timely payments of principal and interest. Once achieved, the "TOP"™ loan discount is permanent. Such Recycling is available for moneys received until November 1, 1999, unless this Recycling period is extended upon the satisfaction of certain conditions. The average account size assumed for such Eligible Loans is $4,000.

D. *Interest Rate Assumptions.* The 91-day U.S. Treasury Bill average auction index rate is assumed to be 5.16% and the 52 week U.S. Treasury Bill auction index rate is assumed to be 5.62%.

For loans assumed to be originated after October 1, 1992: (i) PLUS and SLS loans are assumed to yield the 52 week U.S. Treasury Bill index rate plus 3.10%; (ii) Consolidation loans are assumed to have a weighted average return of 8.33% per annum with an annualized rebate of 1.05% paid monthly; (iii) post October 1, 1992 Stafford Variable Rate Loans are assumed to yield (interest plus Special Allowance Payments) the 91-day U.S. Treasury Bill index rate plus 2.50% during the In-School, Grace or Deferment periods, and the 91-day U.S. Treasury Bill index rate plus 3.10% at all other times.

E. *Payment Lags.* A lag of thirty (30) days is assumed on all such financed Eligible Loan Principal and interest payments from borrowers, and a lag of sixty (60) days is assumed on all federal Interest Benefit Payments and Special Allowance Payments.

Fees and Expenses

A. *Program Expenses.* It is assumed that the annual Program Expenses (other than servicing fees) relating to the Eligible Loans expected to be held under the Master Bond Resolution, as Supplemented, following the application of the proceeds of the Series 1996B Bonds will include, among other things: (i) Trustee fees equal to 0.01% per annum of the aggregate amount of Bonds and Notes Outstanding in each year; (ii) fees of the Broker-Dealer equal to 0.25% per annum of the principal amount of the Series 1995A-1 Notes and the Series 1995A-2 Notes Outstanding during each Auction Period in each year; and (iii) fees of the Auction Agent equal to 0.02% per annum of the principal amount of the Series 1995A-1 Notes Outstanding during each Auction Period.

B. *Servicing Fees.* All of the Eligible Loans are expected to be serviced by the Authority. Servicing Fees are assumed to include fees with respect to the servicing by the Authority at the rate of 1.25% per annum of the current principal balance of the Financed Eligible Loans, payable monthly. In addition, the Administrative Fee to the Authority is assumed to be 0.50% per annum, payable monthly.

Payment of Guaranty Claims

A one-time charge of $31 for filing a claim has been assumed for cash flow projection purposes. Based on its experience, the Authority expects that defaults will occur and, for purposes of the cash flow projections, has assumed an overall default rate of 15%, occurring as follows: (i) a default rate of 10.5% for the first year Eligible Loans enter repayment; (ii) a default rate of 3.0% for the second year of repayment; (iii) a default rate of 1.5% for the third year of repayment; and (iv) a default rate of 0% for each year thereafter.

Defaults on Eligible Loans are assumed to be reimbursed at a rate of 100% (or at a rate of 98% on loans first disbursed on or after October 1, 1993), from the State Guarantee Agency or other Guarantee Agency.

Although the State Guarantee Agency or other Guarantee Agency is obligated to make payments of 98% or 100% to the Authority and other lenders, the State Guarantee Agency or other Guarantee Agency must then rely on reimbursement from the Secretary of the USDE. The ability of the State Guarantee Agency or other Guarantee Agency to meet its claims payment obligations may be impaired if claim payments exceed expectations or if its Guarantee Fund is inadequate. See the captions "INVESTMENT CONSIDERATIONS - Financial Status of Guarantors" and "GUARANTEE AGENCIES" and see also, "Appendix B - THE STATE GUARANTEE AGENCY DESCRIPTIVE, STATISTICAL AND FINANCIAL STATEMENT INFORMATION" herein.

It is assumed that Guarantee Agency obligations as to any defaulted Financed Eligible Loans will be honored within 540 days of the initial delinquency, assuming also proper loan servicing and proper presentation and processing of the claims. This assumption contemplates that if a guarantor failed to honor the claim, the Secretary would honor the claim within that time period in accordance with the provisions of the Higher Education Amendments of 1992.

Investment Rates

Balances in the Debt Service Reserve Account for the Series 1996B Bonds are assumed to be invested at the yield of the Series 1996B Bonds. All other funds in the Trust Estate for the Series 1996B Bonds are assumed to be invested at the 91-day U.S. Treasury Bill rate assumption as detailed above.

Balances in the Debt Service Reserve Account for the Series 1995 Bonds and Notes are invested in a collateralized Investment Agreement at an assumed interest rate that equals the blended annualized auction rate on the Series 1995A-1 Notes, the Series 1995A-2 Notes and the fixed rates on the Series 1995A Bonds. Float Balances in the Tax Exempt Repayment Account or the corresponding Interest and Principal Accounts of the Sinking Fund for the Series 1995 Bonds and Notes are invested in a collateralized Investment Agreement at an assumed interest rate that equals such blended annualized rate.

The foregoing assumptions relate specifically to the Eligible Loans acquired with proceeds of the Series 1995 Bonds and Notes or expected to be acquired with the proceeds of the Series 1996B Bonds. It cannot be assumed that such assumptions will apply to portfolios of Eligible Loans financed or acquired in the future by the Authority with the proceeds of additional obligations under the Master Bond Resolution or with the Revenues and Recoveries Principal on

Financed Eligible Loans. Moreover, following the enactment of the Student Loan Reform Act of 1993, the economic and guaranty characteristics of Financed Eligible Loans will vary greatly depending upon when they were originated, when the debt by which they were originated or acquired by the Authority was issued, and whether such debt is taxable or tax-exempt. As a consequence, the economic and guarantee characteristics of the Financed Eligible Loans will vary, depending on those factors.

UNAUDITED FINANCIAL STATEMENTS

Included in Appendix A are the *unaudited* consolidated financial statements of the Authority for the nine months ended March 31, 1996 and 1995. The unaudited financial statements are prepared on the basis of generally accepted accounting principles, but have not been audited and reported on by independent certified public accountants.

The Series 1996B Bonds, and the interest thereon, are not general obligations of the Authority, but rather are limited and special revenue obligations of the Authority secured by, and payable solely from, the assets of the Trust Estate. The audited financial statements on file with the NRMSIRs and the *unaudited* financial statements presented in Appendix A are intended only as background information on the Authority and its overall operations.

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OKLAHOMA STUDENT LOAN AUTHORITY

Comparative Schedule of Assets

March 31, 1996 and 1995

	** Consolidated Totals ** 3-31-96	3-31-95	Increase (Decrease)
Cash & cash equivalents	3,149,023	2,074,008	1,075,015
Accounts Receivable - loan servicing	2,655	4,292	(1,637)
Interest receivable-Dept of Education			
Interest & Special Allowance	1,043,751	2,242,644	(1,198,893)
Student loan interest receivable	2,211,758	1,765,456	446,302
Investment earnings receivable	425,309	326,891	98,418
Total Cash & Receivables	6,832,496	6,413,291	419,205
Trust Fund Investments (at cost)			
Sinking Fund Account	13,544	22,674	(9,130)
SF - Interest Account	2,045,303	3,101,749	(1,056,446)
SF - Principal Account	9,288,107	2,547,238	6,740,869
Debt Service Reserve	4,883,800	4,331,743	552,057
Rebate Account	14,337	14,337	0
Student Loan Account	7,569,096	1,312,031	6,257,065
Operating Account	777,500	482,834	294,666
Investment Income Account	64,933	12,863	52,070
Short-term Investments	0	27,955	(27,955)
Long-term Investments	9,152,633	9,244,926	(92,293)
Total Trust Fund Investments	33,809,252	21,098,350	12,710,902
Student loan notes receivable	129,326,411	110,624,019	18,702,392
Allowance for loan losses	(1,477,469)	(875,000)	(602,469)
Net Student Loan Notes Receivable	127,848,943	109,749,019	18,099,924
Unprocessed deposits	(1,257,261)	(141,552)	(1,115,709)
Total fixed assets, net of accumulated depreciation & amortization	160,557	171,208	(10,651)
Prepaid expenses	40,723	59,731	(19,008)
Capitalized loan origination cost	388,722	359,166	29,556
Deferred financing cost	794,408	581,309	213,099
TOTAL ASSETS	168,617,840	138,290,522	30,327,318

OKLAHOMA STUDENT LOAN AUTHORITY

Comparative Schedule of Liabilities and Equity

March 31, 1996 and 1995

	** Consolidated Totals ** 3-31-96	3-31-95	Increase (Decrease)
Accounts payable - vendors	178,008	307,977	(129,969)
Accounts payable - loan guarantor	33,897	26,628	7,269
Accounts payable - origination fee	369,415	455,940	(86,525)
Interest payable	1,019,106	1,107,924	(88,818)
Due to other funds	0	0	0
Other accrued liabilities	63,506	57,254	6,252
Total Current Liabilities	1,663,932	1,955,723	(291,791)
Notes payable	58,875,000	34,378,123	24,496,877
Bonds payable	75,850,000	71,880,000	3,970,000
Arbitrage rebate payable	12,162	12,162	(0)
Excess interest rebate payable	0	258,354	(258,354)
Total Liabilities	136,401,094	108,484,362	27,916,732
Fund balance, Beginning of the Year	30,265,595	28,420,192	1,845,403
Net income - Year to Date	1,951,151	1,385,968	565,183
Fund balance, Year to Date	32,216,746	29,806,160	2,410,586
TOTAL LIABILITIES & EQUITY	168,617,840	138,290,522	30,327,318

OKLAHOMA STUDENT LOAN AUTHORITY

Comparative Income Statement

For the Nine Months Ended March 31, 1996 and March 31, 1995

	** Consolidated Totals ** 3-31-96	3-31-95	Increase (Decrease)
Income:			
Loan interest income:			
From students	4,139,705	3,515,541	624,164
From U.S. Department of Education	3,291,122	3,834,069	(542,947)
Investment interest income	1,782,148	1,344,940	437,208
Arbitrage rebate	(5,634)	0	(5,634)
Excess interest rebate	0	(40,118)	40,118
Premium/(Discount) - SLMA sales	0	32,117	(32,117)
Loan servicing income	26,698	18,067	8,631
Total Income	9,234,039	8,704,616	529,423
Auction / broker fees	74,267	0	74,267
Interest expense-bonds & notes payable	5,276,140	5,161,436	114,704
Total Debt Service	5,350,407	5,161,436	188,971
Gross Profit	3,883,632	3,543,180	340,452
Operating expenses:			
Administrative expenses -			
Personnel expenses	897,812	978,215	(80,403)
Professional fees	87,611	81,674	5,937
Travel expenses	24,588	38,912	(14,324)
Communications and miscellaneous administrative expense	217,748	222,848	(5,100)
Rent expense	80,822	90,418	(9,596)
Maintenance & repairs	18,484	29,697	(11,213)
Supplies & materials	55,465	47,858	7,607
Depreciation & amortization	182,206	185,833	(3,627)
Transfers - administrative	(0)	0	(0)
Capitalized loan origination cost	(123,882)	(129,855)	5,973
Total Administrative	1,440,855	1,545,600	(104,745)
Loan servicing	271,232	340,244	(69,012)
Lender's origination fee	201,226	124,323	76,903
Trustee bank fees	19,168	15,149	4,019
Total Operating Expenses	1,932,481	2,025,316	(92,835)
NET INCOME - YEAR TO DATE	1,951,151	1,517,864	433,287

Oklahoma Student Loan Authority
Oklahoma Student Loan Bonds and Notes, Series 1996B

The following information concerning the State Guarantee Agency not otherwise attributed to another source has been obtained from the State Guarantee Agency for inclusion herein. The information contained in such material is not guaranteed as to accuracy or completeness by the Authority, Bond Counsel or the Underwriter, and is not to be construed as a representation by any of those persons. Neither the Authority, Bond Counsel or the Underwriter have independently verified this information and no representation is made by any of those persons as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

Substantially all of the FFEL Program conducted by the Authority is operated under the guidelines of the State Guarantee Agency. As of June 30, 1996 approximately 98.6% of the FFEL Program loans held by the Authority were guaranteed by the State Regents, acting as the State Guarantee Agency, pursuant to that certain Agreement to Endorse Loans dated as of October 3, 1994 by and between the Authority and the State Regents. Numerous other lenders also make education loans guaranteed by the State Guarantee Agency.

The Guarantee Fund administered by the State Regents is not a reserve for the Authority's bonds or notes or the education loans of the Authority only, but is an insurance reserve established in respect to any claims that might be submitted by any participating eligible lender with regard to any education loans guaranteed by the State Guarantee Agency.

THE STATE GUARANTEE AGENCY
DESCRIPTIVE, STATISTICAL AND FINANCIAL STATEMENT INFORMATION

Oklahoma Guaranteed Student Loan Program

The Oklahoma State Regents for Higher Education (the "State Regents"), acting as the "State Guarantee Agency" and administering and utilizing the Student Educational Assistance Fund (the "Guarantee Fund") established in the State Treasury, operate the Oklahoma Guaranteed Student Loan Program ("OGSLP"). The State Guarantee Agency guarantees education loans made by various eligible lenders to applicants who attend approved universities, colleges, vocational education or trade schools.

The State Guarantee Agency has been in operation in Oklahoma since November 1965. As of June 30, 1996, loans made by various eligible lenders and guaranteed by the State Guarantee Agency were outstanding in the total principal amount of approximately $1,411,639,439. The Guarantee Fund balance (cash basis) at that date was $15,496,783 or, 1.10% of the guaranteed loan principal amount outstanding.

Guarantee and Reinsurance of Loans

Pursuant to various Agreements to Endorse Loans by and between the State Regents and numerous participating eligible lenders, the eligible lender is entitled to payment from the State Guarantee Agency for 100% (98% for loans first disbursed after October 1, 1993 except for Lender of Last Resort loans) of any proven loss incurred resulting from default, and for 100% of any proven loss resulting from death, permanent and total disability or discharge in bankruptcy of the borrower.

The State Guarantee Agency is reinsured, and guarantee claims paid are reimbursed from 78% to 100% of the amount paid, subject to certain conditions, by the Secretary (the "Secretary") of the United States Department of Education ("USDE") under the Higher Education Act of 1965, as amended (the "Higher Education Act"). This reimbursement is made because the State Regents and the Secretary entered into an Agreement for Federal Reinsurance of Loans (the "Federal Reinsurance Agreement") dated October 20, 1977, as amended, pursuant to Section 428(c) of the Higher Education Act, and entered into a Supplemental Guarantee Agreement for Federal Reinsurance of Loans (the "Supplemental Guarantee Agreement") dated May 4, 1984, as amended, pertaining to the Secretary's reimbursement for amounts expended by the State Guarantee Agency in discharge of its guarantee obligations with respect to defaults by borrowers. The Supplemental Guarantee Agreement is subject to annual renegotiation and to termination for cause by the Secretary.

The Oklahoma State Regents For Higher Education

The State Regents were established pursuant to Article XIII-A, Oklahoma Constitution, Sections 1 through 4 adopted in 1941 as a nine member governing board. Members of the State Regents are appointed by the Governor of the State, confirmed by the State Senate, and are removable only for cause. The term of office of the State Regents is nine years. The terms are overlapping. State Regents serve until their successors are appointed and qualified.

The State Regents appoint a chief executive officer, the Chancellor of Higher Education, and approve appointments of other administrative personnel necessary to administer the affairs of the State Regents. The present Chancellor is Dr. Hans Brisch. Gary Smith is the Executive Vice-Chancellor and Chief Operating Officer of the State Regents responsible for the administration of OGSLP.

State Guarantee Agency Administration

The State Guarantee Agency operations are performed as a function within the State Regents. The State Guarantee Agency employs approximately 130 full time equivalent employees under the direction of Mr. Smith. Mr. Smith is assisted in this capacity by Alice Strong as Director of the State Guarantee Agency and Director of Human Resources for the State Regents. Dr. Glendon Forgey, C.P.A. serves as the Assistant Director of the State Guarantee Agency.

The offices of the State Guarantee Agency are located at 999 N.W. Grand Boulevard, Suite 300, Oklahoma City, Oklahoma 73118; Telephone (405) 858-4300.

The State Guarantee Agency is organized into seven divisions, as follows: (i) Administrative Division; (ii) Financial Services; (iii) Customer Services Division; (iv) Claims and Accounting Services; (v) Management Information Systems (MIS); (vi) Accounts Resolutions/Recoveries Division; and (vii) Litigation Division.

Service Area

The State Guarantee Agency guarantees loans for students (or parents in the case of PLUS Program loans) who are otherwise eligible for loans if the student is attending a participating eligible institution on at least a half-time basis. There are approximately 86 schools in Oklahoma actively participating in the State Guarantee Agency program.

The State Guarantee Agency provides for the eligibility of all lenders described in Section 435(d)(1) of the Higher Education Act. There are approximately 38 eligible lenders actively participating in the State Guarantee Agency program.

Electronic Data Processing Support

The State Guarantee Agency uses an integrated software system and data processing facilities for administering education loans that is provided by United Student Aid Funds, Inc. pursuant to an agreement between the State Regents and United Student Aid Funds, Inc. dated September 7, 1989, as amended and extended. This software system is operated from terminals controlled by the State Guarantee Agency and connected to the United Student Aid Funds, Inc.'s system. The system provides for loan application processing, guarantee fee billings to lenders, loan status management, preclaims assistance, claims processing, post claims operations (including reinsurance claims to the USDE) and reporting.

Guarantee Fees Charged

For guaranteeing an education loan made under the Higher Education Act, the State Guarantee Agency presently charges a one percent (1%) fee on the principal amount of the loan disbursed by the eligible lender to the borrower. This fee is paid once with no further adjustments, and is subtracted from the guaranteed loan amount prior to disbursement by the lender.

The one percent (1%) fee charge has been in effect by the State Guarantee Agency since July 1, 1994 pursuant to amendments in the Higher Education Act. From July 1, 1987 through June 30, 1994, the State Guarantee Agency charged a guarantee fee of three percent (3%) of the guaranteed principal amount, but was required to pay USDE one-half percent (0.5%) as a reinsurance premium, resulting in a net guarantee fee of two and one-half percent (2.5%).

In the Fiscal Year ended June 30, 1996, net guarantee fee income received (cash basis) by the State Guarantee Agency was approximately $2,328,800 compared to net guarantee fee income (less reinsurance premiums paid) of approximately $2,284,600 in the Fiscal Year ended June 30, 1995 and $4,328,000 in the previous Fiscal Year ended June 30, 1994.

Annual Guaranteed Loan Volume

During the past five federal fiscal years, the loan principal volume guaranteed by the State Guarantee Agency was as shown on the following table:

Annual Education Loan Guarantees

	Federal Fiscal Year Ended 9/30/95	Federal Fiscal Year Ended 9/30/94	Federal Fiscal Year Ended 9/30/93	Federal Fiscal Year Ended 9/30/92	Federal Fiscal Year Ended 9/30/91
Principal Amount Guaranteed					
Stafford (subsidized)	$172,073,918	$164,813,708	$144,899,972	$123,277,827	$113,271,878
Unsubsidized Stafford	83,829,396	45,472,548	11,817,733	0	0
PLUS	10,699,832	10,755,429	12,232,011	16,848,033	12,945,400
SLS	0	17,280,522	26,596,502	23,266,331	20,884,965
Consolidation	168,566,666	54,263,994	0	0	0
Total	$435,169,812	$292,586,201	$195,637,218	$163,392,191	$147,102,243
Institution Type					
4 Year Univ.	$206,191,010	$175,304,211	$146,609,682	$113,857,023	$ 94,336,077
2 Year College	39,083,194	35,227,306	25,345,260	18,847,776	16,594,356
Proprietary	21,328,942	27,790,690	23,682,276	30,687,392	36,171,810
Total	$266,603,146*	$238,322,207*	$195,637,218	$163,392,191	$147,102,243

The annual principal amount guaranteed through June 30, 1996 of the federal fiscal year ending September 30, 1996 was $406,383,347 compared to $398,320,514 in the same nine month period ended June 30, 1995. The loan type and school type composition of the June 30, 1996 principal was approximately as shown in the Tables below.

Loan Type	Per Cent	Institution Type	Per Cent
Stafford	42.3%	4 Year University	75.7 %
Unsubsidized	22.1	2 Year College	14.6
PLUS	2.9	Proprietary	9.7
Consolidation	32.7		
	100.0%		100.0%*

*The State Guarantee Agency's system does not track Consolidation Loan approvals by institution type.

Outstanding Portfolio Composition

The composition of the State Guarantee Agency's outstanding loan principal guaranteed during the last five federal fiscal years has been as shown in the following Table:

Composition of Outstanding Education Loan Guarantees

	Federal Fiscal Year Ended 9/30/95	Federal Fiscal Year Ended 9/30/94	Federal Fiscal Year Ended 9/30/93	Federal Fiscal Year Ended 9/30/92	Federal Fiscal Year Ended 9/30/91
Loan Status					
Interim	$ 444,797,953	$360,667,742	$273,035,514	$218,327,960	$194,407,917
Deferred	43,009,393	47,974,475	56,973,312	44,852,802	29,354,610
Repayment	804,166,959	577,019,275	452,694,973	411,117,605	361,881,112
Total	$1,291,974,305	$985,661,492	$782,703,799	$674,298,367	$585,643,639
Institution Type					
4 Year University	83.3%	80.8%	78.9%	75.7%	67.8%
2 Year College	9.9	10.6	10.4	10.0	4.4
Proprietary	6.8	8.6	10.7	14.3	27.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%

The total principal amount guaranteed at June 30,1996 was $1,411,639,439. The loan status and school type composition of that principal amount at that date was as shown below:

Loan Status	Per Cent	Institution Type	Per Cent
Interim	29.1%	4 Year University	79.1%
Deferred	2.8	2 Year College	11.3
Repayment	68.1	Proprietary	9.6
	100.0%		100.0%

Trigger Rate

The "trigger rate" is the ratio of the amount of reinsurance claims paid to a guarantee agency during a federal fiscal year ending September 30, to that guarantor's amount of loans in repayment at the end of the preceding federal fiscal year expressed as a percentage. The trigger rate determines the rate of reimbursement of claims payments which the State Guarantee Agency is reimbursed by the USDE pursuant to the Federal Reinsurance Agreement and Supplemental Guarantee Agreement. Reimbursements by the USDE are subject to a sliding scale based on the trigger rate, as follows:

Federal Fiscal Year Default Claim Rate	Loans Prior to 10/1/93 Reimbursement Rate	Loans After 9/30/93 Reimbursement Rate
Up to 5.0%	100%	98%
5.0% up to 9.0%	90%	88%
9.0% and over	80%	78%

During the past five federal fiscal years, the trigger rate for the State Guarantee Agency has been as shown on the following Table:

Trigger Rate of the State Guarantee Agency

Federal Fiscal Year Ended 9/30	Trigger Numerator	Trigger Denominator	Rate
1996*	$40,388,383	$828,498,066	4.87%
1995	29,071,030	596,599,934	4.87
1994	28,952,615	476,558,459	6.07
1993	27,277,618	432,019,693	6.31
1992	25,839,426	385,726,429	6.70

*Projected based on June 30, 1996 data.

The guarantor, such as the State Guarantee Agency, is responsible as a co-insurer in each federal fiscal year for the difference between the 100% of the claim amount paid to eligible lenders (with certain exceptions, 98% of the claim amount for loans first disbursed on or after October 1, 1993) and the Secretary's reimbursement under the trigger rate formula.

Federal Administrative Cost Allowances Advances

Upon periodic application by a guarantor pursuant to the Higher Education Act, the Secretary is authorized to pay such guarantor an administrative cost allowance up to one percent (1%) of the total principal amount of student loans guaranteed in any fiscal year. The USDE paid guarantors one percent (1%) of loan volume for the federal fiscal year ending September 30, 1995.

Pursuant to the Budget for the federal fiscal year ending September 30, 1996, USDE is to pay administrative cost allowances to guarantee agencies, quarterly, calculated on the bases of 0.85% of the total principal amount of loans which were guaranteed or insured on or after October 1, 1995 by such guarantee agencies, such as OGSLP. However, OGSLP has not received such payments from USDE for the quarters ended December 31, 1995, March 31, 1996, and June 30, 1996.

Guarantee Fund Reserve Balance

Based on the Guarantee Fund balance of $15,496,783 (cash basis) at June 30, 1996 and the outstanding loan principal guaranteed at that date, the Reserve Ratio (cash basis) for the State Guarantee Agency at June 30, 1996 was 1.10%. This ratio exceeds the requirements of the Higher Education Act. Based upon the Higher Education Amendments of 1992 to the Higher Education Act, the State Guarantee Agency was required to maintain a Reserve Ratio of 0.9% for the Fiscal Year ended June 30, 1996, with the requirement increasing to 1.10% for the Fiscal Year ending June 30, 1997.

The Guarantee Fund balance, compared to the amount of outstanding loan principal guaranteed, and resulting Reserve Ratio for the last five federal fiscal years was as shown in the following table:

Guarantee Fund Balance and Loan Principal Guaranteed
(Cash Basis Fund Balance)

Federal Fiscal Year Ended 9/30	Guarantee Fund Balance	Outstanding Loan Principal Guaranteed	Reserve Ratio
1996*	$15,496,783	$1,411,639,439	1.10%
1995	14,003,383	1,291,974,305	1.08
1994	11,223,116	985,661,492	1.14
1993	9,897,659	782,703,799	1.26
1992	8,455,927	674,298,367	1.25

*At June 30, 1996

The Guarantee Fund is maintained in the State Treasury and invested in short-term obligations of, or guaranteed by, the U.S. Government and otherwise pursuant to the investment powers and policies of the State Treasurer. There is no assurance that the investment income, guarantee fees, federal reimbursements and other monies will continue to be deposited in the Guarantee Fund in amounts consistent with past experience.

Default Rates

Default Rates Regarding the State Guarantee Agency

	Federal Fiscal Year Ended 9/30/95	Federal Fiscal Year Ended 9/30/94	Federal Fiscal Year Ended 9/30/93	Federal Fiscal Year Ended 9/30/92	Federal Fiscal Year Ended 9/30/91
Lenders' (Gross) Default Rate					
Default Rate (OGSLP)	20.3%	20.5%	19.9%	19.2%	18.3%
National Average	15.1%	15.2%	17.7%	17.7%	16.6%
Net Default Rate (OGSLP) after collections	12.4%	12.9%	13.4%	13.6%	13.4%
National Average	9.0%	11.5%	11.5%	12.1%	11.8%

The Student Loan Reform Act of 1993 reduced guarantee agencies' retention rate on collection recoveries from 30% to 27%. In addition, pursuant to the Secretary's interpretation of the Higher Education Act, the retention rate paid by the Secretary on defaulted loans that are paid by the making of a Federal Consolidation Loan is 18.5%.

Pending State Legislation and Litigation

There is no State legislative action pending or proposed with respect to the State Guarantee Agency or the Guarantee Fund.

There is no currently pending or, to the knowledge of the State Regents, threatened legal proceeding with respect to the State Guarantee Agency and the Guarantee Fund except for defaulted loan collection recovery efforts in normal course of operations.

Status of Federal "Reserves"

The USDE had advanced the State Guarantee Agency $677,181 pursuant to an Agreement for Federal Advances under the Higher Education Act between the State Regents and the Secretary. During the federal fiscal year ended June 30, 1989, the USDE recovered the amount claimed against the State Guarantee Agency's eligible reinsurance claims. The total amount that the State Guarantee Agency was required to return was $1,095,678. As a result, the State Guarantee Agency has no further spend-down obligation to the USDE.

Proposals have been made that a guarantee agency, after paying a claim by the 60th day after submission, could not file with USDE for reinsurance until 180 days after the claim was submitted. During this period, the guarantee agency would have to pay down or use its reserve funds, up to one-half of its reserve fund balance. The State Guarantee Agency is unable to predict the outcome of such legislation or its impact, if enacted, on the State Guarantee Agency.

The USDE routinely conducts site program reviews or audits of guarantee agencies, such as OGSLP, for compliance with various aspects of the Higher Education Act. OGSLP is scheduled to undergo such a site program review in August 1996.

Consolidation of Guarantee Agencies

There are approximately 36 guarantee agencies participating in the FFEL Program nationally. In view of the planned reduction of the FFEL Program loan volume, USDE has advocated the merger or consolidation of such guarantors into regional combinations with a significantly reduced number continuing to operate as guarantors of FFEL Program loans. Since July 1, 1994, some state guarantee agencies have ceased operating and others have reported mergers or other reorganizations or are reported to be discussing mergers or other reorganizations. The State Guarantee Agency has not discussed the possibility of merger or other reorganization with any other guarantor or with USDE. The State Guarantee Agency is not able to predict the outcome of such consolidation activities or the effect thereof on the State Guarantee Agency.

Changes in Federal Law

Since its original enactment, the Higher Education Act has been amended and reauthorized several times, including the Higher Education Amendments of 1986, 1990, 1992 and 1993. There can be no assurances that the Higher Education Act, or other relevant law, will not be changed in a manner that could adversely impact the State Guarantee Agency's operation in the FFEL Program.

The Student Loan Reform Act of 1993 enacted a variety of changes in the FFEL Program, and enacted FDSLP with direct lending by the USDE to students. Beginning July 1, 1994, USDE began implementing its FDSLP which deals directly with participating schools by eliminating lenders and guarantors. Consequently, FDSLP is in direct competition with the FFEL Program in which the State Guarantee Agency guarantees loans. Nationally, FDSLP comprised a volume of approximately 5% of student loan volume in the year ended June 30, 1995 and approximately 32% in the year ended June 30, 1996.

In Oklahoma, Oklahoma State University, Stillwater, Oklahoma participated 100% in FDSLP in the State Guarantee Agency's Fiscal Year ended June 30, 1995 and is continuing to participate. In the second year of FDSLP ended June 30, 1996, in Oklahoma, Langston University, Langston, Oklahoma is participating in FDSLP for its first year students; and St. Gregory's College, Shawnee, Oklahoma and some proprietary schools are participating 100%. The State Guarantee Agency does not believe the expected FDSLP lending volume at schools participating in the third year of FDSLP is material to its operations. The State Guarantee Agency is not able to predict the percentage of participation in its service area from the implementation of FDSLP.

The transition from the FFEL Program to the new FDSLP could involve increasing reductions in the volume of loans made under the FFEL Program generally. As these reductions occur, servicing cost increases and revenue reductions for guarantors, such as the State Guarantee Agency, may occur. The Student Loan Reform Act of 1993 may therefore have a material adverse impact on guarantee agencies such as the State Guarantee Agency.

Financial Statements

Included in this Appendix is the unaudited Statement of Cash Receipts and Disbursements of OGSLP for the month and Fiscal Year ending June 30, 1996. The unaudited Statement was prepared on the cash basis and has not been audited and reported on by independent certified public accountants.

The financial statements of the State Regents' Oklahoma Guaranteed Student Loan Program are prepared on the basis of generally accepted accounting principles. The financial statements for the Fiscal Year ended June 30, 1995 (with comparative totals at June 30, 1994) were audited and reported on by Coopers & Lybrand L.L.P., Oklahoma City, Oklahoma, independent certified public accountants. Such financial statements (including the Notes thereto) and the auditors' report thereon, are set forth as B-11 to B-24 herein.

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OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Guaranteed Student Loan Program

Statement of Cash Receipts and Disbursements
For the Month and Fiscal Year Ending June 30, 1996

CASH RECEIPTS:	June 1996		Year-to-date totals July 1 through June 30	
IRS Intercept Reimbursement	$ 43,074		$ 97,688	
Less: Refunds	(16,089)		(100,549)	
Net IRS Intercept Reimbursement		26,985		(2,861)
Federal Reinsurance Reimbursement		6,973,488		39,659,653
Interest on Investments		28,205		737,568
Insurance Premiums		79,521		2,328,819
Collections on Defaulted Loans	1,529,393		17,173,593	
Less: Reimbursement to DE on defaulted loans	(1,005,988)		(11,362,090)	
Total Reimbursement		523,405		5,811,503
Administrative Cost Allowance		0		1,984,442
Supplemental Preclaims Assistance		80,853		698,859
Loan Service Receipts		1,440		11,616
Miscellaneous		343,388		343,388
Total Revenues		8,057,286		51,572,986
CASH DISBURSEMENTS:				
Purchases of Defaulted Loans to Lenders		2,643,879		40,861,633
Collection Agency Expense		79,241		901,829
Postage		2,397		278,217
Rent		25,654		201,923
Telecommunications		20,225		239,515
USA Funds		37,779		1,323,325
Other Administrative/Operating Expenses		579,616		1,224,961
Salaries and Employee Benefits		399,044		4,770,503
Total Expenditures		3,787,835		49,801,907
Net Operating Gain or (Loss)		4,269,451		1,771,079
Beginning Reserve Fund Balance		11,259,574		14,746,384
Nonrecurring Capital Expenditures		(32,242)		(1,020,680)
Reserve Fund Balance		$15,496,783		$15,496,783
Reserve Ratio				1.10%
Federal Required Reserve Ratio (cash basis only)				0.90%

Note: Unaudited statement for OGSLP management purposes. This statement has not been audited and reported on by independent certified public accountants.

Coopers & Lybrand

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REPORT OF INDEPENDENT ACCOUNTANTS

Oklahoma State Regents for Higher Education
Oklahoma City, Oklahoma

We have audited the accompanying balance sheets of the Oklahoma Guaranteed Student Loan Program ("OGSLP"), a division of the Oklahoma State Regents for Higher Education (the "State Regents"), as of June 30, 1995, and the related statements of revenues, expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the OGSLP's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oklahoma Guaranteed Student Loan Program as of June 30, 1995, and the revenues, expenditures and changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Oklahoma City, Oklahoma
September 26, 1995

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
OKLAHOMA GUARANTEED STUDENT LOAN PROGRAM
BALANCE SHEETS
JUNE 30, 1995
WITH COMPARATIVE TOTALS AT JUNE 30, 1994

	Current Funds Restricted	Plant Funds	Totals 1995	Totals 1994
ASSETS				
Cash	$ 536,317	$ -	$ 536,317	$ 925,363
Investments, at cost	14,210,067	-	14,210,067	12,203,994
Receivables:		-		
Administrative cost allowance	693,969	-	693,969	412,194
Guarantee fees	124,107	-	124,107	186,420
Interest	178,329	-	178,329	93,264
Federal reinsurance	4,746,807	-	4,746,807	4,806,804
Non-reinsured defaulted loans	1,483,141	-	1,483,141	1,372,110
Supplemental preclaims assistance	89,117	-	89,117	63,761
Insurance proceeds	-	691,785	691,785	-
Other	27,796	-	27,796	33,995
Total receivables	7,343,266	691,785	8,035,051	6,968,548
Office furniture	-	59,178	59,178	443,510
Data processing equipment	-	2,200,361	2,200,361	1,117,903
Telecommunications equipment	-	83,290	83,290	83,290
Motor vehicles	-	14,143	14,143	14,143
TOTAL ASSETS	$ 22,089,650	$ 3,048,757	$ 25,138,407	$ 21,756,751
LIABILITIES				
Accounts payable	$ 157,924	$ -	$ 157,924	$ 359,472
Accrued payroll	26,933	-	26,933	7,596
Compensated absences	312,749	-	312,749	258,769
Accrued pension obligation	87,987	-	87,987	-
Default loan collections payable	2,377,950	-	2,377,950	1,813,552
Allowance for default claims	1,629,114	-	1,629,114	2,190,560
Deferred guarantee fees	8,728,052	-	8,728,052	10,174,892
Total liabilities	13,320,709	-	13,320,709	14,804,841
FUND BALANCES				
Restricted	8,768,941	-	8,768,941	5,293,064
Unexpended plant fund - designated	-	691,785	691,785	-
Investment in plant	-	2,356,972	2,356,972	1,658,846
Total fund balances	8,768,941	3,048,757	11,817,698	6,951,910
TOTAL LIABILITIES AND FUND BALANCES	$ 22,089,650	$ 3,048,757	$ 25,138,407	$ 21,756,751

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

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
OKLAHOMA GUARANTEED STUDENT LOAN PROGRAM
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1995
WITH COMPARATIVE TOTALS AT JUNE 30, 1994

	Current Funds Restricted	Plant Funds	Totals 1995	Totals 1994
REVENUES AND OTHER ADDITIONS:				
Administrative cost allowance	$ 2,277,247	$ -	$ 2,277,247	$ 2,124,969
Default loan collections	16,395,690	-	16,395,690	14,970,255
Guarantee fees	3,731,439	-	3,731,439	3,962,969
Investment income	790,661	-	790,661	159,161
Expended for plant facilities	-	1,189,328	1,189,328	301,192
Supplemental preclaims assistance allowance	512,018	-	512,018	545,129
Insurance proceeds	-	691,785	691,785	-
Other sources	-	-	-	197,609
Total revenues and other additions	23,707,055	1,881,113	25,588,168	22,063,715
EXPENDITURES AND OTHER DEDUCTIONS:				
Collection agency expenses	1,030,695	-	1,030,695	1,290,070
General and administrative expenses	8,124,796	-	8,124,796	6,294,630
Default loan collections - federal reimbursements	10,637,615	-	10,637,615	10,558,913
Provision for default claims	438,072	-	438,072	657,473
Reinsurance fees	-	-	-	540,042
Fixed asset writeoffs	-	640,103	640,103	-
Total expenditures and other deductions	20,231,178	640,103	20,871,281	19,341,128
TRANSFERS AMONG FUNDS-ADDITIONS (DEDUCTIONS):				
Nonmandatory transfers	-	148,901	148,901	-
NET INCREASE IN FUND BALANCE	3,475,877	1,389,911	4,865,788	2,722,587
FUND BALANCES, Beginning of year	5,293,064	1,658,846	6,951,910	4,031,714
FUND BALANCES, End of year	$ 8,768,941	$3,048,757	$ 11,817,698	$ 6,754,301

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

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
OKLAHOMA GUARANTEED STUDENT LOAN PROGRAM
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE

The Oklahoma Guaranteed Student Loan Program (the "OGSLP"), a division of the Oklahoma State Regents for Higher Education (the "State Regents"), was established in accordance with Title 70, Section 622 eq. seq. of the Oklahoma Statutes. Pursuant to this statute, the OGSLP is responsible for the administration of the Guarantee Student Loan Program and guarantee loans by certain lending institutions to students attending postsecondary schools, in compliance with operating agreements (the "Agreements") with the U. S. Department of Education (the "USDE") pursuant to Section 428 of the Higher Education Act of 1965 (the "Act"), as periodically amended.

The Federal Guaranteed Student Loan Program (the "Program") under which the OGSLP operates was established by Congress as a means of making loans available to students attending colleges, universities, and postsecondary educational and vocational schools. The Program provides for the OGSLP to guarantee the repayment of principal and accrued interest to lenders for each eligible loan. The OGSLP is responsible for processing loans submitted for guarantee, issuing loan guarantees, providing collection assistance to lenders for delinquent loans, paying lender claims for loans in default and collecting loans on which default claims have been paid. The OGSLP also informs lenders and schools of Program regulations and encourages lender participation.

2. SIGNIFICANT ACCOUNTING POLICIES

The State Regents follow standards of reporting described in the American Institute of Certified Public Accountants' industry audit guide entitled Audits of Colleges and Universities. The significant accounting policies followed by the State Regents in the preparation of the financial statements for the OGSLP are described as follows.

Reporting Entity

The accompanying financial statements include only the accounts for operations and activities of the OGSLP. These financial statements are incorporated into the State Regents financial statements which include all operations and activities of the State Regents.

Basis of Accounting

Other than not providing for depreciation expense in the Plant Fund, the accompanying financial statements have been prepared using the accrual basis of accounting. Prior year's totals and data are presented for comparative purposes only.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Accounting

In order to observe limitations and restrictions placed on the use of resources available to the OGSLP, such resources are classified for accounting and reporting purposes into funds according to activities and objectives specified. Separate accounts are maintained for each fund. Descriptions of these funds are as follows:

Current Funds - Current Funds are used for transactions related to the primary and support objectives of the OGSLP. OGSLP has only one fund group included in this classification, Restricted Funds, which represent resources derived from federal and state sources.

Plant Funds - Plant Funds are used for transactions relating to the OGSLP's investment in long-term operating assets. Plant Funds include Unexpended Plant Funds and Investment in Plant. The Unexpended Plant Funds consist of funds to be used in future acquisitions of fixed assets. Investment in Plant represents the carrying value of equipment and motor vehicles.

Equipment and motor vehicles are stated at cost (where purchased by the OGSLP) or at estimated fair market values at the date of acquisition (where acquired other than by purchase). To the extent Current Funds are used to finance Plant Fund assets, the amounts so provided are accounted for as (a) expenditures for normal replacement of equipment and (b) other transfers.

Receivables

The OGSLP's receivables consist primarily of funds that are due from the USDE. Major items include federal reinsurance on defaulted loans and administrative cost allowances from the USDE and guarantee fees that are collected from student borrowers at the time of loan disbursement by the lending institution.

Administrative Cost Allowance - Pursuant to Section 428 of the Act, the OGSLP is eligible to receive payment from the federal government of up to 1% of the total loans processed for guarantee as an administrative cost allowance to offset certain administrative expenses which the OGSLP incurs. Net loans processed for guarantee for determination of the administrative cost allowance revenue, totaled $227,724,732 and $208,550,078 for the years ending June 30, 1995 and 1994, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Federal Reinsurance - Pursuant to Section 428 of the Act, federal reinsurance of default claims filed are paid to the OGSLP according to the following schedule:

Annual Default Rate	Federal Reinsurance
0% to less than 5%	98% of claims on loans made on or after October 1, 1993; 100% of claims on loans made prior to October 1, 1993
5% to less than 9%	98% of claims on loans made after October 1, 1993, up to 5% and 88% of claims on loans made after October 1, 1993, equal to or more than 5% but less than 9%; 100% of claims on loans made prior to October 1, 1993, up to 5% and 90% of claims on loans made prior to October 1, 1993, equal to or more than 5% but less than 9%
9% or more	98% of claims on loans made after October 1, 1993, up to 5% and 88% of claims on loans made after October 1, 1993, equal to or more than 5% but less than 9%, and 78% of claims on loans made after October 1, 1993, equal to or more than 9%; 100% of claims on loans made prior to October 1, 1993, up to 5%, 90% of claims on loans made prior to October 1, 1993, equal to or more than 5% but less than 9% and 80% of claims on loans made prior to October 1, 1993, equal to or more than 9%

Annual default rates for purposes of the application for federal reinsurance are calculated by dividing reinsurance paid on claims filed during the year by the original amount of loans in repayment at the end of the preceding federal fiscal year. The annual default rates for the years ended June 30, 1995 and 1994, were 4.47% and 5.96%, respectively.

Non-reinsured Defaulted Loans - The OGSLP estimates collections on defaulted non-reinsured loans based upon historical recovery experience. The historical collection rates for June 30, 1995 and 1994 were 30.7% and 26.9%, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

Full time employees earn vacation at the rate of 10 hours per month for the first four years of employment and 12 hours per month during the fifth year to the nineteenth year, and 13.33 hours per month thereafter. A maximum of 480 hours of vacation may be accrued.

Allowance for Default Claims

An estimated allowance for loan defaults in excess of amounts covered by federal reinsurance is made through an annual charge to operations. Actual default payments in excess of federal reinsurance are applied against the allowance as incurred.

Each year, the OGSLP's management analyzes its default experience since inception. Trends in the loan portfolio, projections of future activity and defaults as they impact reinsurance rates, and anticipated recoveries are used to determine the allowance estimate.

Deferred Guarantee Fees

The OGSLP collects guarantee fees from student borrowers at the time of loan disbursement by lending institutions. Currently, the OGSLP is allowed to charge a 1% guarantee fee on each loan. Prior to July 1, 1994, this guarantee fee was 3%. The fees are recognized in income by the sum-of-the-years digits method over eight years, which approximates the average life of the loans. Guarantee fees are recorded as deferred income at the date loans are guaranteed.

Reinsurance Fees

Effective October 1, 1986, a reinsurance fee was required to be remitted to the federal government based on a percentage of total loans processed for guarantee during the year according to the following schedule:

Annual Default Rate	Federal Reinsurance
0% to less than 5%	.25%
5% or more	.50%

For loans guaranteed on or after October 1, 1993, this fee has been eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The OGSLP, as a unit of the State Regents, a political subdivision of the State of Oklahoma, is excluded from federal income tax under Section 115 (1) of the Internal Revenue Code.

3. CASH AND INVESTMENTS

By Oklahoma Statute, the State Treasurer is required to ensure that all state funds are either insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The OGSLP's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in banks or invested as the Treasurer may determine.

Cash and Deposits

Cash on deposit with the State Treasurer has been categorized to give an indication of the level of risk assumed by the OGSLP at year end as follows:

	Risk Category			State/Trustee	Carrying
	A	B	C	Balance	Amount
Cash on deposit with state	$536,317	$ -	$ -	$536,317	$536,317

(A) Insured or collateralized by a pledge of unencumbered securities held by the State Regents or its agent in the State Regents' name.

(B) Collateralized by a pledge of unencumbered securities held by the pledging financial institution's trust department or agent in the State Regents name.

(C) Uncollateralized or secured with securities held by the pledging financial institution or by its trust department or agent but not in the State Regents' name.

3. CASH AND INVESTMENTS, continued

Investments

Investments are categorized as to risk assumed at year end as follows:

	Risk Category A	Risk Category B	Risk Category C	Carrying Amount	Market Value
State Bond Issues	$3,570,000	$ -	$ -	$ 3,570,000	$ 3,570,000
Investment in State Investment Pool				10,640,067	10,640,067
Total investments				$14,210,067	$14,210,067

(A) Insured or registered, or securities held by the State Regents or its agent in the State Regents' name.

(B) Uninsured and unregistered, with securities held by the counter party's trust department or agent in the State Regents' name.

(C) Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the State Regents' name.

The investment in the State Investment Pool has not been classified as to credit risk because the investment is not evidenced by securities that exist in physical or book entry form.

Because the OGSLP does not own any specific, identifiable investment securities of the State Investment Pool, the investment risk for ownership of any derivative investments is not apparent. The degree of investment risk depends on the State Investment Pool's underlying portfolios. The State Regents review state law and information provided by the State Investment Pool's manager to determine the degree of risk permitted by the pool's investment policies.

4. EQUIPMENT

As a result of the April 1995 bombing in downtown Oklahoma City, the OGSLP sustained damages to certain equipment. Although a final damage estimate has not been compiled, management has identified and written off $636,191 of equipment losses and damages. Such losses are fully insured on a replacement value basis. Accordingly, a receivable of $691,785 has been recorded in the Unexpended Plant Fund. Management does not

4. EQUIPMENT, continued

believe any losses or damages subsequently identified will be material to the financial statements.

5. EMPLOYEE RETIREMENT BENEFITS

Defined Contribution Plan

Plan Description - The State Regents entered into a contract with the Teachers Insurance Annuity Association ("TIAA/CREF") in July, 1991, providing for a funded plan for employee retirement. The TIAA/CREF plan is a defined contribution plan qualified under Internal Revenue Code Section 401(a). Eligible OGSLP employees covered by the plan include those whose employment is continuous and on a 50% full-time equivalency basis or more. TIAA/CREF participation provides an annuity in the name of the employee based upon contributions made by the OGSLP. The OGSLP's minimum contribution rate is currently 10% of base salary over $40,000 and contributions vest as contributions are made. Employees make no contributions to this plan.

Funding Status - The OGSLP's total payroll for the years ended June 30, 1995 and 1994, amounted to $3,064,530 and $2,856,618, respectively. Total covered payroll, which refers to all compensation paid by the OGSLP to active employees covered by TIAA/CREF amounted to $416,494 and $363,754 in 1995 and 1994, respectively. The OGSLP contributed $43,934 and $36,375 in 1995 and 1994, respectively, which represents 10.5% in 1995 and 10% in 1994 of covered payroll. As of June 30, 1995, there were no related party investments between TIAA/CREF and the OGSLP.

Defined Benefit Plan

Plan Description - The OGSLP, through the State Regents, sponsors the Supplemental Retirement Plan (the "Plan"), a single-employer public employee retirement system ("PERS"). The Plan was adopted on July 1, 1985, and is substantially replaced by the funded TIAA/CREF plan adopted in July, 1991. The Plan provides employees who retire from the Oklahoma Teacher's Retirement System ("OTRS") a guaranteed base monthly retirement allowance. This guaranteed allowance is determined by the average of the highest three years of salary times 2% for each of the first 25 years of service in Oklahoma's system of public education plus an additional 0.5% for each year of service prior to July 1, 1985, and 1% for each year of service after July 1, 1985, up to a maximum of 60% of final salary entitlement. The Plan pays the difference, if any, between the guaranteed retirement allowance and the combined benefits under OTRS, TIAA/CREF and social security. Benefits vest upon retirement. The OGSLP's payroll for employees

5. EMPLOYEE RETIREMENT BENEFITS, continued

covered by this Plan for the years ended June 30, 1995 and 1994, was $2,870,787 and $2,259,985, respectively.

Funding Status and Progress - The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used.

The total projected pension benefit obligation for the Plan at June 30, 1995 and 1994 is as follows:

Projected Pension Benefit Obligation:

	1995	1994
Retirees and beneficiaries receiving benefits	$87,987	$ -
Current employees	-	-
Total Projected Pension Benefit Obligation	$87,987	$ -

The pension benefit obligations were computed as part of actuarial valuations performed as of June 30, 1995 and 1994, respectively. Significant actuarial assumptions used in the valuations include (a) a discount rate of 8% per year compounded annually, (b) projected salary increases of 3.5%, including inflation and merit, compounded annually, and (c) projected annuity increases of 3.5 %, compounded annually.

Contributions Required and Contributions Made - Benefits are funded on a "pay as you go" basis but are reflected as operating expenses as benefits accumulate. The Program recorded operating expenses of $87,987 during the fiscal year ended June 30, 1995, and none during the fiscal year ended June 30, 1994, for such benefits accumulated. Only retirees and beneficiaries currently receiving benefits are included in the projected pension benefit obligation as the actuarial valuation performed as of June 30, 1995, indicates that no current employee will qualify for plan benefits under current plan provisions.

5. EMPLOYEE RETIREMENT BENEFITS, continued

Cost Sharing Multiple-Employer PERS

Plan Description - All full-time employees of the OGSLP are eligible to participate in the state sponsored defined benefit plan, the Oklahoma Teachers' Retirement System ("OTRS'). The OTRS was established by the State of Oklahoma in accordance with Title 70, Section 17-101 et seq., of the Oklahoma Statutes, and is a component unit of the State's financial reporting entity, reporting as a pension trust fund.

Contributions required of eligible employees are made by the OGSLP on the employees' behalf. Employee contributions amount to 6% of regular annual compensation up to a maximum of $25,000 and, if elected, 8% of compensation that exceeds $25,000 but that does not exceed $40,000. Contributions made by the OGSLP on the employee's behalf are fully vested immediately. In addition, the State Regents make a statutory employer contribution to OTRS for each eligible employee in an amount equal to 2% of regular annual compensation not to exceed $40,000. The State Regents' statutory contribution for each employee (plus interest allocated to the employee's account) are fully vested after 10 years of continuous service.

Funding Status and Progress - The OGSLP's contributions to OTRS in 1995 and 1994 were calculated using the base compensation amount of $2,870,787 and $2,494,682, respectively. Contributions made by the OGSLP on behalf of its employees amounted to $173,350 and $171,243 in 1995 and 1994, respectively, and represented 6.0% and 6.9% of covered payroll. The OGSLP's statutory contribution amounted to $54,909 and $53,266 in 1995 and 1994, respectively, and represented 1.9% and 2.1% of covered payroll.

OTRS does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation of the OTRS plan, as a whole, determined as part of the latest actuarial valuation date June 30, 1994, is as follows:

Total pension benefit obligation	$6,076,000,000
Net assets available for benefits, at cost (market value of $2,658,000)	(2,577,000,000)
Unfunded pension benefit obligation	$3,499,000,000

Eight-year historical trend information showing OTRS's progress in accumulating sufficient assets to pay benefits when due is presented in the June 30, 1994 annual financial report of OTRS. Ten-year historical trend information is not available. As of June 30, 1995, there were no related party investments between OTRS and the OGSLP.

6. LEASE COMMITMENTS

The State Regents lease office space for the OGSLP from a private entity. Rental expense of approximately \$161,704 and \$181,611 was paid by the OGSLP for the years ended June 30, 1995 and 1994, respectively. The lease agreement, effective in August, 1992, was for twelve months with the option to renew for two additional years. This office space was damaged in the April 1995 bombing in downtown Oklahoma City. As a result, the lease agreement was nullified and there are no future lease payments due. The OGSLP is currently utilizing temporary office space at the Oklahoma University Health Sciences Center.

In addition, the OGSLP has entered into an agreement to lease a computer system and for services designed to perform loan processing. Standard processing charges are \$330,000 annually. If loan applications processed during any year exceed \$100 million, the OGSLP must pay a 0.22% fee for the amount in excess of \$100 million. The agreement, effective January 1, 1993, is in effect for a three year period, and provides for two one-year option periods.

7. RESERVE RATIO

The reserve ratio balance is determined by adding the following balance sheet items: Allowance for Default Claims, Deferred Guarantee Fees and Restricted Fund Balance. The sum of these items is divided by loans outstanding to calculate the reserve ratio. The 1992 reauthorization of the Act requires guarantors to meet the following minimum reserve levels:

0.5% for the fiscal year beginning 10/1/93

0.7% for the fiscal year beginning 10/1/94

0.9% for the fiscal year beginning 10/1/95

1.1% for fiscal years beginning on or after 1/1/96

As of June 30, 1995 and 1994, OGSLP's loan portfolio was \$1,141,171,848 and \$863,273,018, respectively, resulting in a reserve ratio of approximately 1.7% and 2.0%, respectively.

8. RISK MANAGEMENT

The OGSLP, a division of the State Regents, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The State Regents pays an annual premium to the Risk Management Division of the State of Oklahoma Department of Central Services for its tort liability, vehicle liability, property loss and general liability insurance coverages. The State Regents purchase commercial employee life insurance. The State Regents, as a state agency, participates in the Oklahoma State and Education Employee's Group Insurance Board (the "Plan"), a public entity risk pool. The State Regents pays an annual premium to the Plan for its employee health insurance coverage. The Plan is self-insured and self-sustaining through member premiums. The State Regents carries insurance with the State Insurance Fund for other risks of loss, including workers' compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

9. CONTINGENCY

The OGSLP has received certain federal and state grants that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The OGSLP's management believes that disallowances, if any, would not be material.

Oklahoma Student Loan Authority
Oklahoma Student Loan Bonds and Notes, Series 1996

The summary set forth below regarding the guaranteed Federal Family Education Loan Program as established by the Higher Education Act does not purport to be comprehensive or definitive. The summary is qualified in its entirety by reference to the Higher Education Act and the regulations promulgated thereunder. Certain of the information summarized herein may or may not be applicable to the Authority's FFEL Program.

DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

Introduction

Title IV, Part B of the Higher Education Act of 1965, as amended (the "Higher Education Act") provides for a program of: (i) direct federal insurance of student loans; and (ii) reinsurance of student loans guaranteed or insured by a state agency or private nonprofit corporation. Several types of loans are currently authorized as Family Education Loans ("FFEL") pursuant to the FFEL Program (formerly known as the Guaranteed Student Loan Program). These include: (i) Federal Stafford Loans ("Stafford Loans") to students who meet certain financial needs tests with respect to which the federal government makes interest payments available to reduce student interest cost during periods of enrollment and certain other periods; (ii) Unsubsidized Stafford Loans for Middle Income borrowers ("Unsubsidized Stafford") loans to students who do not meet the Stafford needs tests or need additional loan amounts in excess of their Stafford loan eligibility with respect to which the federal government does not make such interest payments; (iii) Parent Loans to Undergraduate Students ("PLUS"); and (iv) loans to fund payment and consolidation of certain of the borrower's obligations ("Consolidation Loans"). Prior to July 1, 1994, the Higher Education Act also provided for Federal Supplemental Loans for Students ("SLS").

Since its original enactment in 1965, the Higher Education Act has been amended and reauthorized several times, including by legislation enacted in 1986, 1990, 1992 and 1993. There can be no assurance that the Higher Education Act or other relevant law or regulations promulgated thereunder will not be changed in a manner that will adversely impact the programs described below. In particular, the enacted legislation and other measures described under the caption "Legislative and Administrative Matters" below, or proposed or future measures to reduce the federal budget deficit, may adversely affect these programs.

Legislative and Administrative Matters

General. Both the Higher Education Act and the regulations promulgated thereunder have been the subject of extensive amendments in recent years and there can be no assurance that further amendments will not materially change the provisions described herein or the effect thereof.

The Higher Education Act was amended by enactment of the Higher Education Amendments of 1986 (the "1986 Amendments"), the general provisions of which took effect on October 17, 1986 and which extended the principal provisions of the FFEL Program to September 30, 1992 (or in the case of borrowers who have received loans prior to that date, September 30, 1997).

The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) (the "1990 Reconciliation Act") also contained major revisions to the Higher Education Act and the Congressional Budget Act affecting the FFEL Program. These changes included the Credit Reform Act of 1990, revisions to the budget process, and new restrictions on the eligibility of education institutions in the FFEL Program.

On July 23, 1992, the President signed into law P.L. 102-325 (the "1992 Reauthorization") that reauthorized the FFEL Program through October 1, 1998 and made a number of revisions thereto. The Student Loan Reform Act of 1993 (the "1993 Amendments") revised a number of provisions of the FFEL Program and enacted a Federal Direct Student Loan Program ("FDSLP"). In addition, the Higher Education Technical Amendments Act of 1993 (the "1993 Technical Amendments") made further changes to the Higher Education Act.

The President signed H.R. 3019, an omnibus funding bill for various federal programs and agencies for the remainder of federal fiscal year 1996, into law on April 26, 1996. H.R. 3019 included the Department of Education Appropriations Act of 1996 (the "1996 Appropriations Act") which provided funding for the FFEL Program, among other things. Among other things, the 1996 Appropriations Act allows the Secretary of Education to raise annual loan limits for Unsubsidized Stafford Loans for students engaged in specialized training requiring exceptionally high costs of education beyond normal annual limits otherwise established by the Higher Education Act.

The President's proposed budget for federal fiscal year 1997 for Department of Education programs includes no cap for direct lending, and would, if adopted, make the following changes in the FFEL Program: (i) decrease the amount guarantee agencies pay lenders for defaulted loans from 98 percent to 95 percent; (ii) increase the lender fee paid to the federal government on each new loan from 0.5% to 0.8% of the loan amount; (iii) require lenders to pay the Secretary a semi-annual loan holder fee of 0.035% of all new FFEL Program loans; (iv) limit parent borrowing under the PLUS Program to $15,000 annually; (v) require guarantee agencies to return at least $600 million from their reserve funds to the federal government by 2003; (vi) decrease the reimbursement amount the federal government pays a guarantee agency for defaulted loans for 98, 88 or 78 cents per dollar to 96, 86 or 76 cents per dollar (based on the Guarantee Agency's "trigger" rate); (vii) eliminate the federal payment to guarantee agencies for supplemental preclaims assistance; and (viii) decrease from 27% to 18.5% the amount that guarantee agencies may retain from the amounts collected for certain defaulted loans. The President's budget proposal for federal fiscal year 1997 has not been finally considered by the House or the Senate, and no representation can be made as to the likelihood or date of enactment of the President's budget proposal for fiscal year 1997, or any revisions or alternatives thereto.

Credit Reform. The 1990 Reconciliation Act included the Credit Reform Act of 1990. Under this legislation, beginning in federal fiscal year 1992, the budgeted cost of the FFEL Program included the present value of the long-term cost to the government of loans reinsured during the fiscal year (excluding administrative costs and certain incidental costs), regardless of how far into the future the costs will be incurred. The costs resulting from loan reinsurance commitments made prior to federal fiscal year 1992 are also reflected in future budgets based on the years in which they are paid.

Enforcement of Spending Limits. To ensure that revenue levels and spending limits established in the 1990 Reconciliation Act are realized during the five-year period covered by the Higher Education Act, the legislation creates a "pay-as-you-go" process that includes budget sequestration. The legislation divides the budget into three parts for this purpose—receipts (e.g., tax revenues), discretionary spending and entitlements. The FFEL Program is considered an entitlement for this purpose.

If new entitlement spending would cause the entitlement spending limits of the 1990 Reconciliation Act to be breached in a fiscal year, the President is required to order "across-the-board" cuts in entitlements to ensure that the spending limits are met. Thus, new spending in Medicare, for example, could cause a sequester affecting the FFEL Program.

New entitlement spending caused by economic conditions (e.g., higher than projected interest rates) or increased utilization rates do not violate the spending limits established by the Higher Education Act. Only legislative actions creating new spending are covered.

A special sequestration rule applicable to the FFEL Program under prior law is maintained in the budget process. See Section 256(c) of the Balanced Budget and Deficit Reduction Act of 1985, 2 U.S.C. § 906(c) (the "1985 Budget Act"). Under this special rule, any Guaranteed Student Loan made in the fiscal year for which sequestration is in effect is subject to a reduced special allowance rate based on the 91-day Treasury bill rate plus 3% for the first four calendar years that the loan is outstanding and, for a Stafford Loan, the borrower's loan origination fee is increased by 0.5%.

Thus, no assurance can be given that sequestration will not have an adverse effect on the FFEL Program in future years.

Eligibility Requirements for Educational Institutions. The 1990 Reconciliation Act made major changes in the provisions granting eligibility to educational institutions (each an "institution") to participate in the FFEL Program. The 1990 Reconciliation Act eliminated eligibility for any institution with a default rate over 35%, with the exception of historically black colleges, certain tribally controlled community colleges and other schools that can demonstrate "exceptional mitigating circumstances" to the satisfaction of the Secretary. In addition, the Reauthorization Bill lowered the default rate trigger for disqualifying schools to 25% beginning in federal fiscal year 1994.

Reauthorization of the Higher Education Act; Financial Status of Guarantee Agencies. Included in the 1992 Reauthorization is a provision that requires each Guarantee Agency to maintain a current minimum reserve level of at least 0.7% and 0.9% of the total attributable amount of all outstanding loans guaranteed by the Guarantee Agency for the federal fiscal years beginning in 1994 and 1995, respectively, and 1.1% for federal fiscal years beginning in fiscal year 1996 and thereafter.

Annually, the Secretary is to collect information from each Guarantee Agency to determine the Guarantee Agency's solvency. If (i) the Guarantee Agency's current reserve level falls below the required minimum for any two consecutive years, (ii) the Guarantee Agency's federal reimbursement payments are reduced to 80% or (iii) the Secretary determines that the administrative or financial condition of a Guarantee Agency jeopardizes such Guarantee Agency's ability to perform its responsibilities, the Secretary may require the Guarantee Agency to submit and implement a management plan acceptable to the Secretary. If the Guarantee Agency fails to submit a plan acceptable to the Secretary, has failed to improve substantially its financial condition or is in danger of financial collapse, the Secretary may terminate the Guarantee Agency's reinsurance contract with the Secretary and, among other things, permit the transfer of guarantees to another Guarantee Agency or to the Secretary for the payment by the Secretary of any claims with respect thereto.

If the Secretary has determined that a Guarantee Agency is unable to meet its insurance obligations, the holder of loans insured by the Guarantee Agency may submit insurance claims directly to the Secretary and the Secretary will pay to the holder the full insurance obligation of the Guarantee Agency, in accordance with insurance requirements no more stringent than those of the Guarantee Agency. Such arrangements will continue until the Secretary is satisfied that the insurance obligations have been transferred to another Guarantee Agency who can meet those obligations or a successor will assume the outstanding insurance obligations. There can be no assurance, however, that the Secretary will make such a determination or will do so in a timely manner. The 1992 Reauthorization also provided that the Secretary is authorized, on terms and conditions satisfactory to the Secretary, to make advances to a Guarantee Agency in order to assist the Guarantee Agency in meeting its immediate cash needs and to ensure uninterrupted payment of default claims by lenders.

Federal Direct Student Loan Program. Commencing in academic year 1994-1995, the 1993 Amendments initiated FDSLP. In order to ensure expeditious but orderly transition from the FFEL Program to the FDSLP, the Secretary entered into FDSLP participation agreements with institutions of higher education such that new federal student loan volume under the FDSLP and the FFEL Program combined (excluding Consolidation Loans) would be comprised of FDSLP loans to the extent of 5% in academic year 1994-1995; increasing to 40% in academic year 1995-1996; to 50% in academic year 1996-1997; at 50% in academic year 1997-1998; and to 60% for the academic year beginning in 1998. The Secretary may exceed the goals established for academic years commencing after 1995-1996 if the Secretary determines that a higher percentage is warranted by the number of institutions of higher education that desire to participate in the FDSLP and meet the eligibility requirements.

Generally, student loans made under the FDSLP will have parallel terms and conditions, benefits and amounts as the Stafford Loans, PLUS and Unsubsidized Stafford Loans described herein. The FDSLP will provide a variety of flexible repayment plans, including graduated and income contingent plans, forbearance of payments during periods of national service and consolidation of FDSLP loans with FFEL Program loans.

Risk Sharing Provisions. Under the 1993 Amendments, effective for FFEL Program loans disbursed after October 1, 1993, (i) the federal reinsurance paid to Guarantee Agencies was reduced from 100%, 90% and 80% for claims trigger rates of 0%-5%, 5%-9% and 9% or greater, respectively, to 98%, 88% and 78%, respectively and (ii) guaranty payments from Guarantee Agencies to eligible lenders were reduced from 100% to 98%.

Effective October 1, 1994, states in which there are institutions with a cohort default rate exceeding 20% will be required to pay to the Secretary a fee equal to 12.5% of all new loan volume attributable to all institutions in that state for fiscal year 1995 (increased to 20% for fiscal year 1996 and 50% for fiscal years 1997 and thereafter) multiplied by the quotient resulting from dividing the amount by which the cohort default rates for all of the state's institutions exceeds 20% by the total amount of loan volume attributable to current and former students of institutions in the state entering into repayment for the period used to calculate the cohort default rate.

Guarantee Agency and Lender Provisions. In addition to the changes discussed under "Risk Sharing Provisions" above, the 1993 Amendments include certain other amendments affecting Guarantee Agencies and eligible lenders. Most notably, the Secretary was granted authority to recover and restrict the use of reserve funds of any Guarantee Agency as well as any assets purchased with such reserve funds if the Secretary determines that it is in the best interests of the FFEL Program or an orderly transition to complete reliance on the FDSLP to do so. These and other amendments could adversely affect the ability of a Guarantee Agency to remain solvent.

Other amendments included reducing the Guarantee Agency default collection retention rate from 30% to 27%, reducing the maximum insurance premium charged by a Guarantee Agency from 3% to 1% and authorizing the Secretary to terminate a Guarantee Agency's reinsurance agreement if the Secretary determines such action is necessary to protect federal fiscal interests or ensure an orderly transition to full implementation of the FDSLP.

In addition, Administrative Cost Allowance ("ACA") was eliminated; however legislative history suggests that Congress intended that Guarantee Agencies will continue to receive a 1% ACA. For Stafford Loans disbursed on or after July 1, 1995, the Lender yield on student loans during in-school, grace and deferment periods was reduced from the 91-day Treasury bill rate plus 3.1% to 91-day Treasury bill rate plus 2.5% (not to exceed 8.25%). Lenders are also be required to pay a 1.05% annual fee to the Secretary on the principal plus accrued but unpaid interest of all Consolidation Loans made on or after October 1, 1993. Also effective for student loans first disbursed on or after October 1, 1993, Lenders will be assessed an up-front, user/origination fee equal to 0.5% of the principal amount of the student loan.

Servicer Provisions and Third-Party Servicer Regulations. The 1992 Reauthorization authorized the Secretary to regulate servicers, including the regulation of their financial responsibility. On April 29, 1994, final regulations were published in the *Federal Register* by the Secretary amending the Student Assistance General Provisions and FFEL Program regulations. These regulations, among other things, establish requirements governing contracts between institutions and third-party servicers, strengthen sanctions against institutions for violations of the program requirements of the Higher Education Act, establish similar sanctions for third-party servicers and establish standards of administrative and financial responsibility for third-party servicers that administer any aspect of a Guarantee Agency's or Lender's participation in the FFEL Program.

Eligibility Requirements for Stafford Loans

The Higher Education Act provides for federal (i) insurance or reinsurance of eligible Stafford Loans, (ii) interest subsidy payments ("Interest Benefit Payments") to eligible Lenders with respect to certain eligible Stafford Loans, and (iii) special allowance payments ("Special Allowance Payments") representing an additional subsidy paid by the Secretary to such holders of eligible guaranteed student loans.

Stafford Loans are eligible for reinsurance under the Higher Education Act if the eligible student to whom the loans are made has been accepted or is enrolled in good standing at an eligible institution of higher education or vocational school and is carrying at least one-half the normal full-time workload at that institution. In connection with eligible Stafford Loans there are limits as to the maximum amount which may be borrowed for an academic year and in the aggregate for both undergraduate and graduate/professional study. Both aggregate limitations exclude loans made under the Supplemental Loans for Students and PLUS Programs. The Secretary has discretion to raise these limits to accommodate students undertaking specialized training requiring exceptionally high costs of education.

Subject to these limits, Stafford Loans are available to borrowers in amounts not exceeding their unmet need for financing and determined as provided in the Higher Education Act. Provisions addressing the implementation of needs analysis and the relationship between unmet need for financing and the availability of Stafford Loan program funding have been the subject of frequent and extensive amendments in recent years. There can be no assurance that further amendment to such provisions will not materially affect the availability of Stafford Loan funding to borrowers or the availability of Stafford Loans for secondary market acquisition. As used in this summary, a new borrower is an individual who has no outstanding balance due upon prior loans under the FFEL Program.

Qualified Student. Generally, a loan may be made only to a United States citizen or national or otherwise eligible individual under federal regulations who (i) has been accepted for enrollment or is enrolled and is maintaining satisfactory progress at an eligible institution, (ii) is carrying at least one-half of the normal full-time academic workload for the course of study the student is pursuing, as determined by such institution, (iii) has agreed to notify promptly the holder of the loan of any address change, (iv) meets the applicable "needs" requirements and (v) if such person is an undergraduate enrolled in an institution participating in the Pell Grant Program, then such person's eligibility or ineligibility for the Pell Grant Program must have been determined. Eligible institutions include higher educational institutions and vocational schools that comply with certain federal regulations. Each loan is to be evidenced by an unsecured note.

Principal and Interest. Stafford Loans may bear interest at a rate not in excess of 7% per annum if made to a borrower to cover costs of instruction for any period beginning prior to January 1, 1981 or, subsequent to such date, if made to a borrower who, upon entering into a note for a loan, has outstanding student loans under the FFEL Program for which the interest rate does not exceed 7%. Stafford Loans made for periods of instruction between January 1, 1981 and September 13, 1983 bear interest at a rate of 9% per annum, and for periods of instruction beginning on or after September 13, 1983, the rate is 8% per annum.

Further, loans to first time borrowers for periods of enrollment beginning on or after July 1, 1988 bear interest at rates of 8% per annum from disbursement through four years after repayment commences and 10% per annum thereafter, subject to a provision requiring annual discharge of principal or rebate to the borrower to the extent that the sum of quarterly calculations of the amount by which interest calculated upon the latter rate (10%) exceeds the amount which would result from application of a rate equivalent to the 91-day Treasury bill rate plus 3.25%. However, under the 1993 Technical Amendments, lenders were required to convert all loans subject to this provision to a variable rate equal to the 91-day Treasury bill rate plus 3.25% or, in the case of a loan made to a borrower with outstanding student loans under the FFEL Program after October 1, 1993, the 91-day Treasury bill rate plus 3.1% before January 1, 1995. The converted loans will not thereafter be subject to the rebate requirements.

Under the 1992 Reauthorization, Stafford Loans to new borrowers made on or after October 1, 1992 bear interest at a variable rate adjusted annually based on the most recent bond equivalent rate of the 91-day Treasury bill rate plus 3.1%. The 1993 Amendments changed the interest rates on Subsidized Stafford Loans made to new borrowers on or after July 1, 1994 to the 91-day T-bill rate plus 3.1%, not to exceed 8.25%. The interest rates on these loans made on or after July 1, 1995 during school and any grace period is the 91-day T-bill plus 2.5%, not to exceed 8.25%. The interest rate on Subsidized Stafford Loans and Unsubsidized Stafford Loans made on or after July 1, 1998 will be the bond equivalent rate of the security with a comparable maturity as established by the Secretary plus 1.0%, not to exceed 8.25%.

Disbursement Requirements. The Higher Education Act requires that all Stafford Loans and PLUS be disbursed by eligible lenders in at least two separate installments. The proceeds of a loan made to any undergraduate first-year student borrowing for the first time under the program must be delivered to the student no earlier than thirty days after the enrollment period begins. Under the Reauthorization Bill, the annual Stafford limit for first year students is $2,625 (except that lower limits apply to certain short-term courses of study) but increases to $3,500 for second year students, $5,500 for third and fourth year students, and $8,500 for graduate and professional students. The aggregate limit is at $23,000 for undergraduates and $65,500 for graduate and professional students.

Repayment. Repayment of principal on a Stafford Loan does not commence while a student remains a qualified student, but generally begins upon expiration of the applicable Grace Period, as described below. Such Grace Periods may be waived by borrowers. In general, each such loan must be scheduled for repayment over a period of not more than ten years after the commencement of repayment. The Higher Education Act currently requires minimum payments of $50 per month including principal and interest, unless the borrower and the lender agree to lesser payments; in instances in which a borrower and spouse both have such loans outstanding, the total of combined payments for such a couple may not be less than $600 per year. No penalties may be charged for early repayment.

Grace Period, Deferment Periods, Forbearance. Repayment of principal of an insured student loan must generally commence following a period of not more than six months after the student borrower ceases to pursue at least a half-time course of study (a "Grace Period").

During certain other periods and subject to certain conditions, no principal repayments need be made, including periods when the student has returned to an eligible educational institution on a full-time basis or is pursuing studies pursuant to an approved graduate fellowship program, or when the student is a member of the Armed Forces or a volunteer under the Peace Corps Act or the Domestic Volunteer Service Act of 1973, or when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment by reason of the care required by a dependent who is disabled (the "Deferment Periods").

The Lender may also allow periods of forbearance during which the borrower may defer principal payments because of temporary financial hardship. The Reauthorization Bill simplified the deferment categories for new loans and expanded the opportunities for students to obtain forbearance from Lenders due to temporary financial hardship.

Interest Benefit Payments

Interest Benefit Payments are interest payments paid during certain periods by the Secretary with respect to Stafford Loans which meet certain requirements. With respect to loans for which the eligible institution has completed its portion of the loan application after September 30, 1981, Interest Benefit Payments are available only if certain income and need criteria are met by the borrower. Interest Benefit Payments are paid: (i) during a period in which the borrower is enrolled at least half-time in an eligible institution; (ii) during a six-month grace period pending commencement of repayment of the loans; (iii) during certain deferment periods; and (iv) in the case of loans initially disbursed prior to October 1, 1981, during a six-month grace period following any authorized deferment period before repayment is required to resume.

The Secretary makes Interest Benefit Payments quarterly on behalf of the borrower to the holder of the loan in an amount equal to the interest accruing on the unpaid principal amount of the loan during the applicable period. The Higher Education Act provides that the holder of a loan meeting the specified criteria has a contractual right to receive Interest Benefit Payments from the Secretary. Receipt of Interest Benefit Payments is conditioned on the eligibility of the loan for insurance or reinsurance benefits. Such eligibility may be lost, if the requirements of the federal government and the guarantor relating to the servicing and collection of the loans are not met. If Interest Subsidy Payments have not been paid within 30 days after the Secretary receives an accurate, timely and complete request therefor, the Secretary must pay interest on the amounts due beginning on the 31st day at the Special Allowance Payment rate plus the rate of interest applicable to the affected loans.

Special Allowance Payments

The Higher Education Act provides, subject to certain conditions, for Special Allowance Payments to be made quarterly by the Secretary to owners of qualifying Stafford Loans, PLUS Loans and SLS Loans.

The rate of Special Allowance Payments for a particular loan is dependent on a number of factors including when the loan was disbursed and for what period of enrollment the loan covers costs. Generally, the sum of the stated interest on the loan and the applicable Special Allowance Payment for a quarter will be between 3.1 and 3.5 percentage points above the average of bond equivalent rates of 91-day Treasury bills auctioned for that quarter.

Under the 1992 Reauthorization, the Special Allowance Payment will be calculated based on the bond equivalent rate of the 91-day Treasury bill plus 3.1% for loans made on or after October 1, 1992, except that, under the 1993 Amendments, Stafford Loans made on or after July 1, 1995 qualify for Special Allowance Payments based on the 91-day Treasury bill rate plus 2.5% while the borrower is in in-school, grace or deferment status.

In the case of certain loans made or purchased with funds obtained from the issuance of tax-exempt obligations originally issued prior to October 1, 1993, the Special Allowance Payments are reduced by approximately one-half, but not less than certain minimums provided in the Higher Education Act. These minimum Special Allowance Payment rates effectively insure an overall minimum return of 9.5% on such Stafford Loans. However, loans acquired with the proceeds of tax-exempt obligations originally issued after September 30, 1993, will no longer be assured of a minimum Special Allowance Payment. In addition, the formula will be the same as for loans acquired with taxable proceeds (i.e., the full, rather than half, Special Allowance Payment rate).

The formula for Special Allowance Payment rates for PLUS Loans and SLS Loans is similar to that for the Subsidized Stafford Loans except that no such payments are made until the rate on the PLUS Loan or SLS Loan exceeds a certain rate per annum according to the type of loan and based on when the loan was first disbursed. In order to be eligible for Special Allowance Payments, the rate on PLUS first disbursed on or after October 1, 1992 must exceed 10% and for SLS Loans first disbursed on or after October 1, 1992 the rate must exceed 11%. The rate of Special Allowance Payments for Subsidized Stafford Loans first disbursed on or after October 1, 1992 is based on the bond equivalent 91-day T-bill Rate plus 3.10%. The Special Allowance Payment rates applicable to Consolidation Loans are determined in the same manner as Subsidized Stafford Loans made on or after October 1, 1980. The rate of Special Allowance Payments is subject to reduction by the amount of certain origination fees charged to borrowers and may be reduced as a result of certain federal budget deficit reduction measures.

The Higher Education Act provides that a holder of a qualifying loan who is entitled to receive Special Allowance Payments has a contractual right during the life of the loan, to receive those Special Allowance Payments. Receipt of Special Allowance Payments, however, is conditioned on the eligibility of the loan for federal insurance or reinsurance benefits. Such eligibility may be lost due to violations of the federal or guarantor regulations specifying servicing and collection of the loan in the event of delinquency. The Higher Education Act also provides that if Special Allowance

Payments have not been made within 30 days after the Secretary receives an accurate, timely and complete request therefor, the Secretary must pay interest on the amounts due beginning on the 31st day at the Special Allowance Payment rate plus the rate of interest applicable to the affected loans.

Unsubsidized Stafford Loan Program

Under the 1992 Reauthorization, a new type of Stafford Loan was created for students who do not qualify for the full subsidized Stafford Loan after application of the need analysis methodology. Such students are entitled to borrow the difference between the Stafford Loan maximum and their Stafford eligibility through Unsubsidized Stafford loans. The new Unsubsidized Stafford Loan is substantially identical to other Stafford Loans, except that the interest accruing on the loan while the student is in school or in grace or deferment accrues and is capitalized or paid by the student, rather than paid by the Secretary through Interest Benefit Payments.

PLUS and SLS Loans

Under the 1980 amendments to the Higher Education Act, Congress established a program to provide loans to parents of dependent undergraduate students herein designated "PLUS". The 1981 amendments to the Higher Education Act revised and expanded the initial program to also provide loans to graduate and professional students and independent undergraduate students herein designated "SLS". The basic provisions applicable to PLUS and SLS are similar to those of Stafford Loans with respect to the involvement of guarantee agencies and the Secretary in providing federal insurance on the loans. However, PLUS and SLS Loans differ significantly from Stafford Loans, particularly because federal Interest Benefit Payments are not available under the PLUS and SLS programs and Special Allowance Payments are more restricted.

PLUS are limited, generally, to the cost of attendance minus other financial aid for which the student is eligible. Under the 1992 Reauthorization Bill, there are no annual or aggregate limits applicable to PLUS loans, except that parents continue to be prohibited from borrowing amounts in excess of the student's cost of attendance. Aggregate limits are $23,000 for undergraduate students and $73,000 for graduate and professional students.

The applicable interest rate on PLUS depends upon the date of issuance of the loan and the period of enrollment for which the loan is to apply. For PLUS Loans issued on or after October 1,1981, but for periods of educational enrollment beginning prior to July 1, 1987, the applicable rate of interest is either 12% or 14% per annum. A variable interest rate applies to PLUS and SLS Loans made and disbursed on or after July 1, 1987 or made to refinance PLUS Loans pursuant to the Higher Education Act. This rate is determined on the basis of any 12-month period beginning on July 1 and ending on the following June 30, such that the rate will be the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to the June 1 preceding the applicable 12-month period, plus 3.25%, with a maximum rate of 12% per annum. Special Allowance Payments are available on variable rate PLUS and SLS Loans only if the rate determined by the formula above exceeds 12%.

Under the 1992 Reauthorization, PLUS loans carry a variable interest rate based on the bond equivalent rate of the 52-week Treasury bill rate plus 3.1%, capped at 10%, for loans first disbursed on or after October 1, 1992, which cap has been further reduced by the 1993 Amendments to 9% for such loans disbursed on or after July 1, 1994. For PLUS Loans disbursed on or after July 1, 1998 the interest rate will be the bond equivalent yield of a security of a comparable maturity plus 2.1% not to exceed 9%. SLS Loans carry the same interest rate but are capped at 11%. Special Allowance Payments are available if the interest rate calculated under the new formula would exceed the applicable cap.

Commencing July 1, 1994, however, the SLS Loan program was merged into the unsubsidized Stafford Loan program with annual loan limits in the merged program equal to the combined limits of the two programs prior to the merger. See the caption "Special Allowance Payments" herein.

Repayment of principal of PLUS and SLS Loans is required to commence no later than 60 days after the date of disbursement of such loan, subject to certain deferral provisions. The deferral provisions which apply are more limited than those which apply to Stafford Loans. Interest Benefit Payments are not available for such deferments, however, the Higher Education Act provides an opportunity for the capitalization of interest during such periods upon the agreement of the Lender and borrower. The applicable annual loan limit is not violated by any decision to capitalize interest.

A borrower may refinance all outstanding PLUS Loans under a single repayment schedule for principal and interest, with a new repayment period calculated from the date of repayment of the most recent included loan. The interest rate of such a combined PLUS Loan is the weighted average of the rates of all loans being refinanced. A second type of refinancing enables an eligible lender to reissue a PLUS Loan which was initially originated at a fixed rate prior to July 1, 1987 in order to permit the borrower to obtain the variable interest rate available on PLUS Loans on and after July 1, 1987. If a lender is unwilling to reissue the original PLUS Loan, the borrower may obtain a loan from another lender for the purpose of discharging the loan and obtaining a variable interest rate. Substantially identical combined repayment and refinancing options are also available for SLS Loans.

Consolidation Loans

Under the 1986 Amendments, Congress established a program to provide loans to eligible borrowers for consolidating their student loans. The Reauthorization Bill and the 1993 Amendments amended certain provisions of the Consolidation Loan program. Under the program, an eligible borrower means a borrower with an outstanding indebtedness of at least $7,500, who is in repayment status or in a grace period preceding repayment, or is a delinquent or defaulted borrower who will reenter repayment through loan consolidation. The $7,500 threshold is eliminated for loans consolidated on or after July 1, 1994. The loans under this program are designated "Federal Consolidation Loans." Under this program, a lender will make a Consolidation Loan to an eligible borrower at the request of the borrower if the lender holds an outstanding loan of the borrower or the borrower certifies that he has been unable to obtain a Consolidation Loan from the holders of the outstanding loans of the borrower.

Consolidation Loans consolidated on or after July 1, 1995, bear an interest rate equal to the weighted average of the interest rates on the loans consolidated, rounded up to the nearest whole percent. Consolidation Loans consolidated prior to July 1, 1994 bear an interest rate not less than nine percent per annum. The repayment schedules for Consolidation Loans will not exceed: 12 years for loans greater than or equal to $7,500, but less than $10,000; 15 years for loans greater than or equal to $10,000, but less than $20,000; 20 years for loans greater than or equal to $20,000, but less than $40,000; 25 years for loans greater than or equal to $40,000, but less than $60,000; and not more than 30 years for loans in excess of $60,000.

Effective July 1, 1994, Consolidation Loans for less than $7,500 will have a repayment schedule of not more than 10 years. Repayment must commence within 60 days after all holders have discharged the liability of the borrower on the loans selected for consolidation. Effective for Consolidation Loan applications received by lenders on or after August 10, 1993, the Secretary no longer makes Interest Benefit Payments on Consolidation Loans other than those loans which consolidate only Subsidized Stafford Loans.

Education Loans Generally Not Subject to Discharge in Bankruptcy

Under the U.S. Bankruptcy Code, education loans are not generally dischargeable. Title 11 of the United States Code at Section 523(a)(8) provides as follows:

> (a) A discharge under Section 727, 1141, 1228(a), 1228(b), or 1328(b) of this title does not discharge an individual debtor from any debt ---
>
> (8) for an educational benefit overpayment or loan made, insured or guaranteed by a governmental unit or made under any program funded in whole or in part by a governmental unit or a nonprofit institution, or for an obligation to repay funds received as an educational benefit, scholarship or stipend unless --
>
> (A) such loan, benefit, scholarship or stipend overpayment first became due before seven years (exclusive of any applicable suspension of the repayment period) before the date of the filing of the petition; or
>
> (B) excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents.

The 1990 Budget Reconciliation Act included language (Publication L101-508) amending the Bankruptcy Code to clarify the nondischargeability of educational loans under Chapter 13 bankruptcy filings. The legislative intent behind the nondischargeable status of educational loans is twofold: first, to prevent abuse and fraud by student borrowers in declaring bankruptcy immediately after completion of school, but before accumulation of any attachable assets; and second, as a public policy issue to encourage and ensure the continued availability of credit and funding for educational borrowing.

Guarantee and Reimbursement

The original principal amount of loans guaranteed by a guaranty agency which are in repayment for purposes of computing reimbursement payments to a guaranty agency means the original principal amount of all loans guaranteed by a guaranty agency less: (i) guarantee payments on such loans; (ii) the original principal amount of such loans that have been fully repaid; and (iii) the original amount of such loans for which the first principal installment payment has not become due.

The Secretary may withhold reimbursement payments if a guarantee agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary or applicable federal law. A supplemental guaranty agreement is subject to annual renegotiation and to termination for cause by the Secretary.

Each guarantee agency (or any other holder of a loan) is required to exercise due care and diligence in the servicing of the loan and to utilize practices which are at least as extensive and forceful as those utilized by financial institutions in the collection of other consumer loans. Due diligence failures by a guarantee agency may result in the disallowance of federal reimbursement payments with respect to the loans which were the subject of such failures. If a guarantee agency has probable cause to believe that the holder has made misrepresentations or failed to comply with the terms of its agreement for guarantee, the guarantee agency may take reasonable action including withholding payments or requiring reimbursement of funds. The guarantee agency may also terminate the agreement for cause upon notice and hearing.

Pursuant to most typical agreements for guarantee between a guarantee agency and the originator of the loan, any eligible holder of a loan insured by such a guarantee agency is entitled to reimbursement from such guarantee agency for 100% (or, for claims resulting other than from the death, bankruptcy or total and permanent disability of the borrower made on or after October 1, 1993, 98%) of any proven loss incurred by the holder of the loan resulting from default, death, permanent and total disability or discharge in bankruptcy of the student borrower. Guarantee agencies generally deem default to mean a student's failure to make an installment payment when due or to comply with other terms of a note or agreement under circumstances in which the holder of the loans may reasonably conclude that the student no longer intends to honor the repayment obligation and for which the failure persists for 180 days in the case of a loan payable in monthly installments or for 240 days in the case of a loan payable in less frequent installments. When a loan becomes 60 days past due, the holder is permitted to request preclaims assistance from the applicable guarantee agency in order to attempt to cure the delinquency. When a loan becomes 150 days past due, the holder is required to make a final demand for payment of the loan by the student and to submit a claim for reimbursement to the applicable guarantee agency. The holder is required to continue collection efforts until the loan is 180 days past due. At the time of payment of insurance benefits, the holder must assign to the applicable guarantee agency all rights accruing to the holder under the note evidencing the loan.

If a student who has received any loan directly insured by the Secretary dies, becomes totally and permanently disabled or is discharged in bankruptcy, the Secretary is required to discharge the borrower's liability on the loan by repaying the amount owed.

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OKLAHOMA STUDENT LOAN AUTHORITY

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