

We are distributing this Official Statement to furnish information on our Series 2008A Bonds. This cover contains certain information for quick reference only. This cover is not a summary of the Series 2008A Bonds. Prospective investors should read the entire Official Statement, including all Appendices, to make an informed investment decision.



\$175,305,000
OKLAHOMA STUDENT LOAN AUTHORITY
Oklahoma Student Loan Bonds and Notes
Senior Variable Rate Demand Obligations, Series 2008IIA-1
Price of all Obligations: 100%

Issue:

CUSIP: 679110 DP8. Dated the Date of Issuance. The Series 2008A Bonds will be issued to refund various series of the Authority's outstanding tax-exempt variable rate demand obligations and auction rate securities.

Stated Maturity:

March 1, 2037, subject to optional redemption, mandatory sinking fund redemptions, and mandatory tender prior to maturity as described herein. During any Weekly Rate Period, the holder may tender Series 2008A Bonds at the Purchase Price on 7 days' notice.

Denomination:

\$100,000 or any integral multiple of \$5,000 in excess thereof.

Interest Rates and Payments:

The interest rate for the initial period will be determined by the offering and sale of the Series 2008A Bonds. Thereafter, the Weekly Rate of interest will be determined as provided herein by the Remarketing Agent. The Weekly Rate will not exceed 12% per annum. Interest will be payable semi-annually on September 1 and March 1 of each year, or if such day is not a business day, then the next business day, beginning March 2, 2009, calculated based on actual days elapsed and a 365/366-day year.

Credit Facility:

Payment of regularly scheduled principal of, and interest on, the Series 2008A Bonds, and payment of the Purchase Price in the event of a tender of Series 2008A Bonds, will be supported by the Available Amount of an irrevocable direct pay Letter of Credit through a Stated Expiration Date of October 28, 2011, unless terminated, extended or renewed, issued by:

**Remarketing Agent:**

Banc of America Securities LLC

Risk Factors:

Consider carefully the information in the "RISK FACTORS" section beginning on page 37.

Expected Ratings:

Delivery is subject to assignment of the municipal bond ratings listed below. See "RATINGS" on page 55.
 Fitch Ratings: AA-/F1+ Moody's Investors Service, Inc.: Aaa/VMIG 1

INFORMATION CONTINUED ON INSIDE FRONT COVER

The Series 2008A Bonds are offered when, as and if issued by us, subject to prior sale and subject to the approval of legality by Kutak Rock LLP, Oklahoma City, Oklahoma, Bond Counsel. Certain legal matters will be passed upon for us by our special counsel, Durrell PLLC, Oklahoma City, Oklahoma, for the Trustee by its counsel, Riggs, Abney, Neal, Turpen, Orbison & Lewis, Inc., Tulsa, Oklahoma, for the Credit Provider by its counsel, Chapman and Cutler LLP, Chicago, Illinois, and for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas. The Series 2008A Bonds are expected to be available for delivery through the facilities of The Depository Trust Company, New York, New York, on or about October 29, 2008.

Banc of America Securities LLC

October 22, 2008

Limited Revenue Obligations:

The Series 2008A Bonds will be limited revenue obligations payable solely from proceeds drawn on the irrevocable direct pay Letter of Credit, the Financed Eligible Loans, Eligible Loans contributed by the Authority as part of the initial overcollateralization of 104.75% and other assets pledged therefor. Payments on the Series 2008A Bonds and any other Senior Obligations will be secured equally and ratably.

The Series 2008A Bonds will *not* be obligations of the State of Oklahoma. Neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment of the Series 2008A Bonds.

The Series 2008A Bonds will *not* be personal obligations of the trustees of the Authority and will *not* be general obligations of the Authority. The Authority has no taxing power.

Loan Servicing:

The Authority services its own loans and those of other eligible lenders that are members of the OSLA Student Lending Network. We have serviced education loans since 1994. Currently, we service education loans using the OSLA Student Loan Servicing System, including software licensed from 5280 Solutions, LLC, formerly known as IFA Systems. We started using the OSLA Student Loan Servicing System in 2002.

Tax Status:

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2008A Bonds is excludable from gross income for federal income tax purposes. However, interest on the Series 2008A Bonds is a specific preference item for purposes of the federal alternative minimum tax. The Series 2008A Bonds, and the income therefrom, are exempt from taxation in the State of Oklahoma. For a more complete description, see "TAX MATTERS" on page 54.

Trustee:

Bank of Oklahoma, N.A., Oklahoma City, Oklahoma, will act as Trustee.

This Official Statement contains statements relating to future results that are "forward-looking statements". Forward-looking statements may be identified by the context of the statement and arise generally when discussing "estimates," "intentions," "beliefs", "assumptions", "expectations," "projections" and similar expressions. Any forward-looking statement is not a guarantee of future performance, but rather is subject to uncertainty and risks.

Those uncertainties and risks in the forward-looking statements could cause actual results to differ, possibly materially, from those contemplated. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be material.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the price of the Series 2008A Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2008A Bonds have not been registered with the U.S. Securities and Exchange Commission. The registration, qualification or exemption of the Series 2008A 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. These jurisdictions, and their agencies, have not guaranteed or passed on the safety of the Series 2008A Bonds as an investment. Also, they have not passed on the probability of any earnings on the Series 2008A Bonds, or on the accuracy or adequacy of this Official Statement.

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ADDITIONAL INFORMATION

You should rely only on the information contained in this Official Statement or information to which we have referred you. We have not authorized anyone to provide you with information that is different. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy. There will be no sale of the Series 2008A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice. The delivery of this Official Statement, and any sale made hereunder, will not, under any circumstances, create any implication that there has been no change in our affairs or the affairs of any other entity described herein.

Bank of America, N.A., the Oklahoma State Regents for Higher Education, Guaranteed Student Loan Program and The Depository Trust Company provided the respective information describing themselves. We do not guarantee the accuracy or completeness of that information.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction. However, the Underwriter does not guarantee the accuracy or completeness of such information.

Bank of America, N.A., the Credit Provider and an affiliate of Banc of America Securities LLC, the Underwriter (the “*Underwriter*”), has a student loan purchase and sale commitment agreement in effect with us. In addition, Bank of America, N.A. has in the past engaged, and currently engages, in lending and other commercial banking activities with us. Two series of outstanding variable rate demand obligations that will be current refunded by the Series 2008A Bonds were each supported by a standby bond purchase agreement between us and Bank of America, N.A. Currently those two series are held as bank bonds. Banc of America Securities LLC is the appointed broker-dealer for the Series 2007A-1 senior auction rate securities that will be current refunded by the Series 2008A Bonds.

SUMMARY STATEMENT

Because this is a summary, it does not contain all the detailed information regarding the Series 2008A Bonds. You should read all the information in this Official Statement, including the Appendices, carefully before you invest.

Issuer (We, Authority)The Oklahoma Student Loan Authority, an express trust established for the benefit of the State of Oklahoma. Also, we use our initials, “OSLA”, as an acronym or brand.

We participate in the Federal Family Education Loan Program. We are a loan servicer and secondary market for 27 eligible lenders of the OSLA Student Lending Network. Also, we are an Eligible Lender. Additional information about us is in Appendix B.

The Series 2008A Bonds..... The Series 2008A Bonds will be issued as variable rate demand obligations in the aggregate principal amount of \$175,305,000, maturing March 1, 2037, subject to optional redemption, mandatory sinking fund redemptions and mandatory tender prior to maturity.

Interest. The Series 2008A Bonds will bear interest for the initial period at the rate to be determined by the offering and sale of the Series 2008A Bonds. Thereafter the Series 2008A Bonds will bear interest at a Weekly Rate and the interest rate on the Series 2008A Bonds will be adjusted on Wednesday of each week by the Remarketing Agent for the Series 2008A Bonds. The Series 2008A Bonds will continue to bear interest at a Weekly Rate unless, at the direction of the Authority and subject to the satisfaction of certain conditions precedent in the Bond Resolution, the interest rate on the Series 2008A Bonds is converted to another type of interest rate. While Series 2008A Bonds bear interest at a Weekly Rate, interest is payable on March 1 and September 1 of each year or, if such date is not a Business Day, on the succeeding Business Day, commencing March 2, 2009.

Purchase of Series 2008A Bonds on Demand of Registered Owners During Weekly Mode. So long as the Letter of Credit or an Alternate Credit Facility or Alternate Liquidity Facility is in effect to pay the Purchase Price of tendered Series 2008A Bonds, while the Series 2008A Bonds bear interest at a Weekly Rate, any Series 2008A

Bond will be subject to purchase on demand of the Registered Owner thereof on any Business Day on seven days prior notice to the Trustee and subject to the conditions as described herein. See the caption “Description of the Series 2008A Bonds—Tender Provisions—Optional Tender” herein.

Mandatory Tender and Purchase of Series 2008A Bonds During Weekly Mode. So long as the Letter of Credit or an Alternate Credit Facility or Alternate Liquidity Facility is in effect to pay the Purchase Price of tendered Series 2008A Bonds, the Series 2008A Bonds bearing interest at a Weekly Rate will be subject to mandatory tender to the Trustee for purchase (a) on each Mode Change Date, (b) on any Substitution Date, (c) on the seventh Business Day prior to any Expiration Date, (d) no later than the fifth Business Day after receipt by the Trustee and the Authority of a notice or termination from the Credit Provider or Liquidity Provider requesting a mandatory tender of the Series 2008A Bonds pursuant to the Credit Facility, Credit Provider Agreement or Liquidity Facility, provided such notice has not been rescinded by such Credit Provider or Liquidity Provider prior to the applicable Tender Notice Deadline, (e) no later than the fifth Business Day after receipt by the Trustee of written notice from the Credit Provider, following a drawing under the Credit Facility to pay regularly scheduled interest on the Series 2008A Bonds secured thereby, that the Authority has not reimbursed such Credit Provider for such drawing or of the occurrence of an “Event of Default” under the Reimbursement Agreement, and, that as a consequence, the Credit Provider will not reinstate the Credit Facility with respect to such drawing, and directing a mandatory tender of the Series 2008A Bonds, and (f) under other circumstances described herein. See the caption “Description of the Series 2008A Bonds—Tender Provisions—Mandatory Tender” herein.

Purchase of Series 2008A Bonds During Weekly Mode. Properly tendered Series 2008A Bonds are required to be purchased by the Trustee at a price equal to the principal amount thereof plus accrued and unpaid interest, if any, but only from the following sources: first, from proceeds of the remarketing of the Series 2008A Bonds which have been tendered, and second, from funds drawn on the Letter of Credit. The Authority has no obligation to purchase tendered Series 2008A Bonds. See the caption

“Description of the Series 2008A Bonds—Tender Provisions” herein.

Redemption of Series 2008A Bonds. While the Series 2008A Bonds bear interest at a Weekly Rate, the Series 2008A Bonds will be subject to redemption prior to maturity under certain specified circumstances as described under the caption “Description of the Series 2008A Bonds—Redemption of the Series 2008A Bonds” herein.

Denomination and Payment. Individual purchases of Series 2008A Bonds may be made in book-entry-form only and purchasers of the Series 2008A Bonds will not receive physical delivery of bond certificates except as more fully described herein. The Series 2008A Bonds are to be issued in fully registered form and are initially to be registered in the name of Cede & Co., as nominee for The Depository Trust Company, as securities depository for the Series 2008A Bonds (“DTC”). Purchases and sales by Beneficial Owners of the Series 2008A Bonds are to be made in book-entry-only form and in the principal amount of \$100,000 and integral multiples of \$5,000 in excess thereof. So long as Cede & Co. is the registered owner of the Series 2008A Bonds, all payments of principal of and interest on the Series 2008A Bonds are to be made by the Trustee to Cede & Co., as nominee for DTC. Such payments are to be remitted by DTC to the Participants for subsequent disbursements to the Beneficial Owners. See the captions “Description of the Series 2008A Bonds—General” and “Securities Depository” herein.

Trust EstateThe Series 2008A Bonds will be issued pursuant to a new Bond Resolution to be adopted on October 28, 2008, as supplemented in connection with the issuance of the Series 2008A Bonds and as may be amended or supplemented additionally in the future. The Bond Resolution pledges a Trust Estate to secure all Bonds and Notes and other Obligations issued pursuant to the Bond Resolution.

Sources of Revenue and SecurityThe Trust Estate securing the Series 2008A Bonds is comprised of the following:

(1) Student loans originated under the Federal Family Education Loan Program that are transferred to, or later acquired with moneys in, the Trust Estate. The student loans may be acquired from bond proceeds or with principal and certain interest repayments on acquired student loans.

(2) Revenues, including Recoveries of Principal, derived from the student loans, including federal Interest Benefit Payments and Special Allowance Payments paid to us by the U. S. Department of Education.

(3) Monies and investments on deposit in certain funds and accounts established under the Bond Resolution.

(4) Our rights in the related Servicing Agreements, Student Loan Purchase Agreements, Authority Guarantee Agreements, Derivative Products, any Reciprocal Payments or any guarantee with respect to the obligation of a Reciprocal Payor.

(5) Any other property, rights and interests of any kind provided to the Trustee as additional security for our Obligations and the proceeds of any of the foregoing.

We are only obligated to pay debt service on the Series 2008A Bonds from the sources identified above. We own other student loans and assets that are not a part of the Trust Estate. Those student loans and assets are *not* pledged to the repayment of the Series 2008A Bonds.

We cannot compel the State of Oklahoma to pay any amounts owed on the Series 2008A Bonds from any source of funds.

Letter of Credit The Series 2008A Bonds will be supported by an irrevocable transferable direct pay letter of credit (the "*Letter of Credit*") as shown on the cover page hereof: (1) to provide a source of funds to be devoted to the payment of the principal of, and interest on, the Series 2008A Bonds when and as due; and (2) to provide a liquidity facility in the form of a liquidity drawing for the payment of the purchase price of the Series 2008A Bonds upon an optional or mandatory tender thereof.

Under certain conditions we can replace the Letter of Credit with an Alternate Credit Facility and/or an Alternate Liquidity Facility. See the caption “Alternate Credit and Liquidity Facilities” herein.

Remarketing of the

Series 2008A Bonds.....The Remarketing Agent identified on the cover page hereof will use its best efforts to sell any Series 2008A Bonds that are subject to an optional or mandatory tender at the Purchase Price.

If the Remarketing Agent is unable to sell the tendered Series 2008A Bonds, the Credit Provider has agreed to purchase the Series 2008A Bonds pursuant to the Letter of Credit, subject to certain conditions, through October 28, 2011 (subject to extension) at the Purchase Price.

Policies Affecting RevenueOur borrowers with loans first disbursed on or before June 30, 2008, can qualify for our TOPTM Interest Rate and Principal Reduction programs, REAP Principal Reduction program and EZ PayTM Discount.

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

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

Federal Consolidation Loans that we hold are not eligible for TOP. Under the Higher Education Act, we are required to pay the federal government a rebate of 1.05% of the principal and accrued interest amount of Consolidation Loans that we hold.

The REAP program for Consolidation Loans had a principal reduction of 1.00% if the first six payments of principal and interest are made on time, but that benefit was discontinued for loans first disbursed on or after July 1, 2008.

The EZ Pay Discount of 1.00% off the loan interest rate is available to all FFEL Program borrowers who make their payments by automatic debit of their financial institution account, but was reduced to 0.25% for loans first disbursed on or after July 1, 2008.

Zero "O" Fees – Some lenders are offering to pay a Stafford Loan borrower's loan origination fee that is charged by the U.S. Department of Education. This offer to Stafford Loan borrowers is a so-called "*Zero O Fee*" plan. We have offered to share the cost of offering the Zero O Fee plan with participating OSLA Student Lending Network lenders. Many members of the OSLA Student Lending Network will offer Zero O Fees to their borrowers for the Fiscal Year 2008-09.

Federal Default Fee Payment – The federal default fee on a loan is 1.00% and must be charged by the guarantor or paid from non-federal funds of the guarantor. If a Guarantor of a loan charges the federal default fee to the borrower, we pay that fee for borrowers in the OSLA Student Lending Network. Our primary Guarantor, beginning July 1, 2008, charges only 0.50% to the borrower and we pay the other 0.50%.

Debt Service Reserve

Account RequirementThe Debt Service Reserve Account Requirement under the Bond Resolution is 0.75% of the aggregate principal amount of the Series 2008A Bonds Outstanding. The minimum reserve requirement for the Trust Estate is \$500,000. Such amount and percentage are subject to change to such lesser or greater amount or percentage as may be approved in a Rating Confirmation, or if all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on the Bonds and Notes are based solely on the Ratings of the Credit Providers, then as shall be approved by the Credit Providers.

Student Loan Insurance,

Guarantee and ReinsuranceAll student loans we intend to acquire with proceeds of the Series 2008A Bonds, are covered by a Guarantee of at least 97% (or the highest percentage allowed by law) of principal and accrued interest.

We must perform specific due diligence activities in the servicing and collection of loans, from receipt of the loan

application and continuing throughout the life of the loan, in order to maintain the Guarantee of the loan.

Guarantee claims paid by a Guarantee Agency are reinsured to the Guarantee Agency by the Secretary of the U.S. Department of Education on a scale ranging from 75% to 100% depending on various factors.

Approximately 88% of our student loans are guaranteed by the Oklahoma State Regents for Higher Education, Guaranteed Student Loan Program. Additional information about the Oklahoma State Regents for Higher Education, Guaranteed Student Loan Program is in Appendix D.

**Additional Bonds, Notes
and other Obligations.....**

We may issue additional Bonds and Notes to enable us to acquire additional student loans or to refinance previously issued obligations of the Authority if we meet certain conditions. The conditions to issue additional Bonds and Notes include receipt by the Trustee of a Rating Confirmation from each Rating Agency with respect to the issuance of such additional Bonds or Notes, except that no Rating Confirmation shall be required with respect to Outstanding Bonds or Notes which are secured by a Credit Facility and the Ratings on such Bonds and Notes are based solely upon the Ratings of the Credit Provider.

The issuance of additional Bonds and Notes may reduce the ratio of assets to Bonds and Notes Outstanding, depending on the amount issued and the amount of costs of issuance and other amounts paid from the proceeds of the additional Bonds and Notes.

We also may enter into Derivative Products and Liquidity Facilities, Credit Facilities and Credit Provider Agreements that may require payments thereunder from the Trust Estate assets.

**Releases from the Trust
Estate to Us**

Under certain conditions, excess assets in the Trust Estate can be transferred to us by the Trustee. Among the conditions for a release are: (a) a certificate of the Authority to the effect that all rebate liability through the date of such transfer has been paid or deposited in the Rebate Fund; and (b)(i) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on

the Ratings of the Credit Providers, a Rating Confirmation from each Rating Agency and (ii) the prior written consent of any Credit Provider and Liquidity Provider to the extent provided in the related Credit Provider Agreement or Liquidity Facility.

Under the Reimbursement Agreement, the current Senior Parity Ratio required for a release is 108%.

References to Web Sites..... Internet or web site addresses herein are provided as a convenience for purchasers of the Series 2008A Bonds. The Authority does *not* adopt any information that may be provided at these addresses and disclaims any responsibility for such information. The information at such addresses is not to be construed as part of this Official Statement.

In reading this Official Statement, it should be understood that while the Series 2008A Bonds are in book-entry-only form, references in this Official Statement to Registered Owners of the Series 2008A Bonds should be read to include the person for whom the Participant acquires an interest in the Series 2008A Bonds, but (a) all rights of ownership must be exercised through DTC and the book-entry-only system as described more fully herein; and (b) notices that are to be given to Registered Owners of the Series 2008A Bonds by the Authority or the Trustee will be given only to DTC.

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\$175,305,000

OKLAHOMA STUDENT LOAN AUTHORITY

**Oklahoma Student Loan Bonds and Notes
Senior Variable Rate Demand Obligations, Series 2008IIA-1**

INTRODUCTION

General

We are an express trust established in 1972 for the benefit of the State of Oklahoma. We are distributing this Official Statement to furnish information regarding our \$175,305,000 Oklahoma Student Loan Bonds and Notes, Senior Variable Rate Demand Obligations, Series 2008IIA-1 (the “*Series 2008A Bonds*”).

The Series 2008A Bonds will be Senior Bonds and Notes payable on parity with any other series of Senior Bonds and Notes and any additional Senior Obligations issued pursuant to the Bond Resolution, including the obligations of the Authority pursuant to the Reimbursement Agreement.

After application of the proceeds of the Series 2008A Bonds, and the deposit of additional Eligible Loans by us as an equity contribution, it is expected that the Trust Estate will have an overcollateralization that will provide a ratio (expressed as a percentage) of the Aggregate Market Value to the aggregate principal amount of, and accrued interest on, all Outstanding Senior Obligations plus accrued allocable Program Expenses, or *Senior Parity Percentage*, of approximately 104.75%.

In addition, the Series 2008A Bonds will be supported by an irrevocable transferable direct pay letter of credit (the “*Letter of Credit*”) as shown on the cover page hereof: (1) to provide a source of funds to be devoted to the payment of the principal of, and interest on, the Series 2008A Bonds when and as due; and (2) to provide a liquidity facility in the form of a liquidity drawing for the payment of the purchase price of the Series 2008A Bonds upon an optional or mandatory tender thereof. The Letter of Credit constitutes a “Credit Facility” under the Bond Resolution.

We are an eligible not-for-profit holder for purposes of receiving Special Allowance Payments on eligible loans at the not-for-profit holders’ rate provided for in the Higher Education Act. This status was confirmed by the U.S. Department of Education (the “*USDE*”) for the quarter ending December 31, 2007, and subsequently confirmed for billing quarters beyond the quarter ending December 31, 2007, assuming that specific conditions continue to be met.

For a description of us, see Appendix B – General Description of the Oklahoma Student Loan Authority.

Definitions of certain terms used in this Official Statement are included in Appendix A – Summary of Certain Definitions and Provisions of the Bond Resolution, or elsewhere herein.

New Bond Resolution

The Series 2008A Bonds will be issued pursuant to the provisions of the Act and a new Master Bond Resolution II to be adopted by the trustees of the Authority on October 28, 2008 (the “*Master Bond Resolution*”).

The Master Bond Resolution will create a pledge of revenues, funds, Financed Eligible Loans, Derivative Products and other assets to the *Trustee*, Bank of Oklahoma, N.A., as a Trust Estate for the benefit of the Registered Owners of all Bonds and Notes, any Credit Provider, any Liquidity Provider and any Reciprocal Payor under a Derivative Product. In addition, the Master Bond Resolution will grant a security interest in the Trust Estate to the Trustee for the benefit of those parties.

The Master Bond Resolution provides that Bonds, Notes, Credit Facilities, Liquidity Facilities, Credit Provider Agreements and Derivative Products, may be issued in any of three payment priority levels. The priority levels are:

- Senior Obligations;
- Subordinate Obligations; and
- Junior-Subordinate Obligations.

The Master Bond Resolution will be supplemented by a Series 2008IIA-1 Supplemental Bond Resolution (the “*2008A-1 Supplement*”) also to be adopted on October 28, 2008. The Master Bond Resolution, as supplemented by the 2008A-1 Supplement, is referred to herein as the “*Bond Resolution*”.

Upon issuance, the Series 2008A Bonds, the Reimbursement Agreement dated as of October 1, 2008 (the “*Reimbursement Agreement*”), between the Authority and Bank of America, N.A., and the Letter of Credit will be the only Obligations outstanding under the Bond Resolution. The Series 2008A Bonds, and the interest thereon, will be limited revenue obligations payable solely from the Trust Estate created by the Bond Resolution.

During the Fall of 2007 and 2008 to date, financial markets have been disrupted significantly. Aspects of this disruption have adversely impacted asset backed securities, including student loan asset backed securities. The disruptions affect bonds and notes issued by us in the past, which have been subjected to severe deterioration in the auction rate securities market, to severe deterioration for obligations credit enhanced by monoline bond insurers and to very limited market availability of credit and liquidity support. These events have caused us to suffer increased debt service costs and a need to restructure much of our debt as a response to market conditions by issuing new obligations under the new Bond Resolution, separate from two other master trusts outstanding already. These two other master trusts are:

- the senior-subordinate 1995 Master Bond Resolution, as Supplemented, which includes numerous parity supplemental bond resolutions; and
- the monoline bond insured Series 1996A Bond Resolution, as Supplemented, which includes numerous parity supplemental bond resolutions.

These two master trusts described above will continue to be outstanding after the adoption of the Bond Resolution and issuance of the Series 2008A Bonds. Each master trust is a separate limited obligation of ours, with separate assets and obligations; and each existing master trust will be a separate master trust from the Bond Resolution. The Senior Auction Rate Bonds, Series 2007A-1 in the existing 1995 Master Bond Resolution, as Supplemented, and the Variable Rate Demand Obligations, Series 1996A and 1997A in the existing Series 1996A Bond Resolution, as Supplemented, will be refunded by proceeds of the Series 2008A Bonds. If we cannot refinance the remainder of our auction rate securities and monoline insured obligations, we expect to continue to incur higher financing costs under those other master trusts. Consequently, we may create additional new master trusts in the future with assets and obligations separate from the Bond Resolution and the two existing master trusts.

The Series 2008A Bonds, and the interest thereon, are not obligations of the State of Oklahoma. Neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment of the principal of, or interest on, the Series 2008A Bonds. The Series 2008A Bonds, and the interest thereon, are not personal obligations of the trustees of the Authority and are not general obligations of the Authority. The Authority has no taxing power.

A copy of the Bond Resolution is available during the initial offering period upon request to the “*Underwriter*” –

Banc of America Securities LLC
NC1-027-14-01
214 North Tryon Street, 14th Floor
Charlotte, NC 28255
Attention: Short Term Desk

Telephone: 704-386-9028
Facsimile: 704-388-0393
E-mail: kenneth.a.rogers@bankofamerica.com

and thereafter to the Authority or the Trustee at the addresses shown on page 10.

Remarketing of the Series 2008A Bonds

Initially, the Series 2008A Bonds will bear interest at a Weekly Rate with certain optional tender rights and mandatory tender requirements. The initial Remarketing Agent and the initial Credit Provider for the Series 2008A Bonds are listed on the cover hereof.

The initial Remarketing Agent will act under a Remarketing Agreement between the Authority and the Remarketing Agent. The Remarketing Agent will offer for sale and use its best efforts to sell the Series 2008A Bonds with respect to which a notice of optional tender has been received, or which are subject to mandatory tender, at a price equal to the principal amount thereof plus accrued interest, if any.

If the Remarketing Agent is unable to remarket the Series 2008A Bonds upon an optional or mandatory tender thereof, the Credit Provider has agreed to purchase any and all Series 2008A Bonds at a price equal to the principal amount thereof, plus accrued interest, if any, pursuant to the provisions of the Letter of Credit and the Reimbursement Agreement.

The initial Remarketing Agent may resign or be removed as a Remarketing Agent and a successor may be appointed in accordance with the Bond Resolution and the Remarketing Agreement.

See the caption “Special Considerations Relating to the Series 2008A Bonds Bearing Interest at a Weekly Rate” for additional information on the remarketing of the Series 2008A Bonds.

Use of Proceeds

We will use the proceeds of the Series 2008A Bonds, together with monies transferred from the corporate trustee for the Refunded Bonds listed below and an equity contribution by us to the Trust Estate: (1) to current refund various series of our outstanding tax-exempt variable rate demand obligations and senior auction rate securities; (2) to fund the Debt Service Reserve Account Requirement; and (3) to pay underwriting fees and other costs of issuance.

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The expected sources and uses of funds are shown in the Table that follows:

Estimated Sources of Funds

Proceeds of the Series 2008IIA-1 Bonds	\$ 175,305,000
Assets Transferred from the Refunded Bonds trust estates and Equity Contribution by the Authority	<u>9,196,988</u>
Total Sources of Funds	<u>\$ 184,501,988</u>

Estimated Uses of Funds

Redemption of Series 1996A VRDOs ¹	\$ 32,580,000	
Redemption of Series 1997A VRDOs ¹	33,000,000	
Redemption of Series 2007A-1 Sr Auction Rate Bonds ¹	<u>109,725,000</u>	
Subtotal – Outstanding Series of Refunded Bonds		\$ 175,305,000
Overcollateralization Requirement		8,326,988
Costs of issuance, including underwriting fees		<u>870,000</u>
Total Uses of Funds		<u>\$ 184,501,988</u>

¹ Collectively, the “*Refunded Bonds*”, which will be refunded through the acquisition of student loans and other assets from the related trust accounts of the Refunded Bonds. The Series 2008A Bonds’ Debt Service Reserve Account deposit of \$1,314,788, which is 0.75% of the principal amount of the Series 2008A Bonds, will be funded by monies transferred from the trust accounts for the Refunded Bonds.

Each series of Refunded Bonds will be redeemed at par plus accrued interest on various redemption dates following the issuance of the Series 2008A Bonds. Funds for payment of accrued interest will be paid from the related trust accounts of the Refunded Bonds.

Initial Collateralization

It is expected that after application of the proceeds of the Series 2008A Bonds as described herein, and the deposit of additional Eligible Loans and monies as an equity contribution by us, that the Senior Parity Ratio will be approximately 104.75%.

The Bond Resolution does not require that any particular level of collateralization be maintained, but certain ratios are required for the withdrawal of assets from the Trust Estate. However, certain ratios are required by the Reimbursement Agreement to be achieved and maintained. If those ratios are not achieved or maintained, an event of default under the Reimbursement Agreement could occur and may result in a mandatory tender of the Series 2008A Bonds.

The issuance of additional Bonds and Notes in the future could reduce collateralization. However, the issuance of additional Bonds and Notes is subject to several conditions, including confirmation from each Rating Agency that the issuance of such additional Bonds and Notes will not result in a downgrade of any of the Ratings applicable to any Outstanding Bonds or Notes, or cause the Rating Agency to suspend or withdraw those Ratings, unless the series of Bonds or

Notes is secured by a Credit Facility and the Ratings on such series of Bonds or Notes is based solely upon the Ratings on the Credit Providers. See the caption “Security and Sources of Payment—Issuance of Additional Bonds and Notes and Other Obligations” herein.

Financed Eligible Loans

We acquire or make loans in the Federal Family Education Loan Program (“*FFEL Program*”) under the Higher Education Act.

Eligible Loans will be guaranteed as provided for in the Higher Education Act. Currently, the guarantee percentage ranges from 97% to 100% of the outstanding principal amount of the loans depending upon the first disbursement dates on such loans. We expect that substantially all of the Financed Eligible Loans will be guaranteed at 98% or 97%, although that amount could be reduced for Eligible Loans acquired in the future. See the caption titled “Loan Guarantees” in Appendix E – Summary of Certain Provisions of the Federal Family Education Loan Program.

We have acquired or originated a portfolio of student loans in the trust estates for the Refunded Bonds already. Certain of these student loans will be transferred, upon acquisition by proceeds of the Series 2008A Bonds, to the Trust Estate. See Appendix C – Loan Portfolio Composition for additional information about the characteristics of the Financed Eligible Loans transferred from the trust estates for the Refunded Bonds. In addition, we expect to deposit additional Eligible Loans that were first disbursed on or after October 1, 2007 which will be contributed by us as part of the initial over-collateralization. The contributed Eligible Loans will consist of: (1) Federal Stafford Loans (approximately one-half); and (2) Federal Consolidation Loans (approximately one-half).

A substantial portion of the Financed Eligible Loans will be Federal Consolidation Loans. Under the Higher Education Act, we are required to pay monthly to the federal government an annualized rebate of 1.05% of the principal and accrued interest amount of Federal Consolidation Loans that we hold. Federal Consolidation Loans made on or after July 1, 2003, and on or before June 30, 2008, are eligible for the Reduction of Eligible Account Principal (“*REAP*”) program. *REAP* provides a non-recurring 1.00% principal reduction if the eligible borrower makes the first six payments of principal and interest on time. Federal Consolidation Loans that we hold are not eligible for the *TOP*TM Program described below.

Except for Federal Consolidation Loans, substantially all other Financed Eligible Loans that were first disbursed on or before June 30, 2008, will be eligible for our Timely on Payments (“*TOP*TM”) program. *TOP* is the identifying trademark for our behavioral incentive loan program for borrowers who can qualify for savings on their loans in repayment. *TOP* has two types of borrower savings -

- *TOP* 1-2-3 Principal Reduction is available under certain conditions if the eligible borrower makes the first three payments of principal and interest on time. Once

achieved, the borrower receives a non-recurring reduction of 1.00% of the eligible principal amount.

- TOP Interest Rate Discount is available under certain conditions if the eligible borrower makes the first 12 payments of principal and interest on time. Once achieved, the borrower receives a 1.50% interest rate discount. The interest rate discount is permanent.

Zero "O" Fees – Some lenders are offering to pay a Stafford Loan borrower's loan origination fee that is charged by the U. S. Department of Education. This offer to Stafford Loan borrowers is a so-called "*Zero O Fee*" plan. We have offered to share the cost of offering the Zero O Fee plan with participating OSLA Student Lending Network lenders. Many members of the OSLA Student Lending Network will offer Zero O Fees to their borrowers for the Fiscal Year 2008-09.

Federal Default Fee Payment – The federal default fee on a loan is 1.00% and must be charged by the guarantor or paid from non-federal funds of the guarantor. If a Guarantor of a loan charges the federal default fee to the borrower, we pay that fee for borrowers in the OSLA Student Lending Network. Our primary Guarantor, beginning July 1, 2008, charges only 0.50% to the borrower and we pay the other 0.50%.

In addition, we offer repayment borrowers our *EZ PayTM Discount* if they agree to recurring automatic debits to make their monthly loan payments. The EZ Pay Discount plan gives the borrower a 1.00% interest rate discount if the loan was first disbursed on or before June 30, 2008, and an interest rate discount of 0.25 of 1% if the borrower's loan was first disbursed on or after July 1, 2008. The borrower can be disqualified for the EZ Pay Discount under certain circumstances.

To the extent borrowers qualify for our borrower savings programs, Revenues, including Recoveries of Principal, will be reduced. Based on information provided by us, these borrower benefit programs have been accounted for in the cash flow projections prepared by the Underwriter. See the information below under the caption "Cash Flow Projections" below and the caption "Risk Factors" for additional information.

Cash Flow Projections

We do not expect to issue the Series 2008A Bonds unless we believe, based on our analysis of cash flow projections, that Revenues, including Recoveries of Principal, will be sufficient to pay principal of and interest on the Bonds and Notes and all other Obligations issued pursuant to the Bond Resolution when due, and also to pay all Program Expenses, including servicing fees and administrative expenses, until the final maturity or redemption of the Series 2008A Bonds.

The Underwriter prepared the cash flow projections for us based on information that we provided to the Underwriter.

The cash flow projections utilize assumptions, that we believe are reasonable, and various limitations or requirements under the Bond Resolution, including:

- the composition of, yield on and prepayment and collection experience for the Eligible Loans;
- the expenses we incur in the FFEL Program;
- the rate of return on monies to be invested in various Funds and Accounts;
- borrower behavioral incentive loan programs that we offer;
- the occurrence of future events and conditions; and
- Recycling of principal payments into new Eligible Loans during the time period allowed for Recycling.

While the assumptions are and will be derived from our experience in the administration of the FFEL Program, actual circumstances can and most likely will differ from the assumptions. Such differences may be material.

See Appendix C – Loan Portfolio Composition for information and certain assumptions about the Financed Eligible Loans that we expect to transfer from the trust estate for the Refunded Bonds and to hold in the Trust Estate.

We cannot assure you that we will receive interest and principal payments from the Financed Eligible Loans as anticipated, that we will realize the reinvestment rates assumed on amounts in the various Funds and Accounts, or that we will receive Interest Benefit Payments or Special Allowance Payments in the amounts and at the times anticipated. Furthermore, future events over which we have no control may adversely affect our actual receipt of Revenues, including Recoveries of Principal. Read the information under the caption “Risk Factors” carefully.

Recycling

As a general practice, we utilize Recoveries of Principal and certain Revenues from the various funding sources to finance additional Eligible Loans instead of redeeming Bonds and Notes prior to their scheduled maturities (referred to as “*Recycling*”). We plan to continue Recycling to the maximum extent possible with respect to the Series 2008A Bonds. Presently, we may use Recycling in the Trust Estate through October 1, 2010, or through such earlier or later date directed by, or acceptable to, the Credit Providers and upon confirmation from each Rating Agency that the extension of the Recycling Period will not result in a downgrade of any of the Ratings applicable to any Outstanding Bonds or Notes, or cause the Rating Agency to suspend or withdraw those Ratings, unless each series of Bonds or Notes is secured by a Credit Facility and the Ratings on such series of Bonds or Notes is based solely upon the Ratings on the Credit Providers.

Certain restrictions are placed on Recycling by the Reimbursement Agreement. Violation of those restrictions could result in an event of default under the Reimbursement Agreement and may result in a mandatory tender of the Series 2008A Bonds.

Loan Servicing

We service our own loans and those of other eligible lenders. We are 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.

We service education loans internally using loan servicing system software licensed to us on a perpetual basis by Idaho Financial Associates, Inc., now 5280 Solutions LLC, Boise, Idaho, a wholly owned subsidiary of Nelnet, Inc., and hardware and other software owned, developed or licensed by us. We began originating education loans using that system on January 28, 2002; and converted servicing of the portfolio that we serviced remotely as of March 1, 2002.

See the caption “Loan Servicing” in Appendix B for additional information about our loan servicing activities.

We also perform origination and pre-acquisition interim servicing for 27 active eligible lenders that are members of the OSLA Student Lending Network (the “*OSLA Network*”). The OSLA Network members offer the loans that we service to us for purchase. In addition, two members of the OSLA Network originate and interim service their own loans at their own premises using our loan servicing system on a remote basis.

Corporate Trustee

Administration of the Trust Estate established pursuant to the Bond Resolution will be governed by a Trust Agreement dated as of October 1, 2008 (the “*Trust Agreement*”) by and between the Authority and the Trustee.

The Trustee also is acting as tender agent, paying agent, authenticating agent and registrar pursuant to the Bond Resolution and the Trust Agreement.

Availability of Documentation

The descriptions in this Official Statement of the Series 2008A Bonds and of the documents authorizing and securing the Series 2008A Bonds do not purport to be definitive or comprehensive. All references herein to those documents are qualified in their entirety by reference to the Series 2008A Bonds and the documents.

Copies of the documents are available upon written request to, or may be examined at:

Bank of Oklahoma, N.A., as Trustee	Oklahoma Student Loan Authority
9520 North May Avenue, Suite 200	525 Central Park Drive, Suite 600
Oklahoma City, Oklahoma 73120	Oklahoma City, Oklahoma 73105-1706
Attention: Corporate Trust Services; or	Attention: President

SECURITY AND SOURCES OF PAYMENT

Trust Estate

The Bond Resolution provides that all Bonds and Notes, as well as any Derivative Products and other Obligations secured by the Bond Resolution, are limited and special revenue obligations of the Authority secured by and payable solely from revenues, funds and other assets specifically pledged under the Bond Resolution. These assets include all rights of the Authority, whether now owned or held or hereafter acquired, in:

- A. The Revenues (other than Revenues deposited in the Rebate Fund or otherwise released from the lien of the Trust Estate), including Recoveries of Principal;
- B. All moneys and investments held in the Funds, Accounts and Subaccounts described in the Bond Resolution;
- C. The Financed Eligible Loans (other than Financed Eligible Loans released from the lien of the Trust Estate), including Eligible Loans contributed by us for overcollateralization;
- D. All Guarantee Agreements, Servicing Agreements and Student Loan Purchase Agreements as those documents relate to Financed Eligible Loans;
- E. Rights in any Derivative Product, any Reciprocal Payments or any guarantee with respect to the obligation of a Reciprocal Payor, provided, however, that these rights will not be for the benefit of a Reciprocal Payor with respect to its Derivative Product; and
- F. Any and all other property, rights and interests of every kind or description granted, conveyed, pledged, transferred, assigned or delivered to the Trustee as additional security under the Bond Resolution and the proceeds of any of the foregoing.

Our responsibility to pay all Obligations under the Bond Resolution is limited to the Trust Estate.

Payment Priorities

The Bond Resolution establishes three priority levels of Obligations that can be issued with varying priorities in rights to payment. The priority levels are: Senior Obligations; Subordinate Obligations; and Junior-Subordinate Obligations.

- A. ***Senior Obligations.*** Senior Obligations are payable on a superior basis to payments on any Subordinate Obligations and Junior-Subordinate Obligations. However, current principal and interest may be paid on the Subordinate Obligations and, to the extent provided below, Junior-Subordinate Obligations if all current principal and interest payments then due and owing on the Senior Obligations have been previously made or provided for. Senior Obligations include payment of principal of, and interest on, Senior Bonds and Notes and any amounts due and owing under any Derivative Product, Credit Facility, Credit Provider Agreement or Liquidity Facility secured on parity with the Senior Bonds and Notes.
- B. ***Subordinate Obligations.*** Subordinate Obligations are payable on a superior basis to payments on any Junior-Subordinate Obligations. However, current principal and interest may be paid on the Junior-Subordinate Obligations if all principal and interest payments then due and owing on the Senior Obligations and the Subordinate Obligations have been previously made or provided for. Subordinate Obligations include payment of principal of, and interest on, Subordinate Bonds and Notes and any amounts due and owing under any Derivative Product, Credit Facility, Credit Provider Agreement or Liquidity Facility secured on parity with the Subordinate Bonds and Notes.
- C. ***Junior-Subordinate Obligations.*** Junior-Subordinate Obligations may have varying priorities of payment within that category, as determined pursuant to a Supplemental Bond Resolution. Junior-Subordinate Obligations include the payment of principal of, and interest on, Junior-Subordinate Bonds and Notes and any amounts due and owing under any Derivative Product, Credit Facility, Credit Provider Agreement or Liquidity Facility secured on parity with the Junior-Subordinate Bonds and Notes.

The Series 2008A Bonds, the Letter of Credit and the Reimbursement Agreement constitute Senior Obligations under the Bond Resolution. Upon issuance of the Series 2008A Bonds, there will be no other Senior Obligations, no Subordinate Obligations and no Junior-Subordinate Obligations outstanding, other than the Letter of Credit and the Reimbursement Agreement.

Flow of Funds

The various Funds and Accounts that are created by the Bond Resolution are described in Appendix A – Summary of Certain Definitions and Provisions of the Bond Resolution under the caption “Revenue and Funds”.

During a Recycling Period, Recoveries of Principal can be deposited to the Acquisition Account to acquire additional Eligible Loans. Otherwise, Revenues, including Recoveries of Principal, deposited to the Revenue Account are used on the last Business Day of each calendar month and on any other date by an Authority Order in the following order of priority:

- A. To pay any Program Expenses that are within budgeted Fiscal Year expenses and Bond Resolution limitations, with certain exceptions;
- B. To the Rebate Fund as necessary to comply with any Tax Documents;
- C. To make any payments related to Financed Eligible Loans that are due and payable to the USDE and any joint sharing agreement;
- D. To the credit of the Interest Subaccount of the Debt Service Account to provide for the payment of *interest on Senior Bonds and Notes* (or for reimbursement of a Credit Provider for draws on its Credit Facility for payment of such interest, including any interest on such draws), and for the payment of any Authority Derivative Payments secured on parity with Senior Bonds and Notes;
- E. To the credit of the Principal Subaccount of the Debt Service Account to provide for the payment of *principal of Senior Bonds and Notes* at their Stated Maturity or on a sinking fund payment date (or for reimbursement of a Credit Provider for draws on its Credit Facility for payment of such principal, including any interest on such draws);
- F. To the credit of the Interest Subaccount of the Debt Service Account to provide for the payment of *interest on Subordinate Bonds and Notes* (or for reimbursement of a Credit Provider for draws on its Credit Facility for payment of such interest, including any interest on such draws), and for the payment of any Authority Derivative Payments secured on parity with Subordinate Bonds and Notes;
- G. To the credit of the Principal Subaccount of the Debt Service Account to provide for the payment of *principal of Subordinate Bonds and Notes* at their Stated Maturity or on a sinking fund payment date (or for reimbursement of a Credit Provider for draws on its Credit Facility for payment of such principal, including any interest on such draws);
- H. To the credit of the Interest Subaccount of the Debt Service Account to provide for the payment of *interest on Junior-Subordinate Bonds and Notes* (or for reimbursement of a Credit Provider for draws on its Credit Facility for payment of such interest, including any interest on such draws), and for the payment of any Authority Derivative Payments secured on parity with Junior-Subordinate Bonds and Notes;
- I. To the credit of the Principal Subaccount of the Debt Service Account to provide for the payment of *principal of Junior-Subordinate Bonds and Notes* at their Stated Maturity or on a sinking fund payment date (or for reimbursement of a Credit Provider for draws on its Credit Facility for payment of such principal, including any interest on such draws);

- J. To the Debt Service Reserve Account, the amount, if any, required to restore such account to the Debt Service Reserve Account Requirement;
- K. To the credit of the Retirement Subaccount of the Debt Service Account for distribution of principal of Bonds and Notes which are subject to scheduled Principal Reduction Payments (or for reimbursement of a Credit Provider for draws on its Credit Facility for the distribution of such principal), an amount sufficient to make any monthly deposit required for the next Principal Reduction Payment Date as set for in the Supplemental Bond Resolution relating to such Bonds and Notes;
- L. To the credit of the Interest Subaccount of the Debt Service Account for the payment, of Carryover Amounts, and interest thereon, with respect to, (1) Senior Bonds and Notes, (2) Subordinate Bonds and Notes and (3) Junior-Subordinate Bonds and Notes in the preceding order of priority;
- M. To the credit of the Interest Subaccount of the Debt Service Account for the payment of unpaid Termination Payments and any other unpaid Authority Derivative Payments in the following order of priority, (1) Derivative Products secured on parity with Senior Bonds and Notes, (2) Derivative Products secured on parity with Subordinate Bonds and Notes, and (3) Derivative Products secured on parity with Junior-Subordinate Bonds and Notes.
- N. To the Persons entitled thereto for the payment of unpaid Obligations in the following order of priority: first, payments due under Senior Obligations not previously paid; second, payments due under Subordinate Obligations not previously paid; and third, payments due under Junior Subordinate Obligations not previously paid;
- O. During any applicable Recycling Period, at the option of the Authority, to the Acquisition Account;
- P. At the option of the Authority, to the Retirement Subaccount of the Debt Service Account for the redemption of, or distribution of principal with respect to Bonds and Notes that are subject to redemption or principal distribution; and
- Q. Upon satisfying certain conditions required in the Bond Resolution, including (i) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, a Rating Confirmation from each Rating Agency and (ii) the prior written consent of any Credit Provider and Liquidity Provider to the extent provided in the related Credit Provider Agreement or Liquidity Facility, monies in the Revenue Account may be transferred to the Authority free and clear of lien of the Bond Resolution. Any such amounts transferred to the Authority shall be used for any proper purpose of the Authority.

For a more detailed description of the flow of funds under the Bond Resolution, see the caption “Revenues and Funds” in Appendix A – Summary of Certain Definitions and Provisions of the Bond Resolution.

Debt Service Reserve Account

The Bond Resolution will establish a Debt Service Reserve Account for the benefit of the Registered Owners of the Bonds and Notes, including the Series 2008A Bonds. Pursuant to the 2008A-1 Supplement, the Debt Service Reserve Requirement is equal to 0.75% of the par amount of the Series 2008A Bonds, which is a total of \$1,314,787.50.

The minimum reserve amount for the Trust Estate is the greater of: (1) 0.75% of the par amount of the Outstanding Series 2008A Bonds; (2) \$500,000; or (3) such lesser percentage or amount that may be approved in a Rating Agency Confirmation, or, if all of the Outstanding Bonds and Notes are secured by Credit Facilities and the Ratings on such series of Bonds or Notes are based solely upon the Ratings on the Credit Providers, then as approved by the Credit Providers.

To the extent there are insufficient moneys in the Interest Subaccount and the Principal Subaccount to make the payments due on the Bonds and Notes on a Bond Payment Date, the amount of the deficiency will be paid directly from the Debt Service Reserve Account, first to the Interest Subaccount, and second, to the Principal Subaccount, as necessary.

If the Debt Service Reserve Account is used for deficiencies in the Interest Subaccount or the Principal Subaccount, the Trustee will restore the Debt Service Reserve Account to the Debt Service Reserve Account Requirement by transfers from the Revenue Account as described above under the caption “Flow of Funds” until the deficiency in the Debt Service Reserve Account has been eliminated.

See the caption “Revenues and Funds — Student Loan Sinking Fund – Debt Service Account” in Appendix A – Summary of Certain Definitions and Provisions of the Bond Resolution.

Issuance of Additional Bonds and Notes and Other Obligations

The Bond Resolution provides that we may issue additional Bonds and Notes in any of the three levels of priority, or enter into any Derivative Product, Credit Facility, Credit Provider Agreement or Liquidity Facility that we deem necessary or desirable if certain conditions are satisfied. These conditions include:

- A. That the Authority has adopted a Supplemental Bond Resolution (which does not require the approval of the Registered Owners of any of the Outstanding Bonds or Notes) providing the terms and forms of the proposed series of Bonds and Notes;
- B. The Trustee has received a Rating Confirmation from each Rating Agency designated as such at the request of the Authority confirming that the action proposed to be taken by the Authority will not, in and of itself, result in a downgrade of any of the Ratings then applicable to any Bonds and Notes, or cause that Rating Agency to suspend or withdraw the Ratings then applicable to any Bonds and Notes, except that no Rating Confirmation shall be required with respect to Outstanding Bonds or Notes which are

secured by a Credit Facility and the Ratings on such Bonds and Notes are based solely upon the Ratings of the Credit Provider.

- C. Upon the issuance of a series of additional Bonds or Notes, an amount equal to the Debt Service Reserve Account Requirement with respect to that series of Bonds or Notes will be deposited into the Debt Service Reserve Account.

See the caption “General Terms of the Bonds and Notes – Provisions for the Issuance of Bonds and Notes” in Appendix A.

THE CREDIT PROVIDER

The information contained in this caption has been furnished by the Credit Provider for use herein. The information is not guaranteed as to accuracy or completeness by the Authority, the Trustee, the Underwriter or its counsel, or Bond Counsel, and is not to be construed as a representation by any of those persons.

The Authority, the Trustee, the Underwriter and its counsel, and Bond Counsel have not independently verified this information. 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 hereof.

Certain Information Concerning Bank of America, N.A.

Bank of America, N.A. (the “*Bank*”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “*Corporation*”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2008, the Bank had consolidated assets of \$1,327 billion, consolidated deposits of \$807 billion and stockholder’s equity of \$109 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, together with any subsequent documents it filed with the Securities and Exchange Commission (the “*SEC*”) pursuant to the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”).

Recent Developments: On July 1, 2008, the Corporation acquired Countrywide Financial Corporation (“Countrywide”) through its merger with a subsidiary of the Corporation. Under the

terms of the agreement, Countrywide shareholders received 0.1822 of a share of Bank of America Corporation common stock in exchange for one share of Countrywide common stock. As provided by the merger agreement, 583 million shares of Countrywide common stock were exchanged for 106 million shares of the Corporation's common stock. This represents approximately two percent of the Corporation's outstanding common stock. Countrywide shareholders also received cash of \$346 thousand in place of any fractional shares of the Corporation's common stock that would have otherwise been issued on July 1, 2008. The \$2.0 billion of Countrywide's Series B convertible preferred shares that were previously held by the Corporation were cancelled.

On September 15, 2008, the Corporation announced that it has agreed to acquire Merrill Lynch & Co., Inc. in a \$50 billion all-stock transaction. Under terms of the transaction, the Corporation would exchange .8595 shares of the Corporation's common stock for each Merrill Lynch common share. The transaction is expected to close in the first quarter of 2009 or earlier. It has been approved by the boards of directors of both companies and is subject to shareholder votes at both companies, customary closing conditions and regulatory approvals.

On October 6, 2008, the Corporation announced its third quarter earnings for the third quarter of 2008, a reduction in the declared dividend on its shares of common stock for the fourth quarter of 2008, and its intent to issue shares of common stock to raise additional capital in the amount of approximately \$10 billion.

Additional information regarding the foregoing is available from the filings made by the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation, the Bank and the foregoing merger contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank. Moody's Investors Service, Inc. ("*Moody's*") currently rates the Bank's long-term debt as "Aaa" and short-term debt as "P-1." The outlook is stable. Standard & Poor's currently rates the Bank's long-term debt as "AA" and its short-term debt as "A-1+." The Bank is on watch negative. Fitch Ratings, Inc. ("*Fitch*") currently rates long-term debt of the Bank as "AA-" and short-term debt as "F1+." The outlook is stable. Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Bank's instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly

available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

PAYMENTS OF PRINCIPAL AND INTEREST ON THE SERIES 2008A BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE SERIES 2008A BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE SERIES 2008A BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE SERIES 2008A BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

General

The initial Letter of Credit will be issued pursuant to the Reimbursement Agreement. The following summarizes certain provisions of the initial Letter of Credit and the Reimbursement Agreement, to which documents, in their entirety, reference is made for the complete provisions thereof. The provisions of any substitute Credit Facilities and the related Reimbursement Agreement may be different from those summarized below.

Letter of Credit

The initial Letter of Credit is an irrevocable transferable direct-pay obligation of Bank of America, N.A. (the "*Credit Provider*").

The initial Letter of Credit will be issued in an amount equal to the aggregate principal amount of the outstanding Series 2008A Bonds, plus 202 days' of interest at a rate of 12% per annum (the "*Cap Interest Rate*").

The Trustee, upon compliance with the terms of the initial Letter of Credit, is authorized and directed to draw up to:

- A. an amount sufficient (i) to pay principal of the Series 2008A Bonds (other than Series 2008A Bonds purchased with the proceeds of a Liquidity Drawing that have not been remarketed (“*Bank Bonds*”), Series 2008A Bonds bearing interest at a rate other than the Weekly Rate (“*Ineligible Bonds*”) and Series 2008A Bonds registered in the name of the Authority, or with respect to any beneficial interests in Series 2008A Bonds designated on the books of the Trustee as being held for the account of the Authority (“*Authority Bonds*”)) when due, whether at maturity or upon redemption or acceleration, and (ii) to pay the portion of the purchase price of the Series 2008A Bonds (other than Bank Bonds, Ineligible Bonds and Authority Bonds) delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed (a “*Liquidity Drawing*”) equal to the principal amount of the Series 2008A Bonds, plus
- B. an amount not to exceed 202 days of accrued interest on the Series 2008A Bonds at the Cap Interest Rate (i) to pay interest on the Series 2008A Bonds (other than Bank Bonds, Ineligible Bonds and Authority Bonds) when due, and (ii) to pay the portion of the purchase price of the Series 2008A Bonds (other than Bank Bonds, Ineligible Bonds and Authority Bonds) delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed, equal to the interest accrued, if any, on the Series 2008A Bonds.

The amount available under the initial Letter of Credit will be reduced to the extent of any drawing thereunder, subject to reinstatement as described below. With respect to a drawing by the Trustee under the Letter of Credit solely to pay interest on the Series 2008A Bonds on an interest payment date, the amount available under the initial Letter of Credit will be automatically reinstated effective at the opening of business on the eighth (8th) calendar day from the date of such drawing unless the Trustee shall have received from the Credit Provider, notice at or before the close of business on the seventh (7th) calendar day from the date of such drawing that the Credit Provider has not been reimbursed in full for such drawing or that any other Event of Default under the Reimbursement Agreement has occurred and as a consequence thereof the amount of such drawing for interest will not be so reinstated.

With respect to a Liquidity Drawing, upon a remarketing of the Series 2008A Bonds (or portions thereof) purchased with the proceeds of such Liquidity Drawing, the amount available under the Letter of Credit will be reinstated in an amount equal to the principal amount of the Series 2008A Bonds purchased with the proceeds of such Liquidity Drawing, plus the corresponding amount of 202 days’ of interest at the Cap Interest Rate on such principal amount of Series 2008A Bonds, upon receipt by the Credit Provider (or the Trustee on behalf of the Credit Provider), of the amount of any Liquidity Drawing relating to the Series 2008A Bonds purchased with the proceeds of such Liquidity Drawing plus all accrued interest thereon, and notice from the Trustee to that effect.

The initial Letter of Credit will terminate on the earliest to occur of:

- A. the close of business on the stated expiration date (October 28, 2011, unless the stated expiration date of the Letter of Credit is renewed or extended);
- B. the earlier of (i) the date which is five (5) days following the date (the "*Conversion Date*") the Series 2008A Bonds shall have become Ineligible Bonds as specified in a notice from the Trustee to the Credit Provider, and (ii) the date on which the Credit Provider, honors a drawing under the Letter of Credit on or after such Conversion Date;
- C. the date on which the Credit Provider, receives written notice from the Trustee that all of the Series 2008A Bonds have been paid or that a credit facility has been issued in substitution for the initial Letter of Credit in accordance with the terms of the 2008A-1 Supplement and the Reimbursement Agreement;
- D. the date which is fifteen (15) days following the date the Trustee receives a written notice from the Credit Provider specifying the occurrence of an Event of Default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Series 2008A Bonds; or
- E. the date on which the Credit Provider, honors a drawing under the Letter of Credit upon an acceleration of the Series 2008A Bonds.

Reimbursement Agreement

"Events of Default" under the Reimbursement Agreement include the following:

- (a) any representation or warranty made by the Authority or any Servicer in any of the Related Documents, or in any certificate, agreement, instrument or statement contemplated by or made or delivered pursuant to or in connection herewith or therewith shall prove to have been false, inaccurate, incomplete or misleading in any material adverse respect either on the date hereof or on the date when made;
- (b) any default, event of default or similar event, other than a default by the Credit Provider, as applicable shall have occurred (i) under any of the Related Documents (as defined in the Reimbursement Agreement) (as defined respectively therein), or (ii) in the payment when due of any Obligations;
- (c) default by the Authority in the payment when and as due of any credit facility fee or any other obligations required to be paid or reimbursed under the Reimbursement Agreement to the Credit Provider;
- (d) default in the due observance or performance of certain covenants set forth in the Reimbursement Agreement;

(e) (i) default in the due observance or performance of certain other covenants set forth in the Reimbursement Agreement and such default has not been remedied within 15 days after the earlier of (x) the date of written notice thereof from the Credit Provider or (y) the date on which such default shall first become known to any officer of the Authority or (ii) default in the due observance or performance of any other term, covenant or agreement set forth in the Reimbursement Agreement and such default has not been remedied within 30 days after the earlier of (x) written notice thereof from the Credit Provider or (y) the date on which such default shall first become known to any officer of the Authority, unless the default is such that it may be cured but not within such 30-day period, corrective action is instituted by the Authority within such period and diligently pursued until it is cured, but in no event for a period of more than 60 days from the date set forth above in this clause (ii);

(f) default by the Authority, any Guarantor or the Trustee in the due observance or performance of any term, condition or covenant of any Guarantee Agreement to which it is a party and such default has not been remedied within 30 days; *provided* that a default by such Guarantor under a Guarantee Agreement shall not constitute an Event of Default under the Reimbursement Agreement if there shall have been provided evidence satisfactory to the Credit Provider that the Secretary of Education has assumed all of the obligations of such Guarantor with respect to each Financed Student Loan which is Guaranteed by such Guarantor pursuant to Section 432(o) of the Higher Education Act or such obligations have been assigned to another Guarantor;

(g) the occurrence of certain events of bankruptcy, insolvency or liquidation of the Authority;

(h) the occurrence of certain events of bankruptcy, insolvency or liquidation of a Servicer;

(i) the occurrence of certain events of bankruptcy, insolvency or liquidation of a Guarantor; *provided* that such an event with respect to such Guarantor shall not constitute an Event of Default under the Reimbursement Agreement if there shall have been provided evidence satisfactory to the Credit Provider that the Secretary of Education has assumed all of the obligations of such Guarantor with respect to each Financed Student Loan which is Guaranteed by such Guarantor pursuant to Section 432(o) of the Higher Education Act or such obligations have been assigned to another Guarantor;

(j) any material provision of any of the Related Documents shall cease to be valid and binding, or the Authority or any governmental authority shall contest any such provision or the Authority or any agent or trustee on behalf of the Authority, shall deny that it has any or further liability under any of the Related Documents;

(k) default shall occur in the payment when due of any Indebtedness not otherwise described under this caption which exceeds in the aggregate \$5,000,000 issued, assumed or guaranteed by the Authority and shall continue beyond any applicable period of grace, or default shall occur under any indenture, agreement or other instrument under

which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness;

(l) judgment for the payment of money in excess of an aggregate of \$1,000,000 (or its equivalent in another currency or currencies) and not fully covered by insurance shall be rendered against the Authority and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed or for the payment of which a surety bond or other adequate security has not been obtained in the judgment of the Credit Provider;

(m) any Guarantee Agreement shall fail to remain generally in full force and effect; *provided* that the failure of such Guarantee Agreement to remain generally in full force and effect shall not constitute an Event of Default under the Reimbursement Agreement if there shall have been provided evidence satisfactory to the Credit Provider that (i) the Student Loans relating to such Guarantee Agreement continue to be Guaranteed by a Guarantor or (ii) the Secretary of Education has assumed all of the obligations of the Guarantor with respect to each Financed Student Loan which is Guaranteed by such Guarantor pursuant to Section 432(o) of the Higher Education Act or such obligations have been assigned to another Guarantor;

(n) the Trust Estate shall not be held by, or otherwise not be subject to a first priority security interest in favor of, the Trustee solely for the benefit of the owners of the Series 2008A Bonds and the Credit Provider;

(o) the Asset Coverage Ratio as of the end of any calendar quarter is less than 104.5%;

(p) interest on the Series 2008A Bonds (other than Bank Bonds) is declared to be includible in the gross income of the holders thereof for federal income tax purposes;

(q) (i) a material adverse change in the condition (financial or otherwise) of the Authority or the laws, rules, guidelines or regulations (or their interpretation or administration) applicable to the Authority and the transactions contemplated by the Reimbursement Agreement or any of the Related Documents shall, in the sole opinion of the Credit Provider, have occurred; or (ii) a material adverse change in the financial condition of the Authority's overall student loan portfolio shall, in the sole opinion of the Credit Provider, have occurred;

(r) the Higher Education Act shall have been repealed; or the Higher Education Act shall be amended, supplemented or modified in any manner that materially adversely affects (i) the interest rate on or the method of calculating Special Allowance Payments on Financial Student Loans, (ii) any security provided to the Credit Provider or (iii) the ability or the obligation of the Authority to pay any principal of or interest on any obligation under the Reimbursement Agreement (a "*Reimbursement Agreement Obligation*") or the priority of any Reimbursement Agreement Obligation; or

(s) any Obligations shall at any time be held as “bank bonds” under any Parity Facility (as defined in the Reimbursement Agreement).

Upon the occurrence and during the continuance of any Event of Default under the Reimbursement Agreement, the Credit Provider may, with notice thereof to the Trustee, exercise any one or more of the following rights and remedies, in addition to any other remedies, set forth in the Reimbursement Agreement:

(a) by notice to the Authority, declare all Reimbursement Agreement Obligations to be, and such amounts shall thereupon become, immediately and automatically due and payable without further presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority, *provided* that upon the occurrence of an Event of Default under the Reimbursement Agreement under paragraph (g) above such acceleration shall automatically occur (unless such automatic acceleration is waived by the Credit Provider in writing);

(b) give written notice of the occurrence of an Event of Default under the Reimbursement Agreement to the Trustee, directing the Trustee to cause a mandatory tender of the Series 2008A Bonds, thereby causing the Letter of Credit to expire 15 days thereafter;

(c) direct the Trustee to exercise its rights under the Bond Resolution and the Trust Agreement; and

(d) pursue any other action available at law or in equity.

ALTERNATE CREDIT AND LIQUIDITY FACILITIES

The Authority may replace any Liquidity Facility or Credit Facility, as applicable, with respect to the Series 2008A Bonds, including the Letter of Credit, with an Alternate Liquidity Facility or Alternate Credit Facility, and the Trustee shall accept an Alternate Liquidity Facility or Alternate Credit Facility with respect to the Series 2008A Bonds only upon satisfaction of the following conditions:

(a) the Authority shall provide at least thirty (30) days’ prior written notice of the proposed date of effectiveness of such Alternate Liquidity Facility or Alternate Credit Facility to the Trustee;

(b) the Authority shall obtain an opinion or opinions of counsel satisfactory to the Trustee to the effect that (i) the Alternate Liquidity Facility or Alternate Credit Facility, as applicable, meets the requirements and complies with the conditions described herein, (ii) such Alternate Liquidity Facility or Alternate Credit Facility, as applicable, is a legal, valid and enforceable obligation of the issuer or provider thereof, (iii) no registration of the Series 2008A Bonds or such Alternate Liquidity Facility or Alternate Credit Facility is required under the Securities Act of 1933, as amended, and

(iv) a Favorable Opinion with respect to the use of the Alternate Liquidity Facility or Alternate Credit Facility;

(c) unless all of the other Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, the Trustee shall receive a Rating Confirmation on any other Bonds or Notes Outstanding;

(d) such Alternate Liquidity Facility or Alternate Credit Facility must be issued by a bank, financial institution or other entity satisfactory to the Authority;

(e) all amounts owing to the Liquidity Provider or the Credit Provider, as applicable, under the Liquidity Facility or the Credit Facility being replaced shall be paid including any Series 2008A Bonds purchased pursuant to such Liquidity Facility or Credit Facility; and

(f) written notice of the effectiveness of the Alternate Liquidity Facility or Alternate Credit Facility, as applicable, shall have been given to the Rating Agencies and the Remarketing Agent.

The Trustee shall mail a notice to all Registered Owners of the Series 2008A Bonds to be secured by such Alternate Liquidity or Alternate Credit Facility not less than fifteen (15) days prior to the proposed effective date of the Alternate Liquidity Facility or Alternate Credit Facility, as applicable, which shall (i) state such proposed effective date (the “Substitution Date”), (ii) to the extent such information is available to the Trustee, describe the Alternate Liquidity Facility or Alternate Credit Facility, as applicable, and identify the Liquidity Provider or the Credit Provider, as applicable, (iii) state that written confirmation described in paragraph (c) above is expected to be received from each Rating Agency and (iv) any other information deemed to be appropriate by the Trustee. The Substitution Date is a Mandatory Tender Date for the Series 2008A Bonds.

GUARANTEE AGENCIES

The material in this Section of the Official Statement is a brief overview. It does not purport to be complete information on the Guarantee Agencies, including the Oklahoma State Regents for Higher Education, Guaranteed Student Loan Program that is the primary guarantor of education loans held by us.

Reference is made to “Appendix E – General Description of the Oklahoma Guaranteed Student Loan Program” for descriptive information on the Oklahoma State Guarantee Agency and to the “Loan Guarantees” section of “Appendix E – Summary of Certain Provisions of the Federal Family Education Loan Program”.

Guarantee of Loans

Pursuant to a contract (a “*Guarantee Agreement*”) with each Guarantee Agency, we are entitled to a claim payment from the Guarantee Agency for 98% (97% for loans first disbursed on or after July 1, 2006) to 100% of any proven loss resulting from default, death, permanent and total disability, or discharge in bankruptcy of the borrower.

However, in servicing a portfolio of education loans, we are required 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. In order to satisfy the due diligence requirements in servicing loans, we must adhere to specific activities in a timely manner beginning with the receipt of the loan application and continuing throughout the life of the loan. See the section “Loan Servicing” in Appendix B.

Under the Higher Education Act, a Guarantee Agency 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 may reasonably conclude that the borrower no longer intends to honor the repayment obligation and in which the failure persists for 270 days in the case of a loan payable in monthly installments or for 330 days in the case of a loan payable in less frequent installments.

Reinsurance of Loans

Each respective Guarantee Agency has entered into a guarantee agreement and a supplemental guarantee agreement pertaining to the Secretary’s reimbursement for amounts expended by the Guarantee Agency to discharge its guarantee obligation. The supplemental guarantee agreement is subject to annual renegotiation and to termination for cause by the Secretary.

The formula for reinsurance amounts ranges from 100% to 75% depending on the time the Eligible Loan was made, the claims “trigger rate” of the applicable guarantee agency, whether it is a lender of last resort loan, and whether the claim is for default, bankruptcy, death or disability.

Federal Payment of Claims

If the Secretary determines that a Guarantee Agency is unable to meet its obligations, the holder of loans Guaranteed by the Guarantee Agency may submit insurance claims directly to the Secretary. The Secretary will pay the holder the full insurance obligation of the Guarantee Agency. Such arrangements will continue until the Secretary is satisfied that the guarantee obligations have been transferred to another guarantee agency who can meet those obligations or a successor will assume the outstanding obligations. However, there can be no assurance 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

A large majority of the Eligible Loans held by us, and the Eligible Loans that OSLA Network members are required to sell to us, are Guaranteed by the Oklahoma State Regents for Higher Education (the “*State Regents*”) acting as the Oklahoma State Guarantee Agency and operating the Oklahoma Guaranteed Student Loan Program (“*OGSLP*”). The State Regents administer and utilize the Guarantee Fund established in the State Treasury by Title 70 Oklahoma Statutes 2001, Sections 622 and 623, as amended (the “*Guarantee Fund*”) to guarantee FFEL Program loans.

Numerous eligible lenders make education loans Guaranteed by the State Regents’ OGSLP. The Guarantee Fund administered by the State Regents is not a reserve for our bonds or notes or our education loans only, but is an insurance reserve established in respect to any claims that might be submitted by any participating eligible lender with regard to education loans Guaranteed by the State Regents’ OGSLP.

The State Regents’ OGSLP is a separate legal entity from us, and the members of the State Regents and the trustees of the Authority do not overlap. In addition, our administrative management and the management of the OGSLP are separate. For a description of the State Regents’ OGSLP, see Appendix D.

DESCRIPTION OF THE SERIES 2008A BONDS

General

The Series 2008A Bonds will be issued as fully registered bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Depository Trust Company, New York, New York, will act as securities depository for the Series 2008A Bonds. 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 2008A Bonds. See the caption “Securities Depository” herein.

As long as Cede & Co., as nominee of The Depository Company, is the Registered Owner of the Series 2008A Bonds, references herein to the Registered Owners of the Series 2008A Bonds mean Cede & Co. and do not mean the Beneficial Owners of the Series 2008A Bonds.

The Series 2008A Bonds are subject to mandatory tender for purchase as described below under the caption “Tender Provisions – Mandatory Tender”. Also, they are subject to optional

and mandatory redemption as described below under the caption “Redemption of the Series 2008A Bonds”.

Security and Sources of Payment for the Series 2008A Bonds

The Series 2008A Bonds are special, limited obligations of the Authority specifically secured by and payable solely from the Trust Estate under the Bond Resolution. The Series 2008A Bonds will constitute Senior Bonds and Notes under the Bond Resolution. Under the Master Bond Resolution, the Authority may in the future issue additional Bonds and Notes and other Obligations with a lien on the Trust Estate on a parity with or subordinate to the Series 2008A Bonds. See the caption “Security and Sources of Payment—Issuance of Additional Bonds and Notes and Other Obligations” herein.

The Trust Estate includes generally all payments, proceeds, fees and other income derived by or for the account of the Authority with respect to the Financed Eligible Loans and all other moneys in all Funds and Accounts established under the Master Bond Resolution (with certain exceptions). See the caption “Security and Sources of Payment—Trust Estate” herein. The Financed Eligible Loans are required to be guaranteed by a “Guarantee Agency,” which must be an entity authorized to guarantee student loans under the Higher Education Act and with which the Authority maintains a Guarantee Agreement, including the Oklahoma State Guarantee Agency, and for which the Authority has obtained the written consent of each Credit Provider. The Financed Eligible Loans will be serviced by the Authority or another “Servicer,” which may be any entity with which the Authority has entered into a Servicing Agreement with respect to Financed Eligible Loans, and for which the Authority has obtained the written consent of each Credit Provider. See the caption “The Guarantee Agencies” herein and “Appendix B—General Description of the Oklahoma Student Loan Authority—Loan Servicing” attached hereto. So long as the Reimbursement Agreement is in effect, certain limitations will apply to the Eligible Loans which may be financed with proceeds of the Series 2008A Bonds and the permitted Servicers and Guarantee Agencies with respect to the Financed Eligible Loans. The Trust Estate also includes the Debt Service Reserve Account which secures the Series 2008A Bonds and any additional Bonds and Notes issued under the Bond Resolution in the future, as provided in the Bond Resolution and described herein. See the caption “Security and Sources of Payment—Debt Service Reserve Account” herein.

In order to ensure the availability of funds for the timely payment of the Series 2008A Bonds, the Authority and the Credit Provider have entered into the Reimbursement Agreement under which the Credit Provider will issue the Letter of Credit securing the Series 2008A Bonds. The Letter of Credit will be in an original stated amount equal to the principal of and 202 days of accrued interest on the Series 2008A Bonds at a rate of 12% per annum, unless increased, decreased or reinstated in accordance with the terms of the Reimbursement Agreement and the Letter of Credit. Under the Bond Resolution, the Trustee is required to draw under the Letter of Credit as described under the caption “The Letter of Credit and the Reimbursement Agreement – Letter of Credit” herein. The Letter of Credit is initially scheduled to expire on October 28, 2011, but may terminate or be replaced prior to such expiration. The Series 2008A Bonds are subject to mandatory tender for purchase prior to the occurrence of any expiration, termination or

replacement of the Letter of Credit. See the caption “The Letter of Credit and the Reimbursement Agreement” herein.

The Series 2008A Bonds are special, limited obligations of the Authority payable solely from the Trust Estate described in “Security and Sources of Payment—Trust Estate” herein. The Series 2008A Bonds, and the interest thereon, shall not be an indebtedness or obligation of the State, or of any political subdivision thereof (other than the Authority), or of the trustees of the Authority, and neither the faith and credit nor the taxing power of the State (or any political subdivision thereof) shall be obligated to pay the principal of, premium, if any, or interest on the Series 2008A Bonds. The Series 2008A Bonds shall be obligations of the Authority payable solely from the Trust Estate and other property or income pledged thereto as specified in the Bond Resolution. The Authority has no taxing power.

Record Date for Interest Payments

The record date for the interest payable on any Interest Payment Date for the Series 2008A Bonds bearing interest at a Weekly Rate will be the Business Day immediately preceding the Interest Payment Date.

Trustee

Bank of Oklahoma, N.A. will serve as trustee, paying agent and tender agent for the Series 2008A Bonds. Bank of Oklahoma, N.A. may resign or be removed; provided, however the resignation or removal will not be effective until a successor has been appointed and has accepted the appointment. All notices required to be delivered to the trustee, paying agent and tender agent shall be delivered by mail delivery/overnight mail to: Bank of Oklahoma, N.A., 9520 North May Avenue, Suite 200, Oklahoma City, OK 73120, Attention: Corporate Trust Department.

Remarketing Agent

Banc of America Securities LLC has been appointed to serve as the initial remarketing agent for the Series 2008A Bonds. Banc of America Securities LLC may resign or be removed as a Remarketing Agent and a successor may be appointed in accordance with its Remarketing Agreement and the Bond Resolution. The office of Banc of America Securities LLC is 214 North Tryon Street, 14th Floor, NC1-027-14-01, Charlotte, NC 28255; Attention: Short-Term Desk.

For additional information regarding the obligations of the Remarketing Agent under its Remarketing Agreement, its role in process of remarketing the Series 2008A Bonds and its ability to terminate its duties and obligations under its Remarketing Agreement, see the caption “Special Considerations Relating to the Series 2008A Bonds Bearing Interest at a Weekly Rate” herein.

Interest

Calculation of Interest. Interest on the Series 2008A Bonds bearing interest at a Weekly Rate will be calculated on the basis of a 365-day or 366-day year, as applicable, for the actual number of days elapsed at the applicable Weekly Rate. Initially, the Series 2008A Bonds will bear interest at a Weekly Rate; provided, that for the initial period from the date of issuance of the Series 2008A Bonds, the Series 2008A Bonds will bear interest at the per annum rate to be established prior to the issuance of the Series 2008A Bonds. The interest rate for the Series 2008A Bonds in the Weekly Mode is the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of such Remarketing Agent under then-existing market conditions, would result in the sale of the Series 2008A Bonds at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period. Initially, the Rate Determination Date for the Series 2008A Bonds in the Weekly Mode is each Tuesday, or the immediately preceding Business Day if Tuesday is not a Business Day, to go into effect on the Wednesday of the same week.

The Remarketing Agent for the Series 2008A Bonds is required to establish each Weekly Rate by 4:30 p.m., Eastern time, on the applicable Rate Determination Date, and to make the new rate available by telephone or other means specified in the Bond Resolution to the Authority, the Trustee and to any Registered Owner requesting such rate after 5:00 p.m., New York City time. If the Remarketing Agent fails for any reason to determine the Weekly Rate for the Series 2008A Bonds, then the Series 2008A Bonds shall bear interest during each subsequent Weekly Rate Period at the Alternate Rate in effect on the first day of such Weekly Rate Period.

The Alternate Rate for the Series 2008A Bonds is the lesser of (a) the Maximum Rate and (b) 150% of the SIFMA Rate (being a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association) as the same may be adjusted from time-to-time, or if such index is no longer available, the comparable index of tax-exempt seven-day tender municipal bonds.

In no circumstances may interest on the Series 2008A Bonds (other than Series 2008A Bonds held by the Credit Provider or its assignees) exceed the lesser of (a) 12% per annum or (b) the maximum lawful nonusurious interest rate allowed under applicable law.

Interest Payment Dates. Interest on the Series 2008A Bonds in the Weekly Mode will be paid on (a) each March 1 and September 1, (b) the Stated Maturity and (c) each Mode Change Date, in an amount equal to the interest accrued during the Interest Accrual Period preceding the applicable Interest Payment Date. If an Interest Payment Date is not a Business Day, interest will be paid on the next Business Day.

Each Interest Accrual Period commences on an Interest Payment Date and ends on the day preceding the succeeding Interest Payment Date.

Interest Rate Modes; Conversion

The Bond Resolution permits the Authority, by complying with certain conditions, to convert the interest rate on the Series 2008A Bonds from a Weekly Rate to another interest rate, including to a different form of adjustable rate, to an auction rate or a rate that is fixed to the maturity of the Series 2008A Bonds. Upon conversion of the Series 2008A Bonds to another interest rate mode, the Registered Owners will be required to tender their Series 2008A Bonds for purchase at the principal amount thereof plus unpaid accrued interest to the tender date, as described under the caption “Tender Provisions—*Mandatory Tenders*” below. The Registered Owners will receive notice of such conversion at least 15 days prior to the Mode Change Date. The Registered Owners will not have the option to retain any Series 2008A Bonds that are required to be tendered due to such a change in the interest rate mode on such Series 2008A Bonds.

The following conditions precedent must be satisfied prior to converting the interest rate on the Series 2008A Bonds to another interest rate mode:

- (a) The Authority must receive on the Mode Change Date a Favorable Opinion with respect to such change in interest rate mode;
- (b) unless all of the other Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, the Trustee shall receive a Rating Confirmation on any other Bonds or Notes Outstanding; and
- (c) If there is a current Liquidity Facility or Credit Facility in effect, the prior written consent of the Liquidity Provider or the Credit Provider to the extent required in the applicable Liquidity Facility or Credit Provider Agreement.

Tender Provisions

Optional Tender. So long as the Letter of Credit or an Alternate Credit Facility or Alternate Liquidity Facility is in effect to pay the Purchase Price of tendered Series 2008A Bonds and such Series 2008A Bonds bear interest at a Weekly Rate, the Registered Owners of the Series 2008A Bonds may tender their Series 2008A Bonds to the Trustee for purchase at the Purchase Price as summarized below in the table under the caption “Summary of Certain Provisions of the Series 2008A Bonds.”

The Trustee will pay the Purchase Price of Series 2008A Bonds which are tendered to the Trustee as described herein, but solely from and to the extent of the funds described under the caption “Remarketing and Purchase” below.

Interest on any Series 2008A Bond that the Registered Owner thereof has elected to tender for purchase and that is not tendered on the tender date, but for which there has been irrevocably deposited with the Trustee an amount sufficient to pay the Purchase Price thereof, will cease to accrue on the tender date. The Registered Owner of such untendered Series 2008A

Bond will not be entitled to any payment other than the Purchase Price for such Series 2008A Bond, and such untendered Series 2008A Bond will no longer be outstanding or entitled to the benefits of the Bond Resolution, except for payment of the Purchase Price from money held by the Trustee for such payment.

Mandatory Tender. The Series 2008A Bonds are required to be tendered to the Trustee for purchase at the Purchase Price, without the right of retention, on each of the following dates with respect to such series, but only if such Series 2008A Bonds are in a Weekly Mode and the Letter of Credit or an Alternate Credit Facility or Alternate Liquidity Facility is then in effect to pay the Purchase Price of such Series 2008A Bonds (each a “Mandatory Tender Date”):

- (a) each Mode Change Date;
- (b) any Substitution Date;
- (c) the seventh Business Day prior to any Expiration Date (but there will be no separate mandatory tender in respect of such an Expiration Date if notice has been given to the Registered Owners of a mandatory tender that will occur prior to such Expiration Date and the Series 2008A Bonds are not to be subsequently remarketed under the expiring Credit Facility);
- (d) if a Credit Facility or Liquidity Facility is in effect, a Credit Provider or Liquidity Provider has given a notice of termination to the Trustee and the Authority requesting a mandatory tender of the Series 2008A Bonds pursuant to the Credit Facility or Liquidity Facility, not later than the fifth Business Day immediately preceding the date of termination specified in such notice, provided such notice has not been rescinded by such Credit Provider or Liquidity Provider prior to the applicable Tender Notice Deadline;
- (e) if a Credit Facility is in effect, no later than the fifth Business Day after receipt by the Trustee of written notice from a Credit Provider, following a drawing under the Credit Facility to pay regularly scheduled interest on the Series 2008A Bonds, that the Authority has not reimbursed such Credit Provider for such drawing or of the occurrence of an “Event of Default” under the Reimbursement Agreement, and, that as a consequence, the Credit Provider will not reinstate the Credit Facility with respect to such drawing, and directing a mandatory tender of the Series 2008A Bonds; and
- (f) each date established by the Authority for mandatory tender as permitted by the Bond Resolution; provided that the Credit Provider has given its prior written consent to the extent required under the Credit Provider Agreement.

The Trustee is required to mail notice of mandatory tender to the affected Registered Owners of the Series 2008A Bonds. If the Trustee gives such notice, the failure of a Registered Owner to receive such notice shall not affect, or relieve any Registered Owner of, such Registered Owner’s obligation to tender Series 2008A Bonds. See the caption “Summary of Certain Provisions of the Series 2008A Bonds” below.

The Trustee will pay the Purchase Price of Series 2008A Bonds which are tendered to the Trustee as described herein, but solely from and to the extent of the funds described below under the caption “Remarketing and Purchase.”

Interest on any Series 2008A Bond that is not tendered on a Mandatory Tender Date, but for which there has been irrevocably deposited with the Trustee an amount sufficient to pay the Purchase Price thereof, will cease to accrue on the Mandatory Tender Date. The Registered Owners of such untendered Series 2008A Bonds will not be entitled to any payment other than the Purchase Price for such Series 2008A Bond, and such untendered Series 2008A Bonds will no longer be Outstanding or entitled to the benefits of the Bond Resolution, except for payment of the Purchase Price from money held by the Trustee for such payment.

Remarketing and Purchase. In the event a Registered Owner exercises its option to tender Series 2008A Bonds, or if any Series 2008A Bonds becomes subject to mandatory tender, the Remarketing Agent is required to use its best efforts to sell such Series 2008A Bonds at a price equal to 100% of the principal amount thereof plus accrued interest, if any, on the forthcoming optional or mandatory tender date, provided the Letter of Credit or an Alternate Credit Facility or Alternate Liquidity Facility is in effect to pay the Purchase Price and subject to certain conditions specified in the Remarketing Agreement with the Authority. The Remarketing Agent will cause the Purchase Price of tendered Series 2008A Bonds that have been successfully remarketed to be paid to the Trustee for deposit to the Remarketing Proceeds Subaccount of the Bond Purchase Account. On each tender date, if the Trustee has not received remarketing proceeds from the Remarketing Agent with respect to the Series 2008A Bonds subject to purchase, the Trustee will, to the extent permitted by the Letter of Credit or Alternate Credit Facility or Alternate Liquidity Facility, make a demand for the purchase of tendered Series 2008A Bonds that have not been successfully remarketed. Upon receipt from a Credit Provider of immediately available funds to pay the Purchase Price of Series 2008A Bonds, the Trustee will deposit such money in the Liquidity/Credit Facility Proceeds Subaccount of the Bond Purchase Fund for application to the Purchase Price of the Series 2008A Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Subaccount are not sufficient.

The Purchase Price of Series 2008A Bonds tendered for purchase is required to be paid by the Trustee solely from and to the extent of the following sources in the order of priority indicated: (a) first, from immediately available funds on deposit in the Remarketing Proceeds Subaccount of the Bond Purchase Account; and (b) second, from immediately available funds on deposit in the Liquidity/Credit Facility Proceeds Subaccount of the Bond Purchase Fund. If sufficient funds from these two sources are not available for the purchase of all tendered Series 2008A Bonds, (a) all such Series 2008A Bonds shall bear interest at the Maximum Rate from the date of such failed purchase until all such Series 2008A Bonds are purchased as required in accordance with the Bond Resolution, and (b) all such tendered Series 2008A Bonds shall be returned to their respective owners. Notwithstanding any other provision of the Bond Resolution, such failed purchase and return will not constitute an Event of Default. Thereafter, the Trustee will continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Credit Provider or Liquidity Provider. The Authority is not obligated to purchase any tendered Series 2008A Bonds other than as described above.

Summary of Certain Provisions of the Series 2008A Bonds

The table below summarizes the following information with respect to Series 2008A Bonds bearing interest at a Weekly Rate:

- (a) the dates on which interest will be paid (the “Interest Payment Dates”);
- (b) the date each interest rate will be determined (the “Rate Determination Date”);
- (c) the date each interest rate will become effective (the “Effective Date of Rate”), and the period of time each interest rate will be in effect (the “Rate Period”);
- (d) the dates on which Registered Owners may, at their option, tender their Series 2008A Bonds for purchase to the Trustee and the notice requirements therefor (the “Optional Tender Dates; Owner’s Notice of Optional Tender”);
- (e) the requirements for physical delivery of tendered Series 2008A Bonds and payment provision therefor (“Physical Delivery of and Payment for Series 2008A Bonds Subject to Optional and Mandatory Tender”), which are not applicable while the Series 2008A Bonds are in book-entry only form;
- (f) the notice requirements in order to change from one interest rate mode to a different interest rate mode (“Written Notice of Rate Mode Change”); and
- (g) the notice requirements for any mandatory tender of the Series 2008A Bonds (“Notice of Mandatory Tender”).

All times shown are New York City time. A “Business Day,” with respect to the Series 2008A Bonds outstanding in an interest rate mode other than an auction mode or the fixed rate mode, is defined in the Bond Resolution to be any day on which banks located (a) in the city in which the principal office of the Trustee is located, (b) in the city or cities in which the offices of the Credit Provider at which demands for payment under the Letter of Credit are to be honored is located, and (c) in the city in which the principal office of the Remarketing Agent is located, are generally open for business and on which the New York Stock Exchange is open.

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Weekly Rate

Interest Payment Dates	Each March 1 and September 1.
Rate Determination Date	By 4:30 p.m. Tuesday, or if Tuesday is not a Business Day, the immediately preceding Business Day.
Effective Date of Rate; Rate Period	Each Wednesday; Weekly Rate effective to (but not including) Wednesday of next week.
Owner’s Notice of Optional Tender; Optional Tender Dates	Written notice to Trustee by owner at or prior to 3:00 p.m. on any Business Day not less than 7 calendar days prior to optional tender date; optional tender must be on a Business Day.
Physical Delivery of and Payment for Series 2008A Bonds Subject to Optional Mandatory Tender	By 12:00 noon on a Mandatory Tender Date.
Written Notice of Mode Change Date	15 days prior to Mode Change Date
Notice of Mandatory Tender	15 days prior to designated Mandatory Purchase Date.

Redemption of the Series 2008A Bonds

Optional Redemption. While in a Weekly Mode, any Series 2008A Bond may be redeemed in whole or in part on any Business Day at the option of the Authority, at a Redemption Price equal to the outstanding principal and accrued and unpaid interest thereon, if any, to the date of redemption.

Mandatory Sinking Fund Redemption. The Series 2008A Bonds are subject to mandatory sinking fund redemption at a Redemption Price equal to 100% of the principal amount thereof and accrued interest to the Redemption Date, on each of the dates and in the respective principal amounts set forth in the following Table:

<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 2025	\$ 7,000,000
June 1, 2026	32,580,000
December 1, 2026	33,000,000
September 1, 2036	43,975,000
March 1, 2037	58,750,000*

*Maturity

Upon any redemption or purchase of Series 2008A Bonds, there will be credited toward each mandatory sinking fund payment for the Series 2008A Bonds sequentially by scheduled mandatory sinking fund redemption date the principal amount of Series 2008A Bonds so purchased or redeemed. If, however, there is filed with the Trustee by an Authorized Officer written instructions specifying a different method for crediting mandatory sinking fund payments upon any such purchase or redemption of Series 2008A Bonds, then such mandatory sinking fund payments will be so credited as is provided in such instructions. The portion of any such mandatory sinking fund payment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such mandatory sinking fund payment if no such amounts have been credited toward the same) will constitute the unsatisfied balance of such mandatory sinking fund payment for the purpose of calculation of mandatory sinking fund payments due on a future date.

Mandatory Redemption After Recycling Period. The Series 2008A Bonds are subject to mandatory redemption in whole or in part, on any date after the end of the Recycling Period, at the written direction of the Authority, at a Redemption Price equal to 100% of the principal amount of the Series 2008A Bonds to be redeemed, together with accrued interest thereon to the redemption date, from moneys on deposit in the Retirement Subaccount of the Debt Service Account and available therefor in accordance with the Bond Resolution. See the caption “Revenue and Funds—Student Loan Sinking Fund” in Appendix A – Summary of Certain Definitions and Provisions of the Bond Resolution.

Extraordinary Mandatory Redemption. The Series 2008A Bonds are subject to extraordinary redemption by the Authority, in whole or in part, on any date at a Redemption Price equal to the principal amount thereof (without premium) plus interest accrued, if any, to the date of redemption thereof, from moneys identified to the Trustee by the Authority, (a) if the Authority suffers unreasonable burdens or excessive liabilities in connection with the operation of its Program due to legislative changes or otherwise, (b) if the redemption of the Series 2008A Bonds is required or necessary under applicable law or regulations of the Secretary to enable the Authority to continue to receive various federal benefits, (c) in order to avoid a downgrade by any Rating Agency of any of the Series 2008A Bonds or (d) to avoid an Event of Default under the Bond Resolution, all as evidenced by an Authority Order given to the Trustee at least forty five (45) days before the redemption date specified therein

Redemption of Bank Bonds. Bank Bonds are subject to redemption in accordance with the terms of the Letter of Credit or the Reimbursement Agreement. All obligations of the Authority with respect to each Bank Bond will be due and payable in full on the earliest of (a) the date such Series 2008A Bonds are remarketed and sold or deemed sold by the Credit Provider (or its assignee) pursuant to a remarketing, (b) the date the Series 2008A Bonds are converted to an interest rate mode other than the Weekly Mode, (c) on the date of the effectiveness of an Alternate Credit Facility, or (d) on such earlier date as may be provided in the Credit Facility.

Priority of Redemption of Bank Bonds. In the event that there are Bank Bonds, such Bank Bonds will be redeemed prior to any Series 2008A Bond that is not a Bank Bond.

Selection of Series 2008A Bonds to be Redeemed. The portions of the Series 2008A Bonds to be redeemed will be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem appropriate.

Notice of Redemption. The Trustee will mail a notice of redemption, postage prepaid, not more than 30 days nor less than 15 days before the Redemption Date to the Registered Owners of any Series 2008A Bonds or portions of Series 2008A Bonds which are to be redeemed, at their last addresses appearing upon the registration records, but failure so to mail any such notice to a given Registered Owner shall not affect the validity of the proceedings for the redemption of Series 2008A Bonds to other Registered Owners.

Each notice of redemption is to specify the Redemption Price, the Redemption Date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2008A Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2008A Bonds to be redeemed, the CUSIP numbers of the Series 2008A Bonds to be redeemed and, in the case of Series 2008A Bonds to be redeemed in part only, such notice will also specify the respective portions of the principal amount thereof to be redeemed. Such notice must further state that on such date there will become due and payable upon each Series 2008A Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Series 2008A Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such Redemption Date interest thereon will cease to accrue and be payable. Such notice may however state that it is a conditional notice and that the redemption will be cancelled if moneys are not available on the Redemption Date.

SPECIAL CONSIDERATIONS RELATING TO THE SERIES 2008A BONDS BEARING INTEREST AT A WEEKLY RATE

Remarketing Agent Is Paid by the Authority

The Remarketing Agent's responsibilities include determining the interest rate from time to time and using its best efforts to remarket the Series 2008A Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), as further described in this Official Statement. The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2008A Bonds.

Remarketing Agent Routinely Purchases Variable Rate Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2008A

Bonds for which it is serving as Remarketing Agent for its own account and, in its sole discretion, may routinely acquire such tendered Series 2008A Bonds in order to achieve a successful remarketing of such Series 2008A Bonds (i.e., because there otherwise are not enough buyers to purchase such Series 2008A Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase such Series 2008A Bonds, and may cease doing so at any time without notice.

The Remarketing Agent may also make a market in the Series 2008A Bonds by routinely purchasing and selling Series 2008A Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at a price other than par. However, the Remarketing Agent is not required to make a market in the Series 2008A Bonds for which it is serving as the Remarketing Agent. The Remarketing Agent may also sell any Series 2008A Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to such Series 2008A Bonds.

The purchase of Series 2008A Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2008A Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2008A Bonds being tendered in a remarketing.

Series 2008A Bonds May Be Offered at Different Prices on Any Date, Including a Rate Determination Date

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the rate of interest on the Series 2008A Bonds that, in its judgment, is the lowest rate that would permit the sale of such Series 2008A Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Series 2008A Bonds (including whether the Remarketing Agent is willing to purchase Series 2008A Bonds for its own account).

There may or may not be Series 2008A Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Series 2008A Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2008A Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2008A Bonds at the remarketing price.

In the event the Remarketing Agent owns any such Series 2008A Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2008A Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

The Ability to Sell Series 2008A Bonds Other Than Through the Tender Process May Be Limited

The Remarketing Agent may buy and sell Series 2008A Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 2008A Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Series 2008A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2008A Bonds other than by tendering the Series 2008A Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May be Removed, Resign or Cease Remarketing the Series 2008A Bonds Without a Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the rate shall be a rate per annum equal to the lesser of (a) the Maximum Rate, and (b) (i) 150% of the SIFMA Rate, as the same may be adjusted from time to time, or (ii) if such index is no longer available, the comparable index of tax-exempt seven-day tender municipal bonds.

RISK FACTORS

You should consider the following factors in deciding whether to purchase any of the Series 2008A Bonds. These risk factors, among other factors or events, could affect payment of debt service and affect the market price of the Series 2008A Bonds, which could be adverse and material. *You should read all the information in this Official Statement, including the Appendices, carefully before you invest.*

The following discussion of possible risks is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2008A Bonds. The discussion does not necessarily reflect the relative importance of the various risks. Additional risk factors relating to an investment in the Series 2008A Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. There can be no assurance that other risk factors will not become material in the future.

The Series 2008A Bonds are Limited Obligations of the Authority

We are only obligated to make payments on the Series 2008A Bonds from assets in the Trust Estate. We cannot compel the State of Oklahoma to make any payments on the Series 2008A Bonds from any source. The assets in the Trust Estate will depend solely on the timing of receipt and amounts of Revenues, including Recoveries of Principal, the amounts on deposit in the Funds and Accounts and investment earnings thereon, the payment priority of principal and interest on the Series 2008A Bonds, the Credit Facilities, any additional Bonds and Notes or other Obligations and other considerations.

In the event that the Credit Provider is unable or unwilling to honor its obligations, and there are not sufficient assets in the Trust Estate to make a payment, you may suffer a loss of principal or interest, the amount of which will depend upon the return we have received on the Eligible Loans we have been able to acquire and our ability to control expenses. You will have no recourse to additional assets of the Authority or to any trustee, officer, employee of the Authority or any other person if the Trust Estate is insufficient.

Payments by the Credit Providers

The Trustee is required to draw moneys under the Letter of Credit (up to the amount available thereunder and in accordance with the terms thereof) in an amount sufficient to pay any principal of or interest due on the Series 2008A Bonds on each date on which principal or interest is payable, whether upon redemption, tender, an acceleration or stated maturity. The Trustee is required to apply such moneys to pay the principal and interest when due without further authorization or direction.

There can be no assurance that the Credit Provider will have sufficient revenues to enable it to honor its commitments under the Letter of Credit. See the captions “The Credit Provider” and “The Letter of Credit and the Reimbursement Agreement” herein for further information concerning the Credit Provider and the Letter of Credit, as a Credit Facility.

The payment of the principal of and interest on the Series 2008A Bonds is supported by the Letter of Credit. The obligation of the Credit Provider under the Letter of Credit is a general obligation of the Credit Provider and ranks equally in priority of payment and in all other respects with all other unsecured obligations of the Credit Provider. In the event of insolvency of the Credit Provider, the owners of the Series 2008A Bonds would have to depend entirely on the ability of the Authority to pay the principal of and interest on the Series 2008A Bonds.

The factors that could lead to the insolvency of the Credit Provider include the following:

- future economic and business conditions;
- government monetary and fiscal policies;
- the effects of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values of loan collateral, securities, and interest sensitive assets and liabilities;
- the effects of competition from a wide variety of local, regional, national and other providers of financial, investment, and insurance services;
- credit risks;
- higher than anticipated levels of defaults on loans;
- misperceptions by depositors about the safety of their deposits;
- the failure of assumptions underlying the establishment of allowance for loan losses and other estimates;
- changes in laws and regulations, including tax, banking and securities laws and regulations;
- changes in accounting policies, rules and practices;

- changes in technology or products may be more difficult or costly, or less effective than anticipated; and
- the effects of war or other conflicts, acts of terrorism or other catastrophic events that may affect general economic conditions and economic confidence.

Credit Provider Control of Remedies

Upon the occurrence of certain Events of Default under the Bond Resolution, the initial Credit Provider (or any subsequent Credit Provider or Liquidity Provider, as applicable) will be entitled to control and direct the enforcement of all rights and remedies granted to the Registered Owners or the Trustee for the benefit of the Registered Owners under the Bond Resolution. The rights of the Credit Provider under the Bond Resolution, including the right to control these remedies, terminate if the Credit Provider fails to honor a draw under the Letter of Credit, except with respect to Series 2008A Bonds already paid by the Credit Provider.

See the caption “Defaults and Remedies” in Appendix A hereto.

Ratings of the Credit Provider

The short term and long term credit ratings of the Credit Provider for the Series 2008A Bonds are subject to change. A rating change may be adverse, due to future events, operating results, lending policies, regulatory conditions, economic conditions and other factors. Such factors may result in a downgrade of a Credit Provider’s ratings or make it unable or unwilling to honor its obligations.

In such events affecting the Credit Provider, the market price or marketability of the Series 2008A Bonds may be affected adversely and you may suffer a loss of principal or interest. In addition, the ratings on the Series 2008A Bonds may be downgraded.

Interest Rate Basis Risk

The Financed Eligible Loans will bear interest either at fixed rates, or at annual adjustable variable rates that generally are based on the bond equivalent yield on a U.S. Treasury Bill auction. However, our yield on the Financed Eligible Loans primarily will be based on the Special Allowance Payment indexes provided for those loans in the Higher Education Act. If there is a decline in the rates payable on the Financed Eligible Loans, the amount of moneys representing interest yield that are deposited into the Revenue Account would be reduced.

Generally, the Special Allowance Payment yield is the 3-Month Commercial Paper (Finance) average quarterly rate, plus a statutory margin that varies according to the type of loan and when the loan was first disbursed. The resulting yield on the asset is *not* set by us or based on actual market conditions. In addition, certain loans, such as Consolidation Loans and loans first disbursed on or after April 1, 2006, are subject to rebate of accrued borrower interest to the USDE regardless of market conditions. See the Section “Special Allowance Payments” in Appendix E, “Summary of Certain Provisions of the Federal Family Education Loan (FFEL) Program”.

Interest payable on the Series 2008A Bonds will fluctuate from one interest accrual period to another. That interest expense will be based on periodic rates established at the discretion of the Remarketing Agent, supply and demand of tax-exempt investment funds, the short-term ratings of the Credit Provider, the type of client base of the Remarketing Agent, the extent of their marketing efforts and other factors. Interest expense on the Series 2008A Bonds, either on remarketing or if held as Bank Bonds, could even exceed the yield on the Financed Eligible Loans.

Although both the yield on the Financed Eligible Loans and the interest payable on the Series 2008A Bonds will be variable and fluctuate, these fluctuations may not coincide. If the fluctuations do not coincide, the yield on the Financed Eligible Loans, especially in periods of rate compression for asset yield or periods of elevated interest expense on the Series 2008A Bonds, may not be sufficient to provide for Program Expenses, administrative expense, interest expense on the Series 2008A Bonds and other expenses required by the Bond Resolution. This would result in an operating loss. The inherent leverage of the Trust Estate would affect these losses further. Such losses could mean that there would be insufficient Revenues to pay interest on the Series 2008A Bonds when due. Sufficient funds may not be available in future periods to make up for any such shortfalls.

Weekly Rate Determination and Secondary Market Liquidity

We have engaged the Remarketing Agent for the Series 2008A Bonds. The Remarketing Agent will determine the Weekly Rate for the Series 2008A Bonds, offer the Series 2008A Bonds for sale and use its best efforts to sell any Series 2008A Bonds for which a notice of optional tender has been received or which are subject to mandatory tender. That offer to sell and sale will be at a Purchase Price equal to the principal amount thereof, plus accrued interest, if any.

If the Remarketing Agent is unable to remarket the Series 2008A Bonds upon an optional or mandatory tender thereof, the Credit Provider has agreed to purchase those Series 2008A Bonds at the Purchase Price pursuant to the provisions of the Credit Facility for the Series 2008A Bonds.

See the section, “Special Considerations Relating to the Series 2008A Bonds Bearing Interest at a Weekly Rate” in this Official Statement.

Series 2008A Bonds Are Not a Suitable Investment for All Investors

The Series 2008A Bonds are not a suitable investment if you require a regular or predictable schedule of payments or payment on any specific date. The Series 2008A Bonds are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors.

Outside Factors May Adversely Affect Cash Flow Sufficiency

We established the terms of the Series 2008A Bonds based on the existing loans to be transferred to the Trust Estate, our experience in acquiring Eligible Loans from the OSLA Network and the expenses we incur in the FFEL Program. Other than the existing loans transferred to the Trust Estate, we may not be able to acquire Eligible Loans in the amount, at the prices or when expected for several reasons, including competition for us, or for our OSLA Network lenders, from other FFEL Program participants.

We compete with numerous other local and national secondary markets, loan servicers and lenders participating in the FFEL Program. Many of the FFEL Program participants competing with us are larger, have more extensive operations and greater financial resources. This could affect our ability to acquire FFEL Program loans for Recycling or with the proceeds of additional Bonds and Notes that could result in the early redemption of principal; or, it could raise the cost of acquiring FFEL Program loans which would reduce the yield on Financed Eligible Loans.

In addition, potential borrowers can obtain loans originated under USDE's William D. Ford Direct Student Loan Program. The effect of this competing program is to reduce the amount of loans available to our FFEL Program participation.

To the extent we are able to use proceeds of the Series 2008A Bonds or additional Bonds and Notes to acquire Eligible Loans, we may not realize the return we expect for several reasons including, without limitation:

- the Eligible Loans are generally 98%, or 97% for loans first disbursed on or after July 1, 2006, reinsured by a Guarantee Agency and to the extent a borrower defaults, the Trust Estate will suffer a corresponding loss of 2% or 3% of the outstanding principal and accrued interest;
- borrowers may prepay their loans faster than we expect, either as a result of economic conditions or because they refinanced our loan through a Consolidation Loan by another lender, or by us with monies in a different trust estate if we resume our Consolidation Loan program originations;
- Eligible Loans acquired in the Trust Estate at a premium that are prepaid at par by loan consolidation or refinancing (whether by another lender or by us in another trust estate) or by any other early repayment could suffer a loss of premium depending on the length of time held in the Trust Estate;
- borrowers may participate in our borrower savings plans, such as TOP (discontinued for loans first disbursed on or after July 1, 2008), REAP (discontinued for loans first disbursed on or after July 1, 2008), Zero Origination Fee and EZ Pay Discount (reduced to 0.25% for loans first disbursed on or after

July 1, 2008), at greater rates than projected which will reduce our Revenues, including Recoveries of Principal, which have been projected;

- the FFEL Program is subject to frequent amendments and was subjected to significant reductions in payments by the College Cost Reduction Act, P.L. 110-84 (the “*CCRA*”) and the Deficit Reduction Act of 2005, P.L. 109-171 (the “*Deficit Reduction Act*”), which affect when and how much Interest Benefit and Special Allowance Payments we receive from USDE and reimbursement from Guarantee Agencies (See the caption “Changes in Higher Education Act or Other Relevant Law” in this Risk Factors section); and
- we may not receive loan payments when we expect if borrowers enter into deferment periods longer than we anticipate or are granted forbearance in larger numbers than we anticipate.

Ratings of Our Other Outstanding Bonds and Notes May Be Reviewed or Downgraded

Recent disruptions in the credit markets, along with concerns over the financial health of several monoline insurers, have caused certain of the rating agencies to announce that they are reviewing or intend to review the ratings assigned to certain securities, including student loan asset-backed securities. Additionally, repeated failed auctions for many insured and uninsured auction rate securities, including student loan asset-backed auction rate securities, may also cause the rating agencies to announce ratings actions.

We previously issued student loan asset-backed bonds and notes that are insured by a monoline insurer and issued structured student loan asset-backed auction rate securities which are currently in a failed auction mode. Ratings actions may take place at any time. We cannot predict the timing of any ratings actions, nor can we predict whether the ratings assigned to those bonds or notes that may be downgraded. None of the Series 2008A Bonds are auction rate securities, nor will any of the Series 2008A Bonds be insured by any monoline insurer.

The Ratings of the Series 2008A Bonds are not a Recommendation to Purchase the Series 2008A Bonds and May Change and Affect the Price of the Series 2008A Bonds

It is a condition to issuance of the Series 2008A Bonds that they be rated as indicated under the caption “RATINGS” herein. Ratings are based primarily on the creditworthiness of the underlying financed student loans, the Letter of Credit, the amount of credit enhancement and the legal structure of the transaction. The Ratings are not a recommendation to you to purchase, hold or sell any Series 2008A Bonds inasmuch as the Ratings do not comment as to the market price or suitability for you as an investor. Ratings may be increased, lowered or withdrawn by any Rating Agency at any time if in the Rating Agency’s judgment circumstances so warrant. A downgrade in a Rating of the Series 2008A Bonds is likely to decrease the price a subsequent purchaser will be willing to pay for the Series 2008A Bonds.

Loan Servicing and Origination Compliance with the Higher Education Act

If we originate an Eligible Loan and do not comply with the Higher Education Act and applicable regulations, we may lose the Guarantee if the borrower defaults. If a third party makes the error, we reserve the right to sell the defective loan to the party from whom we purchased it, but we cannot guarantee that entity will be willing or able to honor its repurchase obligation.

Similarly, we service our own loans. If we make a servicing mistake under the Higher Education Act and applicable regulations that causes us to lose the benefit of a Guarantee, we will not be able to recover the loss from a Guarantee Agency and will have to attempt to collect on the non-guaranteed loans from the borrowers.

Financial Status of Guarantee Agencies

The Financed Eligible Loans will be unsecured. We are depending on the ability of the Guarantee Agencies, and OGSLP in particular, to honor guarantee claims for defaulted loans. Currently, a federal default fee of one percent (1%) of loan principal is authorized, but some guarantors have been paying that fee, or part of it, from non-federal funds.

The Deficit Reduction Act required guarantee agencies to collect and deposit into the guarantor's Federal Fund a default fee of one percent (1%) of loan principal beginning July 1, 2006. The default fee is collected either by deduction from the borrower's loan proceeds or by payment from other non-federal sources. If a guarantor pays the default fee from its other non-federal sources, such payments could reduce a guarantor's financial ability. Beginning July 1, 2008, OGSLP has been paying one-half of the federal default fee for borrowers of loans guaranteed by that organization.

The permitted reserves, reinsurance percentages, default (trigger) rates at which the reinsurance percentage is reduced and other income generating activities of the Guarantee Agencies have been reduced on numerous occasions in past legislation. In addition, Reauthorization of the Higher Education Act or budgetary enactments may reduce these factors in the future. These changes may impact the ability of Guarantee Agencies to honor their guarantee obligations in the future.

While the Higher Education Act provides that a loan holder may submit a guarantee claim directly to the USDE if a Guarantee Agency is unable to honor its commitment, it is possible that there would be a delay in our ability to realize claim payments on this procedure if any of the Guarantee Agencies become insolvent.

Changes in Higher Education Act or Other Relevant Law

The Higher Education Act is the subject of frequent amendments. Many of the recent amendments have reduced the return available to us on Eligible Loans. It is possible that future amendments or reauthorizations may further reduce the return on Eligible Loans, which may hurt our ability to pay debt service on the Bonds and Notes, including the Series 2008A Bonds, when due. See Appendix E – Summary of Certain Provisions of the Federal Family Education Loan (FFEL) Program hereto.

Amendments of the Higher Education Act in recent years have had a particularly strong impact on the student loan industry, including the Authority.

A. The CCRA, among other things, included student loan changes:

- Reduction in Special Allowance Payments to not-for-profit holders of 40 basis points (55 basis points for other holders) on Subsidized and Unsubsidized Stafford Loans and Consolidation Loans, and by 70 basis points (85 basis points for other holders) on PLUS Loans for loans first disbursed on or after October 1, 2007;
- Increased the lender loan fee on originations from 0.5% to 1.0% for all loans;
- Eliminated the Exceptional Performer designation, which we had been awarded, and its resulting higher claim payment rate;
- Scheduled a reduction in the guarantor's reimbursement rate on default claims to 95% for all lenders for loans first disbursed on or after October 1, 2012;
- Decreased the borrower's fixed interest rate on Subsidized Stafford Loans from 6.8% to 3.4% over 4 years, but which reverts to 6.8% for loans first disbursed on or after July 1, 2012;
- Created new borrower payment plans that guarantee that borrowers will not have to pay more than 15% of their discretionary income in loan repayments; and
- Allowed borrowers in economic hardship to have their loans forgiven after 25 years.

B. The Deficit Reduction Act, among other things, included student loan changes:

- recapturing interest paid by borrowers if the quarterly average special allowance formula's annualized yield is lower than the borrower rate for loans made on or after April 1, 2006 by credit to USDE and a reconciliation at least annually;
- increasing annual loan limits for first year students (from \$2,625 to \$3,500), second year students (from \$3,500 to \$4,500) and graduate/professional students for Unsubsidized Stafford amounts (from \$10,000 to \$12,000) without changing aggregate borrowing limits; and

- reducing the guarantee reimbursement on defaulted loans for lender/holders from 98% to 97% for loans made on or after July 1, 2006.
- C. In May 2008, the Ensuring Continued Access to Student Loans Act of 2008 (“*ECASLA*”) (Public Law 110-227) was enacted in response to severe capital market conditions which threatened to disrupt the availability of student loans for the Academic Year 2008-09. Under this legislation, the Higher Education Act was amended to grant USDE new authority to address concerns about capital liquidity in the student loan market.

Pursuant to this legislation, on July 1, 2008, Notice was published in the Federal Register to establish the terms and conditions that govern the authority to purchase, or to enter into forward commitments to purchase, Stafford and PLUS loans originated for the Academic Year 2008-09. USDE has established two loan purchase programs:

- A Loan Participation Purchase Program to give participating student loan lender/holders a means of financing eligible loans pending a redemption of the participation interest; and
- A Loan Purchase Commitment Program to give participating student loan lender/holders a “Put” option to sell loans to USDE for liquidity or to redeem a participation interest sold to USDE.

Notices of Intent to Participate had to be filed by July 31, 2008 to preserve the option to sell participation interests in eligible loans to USDE or to put eligible loans to USDE for liquidity or to redeem a participation interest that had been issued. We filed a notice of intent to participate in both programs and have submitted a package for approval as a sponsor in the Loan Participation Purchase Program. Subsequently, legislation has been enacted to extend *ECASLA* for the Academic Year 2009-10.

In addition, separate legislation has been proposed that would permit Federal Home Loan Banks to invest in student-loan related securities with their surplus funds, to accept student loans and student loan-related securities as collateral and to provide secured advances to Federal Home Loan Bank members to originate student loans or finance student loan-related securities. We cannot predict if this proposal ultimately will be enacted, or whether any additional changes will be proposed.

We also cannot predict whether further changes will be made to the Higher Education Act in future legislation or the effect of such legislation on the servicers, the guarantee agencies, the financed student loans or our FFEL Program.

Payment Offsets by the Guarantee Agencies or the Department of Education could prevent the Authority from Paying You the Full Amount of the Principal and Interest Due on the Series 2008A Bonds

The Authority uses the same Department of Education lender identification number for the Financed Eligible Loans as it uses for other student loans it holds. The billings submitted to the Department of Education and the claims submitted to the Guarantee Agencies for the Financed Eligible Loans will be consolidated with the billings and claims for payments for student loans that are not included in the Trust Estate using the same lender identification number. Payments on those billings by the Department of Education as well as claim payments by the applicable Guarantee Agencies will be made to the Authority in lump sum form. Those payments must be allocated by the Authority to the Trust Estate and to other trust estates of the Authority that reference the same lender identification number.

If the Department of Education or a Guarantee Agency determines that the Authority owes it a liability on any student loan held by it, the Department of Education or the applicable Guarantee Agency may seek to collect that liability by offsetting it against payments due to the Authority in respect of the Financed Eligible Loans pledged to secure your Series 2008A Bonds. Any offsetting or shortfall of payments due to the Authority could adversely affect the amount of funds available to the Trust Estate and thus the Authority's ability to pay principal and interest on the Series 2008A Bonds. The Authority has agreed, in a document referred to as a "joint sharing agreement," to properly pay to or from the correct trust estate amounts which should be reallocated to reflect payments (or liabilities) on the student loans securing each such trust estate.

General Economic Conditions

General economic conditions, whether regionally or nationally, such as a downturn in the economy resulting in increased unemployment or financial hardships among borrowers may result in an increase in delinquencies in repaying loans or defaults by borrowers of Financed Eligible Loans. The financial hardships or increased delinquencies, among other things, could result in a delay in loan payments as Revenues for the Series 2008A Bonds and: (1) increased forbearances and unemployment deferments; (2) borrowers returning to school to further their education or retrain and obtaining in-school deferments; (3) higher delinquencies with resulting higher loan servicing costs; (4) increased default claims to be prepared and submitted to Guarantors for payment.

It is impossible to predict the status of the economy, unemployment levels, the prevalence of financial hardships or whether, if an increase in claims occurred, this would impact a Guarantor's ability to pay defaulted loan claims. General economic conditions may also be affected by other events, including the prospect of increased hostilities abroad. Such event also may have other effects, the impact of which are difficult to predict or project.

Competition from Federal Direct Student Loan Program May Increase Prepayments of the Financed Eligible Loans

The Student Loan Reform Act of 1993 established the William D. Ford Federal Direct Student Loan Program (the “*Direct Student Loan Program.*”) Under the Direct Student Loan Program, approved institutions of higher education, or alternative loan originators approved by USDE, make loans to students or parents without application to or funding from outside lenders or guarantee agencies. The Department of Education provides the funds for such loans, and the program provides for a variety of flexible repayment plans, including loans to consolidate FFEL Program student loans, under the Direct Student Loan Program. Such consolidation permits borrowers to prepay existing student loans and consolidate them into a Federal Direct Consolidation Loan under the Direct Student Loan Program.

We have suspended our FFEL Consolidation Loan program. As a result, certain borrowers of Financed Eligible Loans may seek to consolidate in their loans in the Direct Student Loan Program. This would result in an early prepayment of such Financed Eligible Loans. To the extent that we resume making FFEL program Consolidation Loans, the Direct Student Loan Program would represent a competitive program to our program, and (1) may result in a reduced volume and variety of student loans available to be originated by us; or (2) may result in prepayments of Financed Eligible Loans if such loans are consolidated under the Direct Student Loan Program or by us in another trust estate.

Reinvestment Risk

If Revenues, including Recoveries of Principal, are received and we can not Recycle monies to acquire additional Eligible Loans, we may have to prepay Bonds and Notes, including the Series 2008A Bonds. If we prepay your Series 2008A Bonds, you may not be able to reinvest your principal at a comparable interest rate.

Military Service May Result in Delayed Payments From Borrowers Called to Active Duty

The recent build-up of the United States military has increased the number of citizens who are in active military service. The Servicemembers Civil Relief Act (the “*Relief Act*”) updated and replaced the Soldiers’ and Sailors’ Civil Relief Act of 1940. The Relief Act provides relief to borrowers who enter active military service, or to borrowers in reserve status who are called to active duty, after the origination of their student loans. The Relief Act limits the ability of a lender and guarantee agencies under the FFEL Program to take legal action against a borrower during the borrower’s period of active duty and, in some cases, during an additional three-month period thereafter.

We do not know how many student loans have been or may be affected by the application of the Relief Act. Payments on student loans held by us may be delayed as a result of these requirements, which may reduce the funds available to pay principal and interest on the Bonds and Notes, including the Series 2008A Bonds.

Higher Education Relief Opportunities for Students Act of 2003 May Result in Delayed Payments

The Higher Education Relief Opportunities for Students Act of 2003 (“*HEROS Act of 2003*”) authorizes the Secretary to waive or modify any statutory or regulatory provisions applicable to student financial aid programs under Title IV of the Higher Education Act as the Secretary deems necessary for the benefit of “affected individuals” who:

- are serving on active military duty during a war or other military operation or national emergency declared by the President of the United States by reason of terrorist attacks;
- reside or are employed in an area that is declared by any federal, state or local office to be a disaster area in connection with a national emergency; or
- suffered direct economic hardship as a direct result of war or other military operation or national emergency, as determined by the Secretary.

The number and aggregate principal balance of student loans that may be affected by the application of the HEROS Act of 2003 is not known at this time. Accordingly, payments we receive on student loans made to a borrower who qualifies for such relief may be subject to certain limitations. If a substantial number of borrowers become eligible for the relief provided under the HEROS Act of 2003, there could be an adverse effect on the total collections of our student loans and our ability to pay principal of, and interest on, the Bonds and Notes, including the Series 2008A Bonds.

Changes to the Bond Resolution With Rating Agency Consent

The Bond Resolution permits the Authority and the Trustee to undertake various actions, including, without limitation, making certain amendments to the Bond Resolution and the execution of an interest rate or currency swap agreement, in each case based upon the receipt of a Rating Confirmation from the Rating Agencies then rating the Series 2008A Bonds that the outstanding ratings assigned by such rating agencies to the Series 2008A Bonds would not be downgraded as the result of such action and/or upon Credit Provider consent. As a result, changes may be made to the Bond Resolution or actions taken without the consent of the bondholders.

Such changes include, among other things, the ability of the Authority to withdraw certain moneys held under the Bond Resolution, to reduce the amount required to be deposited in the Debt Service Reserve Account, to extend the Recycling Period and to issue additional obligations secured on a parity or subordinated basis to the lien of the Series 2008A Bonds on the Trust Estate.

See the caption “Supplemental Bond Resolutions—Supplemental Bond Resolutions Not Requiring Consent of Registered Owners” in Appendix A hereto.

Limitations on Enforceability of Remedies

If the Trustee is required to exercise remedies on your behalf and litigation ensues, including, but not limited to, bankruptcy proceedings, it may not be able to sell the loans or otherwise exercise remedies you may want it to exercise as quickly as you may want. Delays are inherent in litigation and, in many instances, a judge will have discretion whether to allow a desired remedy or action by the Trustee on your behalf. The legal opinions delivered at the closing of the Series 2008A Bonds are qualified as to whether the Trustee can exercise remedies in bankruptcy or insolvency proceedings or similar laws affecting creditors in general.

SECURITIES DEPOSITORY

General

The Depository Trust Company, New York, NY, will act as the securities depository for the Series 2008A Bonds. The Series 2008A Bonds will be issued as fully registered securities registered in the name of Cede & Co., the partnership nominee of The Depository Trust Company, or such other name as may be requested by an authorized representative of The Depository Trust Company. One fully registered certificate will be issued for the Series 2008A Bonds, in the aggregate principal amount of thereof, and will be deposited with The Depository Trust Company.

The Depository Trust Company

The Depository Trust Company, the world's largest securities depository, 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.

The Depository Trust Company holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that The Depository Trust Company's participants ("*Direct Participants*") deposit with it. The Depository Trust Company also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

The Depository Trust Company is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for The Depository Trust Company, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all

of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to The Depository Trust Company system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). The Depository Trust Company has Standard & Poor’s highest rating: AAA. The Depository Trust Company rules applicable to its participants are on file with the Securities and Exchange Commission. More information about The Depository Trust Company can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2008A Bonds under The Depository Trust Company system must be made by or through Direct Participants, which will receive a credit for the Series 2008A Bonds on The Depository Trust Company’s records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from The Depository Trust Company of their purchase. Beneficial Owners are, however, 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 2008A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2008A Bonds, except in the event that use of the book-entry system for the Series 2008A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008A Bonds deposited by Direct Participants with The Depository Trust Company are registered in the name of The Depository Trust Company’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of The Depository Trust Company. The deposit of Series 2008A Bonds with The Depository Trust Company, and their registration in the name of Cede & Co. or such other nominee, do not effect any change in beneficial ownership. The Depository Trust Company has no knowledge of the actual Beneficial Owners of the Series 2008A Bonds; its records reflect only the identity of the Direct Participants to whose accounts the Series 2008A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by The Depository Trust Company to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2008A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2008A Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2008A documents. For example, Beneficial Owners may wish to ascertain that the nominee holding the Series 2008A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to The Depository Trust Company. If less than all of the Series 2008A Bonds are being redeemed, The Depository Trust Company's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither The Depository Trust Company nor Cede & Co. (nor any other The Depository Trust Company nominee) will consent or vote with respect to the Series 2008A Bonds unless authorized by a Direct Participant in accordance with The Depository Trust Company's MMI (Money Market Instrument) procedures. Under its usual procedures, The Depository Trust Company mails an Omnibus Proxy to the issuer 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 2008A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and interest payments on the Series 2008A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of The Depository Trust Company. The Depository Trust Company's practice is to credit Direct Participants' accounts, upon The Depository Trust Company's receipt of funds and corresponding detail information from the issuer or the Trustee, on payable date in accordance with their respective holdings shown on The Depository Trust Company's records. Payments by Direct or Indirect 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 Direct or Indirect Participant and not of The Depository Trust Company, nor its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of The Depository Trust Company) is the responsibility of the issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of The Depository Trust Company, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2008A Bonds purchased or tendered through its Direct or Indirect Participant to the Trustee, and will effect delivery of the Series 2008A Bonds by causing the Direct Participant to transfer the participant's interest in the Series 2008A Bonds, on The Depository Trust Company's records, to the Trustee. The requirement for physical delivery of the Series 2008A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2008A Bonds are transferred by Direct Participants on The Depository Trust Company's records and followed by a book-entry credit of tendered Series 2008A Bonds to the Trustee's account at The Depository Trust Company.

The Depository Trust Company may discontinue providing its services as depository with respect to the Series 2008A 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 2008A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through The Depository Trust Company (or a successor securities depository). In that event, Series 2008A Bond certificates will be printed and delivered to The Depository Trust Company.

Disclaimer

The information in this section concerning The Depository Trust Company and its book-entry system have been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof. The Authority, Bond Counsel, the Trustee and the Underwriter, or any of their counsel, will have no responsibility or obligation to any of The Depository Trust Company, the Direct or Indirect Participants or the persons who are acting as their nominees, with respect to –

- the accuracy of any records maintained by The Depository Trust Company or any Direct or Indirect Participant;
- the payment by The Depository Trust Company or any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Series 2008A Bonds;
- the delivery by The Depository Trust Company or any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Resolution to be given to holders of the Series 2008A Bonds; or
- any other action taken by The Depository Trust Company.

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 2008A Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof. Also, there is no such action contesting the pledge or application of any monies or security provided for the payment of the Series 2008A Bonds or the existence or powers of the Authority.

LEGALITY OF INVESTMENT

The Oklahoma Student Loan Act provides in Title 70 Oklahoma Statutes, 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 2008A Bonds is subject to approval of validity by Kutak Rock LLP, Bond Counsel, whose approving opinion 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 2008A Bonds and to adopt the Bond Resolution and enter into the Trust Agreement, the Reimbursement Agreement, the Remarketing Agreement the Tax Regulatory Agreement and the other documents contemplated thereby and perform its obligations thereunder;
- B. The Bond Resolution, the Trust Agreement, the Reimbursement Agreement, the Remarketing Agreement and the 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 2008A Bonds have been duly authorized and issued by the Authority, are entitled to the benefits of the Bond Resolution and are 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 Bond Resolution.

Bond Counsel's approving opinion also will address certain items regarding the tax status of the Series 2008A Bonds. In this regard, see the section, "Tax Matters". Bond Counsel will not pass upon any matters relating to the business, properties, affairs or condition, financial or otherwise, of the Authority. 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 2008A Bonds and the documents described herein.

The opinions expressed above by Bond Counsel with respect to the enforceability of the Series 2008A 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 are contingent upon the sale and delivery of the Series 2008A Bonds.

In addition, Bond Counsel will deliver a supplemental opinion to the Authority, the Underwriter, the Credit Provider, the Trustee and the Rating Agencies regarding the fair and accurate description of certain provisions of the Series 2008A Bonds and the Bond Resolution in this Official Statement, the exemption from securities registration of the Series 2008A Bonds and the creation of a first perfected security interest in the Trust Estate which secures the Series 2008A Bonds, subject to certain standard exceptions.

Certain legal matters will be passed on for the Authority by its special counsel, Durrell PLLC, Oklahoma City, Oklahoma; for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas; for the Trustee by its counsel, Riggs, Abney, Neal, Turpen, Orbison & Lewis, Inc., Tulsa, Oklahoma.

In addition, certain legal matters for the Credit Provider will be passed on by its counsel, Chapman and Cutler LLP, Chicago, Illinois.

Also, certain legal matters will be passed on by the Attorney General of the State of Oklahoma in approving the transcript of legal proceedings.

TAX MATTERS

Federal Taxes

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2008A Bonds is excludable from gross income for federal income tax purposes. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2008A Bonds. Failure to comply with such requirements could cause interest on the Series 2008A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2008A Bonds. The Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2008A Bonds.

Bond Counsel is further of the opinion that interest on the Series 2008A Bonds is a specific preference item for purposes of the federal alternative minimum tax.

The accrual or receipt of interest on the Series 2008A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2008A Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2008A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of

social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2008A Bonds.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the market value of the Series 2008A 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. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2008A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2008A Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2008A Bonds should consult their tax advisors regarding any pending or proposed tax legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2008A Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

State Taxes

Bond Counsel is further of the opinion that, pursuant to the Act, the Series 2008A Bonds and the income therefrom are exempt from taxation in the State of Oklahoma.

Although not covered specifically by the opinion of Bond Counsel, information posted on the Oklahoma Tax Commission's *web site* (tax.ok.gov) on the date of this Official Statement states that bonds and notes issued by the Authority are exempt from Oklahoma estate taxation. Legislation (Title 68 Oklahoma Statutes Section 2358.5A, Supplement 2006) effective July 1, 2006, is intended to confirm this result.

RATINGS

The Authority expects that Fitch will assign the Series 2008A Bonds short-term and long-term ratings of "F1+" and "AA-", respectively, and that Moody's will assign the Series 2008A Bonds short-term and long-term ratings of "VMIG 1" and "Aaa", respectively.

Each Rating Agency will base its Ratings on the issuance by the Credit Provider of the Letter of Credit, as a Credit Facility providing for payment when due of the principal of and interest on the Series 2008A Bonds. The Authority and the Underwriter make no representations as to the appropriateness of the Ratings.

The Ratings reflect only the view of the Rating Agencies. The Ratings are not a recommendation to buy, sell or hold the Series 2008A Bonds. An explanation of the significance of the Ratings may be obtained from Moody's and Fitch.

The Ratings are subject to change or withdrawal at any time. Any such change or withdrawal may affect the market price or marketability of the Series 2008A Bonds. Neither the Authority nor the Underwriter has undertaken any responsibility either to bring to the attention of the Registered Owners of the Series 2008A Bonds any proposed change in, or proposed withdrawal of, the Ratings on the Series 2008A Bonds or to oppose any such change or withdrawal. Any downward revision or withdrawal of such Ratings may have an adverse effect on the market price of the Series 2008A Bonds.

UNDERWRITING

General

The Series 2008A Bonds are to be purchased by the Underwriter pursuant to the terms and conditions of the Bond Purchase Agreement (the "*Bond Purchase Agreement*") entered into by and between the Authority and the Underwriter. The Bond Purchase Agreement requires the Underwriter to pay a purchase price of \$175,305,000 (representing the par amount of the Series 2008A Bonds).

The Bond Purchase Agreement provides that the Underwriter's obligations are subject to certain conditions and that the Underwriter will purchase all of the Series 2008A Bonds, if any are purchased. Upon delivery of, and payment for the Series 2008A Bonds, the Underwriters will be paid a fee of \$425,054, which is approximately 0.2425% of the aggregate principal amount of the Series 2008A Bonds, for their services and expenses.

The initial public offering prices (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 2008A Bonds to certain dealers (including dealers depositing Series 2008A Bonds into investment trusts) and others at prices lower than the public offering price shown on the cover page hereof.

Related Transactions with Bank of America

The Senior Managing Underwriter, Banc of America Securities LLC, is the Broker-Dealer for our Series 2007A-1 Bonds (failed Senior Auction Rate Securities) that will be refunded with some of the proceeds of the Series 2008A Bonds.

Bank of America, N.A., an affiliate of the Senior Managing Underwriter and the Credit Provider for the Series 2008A Bonds, is a participating lender in the OSLA Network. This relationship results in ongoing sales by Bank of America of student loans to us, including some Eligible Loans that are expected to be Financed by the Trust Estate. Also, Bank of America is the provider of Standby Bond Purchase Agreements, as liquidity facilities, for our Series 1996A

and Series 1997A Bonds, which are held as bank bonds, and will be refunded with some of the proceeds of the Series 2008A Bonds.

In addition, we maintain depository, commercial banking and banking product relationships with Bank of America, including our Series 2005B line of credit which was established with Bank of America pursuant to a competitive request for proposal process.

CONTINUING SECONDARY MARKET DISCLOSURE

We will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the Beneficial Owners of the Series 2008A Bonds. The Undertaking will require us to send certain information annually, and to provide notice of certain events, to information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The specific nature of the information to be provided and a summary of other terms of the Undertaking, are set forth in Appendix F – "Continuing Disclosure Undertaking".

We are in compliance in all material respects with our existing undertakings pursuant to the Rule. A failure to comply with the Undertaking will not constitute a default under the Bond Resolution and Beneficial Owners of the Series 2008A Bonds are limited to the remedies described in the Undertaking.

Our failure to comply with the Undertaking must be reported in accordance with the Rule and must be considered by a broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2008A Bonds in the secondary market. Consequently, such a failure may adversely affect the market price, transferability and liquidity of the Series 2008A Bonds.

APPROVAL

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 2008A Bonds.



OKLAHOMA STUDENT LOAN AUTHORITY

/s/ Patrick Rooney
Chairman

ATTEST:

/s/ Hilarie Blaney
Secretary

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APPENDIX A

**OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES
SENIOR VARIABLE RATE DEMAND OBLIGATIONS, SERIES 2008IIA-1**

SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE BOND RESOLUTION

Certain definitions of terms in the Bond Resolution, that are used in this Official Statement and a summary of certain provisions of the Bond Resolution, are set forth below. Reference is made to the Bond Resolution, for the entire definitions and provisions thereof.

A copy of the Bond Resolution, is available during the initial offering period from the Underwriter, and thereafter upon request to the Authority or the Trustee at the addresses shown on page 10 of this Official Statement.

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DEFINITIONS

“*Account*” means any of the accounts created and established within any Fund by the Master Bond Resolution or any Supplemental Bond Resolution.

“*Acquisition Account*” means the Account by that name created within the Student Loan Fund pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Student Loan Fund” in this Appendix A, including any Subaccounts created therein.

“*Acquisition Period*” means, for each Series of Bonds or Notes, the period beginning on the Date of Issuance for such Series of Bonds or Notes and ending on the date set forth in the related Supplemental Bond Resolution for such Series of Bonds or Notes. There is no Acquisition Period for the Series 2008A Bonds.

“*Act*” means Title 70, Oklahoma Statutes 2001, Section 695.1 *et seq.*, as amended, along with Oklahoma Trusts for Furtherance of Public Functions Act being Title 60, Oklahoma Statutes, 2001, Sections 176 to 180.3, inclusive, as amended.

“*Add-On Consolidation Loan*” means an Eligible Loan included in the Trust Estate, the principal balance of which is added to an existing Consolidation Loan during the Add-On Period, as required by the Higher Education Act.

“*Add-On Period*” means the period of 180 days after the date of origination of any Consolidation Loan Financed by the Authority.

“*Aggregate Market Value*” means, on any calculation date, the sum of the Values of all assets of the Trust Estate, excluding purpose and non-purpose arbitrage liability amounts which, as of any date of calculation, have not been deposited into the Rebate Fund.

“*Alternate Credit Facility*” means, with respect to the Series 2008A Bonds, any Credit Facility delivered in substitution for an existing Credit Facility or Liquidity Facility then in effect for such the Series 2008A Bonds, or any Credit Facility delivered at any time that no Liquidity Facility or Credit Facility is then in effect for the Series 2008A Bonds, as described under the caption “CREDIT FACILITIES AND LIQUIDITY FACILITIES” in this Appendix A.

“*Alternate Liquidity Facility*” means, with respect to the Series 2008A Bonds, any Liquidity Facility delivered in substitution for an existing Credit Facility or then in effect for the Series 2008A Bonds, or any Liquidity Facility delivered at any time that no Liquidity Facility or Credit Facility is then in effect for the Series 2008A Bonds, as described under the caption “CREDIT FACILITIES AND LIQUIDITY FACILITIES” in this Appendix A.

“*Authority*” means the Oklahoma Student Loan Authority, an express trust and agency of the State established pursuant to the Act and the Trust Indenture.

“*Authority Derivative Payment*” means a payment required to be made by or on behalf of the Authority due to a Reciprocal Payor pursuant to a Derivative Product (excluding Termination Payments, but including Priority Termination Payments).

“*Authority Order*” means a written order signed in the name of the Authority by an Authorized Representative.

“*Authorized Denominations*” means the Authorized Denominations specified for a Series of Bonds or Notes in the Supplemental Bond Resolution relating to such Series of Bonds or Notes. With respect to the Series 2008A Bonds bearing interest at a Weekly Rate, “Authorized Denomination” means \$100,000 and any integral multiple of \$5,000 in excess thereof.

“*Authorized Officer*” means, when used with reference to the Authority, means the Chairman, the Vice Chairman, the President, the Secretary or an Assistant Secretary of the Authority or any other person designated in writing from time to time by the trustees of the Authority.

“*Authorized Representative*” means, when used with reference to the Authority, (a) an Authorized Officer or (b) an individual designated in writing by an Authorized Officer of the Authority to act on the Authority’s behalf under the Bond Resolution.

“*Bank Bonds*” means Bonds or Notes that have been purchased by a Liquidity Provider or Credit Provider pursuant to the provisions of a Liquidity Facility or Credit Facility and are held by such Liquidity Provider or Credit Provider or its designee or assignee until such time as such Bonds or Notes are remarketed.

“*Beneficial Owners*” means purchasers of beneficial ownership interests in the Series 2008A Bonds through the Securities Depository and/or a Participant.

“*Bond*” or “*Bonds*” means any bonds or other debt obligations issued pursuant to the Bond Resolution.

“*Bond Counsel*” means counsel of nationally recognized standing in the field of law relating to municipal, state and public agency financing selected by the Authority.

“*Bond Payment Date*” means, for any Bond or Note, any Interest Payment Date, its Stated Maturity or the date of any debt service payment with respect thereto designated in a Supplemental Bond Resolution, including any such date provided for payment of principal of or redemption of Bank Bonds or any reimbursements for payments of principal of and interest on Bond or Notes as provided in any applicable Credit Facility, Credit Provider Agreement or Liquidity Facility.

“*Bond Purchase Account*” means the Account by that name created within the Student Loan Sinking Fund pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Student Loan Sinking Fund” in this Appendix A, including any Subaccounts created therein.

“*Bond Resolution*” means the Master Bond Resolution and all supplements and amendments thereto, including, but not limited to, every Supplemental Bond Resolution

“*Bond Yield*” means, with respect to any Bonds or Notes issued as Tax-Exempt Bonds, the yield on such Tax-Exempt Bonds computed in accordance with the Code.

“*Business Day*” with respect to the Series 2008A Bonds bearing interest at the Weekly Rate, means any day on which banks located (a) in the city in which the principal corporate trust office of the Trustee is located, (b) in the city in which the office of the corresponding Liquidity Provider or Credit Provider, as applicable, at which demands for payment under the corresponding Liquidity Facility or the Credit Facility, as applicable, are to be honored are located, and (c) in the city in which the principal office of the corresponding Remarketing Agent is located and is generally open for business and on which the New York Stock Exchange is open.

“*Calculation Agent*” means any Person appointed as calculation agent with respect to Bonds or Notes pursuant to the terms of any Supplemental Bond Resolution.

“*Capitalized Interest Account*” means the Account by that name created within the Student Loan Sinking Fund pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Student Loan Sinking Fund” in this Appendix A, including any Subaccounts created therein.

“*Capitalized Interest Payments*” means any scheduled payments of interest in respect of a Financed Eligible Loan that were not received by a Servicer on the scheduled due date thereof because such payments are subject to deferment pursuant to the Higher Education Act.

“*Carryover Amount*” has the meaning, with respect to any Series of Bonds or Notes, set forth in the Supplemental Bond Resolution pursuant to which such Series of Bonds or Notes is issued.

“*Certificate of Insurance*” means any certificate of insurance issued by the Secretary pursuant to Section 428C or Section 429 of the Higher Education Act, Insuring an Eligible Loan.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code is deemed to include the United States Treasury Regulations, including applicable temporary and proposed regulations, relating to such section which are applicable to the Tax-Exempt Bonds or the use of the proceeds thereof. A reference to any specific section of the Code is be deemed also to be a reference to the comparable provisions of any enactment which supersedes or replaces the Code thereunder from time to time.

“*Computation Date*” means each date described as such in any Tax Document.

“*Consolidation Loan*” means an Eligible Loan made pursuant to Section 428C of the Higher Education Act to consolidate the borrower’s obligations under various federally authorized student loan programs into a single loan, as supplemented by the addition of any related Add-On Consolidation Loan.

“*Contract of Insurance*” means, with respect to an Eligible Loan, an agreement between the Authority and the Secretary providing for Insurance on such Eligible Loan.

“*Credit Facility*” means a letter of credit, insurance, financial guaranty policy, guarantee or other credit facility issued to or for the benefit of the Trustee for the account of the Authority by a Credit Provider to secure the payment of principal of and interest on any Series of Bonds or Notes, together with the purchase price thereof if applicable, including any related Credit Provider Agreement, and any alternate letter of credit, insurance, financial guaranty policy, guarantee or other credit facility as may be permitted in the related Supplemental Bond Resolution, in each case as the same may be amended from time to time in accordance with the terms thereof and of the Master Bond Resolution. The initial Credit Facility for the Series 2008A Bonds is the letter of credit issued by Bank of America, N.A.

“*Credit Facility Fees*” means the periodic fees payable by the Authority in connection with a Credit Facility pursuant to the terms of the Credit Provider Agreement.

“*Credit Provider*” means the provider of a Credit Facility with respect to a Series of Bonds or Notes. The initial Credit Provider for the Series 2008A Bonds is Bank of America, N.A.

“*Credit Provider Agreement*” means any agreement between the Authority and a Credit Provider, pursuant to which a Credit Facility is issued by the Credit Provider, as the same may be amended or supplemented. The initial Credit Provider Agreement is the Reimbursement Agreement.

“*Date of Issuance*” means the date of original issuance and delivery of any Bonds or Notes to an Underwriter or other initial purchaser of Bonds or Notes from the Authority.

“*Debt Service Account*” means the Account by that name created within the Student Loan Sinking Fund pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Student Loan Sinking Fund” in this Appendix A, including any Subaccounts created therein.

“*Debt Service Reserve Account*” means the Account by that name created within the Student Loan Sinking Fund pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Student Loan Sinking Fund” in this Appendix A, including any Subaccounts created therein.

“*Debt Service Reserve Account Requirement*” means an amount, if any, required to be on deposit in the Debt Service Reserve Account as specified for any Series of Bonds or Notes in the related Supplemental Bond Resolution. The Debt Service Reserve Account Requirement for the Series 2008A Bonds is the greater of (a) 0.75% of the par amount of the Outstanding Series 2008A Bonds, (b) \$500,000 or (c) such lesser percentage or amount as shall be approved in a Rating Confirmation, or if all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on the Bonds and Notes are based solely on the Ratings of the Credit Providers, then as shall be approved by the Credit Providers.

“*Defaulted Eligible Loan*” means any Financed Eligible Loan (a) as to which any payment, or portion thereof, is more than 180 days past due from the original due date thereof (unless such Financed Eligible Loan is in Deferment, (b) the borrower of which is the debtor in a bankruptcy proceeding or is deceased or disabled, or (c) as to which a default, breach, violation or event permitting acceleration under the terms of such Financed Eligible Loan (other than payment defaults continuing for a period of not more than the number of days past due from the original due date thereof as allowed by the terms of the Higher Education Act).

“*Derivative Payment Date*” means, with respect to a Derivative Product, any date specified in the Derivative Product on which both or either of an Authority Derivative Payment and/or a Reciprocal Payment is due and payable under the Derivative Product.

“*Derivative Product*” means a written contract or agreement between the Authority and a Reciprocal Payor entered into pursuant to the Master Bond Resolution and further described under the caption “DERIVATIVE PRODUCTS” in this Appendix A.

“*Derivative Value*” means the value of the Derivative Product, if any, to the Reciprocal Payor; provided that such value is defined and calculated in substantially the same manner as amounts are defined and calculated pursuant to the applicable provisions of an ISDA Master Agreement.

“*Designated Day*” means a day of the week designated by the corresponding Remarketing Agent as the first day of an Interest Period.

“*Eligible Lender*” means the Authority and all other entities which are “eligible lenders,” as defined in the Higher Education Act (including but not limited to “eligible lender trustees”), which have received an eligible lender number or other designation from the Secretary with respect to Eligible Loans made under the Higher Education Act.

“*Eligible Loan*” means any loan made to finance post-secondary education that is (a) made under the Higher Education Act (including Add-On Consolidation Loans), or (b) subject to (unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers) a Rating Confirmation and the prior written consent of each Credit Provider and Liquidity Provider to the extent required in the applicable Credit Provider Agreement or Liquidity Facility, otherwise permitted to be acquired by or originated by the Authority pursuant to its Program as authorized under the Act. Each Eligible Loan must additionally satisfy the requirements set forth in any Credit Facility, Credit Provider Agreement or Liquidity Facility.

“*Event of Bankruptcy*” means (a) the Authority has commenced a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or has made a general assignment for the benefit of creditors, or has declared a moratorium with respect to its debts or has failed generally to pay its debts as they become due, or has taken any action to authorize any of the foregoing; or (b) an involuntary case or other proceeding has been commenced against the Authority seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property provided such action or proceeding is not dismissed within 60 days or an order for relief has been granted.

“*Event of Default*” means the events described under the caption “DEFAULTS AND REMEDIES—Events of Default” in this Appendix A.

“*Excess Earnings*” means, with respect to Financed Eligible Loans held in the Acquisition Account and financed with the proceeds of Tax-Exempt Bonds, the “excess earnings” as defined in Treasury Regulations § 1.148-107, with respect thereto.

“*Expiration Date*” means the stated expiration date of the Liquidity Facility or the Credit Facility with respect to the Series 2008A Bonds, as applicable, as it may be extended from time to time as provided in such Liquidity Facility or Credit Facility.

“*Favorable Opinion*” means an opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Master Bond Resolution and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds.

“*Federal Loan Fee*” means any federal origination fee, monthly rebate fee, default fee or other fee payable to the United States Department of Education relating to the origination or ownership of Financed Eligible Loans.

“*Financed*” or “*Financing*” means, when used with respect to Eligible Loans, (a) Eligible Loans financed by the Authority with balances in the Acquisition Account or otherwise deposited in or accounted for in the Acquisition Account or otherwise constituting a part of the Trust Estate; and (b) Eligible Loans substituted or exchanged for Financed Eligible Loans, but does not include Eligible Loans released from the lien of the Bond Resolution or sold or transferred, to the extent permitted by the Bond Resolution.

“*Fiscal Year*” means the fiscal year of the Authority as established from time to time; currently, the Fiscal Year of the Authority commences each July 1 and ends each June 30.

“*Fitch*” means Fitch Ratings, a subsidiary of Fimalac, S.A., and its successors and assigns.

“*Funds*” means each of the Funds created or continued pursuant to the Master Bond Resolution and described under the caption “REVENUE AND FUNDS—Funds, Accounts and Subaccounts” in this Appendix A.

“*Guarantee*” or “*Guaranteed*” means with respect to an Eligible Loan described in clause (a) of the definition thereof, the insurance or guarantee by a Guaranty Agency pursuant to such Guaranty Agency’s Guaranty Agreement, of the maximum percentage of the principal of and accrued interest on such Eligible Loan allowed by the terms of the Higher Education Act with respect to such Eligible Loan at the time it was originated and the coverage of such Eligible Loan by the federal reimbursement contracts, providing, among other things, for reimbursement to such Guaranty Agency for payments made by it on defaulted Eligible Loans insured or guaranteed by such Guaranty Agency of at least the minimum reimbursement allowed by the Higher Education Act with respect to a particular Eligible Loan.

“*Guaranty (or Guarantee) Agency*” means any entity authorized to guarantee student loans under the Higher Education Act and with which the Authority maintains a Guaranty Agreement.

“*Guaranty (or Guarantee) Agreements*” means a guaranty or lender agreement between any Guaranty Agency and the Authority, and any amendments thereto.

“*Higher Education Act*” means the Higher Education Act of 1965, as amended or supplemented from time to time, or any successor federal act and all regulations, directives, bulletins, and guidelines promulgated from time to time thereunder.

“*Highest Priority Obligations*” means, (a) at any time when Senior Obligations are Outstanding, the Senior Obligations; (b) at any time when no Senior Obligations are Outstanding, the Subordinate Obligations; and (c) at any time when no Senior Obligations or Subordinate Obligations are Outstanding, the Junior-Subordinate Obligations (and any priorities as between Junior-Subordinate Obligations as may be established by Supplemental Bond Resolutions).

“*Insurance*” or “*Insured*” or “*Insuring*” means, with respect to an Eligible Loan, the insuring by the Secretary (as evidenced by a Certificate of Insurance or other document or certification issued under the provisions of the Higher Education Act) under the Higher Education Act of the maximum percentage of the principal of and accrued interest on such Eligible Loan allowed by the terms of the Higher Education Act with respect to such Eligible Loan at the time it was originated.

“*Interest Accrual Period*” means the period of time a Series 2008A Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date for which interest has been paid (or, if no interest has been paid, from the Date of Issuance of the Series 2008A Bonds) and shall end on the day preceding the succeeding Interest Payment Date.

“*Interest Benefit Payment*” means an interest payment on Eligible Loans received pursuant to the Higher Education Act and an agreement with the federal government, or any similar payments.

“*Interest Payment Date*” means the interest payment dates specified for a Series of Bonds or Notes in the Supplemental Bond Resolution relating to such Series of Bonds or Notes. The Interest Payment Dates for the Series 2008A Bonds are (i) each March 1 and September 1, or if such date is not a Business Day, the next succeeding Business Day, commencing March 2, 2009, (ii) the Stated Maturity and (iii) each Mode Change Date for the Series 2008A Bonds.

“*Interest Period*” means, for the Series 2008A Bonds bearing interest at a Weekly Rate, a Weekly Rate Period.

“*Investment Agreement*” means any investment agreement described in a Supplemental Bond Resolution or otherwise approved by (a) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, each Rating Agency as evidenced by a Rating Confirmation and (b) each Credit Provider and Liquidity Provider to the extent required in the applicable Credit Provider Agreement or Liquidity Facility.

“*Investment Securities*” means any of the following which are at the time of investment legal investments for the funds of the Authority under the laws of the State, including the Act, for the moneys proposed to be invested (provided that the Authority may direct the Trustee in writing to exclude or limit any of the following):

- (a) direct obligations of, or obligations on which the timely payment of the principal and interest components are unconditionally and fully guaranteed by, the United States of America;

(b) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of 12 months or less with any bank, trust company, national banking association or other depository institution, including those of the Trustee; provided, that at the time of deposit or purchase, such depository institution has commercial paper which is rated “A-1+” by S&P and “F1+” by Fitch and has the required ratings from Moody’s corresponding to the duration of such investment set forth below;

(c) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of 24 months or less, but more than 12 months, with any bank, trust company, national banking association or other depository institution, including those of the Trustee and any of its affiliates; provided, that at the time of deposit or purchase, such depository institution has senior debt rated “A” or higher by S&P and “AA-“ or higher by Fitch, if commercial paper is outstanding, commercial paper which is rated “A-1+” by S&P and “F1+” by Fitch and has the required ratings from Moody’s corresponding to the duration of such investment set forth below;

(d) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of more than 24 months with any bank, trust company, national banking association or other depository institution, including those of the Trustee and any of its affiliates; provided, that at the time of deposit or purchase, such depository institution has senior debt rated “AA” or higher by S&P and “AA” or higher by Fitch, if commercial paper is outstanding, commercial paper which is rated “A-1+” by S&P, “P-1” by Moody’s and “F1+” by Fitch and has the required ratings from Moody’s corresponding to the duration of such investment set forth below;

(e) bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation; the Export-Import Bank of the United States; the Federal National Mortgage Association; the Farmers Home Administration; Federal Home Loan Banks provided such obligation is rated “AAA” by S&P, “Aaa” by Moody’s and “AAA” by Fitch; or any agency or instrumentality of the United States of America which are established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor;

(f) repurchase agreements and reverse repurchase agreements, other than overnight repurchase agreements and overnight reverse repurchase agreements, with banks, including the Trustee and any of its affiliates, which are members of the Federal Deposit Insurance Corporation or firms which are members of the Securities Investors Protection Corporation, in each case whose outstanding, unsecured debt securities are rated no lower than two subcategories below the highest rating on any Series of Outstanding Bonds or Notes by S&P and Fitch, if commercial paper is outstanding, commercial paper which is rated “A-1+” by S&P and “F1+” by Fitch and has the required ratings from Moody’s corresponding to the duration of such investment set forth below;

(g) overnight repurchase agreements and overnight reverse repurchase agreements at least 101% collateralized by securities described in clause (a) of this definition and with a counterparty, including the Trustee and any of its affiliates, that has senior debt rated “AA” or higher by S&P and “AA-“ or higher by Fitch, if commercial paper is outstanding, commercial paper which is rated “A-1+” by S&P and “F1+” by Fitch and has the required ratings from Moody’s corresponding to the duration of such investment set forth below, or a counterparty approved in writing by S&P, Moody’s and Fitch, respectively;

(h) investment agreements or guaranteed investment contracts, which may be entered into, by, and among the Authority and/or the Trustee and any bank, bank holding company, corporation or any other financial institution, including the Trustee and any of its affiliates, whose outstanding (i) commercial paper is rated “A-1+” by S&P and “F1+” by Fitch for agreements or contracts with a maturity of 12 months or less and has the required ratings from Moody’s corresponding to the duration of such investment set forth below; (ii) unsecured long-term debt is rated no lower than two subcategories below the highest rating on any Series of Outstanding Bonds or Notes by S&P and Fitch and, if commercial paper is outstanding, commercial paper which is rated “A-1+” by S&P and “F1+” by Fitch for agreements or contracts with a maturity of 24 months or less, but more than 12 months and has the required ratings from Moody’s corresponding to the duration of such investment set forth below; or (iii) unsecured long-term debt which is rated no lower than two subcategories below the highest rating on any Series of Outstanding Bonds or Notes by S&P and Fitch and, if commercial paper is outstanding, commercial paper which is rated “A-1+” by S&P and “F1+” by Fitch for agreements or contracts with a maturity of more than 24 months and has the required ratings from Moody’s corresponding to the duration of such investment set forth below, or, in each case, by an insurance company whose claims-paying ability is so rated;

(i) “tax-exempt bonds” as defined in Section 150(a)(6) of the Code, other than “specified private activity bonds” as defined in Section 57(a)(5)(C) of the Code, that are rated in the highest category by S&P and Fitch for long-term or short-term debt or shares of a so called money market or mutual fund rated “AAAm/AAAm-G” or higher by S&P, and “AAA/F1+” by Fitch and has the required ratings from Moody’s corresponding to the duration of such investment set forth below, that do not constitute “investment property” within the meaning of Section 148(b)(2) of the Code; provided that the fund has all of its assets invested in obligations of such rating quality;

(j) commercial paper, including that of the Trustee and any of its affiliates, which is rated in the single highest classification, “A-1+” by S&P and “F1+” by Fitch and has the required ratings from Moody’s corresponding to the duration of such investment set forth below, and which matures not more than 270 days after the date of purchase;

(k) investments in a money market fund rated at least “AAAm” or “AAAm-G” by S&P, “Aaa” by Moody’s and “AAA/V1+” by Fitch, including funds for which the Trustee or an affiliate thereof acts as an investment advisor or provides other similar services for a fee;

(l) any Investment Agreement; and

(m) any other investment (i) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, with a Rating Confirmation from each Rating Agency and (ii) the prior written consent of each Credit Provider and Liquidity Provider to the extent required in the applicable Credit Provider Agreement or Liquidity Facility.

Each Investment Security or the provider of such Investment Security (other than those described in clauses (a), (e), (k) and (l) of this definition) must have the following Moody's long-term and or short-term ratings corresponding to the duration of such investment:

Maximum Maturity	Minimum Ratings
One Month	"A2" or "Prime-1"
Three Months	"A1" and "Prime-1"
Six Months	"Aa3" and "Prime-1"
Greater than Six Months	"Aaa" and "Prime-1"

"ISDA Master Agreement" means the International Swaps and Derivatives Association, Inc. ("ISDA") Interest Rate and Currency Exchange Agreement, copyright 2002, as amended from time to time, and as in effect with respect to any Derivative Product, or any successor thereto.

"Joint Sharing Agreement" means the Joint Sharing Agreement, dated as of October 1, 2008, among the Authority, the Trustee and the trustees or lenders for other trust estates of the Authority to properly allocate payments from, and liabilities to, the U.S. Department of Education on student loans among the Trust Estate and each other trust estate established by the Authority, as amended or supplemented from time to time.

"Junior-Subordinate Bonds and Notes" means any Bonds or Notes, including Bank Bonds, the principal of and interest on which is payable on a subordinated basis to the payment of the principal of and interest on the Senior Bonds and Notes and the Subordinate Bonds and Notes; provided, however, that any Series of the Junior-Subordinate Bonds and Notes need not necessarily be payable on a parity with all other Series of the Junior-Subordinate Bonds and Notes.

"Junior-Subordinate Obligations" means Junior-Subordinate Bonds and Notes, and any amounts due and owing under any Derivative Product, Credit Facility, Credit Provider Agreement or Liquidity Facility, the priority of payment of which is equal with that of any Series of Junior-Subordinate Bonds or Notes.

"Letter of Credit" means a Letter of Credit with respect to the Series 2008A Bonds issued by a Credit Provider pursuant to the Reimbursement Agreement.

“*Liquidity Facility*” means (a) a standby bond purchase agreement or other liquidity facility issued by a Liquidity Provider which provides for the payment of the purchase price with respect to one or more Series of Bonds or Notes or portion thereof and (b) any similar substitute or additional Liquidity Facility from time to time issued to the Trustee or a successor Trustee under the Master Bond Resolution by a Liquidity Provider as may be permitted in the related Supplemental Bond Resolution, in each case as the same may be amended from time to time in accordance with the terms thereof and the Master Bond Resolution.

“*Liquidity Facility Fees*” means the periodic fees payable by the Authority pursuant to a Liquidity Facility.

“*Liquidity Provider*” means a bank, insurance company, pension fund, federal or state agency or other financial institution that is the provider of a Liquidity Facility with respect to a Series of Bonds or Notes or portion thereof.

“*Mandatory Tender Date*” has the meaning set forth in the Supplemental Bond Resolution related to any Series of Bonds or Notes. The Mandatory Tender Dates for the Series 2008A Bonds are described under the caption “DESCRIPTION OF THE SERIES 2008A BONDS—Tender Provisions—*Mandatory Tender*” in the body of this Official Statement.

“*Master Bond Resolution*” means the Master Bond Resolution II adopted by the trustees of the Authority on October 28, 2008 and all supplements and amendments thereto, including, but not limited to, every Supplemental Bond Resolution.

“*Master Promissory Note*” means a note (a) that evidences one or more loans made to finance post-secondary education financing and (b) that is in the form mandated by Section 432(m)(1) of the Higher Education Act, as added by Public Law No: 105-244, § 427, 112 Stat. 1702 (1998), as amended by Public Law No: 106-554 (enacted December 21, 2000) and as codified in 20 U.S.C. § 1082(m)(1), or any successor form.

“*Maturity*” when used with respect to any Bond or Note, means the date on which the principal thereof becomes due and payable, whether at its Stated Maturity, by earlier redemption, by declaration of acceleration, or otherwise.

“*Maximum Rate*” means the lesser of either (a)(i) with respect to Series 2008A Bonds which are not Bank Bonds, 12% per annum and (ii) with respect to Bank Bonds, the interest rate per annum set forth in the corresponding Liquidity Facility, Credit Provider Agreement or Credit Facility or (b) the maximum lawful nonusurious interest rate allowed under the laws of the State.

“*Mode Change Date*” means, with respect to the Series 2008A Bonds bearing interest at a Weekly Rate, the day on which a new interest rate mode for the Series 2008A Bonds begins.

“*Moody’s*” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns.

“*MPN Loan*” means any single loan made pursuant to a Master Promissory Note.

“*Nexus Loan*” means an Eligible Loan made for or on behalf of a student who is or was at the time the Eligible Loan was made a resident of the State of Oklahoma and/or who is or was, at the time the Eligible Loan was made, enrolled at an educational institution located in the State of Oklahoma.

“*Note*” or “*Notes*” means any notes or other debt obligations issued pursuant to the Master Bond Resolution.

“*Obligations*” means Senior Obligations, Subordinate Obligations and Junior-Subordinate Obligations.

“*Outstanding*” means, when used in connection with any Bond or Note, a Bond or Note which has been executed and delivered pursuant to the Master Bond Resolution which at such time remains unpaid as to principal or interest, when used in connection with a Derivative Product, a Derivative Product which has not expired or been terminated, and when used in connection with a Liquidity Facility or Credit Facility, a Liquidity Facility or Credit Facility under which amounts can still be demanded thereunder by or are still owing to the applicable Liquidity Provider or Credit Provider, unless in all cases provision has been made for such payment pursuant to the Master Bond Resolution, excluding Bonds and Notes which have been replaced.

“*Participant*” means a broker-dealer, bank or other financial institution from time to time for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“*Person*” means an individual; corporation; partnership; joint venture; association; limited liability company, joint stock company; trust; unincorporated organization; or government or agency or political subdivision thereof.

“*Portfolio Yield*” means, with respect to Financed Eligible Loans allocable to particular Tax-Exempt Bonds, the composite yield on the date of calculation of the portfolio of such Financed Eligible Loans computed in accordance with the Code, assuming no additional Eligible Loans are Financed and allocable to such Tax-Exempt Bonds.

“*Principal Reduction Payment Date*” means, for any Bond or Note, any date described in a Supplemental Bond Resolution for the payment of Principal Reduction Payments.

“*Principal Reduction Payments*” means principal payments on Bonds or Notes, other than mandatory sinking fund payments, made prior to a Stated Maturity, as set forth in a Supplemental Bond Resolution.

“*Priority Termination Payment*” means, subject to the prior written consent of each Credit Provider and Liquidity Provider to the extent required in the applicable Credit Provider Agreement or Liquidity Facility, with respect to a Derivative Product, any termination payment payable by the Authority under such Derivative Product relating to an early termination of such Derivative Product by the Reciprocal Payor, as the non-defaulting party, following (a) a payment default by the Authority thereunder, (b) the occurrence of an Event of Bankruptcy or (c) the

Trustee's taking any action under the Master Bond Resolution to liquidate the entire Trust Estate following an Event of Default and acceleration of the Bonds or Notes.

"Program" means the Authority's program for the origination, acquisition, servicing and administration of Eligible Loans pursuant to the Master Bond Resolution, as the same may be modified from time to time.

"Program Expenses" means (a) the fees and expenses of the Trustee; (b) the fees and expenses of any auction agent, any market agent, any Calculation Agent and any broker-dealer then acting under a Supplemental Bond Resolution; (c) the fees and expenses of any remarketing agent then acting under a Supplemental Bond Resolution with respect to variable rate Bonds or Notes; (d) Liquidity Facility Fees and Credit Facility Fees; (e) the fees of any Servicer or custodian under any Servicing Agreements or custodian agreements; (f) the fees and expenses of the Authority incurred in connection with the preparation of legal opinions, cash flow projections or certificates and other authorized reports or statements attributable to the Bonds or Notes or the Financed Eligible Loans; (g) fees and expenses associated with the delivery of a substitute Liquidity Facility or Credit Facility under a Supplemental Bond Resolution; (h) fees and expenses associated with (but not payments under) Derivative Products; and (i) expenses incurred for the Authority's maintenance and operation of its Program, including, without limitation, the reasonable fees and expenses of attorneys, agents, financial advisors, rebate analysts, consultants, accountants and other professionals, attributable to such maintenance and operation; marketing expenses for the Program; and a prorated portion of the rent or mortgage payment, personnel costs, office supplies, materials and equipment, utilities, mailing costs, maintenance, furnishings, telephone, insurance premiums, payments for pension, retirement, health and hospitalization and life and disability insurance benefits and travel expenses.

"Purchase Date" means, with respect to Series 2008A Bonds bearing interest at a Weekly Rate, (a) any Business Day selected by the Registered Owner of said Series 2008A Bond as described under the caption "DESCRIPTION OF THE SERIES 2008A BONDS—Tender Provisions—*Optional Tender*" in the body of this Official Statement and (b) any Mandatory Tender Date.

"Purchase Price" means, with respect to Series 2008A Bonds bearing interest at a Weekly Rate, an amount equal to (a) the unpaid principal amount of any Series 2008A Bonds purchased on any Purchase Date plus (b) in the case of any purchase of Series 2008A Bonds on a date that is not an Interest Payment Date, accrued interest, if any, in each case, without premium.

"Rate Determination Date" means October __, 2008, and thereafter, any date the interest rate on the Series 2008A Bonds will be determined, which after the initial Interest Period means, in the case of a Weekly Mode, the Business Day next preceding the applicable Designated Day (the initial Designated Day for the Weekly Rate Period being each Wednesday).

"Rating" means one of the rating categories of a Rating Agency.

"Rating Agency" means any one or more nationally recognized statistical rating organizations or other comparable Persons, designated by the Authority to assign Ratings to any of the Bonds or Notes.

“*Rating Confirmation*” means a letter from each Rating Agency then designated as a Rating Agency for any of the Bonds or Notes at the request of the Authority, confirming that the action proposed to be taken by the Authority will not, in and of itself, result in a downgrade of any of the Ratings then applicable to any Bonds or Notes, or cause such Rating Agency to suspend or withdraw the Ratings then applicable to any Bonds or Notes.

“*Rebate Amount*” means the amount required to be paid to the Department of the Treasury with respect to Tax-Exempt Bonds computed as of a Computation Date in accordance with the Code.

“*Rebate Fund*” means the Fund by that name created pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Rebate Fund” in this Appendix A.

“*Reciprocal Payments*” means any payment to be made to, or for the benefit of, the Authority under a Derivative Product.

“*Reciprocal Payor*” means any counterparty under a Derivative Product.

“*Record Date*” means the Record Date established for any Bonds or Notes pursuant to the Supplemental Bond Resolution relating to such Bonds or Notes. With respect to the Series 2008A Bonds, “Record Date” means the Business Day preceding an Interest Payment Date

“*Recoveries of Principal*” means all amounts received by the Trustee 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 insurance or from the sale, assignment, transfer, reallocation or other disposition of a Financed Eligible Loan; and any payments representing such principal from the guarantee or insurance of any Financed Eligible Loan.

“*Recycling Period*” has the meaning ascribed to such term in any Supplemental Bond Resolution. The initial Recycling Period is described under the caption “INTRODUCTION—Recycling” in the body of this Official Statement.

“*Redemption Date*” means, when used with respect to any Bonds or Notes to be redeemed, the date fixed for such redemption, other than mandatory sinking fund redemption, by or pursuant to the Master Bond Resolution (including the applicable Supplemental Bond Resolution). The Redemption Dates for the Series 2008A Bonds are described under the caption “DESCRIPTION OF THE SERIES 2008A BONDS—Redemption of the Series 2008A Bonds” in the body of this Official Statement.

“*Redemption Price*” means the total of principal, premium (if any) and interest due on any Bond or Note redeemed pursuant to any applicable redemption provision of the Master Bond Resolution and any Supplemental Bond Resolution). The Redemption Prices for the Series 2008A Bonds are described under the caption “DESCRIPTION OF THE SERIES 2008A BONDS—Redemption of the Series 2008A Bonds” in the body of this Official Statement.

“*Refunded Bonds*” means (a) the entire \$32,580,000 Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Variable Rate Demand Obligations, Series 1996A, (b) the entire \$33,000,000 Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Variable Rate Demand Obligations, Series 1997A and (c) the entire \$109,725,000 Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Senior Auction Rate Bonds, Series 2008A-1 issued pursuant to the Refunded Bonds Resolutions.

“*Refunded Bonds Resolutions*” means (a) the Master Bond Resolution adopted by the trustees of the Authority on November 2, 1995, as amended and supplemented by the Series 2007A-1 Supplemental Bond Resolution adopted by the trustees of the Authority on March 27, 2007, and each as further supplemented and amended, and (b) the Series 1996A Bond Resolution adopted by the trustees of the Authority on November 4, 1996, as amended and supplemented by the Series 1997A Supplemental Bond Resolution adopted by the trustees of the Authority on May 6, 1997 each as further supplemented and amended.

“*Registered Owner*” means the Person in whose name a Bond or Note is registered on the registration records maintained by the Trustee for the Bonds and Notes and, also means with respect to a Derivative Product, any Reciprocal Payor and with respect to any Obligations outstanding pursuant to a Credit Facility, a Credit Provider Agreement or a Liquidity Agreement, the related Credit Provider or Liquidity Provider or other Person due amounts thereunder, unless the context otherwise requires.

“*Regulations*” means the Regulations promulgated from time to time by the Secretary or any Guaranty Agency guaranteeing Financed Eligible Loans.

“*Reimbursement Agreement*” means the Reimbursement Agreement, dated as of October 1, 2008, between the Authority and Bank of America, N.A, as amended and supplemented pursuant to the terms thereof.

“*Revenue*” or “*Revenues*” means all Recoveries of Principal, payments, proceeds, charges and other income received by the Trustee, the Authority or any Servicer from or on account of any Financed Eligible Loan (including scheduled, delinquent and advance payments of and any insurance proceeds with respect to, interest, including Interest Benefit Payments on any Financed Eligible Loan and any Special Allowance Payment received by the Authority or any Servicer with respect to any Financed Eligible Loan), and any payments representing interest from the guarantee or insurance of any Financed Eligible Loan, and all interest earned or gain realized from the investment of amounts in any Fund or Account and all payments received by the Authority pursuant to a Derivative Product.

“*Revenue Account*” means the Account by that name created within the Student Loan Sinking Fund pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Student Loan Sinking Fund” in this Appendix A, including any Subaccounts created therein.

“*S&P*” means Standard & Poor’s Ratings Services, a Division of the McGraw-Hill Companies, Inc., and its successors and assigns.

“*Secretary*” means the Secretary of the United States Department of Education or any successor to the pertinent functions thereof under the Higher Education Act.

“*Securities Depository*” means The Depository Trust Company, New York, New York, and its successors and assigns, or any additional or other securities depository designated in a Supplemental Bond Resolution; the then Securities Depository if The Depository Trust Company resigns from its functions as depository of the Bonds and Notes; or, if the Authority discontinues use of the Securities Depository, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds or Notes and which is selected by the Authority with the consent of the Trustee.

“*Seller*” means any seller selling loans to the Authority pursuant to a Student Loan Purchase Agreement and its successors and assigns.

“*Senior Bonds and Notes*” means any Bonds or Notes, including Bank Bonds, secured on a senior priority to the Subordinate Obligations and the Junior-Subordinate Obligations.

“*Senior Obligations*” means Senior Bonds and Notes, and any amounts due and owing under any Derivative Product, Credit Facility, Credit Provider Agreement or Liquidity Facility, the priority of payment of which is equal with that of Senior Bonds and Notes.

“*Senior Parity Percentage*” means the ratio expressed as a percentage of the Aggregate Market Value to the aggregate principal amount of and accrued interest on all Senior Obligations then Outstanding, plus allocable accrued but unpaid Program Expenses, if any.

“*Series*” means all Bonds and Notes authenticated and delivered pursuant to a Supplemental Bond Resolution and designated therein as a Series of Bonds or Notes, and any Bonds or Notes thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds and Notes.

“*Series 2008A Bonds*” means the \$175,305,000 Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Senior Variable Rate Demand Obligations, Series 2008IIA-1 issued pursuant to the Master Bond Resolution and the 2008IIA-1 Supplement.

“*Servicer*” means the Authority or an affiliate of the Authority and any additional Person with which the Authority has entered into a Servicing Agreement with respect to Financed Eligible Loans and for which the Authority has obtained (a) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, a Rating Confirmation, and (b) the prior written consent of each Credit Provider and Liquidity Provider to the extent required in the applicable Credit Provider Agreement or Liquidity Facility.

“*Servicing Agreement*” means any servicing agreement with a Servicer relating to the Financed Eligible Loans, as amended from time to time.

“*Special Allowance Payments*” means the special allowance payments authorized to be made by the Secretary pursuant to Section 438 of the Higher Education Act, or similar allowances, if any, authorized from time to time by federal law or regulation.

“*State*” means the State of Oklahoma.

“*Stated Maturity*” means the date specified in the Bonds or Notes as the fixed date on which principal of such Bonds or Notes is due and payable.

“*Student Loan Fund*” means the fund by that name continued pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Student Loan Fund” in this Appendix A, including any Accounts and Subaccounts created therein.

“*Student Loan Sinking Fund*” means the fund by that name continued pursuant to the Master Bond Resolution and further described under the caption “REVENUE AND FUNDS—Student Loan Sinking Fund” in this Appendix A, including any Accounts and Subaccounts created therein.

“*Student Loan Purchase Agreement*” means a loan purchase agreement entered into for the purchase of Eligible Loans into the Trust Estate.

“*Subaccount*” means any of the subaccounts which may be created and established within any Account by the Master Bond Resolution or any Supplemental Bond Resolution.

“*Subordinate Bonds and Notes*” means any Bonds or Notes, including Bank Bonds, secured on a priority subordinate to the Senior Obligations and on a priority senior to the Junior-Subordinate Obligations.

“*Subordinate Obligations*” means Subordinate Bonds and Notes, and any amounts due and owing under any Derivative Product, Credit Facility, Credit Provider Agreement or Liquidity Facility, the priority of payment of which is equal with that of Subordinate Bonds and Notes.

“*Subordinate Parity Percentage*” means the ratio expressed as a percentage of the Aggregate Market Value to the aggregate principal amount of and accrued interest on all Senior Obligations and Subordinate Obligations then Outstanding, plus allocable accrued but unpaid Program Expenses, if any.

“*Substitution Date*” means, with respect to the Series 2008A Bonds, the date upon which an Alternate Liquidity Facility or an Alternate Credit Facility is substituted for the Liquidity Facility or the Credit Facility then in effect for the Series 2008A Bonds.

“*Supplemental Bond Resolution*” means any Supplemental Bond Resolution adopted by the trustees of the Authority pursuant to the Master Bond Resolution. See the caption “SUPPLEMENTAL BOND RESOLUTIONS” in this Appendix A.

“*Tax Documents*” means, collectively, the certificates and agreements of the Authority and instructions to the Authority and the Trustee, all dated the applicable Date of Issuance, relating to the use of proceeds of the Tax-Exempt Bonds and which set forth the grounds for the Authority’s belief that such Tax-Exempt Bonds are not “arbitrage bonds” within the meaning of the Code, including the exhibits and schedules attached thereto.

“*Taxable Bonds*” means any Bonds or Notes issued and delivered pursuant to the Master Bond Resolution, the interest on which does not purport to be excluded from the federal gross income of the Registered Owners thereof.

“*Tax-Exempt Bonds*” means any Bonds or Notes issued and delivered pursuant to the Master Bond Resolution, the interest on which purports to be excluded from the federal gross income of the Registered Owners thereof.

“*Tender Notice Deadline*” means,

(a) with respect to a Mandatory Tender Notice,

(1) no less than fifteen (15) days prior to the Mandatory Tender Date that occurs on a Substitution Date or an Expiration Date (but no notice need be given in respect of an Expiration Date if notice has been given of a mandatory tender that will occur prior to the Expiration Date and the Series 2008A Bonds will not subsequently be remarketed under the Liquidity Facility or the Credit Facility, as applicable, that is expiring);

(2) no less than five (5) days prior to a Mandatory Tender Date that is described in clause (e) of the definition thereof; and

(3) for all other Mandatory Tender Dates, no less than (15) fifteen days prior to the Mandatory Tender Date; and

(b) during the Daily Rate Period, with respect to an Optional Tender Notice, 11:00 a.m., New York City time, on a specified Purchase Date; and

(c) during the Weekly Rate Period or Monthly Rate Period, with respect to an Optional Tender Notice, 3:00 p.m., New York City time, on any Business Day that is at least seven (7) days prior to the specified Purchase Date.

“*Termination Payment*” means, with respect to a Derivative Product, any termination payment payable by the Authority under such Derivative Product relating to an early termination of such Derivative Product by the Reciprocal Payor after the occurrence of a termination event or event of default specified in such Derivative Product, other than Priority Termination Payments.

“*Total Parity Percentage*” means the ratio expressed as a percentage of the Aggregate Market Value to the aggregate principal amount of and accrued interest on all Obligations then Outstanding, plus allocable accrued but unpaid Program Expenses, if any.

“*Trust Agreement*” means the Trust Agreement, dated as of October 1, 2008, between the Authority and the Trustee, as the same may be amended from time to time in accordance with the terms thereof and the Master Bond Resolution.

“*Trust Estate*” means the property described as such in the granting clauses to the Master Bond Resolution.

“*Trust Indenture*” means that certain trust indenture dated as of the 2nd day of August 1972, providing for the establishment of the Authority pursuant to the Act, for the benefit of the State and the beneficial interest was accepted by the Governor of the State on August 2, 1972.

“*Trustee*” means Bank of Oklahoma, Oklahoma City, Oklahoma, acting in its capacity as Trustee under the Trust Agreement, the Master Bond Resolution and each Supplemental Bond Resolution, or any successor Trustee designated pursuant to the Trust Agreement and the Master Bond Resolution.

“*Underwriter*” means the underwriter or underwriters of any of the Bonds or Notes.

“*Value*” on any calculation date when required under the Master Bond Resolution means the value of the Trust Estate calculated by the Authority as to clause (a) below and by the Trustee as to clauses (b) through (e), inclusive, below, as follows:

(a) with respect to any Eligible Loan, the unpaid principal amount thereof plus any accrued but unpaid interest, Interest Benefit Payments and Special Allowance Payments; provided, however that (i) any Eligible Loans that are Defaulted Eligible Loans shall be valued at the applicable Guaranty percentage of the unpaid balance of their principal amount (except that through December 31, 2008, only Defaulted Eligible Loans that have been submitted to a Guaranty Agency shall be valued at the applicable Guaranty percentage of the unpaid balance of their principal amount), and (ii) any Eligible Loan submitted for a claim to a Guaranty Agency or the Department of Education that has not been paid within 180 days after the date of submission shall be valued at \$0.00;

(b) with respect to any funds of the Authority held under the Master Bond Resolution and on deposit in any commercial bank or as to any banker’s acceptance or repurchase agreement or investment contract, the amount thereof plus accrued but unpaid interest;

(c) with respect to any Investment Securities of an investment company, the bid price of the shares as reported by the investment company plus accrued but unpaid interest;

(d) as to Investment Agreements, par plus accrued interest; and

(e) as to other investments: (i) the lower of the bid prices at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Authority in its absolute discretion) at the time making a market in such investments, or (ii) the bid price published by a nationally recognized pricing service.

“*Weekly Mode*” means the period of time when a Series of the Series 2008A Bonds bears interest at the Weekly Rate.

“*Weekly Rate*” means a per annum interest rate on a Series of the Series 2008A Bonds determined on a weekly basis.

“*Weekly Rate Period*” means the period when a Series 2008A Bond bearing interest at a Weekly Rate commencing on the applicable Designated Day of each week to, but not including, the applicable Designated Day of the following week, except the first Weekly Rate Period which shall be from the date of initial issuance of such Series 2008A Bond to, but not including, the applicable Designated Day of the following week and the last Weekly Rate Period which shall be from, but not including, the applicable Designated Day of the week prior to the proposed Mode Change Date to the day next succeeding the proposed Mode Change Date. The Designated Day for the Series 2008A Bonds during the Weekly Rate Period shall be Wednesday of each week.

GENERAL TERMS OF THE BONDS AND NOTES

Authorized Amount of Bonds and Notes

Subject to certain conditions precedent to the issuance of a Series of Bonds or Notes described in the Master Bond Resolution and in each Supplemental Bond Resolution, the total principal amount of Senior Bonds and Notes that may be issued, the total principal amount of Subordinate Bonds and Notes that may be issued and the total principal amount of Junior-Subordinate Bonds and Notes that may be issued is not limited by the Bond Resolution.

Provisions for the Issuance of Bonds and Notes

No Bonds or Notes may be authenticated and delivered pursuant to the Master Bond Resolution until the following conditions have been satisfied:

(a) The Authority has adopted a Supplemental Bond Resolution (which Supplemental Bond Resolution does not require the approval of the Registered Owners of any of the Outstanding Bonds or Notes) providing the terms and forms of the proposed Series of Bonds or Notes, including the designation of such Series of Bonds as Senior Bonds and Notes, Subordinate Bonds and Notes or Junior-Subordinate Bonds and Notes, whether such Series of Bonds and Notes constitutes Taxable Bonds or Tax-Exempt Bonds (or a combination thereof), the redemption and selection for redemption provisions applicable to such Series of Bonds or Notes, and the Debt Service Reserve Account Requirement with respect to such Series of Bonds or Notes, if any.

(b) The Trustee has received duly executed copies of the Liquidity Facility or Credit Facility relating to the Series of Bonds or Notes, if applicable.

(c) The Trustee has received a Rating Confirmation from each Rating Agency with respect to the issuance of such Series of Bonds or Notes, except that no Rating Confirmation is required with respect to Outstanding Bonds or Notes which are secured by a Credit Facility and the Ratings on such Bonds and Notes are based solely upon the Ratings of the Credit Provider.

(d) Upon the issuance of the proposed Series of Bonds or Notes, an amount equal to the Debt Service Reserve Account Requirement with respect to such Series of Bonds or Notes, if any, is deposited into the Debt Service Reserve Account.

(e) If required by the terms of any Credit Facility, Credit Provider Agreement, Liquidity Facility or Derivative Product, the prior written consent of the related Credit Provider, Liquidity Provider or Reciprocal Payor.

Purchase of Bonds and Notes

The Authority may at any time, but subject to the provisions of the Bond Resolution, authorize and direct the Trustee to purchase Bonds or Notes in the open market out of any funds available for such purpose, such purchases to be made at a price not in excess of the amount specified in the Bond Resolution or, if no amount is specified, the principal amount thereof plus accrued interest and any applicable prepayment premium. In addition, the Authority may, from time to time, direct the Trustee to request the submission of tenders following published notice requesting such submission prior to making such purchases. The Authority may specify the maximum and minimum period of time which must transpire between the date upon which such notice is to be given and the date upon which such tenders are to be accepted or may authorize the Trustee to determine the same in its discretion. No tenders will be considered or accepted at any price exceeding the maximum price specified by the Authority for the purchase of such Bonds or Notes. The Trustee 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 amounts of moneys available for purchase, then the Trustee will determine in its discretion the Bonds and Notes tendered which will be purchased. All Bonds and Notes purchased by the Trustee will be canceled and not reissued.

Parity and Priority of Lien

The provisions, covenants and agreements set forth in the Bond Resolution to be performed by or on behalf of the Authority are for the equal benefit, protection and security of the Registered Owners of any and all of the Obligations, all of which, regardless of the time or times of their issuance or maturity, will be of equal rank without preference, priority or distinction of any of the Obligations over any other thereof, except as expressly provided in the Bond Resolution with respect to certain payment and other priorities.

Payment of Obligations

The Authority covenants in the Master Bond Resolution that it will promptly pay, but solely from the Trust Estate, the principal of and interest, if any, on each and every Obligation issued under the provisions of the Master Bond Resolution at the places, on the dates and in the manner specified in the Master Bond Resolution and in said Obligations and any premium required for the retirement of said Obligations by purchase or redemption according to the true intent and meaning thereof.

OTHER OBLIGATIONS

The Authority has the right to issue other bonds or obligations which do not constitute or create a lien on the Trust Estate.

The Authority will not commingle the Funds, Accounts or Subaccounts established by the Master Bond Resolution with funds, proceeds, or investment of funds relating to other issues or series of bonds or notes, except to the extent such commingling is required by the Trustee for ease in administration of its duties and responsibilities; provided, however, that should the Trustee require such permitted commingling, it will keep complete records in order that the funds, proceeds, or investments under the Master Bond Resolution and any Supplemental Bond Resolution may at all times be identified by source and application, and if necessary, separated.

The Revenues and other moneys, Financed Eligible Loans, securities, evidences of indebtedness, interests, rights and properties pledged under the Master Bond Resolution are and will be owned by the Authority free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, of equal rank with or subordinate to the respective pledges created by the Master Bond Resolution, except as otherwise expressly provided therein, and all action on the part of the Authority to that end has been duly and validly taken. If any Financed Eligible Loan is found to have been subject to a lien at the time such Financed Eligible Loan was financed, the Authority will cause such lien to be released. Except as otherwise provided in the Master Bond Resolution, the Authority will not create or voluntarily permit to be created any debt, lien, or charge on the Financed Eligible Loans which would be on a parity with, subordinate to, or prior to the lien of the Master Bond Resolution; will not do or omit to do or suffer to be done or omitted to be done any matter or things whatsoever whereby the lien of the Master Bond Resolution or the priority of such lien for the Obligations secured by the Master Bond Resolution might or could be lost or impaired; and will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence to or any equality with the Master Bond Resolution as a lien or charge upon the Financed Eligible Loans; provided, however, that nothing will require the Authority to pay, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof is contested by it in good faith, unless thereby, in the opinion of the Trustee, the same will endanger the security for the Obligations; and provided further that any subordinate lien thereon (i.e., subordinate to the lien securing the Senior Obligations, the Subordinate Obligations and the Junior-Subordinate Obligations) will be entitled to no payment from the Trust Estate, nor may any remedy be exercised with respect to such subordinate lien against the Trust Estate until all Obligations have been paid or deemed paid under the Master Bond Resolution.

DERIVATIVE PRODUCTS

The Authority may authorize and direct the Trustee to acknowledge and agree to any Derivative Product entered into by the Authority and a Reciprocal Payor under which (a) the Authority may be required to make, from time to time, Authority Derivative Payments and (b) the Trustee may receive, from time to time, Reciprocal Payments for the account of the Authority. No Derivative Product will be entered into unless the Trustee has received an executed copy thereof and (unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers) a Rating Confirmation from each Rating Agency with respect thereto and the prior written consent of each Credit Provider.

CREDIT FACILITIES AND LIQUIDITY FACILITIES

The Authority may authorize and direct the Trustee to enter into and accept any Liquidity Facility and Credit Facility entered into or obtained by the Authority and a Liquidity Provider or Credit Provider, as applicable. No Liquidity Facility or Credit Facility will be entered into unless the Trustee has received an executed original thereof.

The Authority may replace any Liquidity Facility or Credit Facility, as applicable, with respect to the Series 2008A Bonds with an Alternate Liquidity Facility or Alternate Credit Facility, and the Trustee shall accept an Alternate Liquidity Facility or Alternate Credit Facility with respect to the Series 2008A Bonds only upon satisfaction of the following conditions:

(a) the Authority shall provide at least thirty (30) days' prior written notice of the proposed date of effectiveness of such Alternate Liquidity Facility or Alternate Series Credit Facility to the Trustee;

(b) the Authority shall obtain an opinion or opinions of counsel satisfactory to the Trustee to the effect that (i) the Alternate Liquidity Facility or Alternate Credit Facility, as applicable, meets the requirements and complies with the conditions described herein, (ii) such Alternate Liquidity Facility or Alternate Credit Facility, as applicable, is a legal, valid and enforceable obligation of the issuer or provider thereof, (iii) no registration of the Series 2008A Bonds or such Alternate Liquidity Facility or Alternate Credit Facility is required under the Securities Act of 1933, as amended, and (iv) a Favorable Opinion with respect to the use of the Alternate Liquidity Facility or Alternate Credit Facility;

(c) unless all of the other Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, the Trustee shall receive a Rating Confirmation on any other Bonds or Notes Outstanding;

(d) such Alternate Liquidity Facility or Alternate Credit Facility must be issued by a bank, financial institution or other entity satisfactory to the Authority;

(e) all amounts owing to the Liquidity Provider or the Credit Provider, as applicable, under the Liquidity Facility or the Credit Facility being replaced shall be paid including any Series 2008A Bonds purchased pursuant to such Liquidity Facility or Credit Facility; and

(f) written notice of the effectiveness of the Alternate Liquidity Facility or Alternate Credit Facility, as applicable, shall have been given to the Rating Agencies and the corresponding Remarketing Agent.

The Trustee shall mail a notice to all Registered Owners of the Series 2008A Bonds to be secured by such Alternate Liquidity or Alternate Credit Facility not less than fifteen (15) days prior to the proposed effective date of the Alternate Liquidity Facility or Alternate Credit Facility, as applicable, which shall (i) state such proposed effective date, (ii) to the extent such information is available to the Trustee, describe the Alternate Liquidity Facility or Alternate

Credit Facility, as applicable, and identify the Liquidity Provider or the Credit Provider, as applicable, (iii) state that written confirmation described in paragraph (c) above is expected to be received from each Rating Agency and (iv) any other information deemed to be appropriate by the Trustee.

Each Credit Provider will be subrogated to all of the rights possessed under the Master Bond Resolution by the Trustee and the Registered Owners of the Bonds and Notes against the Authority to the extent that funds are drawn pursuant to the applicable Credit Facility and used to pay the principal or purchase price of or interest on the Bonds and Notes. For purposes of the subrogation rights of a Credit Provider, (a) any reference to the Registered Owners of the Bonds and Notes, including Bank Bonds, the principal or purchase price of and interest on which have been paid with moneys collected pursuant to the Credit Facility are deemed to be a reference to the Credit Provider, and (b) any principal or purchase price of, or interest on, the Bonds and Notes paid with moneys collected pursuant to a Credit Facility are deemed to be unpaid under the Master Bond Resolution. The subrogation rights granted to Credit Providers are not intended to be exclusive of any other remedy or remedies available to any Credit Provider, and such subrogation rights are cumulative and are in addition to every other remedy given under the Master Bond Resolution and the applicable Credit Provider Agreement or any other instrument or agreement with respect to the reimbursement of moneys paid by a Credit Provider pursuant to a Credit Facility, and every other remedy existing at law or in equity or by statute.

Each Liquidity Provider will be subrogated to all of the rights possessed under the Master Bond Resolution by the Trustee and the Registered Owners of the Bonds and Notes against the Authority to the extent that funds are drawn pursuant to the applicable Liquidity Facility and used to pay the purchase price of Bonds and Notes. For purposes of the subrogation rights of a Liquidity Provider, (i) any reference to the Registered Owners of the Bonds or Notes which are Bank Bonds are deemed to be a reference to the Liquidity Provider and (ii) any principal or purchase price of, or interest on, the Bank Bonds are deemed to be unpaid under the Master Bond Resolution. The subrogation rights granted to Liquidity Providers are not intended to be exclusive of any other remedy or remedies available to any Liquidity Provider, and such subrogation rights are cumulative and are in addition to every other remedy given under the Master Bond Resolution and the applicable Liquidity Facility or any other instrument or agreement with respect to amounts paid by a Liquidity Provider pursuant to a Liquidity Facility, and every other remedy existing at law or in equity or by statute.

COVENANTS OF THE AUTHORITY

Covenant to Perform Obligations under the Master Bond Resolution

The Authority covenants that it will faithfully perform at all times and at all places all covenants, undertakings, stipulations, provisions and agreements contained in the Master Bond Resolution, in any and every Bond and Note executed, authenticated and delivered under the Master Bond Resolution and in all proceedings of the Authority pertaining thereto. The Authority covenants that it is duly authorized to issue the Bonds and Notes and to enter into the Master Bond Resolution and that all action on its part for the issuance of the Bonds and Notes issued thereunder and the execution and delivery of the Master Bond Resolution has been duly and effectively taken; and that such Bonds or Notes in the hands of the owners thereof are and

will be valid and enforceable obligations of the Authority according to the tenor and import thereof.

In consideration of the purchase and acceptance of the Bonds and Notes by those who hold the same from time to time, the provisions of the Master Bond Resolution are a part of the contract of the Authority with the owners of the Bonds and Notes and are deemed to be and constitute a contract among the Authority, the Trustee and the Registered Owners from time to time.

Further Instruments and Actions

The Authority covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such resolutions supplemental to the Master Bond Resolution and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging all and singular of the Trust Estate pledged to the payment of the principal of, premium, if any, and the interest on the Bonds and Notes and other amounts owed under the Master Bond Resolution to the Registered Owners.

Administration of the Program

The Authority covenants that it will administer, operate and maintain the Program in such manner as to ensure that the Program and the Financed Eligible Loans (to the extent the same are made under the Higher Education Act) will benefit from the benefits available under the Higher Education Act and the federal program of reimbursement for student loans pursuant to the Higher Education Act, or from any other federal statute providing for such federal program.

Financing, Collection and Assignment of Eligible Loans

The Authority covenants that it will finance only Eligible Loans with moneys in the Acquisition Account and will, except as otherwise provided in the Master Bond Resolution, diligently cause to be collected all principal and interest payments on all the Financed Eligible Loans and other sums to which the Authority is entitled pursuant to any Student Loan Purchase Agreement, all grants, subsidies, insurance payments, Special Allowance Payments, Interest Benefit Payments, and all defaulted payments which relate to such Financed Eligible Loans. All such collections on the Financed Eligible Loans are required to be deposited to the Revenue Account within two Business Days of receipt. The Authority covenants that it will take all steps, actions and proceedings reasonably necessary in the judgment of the Authority to maintain any Guarantee or Insurance on the Financed Eligible Loans and will also make, or cause to be made, every effort to perfect the Authority's claims for payment from the Secretary, of all payments related to such Financed Eligible Loans, no later than required by the Higher Education Act. The Authority will assign such Financed Eligible Loans for payment of Guarantee or Insurance benefits within the required period under applicable law and regulations. The Authority will comply with all United States and state statutes, rules and regulations which apply to the Program and to such Financed Eligible Loans.

Enforcement of Financed Eligible Loans.

(a) The Authority covenants that it will, subject to paragraph (b) below and the last sentence of this paragraph (a), cause to be diligently enforced, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all terms, covenants and conditions of all Financed Eligible Loans and agreements in connection therewith, including the prompt payment of all principal and interest payments and all other amounts due the Authority thereunder. The Authority may not, except as permitted by paragraph (b) below and the last sentence of this paragraph (a), permit the release of the obligations of any borrower under any Financed Eligible Loan and will, subject to paragraph (b) below and the last sentence of this paragraph (a), at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Authority and the Trustee under the Master Bond Resolution or with respect to each Financed Eligible Loan and agreement in connection therewith. The Authority may not, subject to paragraph (b) below and the last sentence of this paragraph (a), consent or agree to or permit any amendment or modification of any Financed Eligible Loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Registered Owners under the Master Bond Resolution. Except as otherwise limited pursuant to the terms and provisions of a Supplemental Bond Resolution or a Credit Provider Agreement, Credit Facility or Liquidity Facility, nothing in the Master Bond Resolution will be construed to prevent the Authority from (i) granting a reasonable forbearance to a borrower (unless such forbearance will, in the reasonable judgment of the Authority, have a material adverse impact on the Authority's ability to meet its obligations under the Master Bond Resolution), (ii) settling a default or curing a delinquency on any Financed Eligible Loan on such terms as is permitted by law, (iii) so long as such action will not adversely affect the Ratings on any of the Bonds or Notes, charging interest at a lower rate than is required by the Higher Education Act or (iv) so long as such action will not adversely affect the Ratings on any of the Bonds or Notes, establishing discounts or granting forgiveness of principal of or interest on Financed Eligible Loans (including paying for such discounts or forgiveness with cash released from the Trust Estate).

(b) Notwithstanding the foregoing, the Authority may also forgive the indebtedness on all or a portion of the Financed Eligible Loans to the extent necessary to prevent interest on any Tax-Exempt Bonds from being includable in the gross income of the owners thereof for federal income tax purposes, or take such other action as may be provided in the written opinion of Bond Counsel (including, but not limited to, the payment of "yield reduction payments" under § 1.148-5(c) of the Treasury Regulations), and may forgive the remaining indebtedness on any Financed Eligible Loan if, in the reasonable judgment of the Authority evidenced by a certificate delivered to the Trustee, the cost of collection of the remaining indebtedness of such Financed Eligible Loan would exceed such remaining indebtedness.

Servicing

The Authority covenants that it will at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs under the Act and the Program

and will establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel. All persons employed by the Authority will be qualified for their respective positions.

The Authority covenants that it will duly and properly service (or caused to be duly and properly serviced) all Financed Eligible Loans and enforce the payment and collection of all payments of principal and interest payments, including all grants, subsidies, insurance payments, Special Allowance Payments and Interest Benefit Payments, which relate to any Financed Eligible Loans, or, will cause such servicing to be done by a Servicer evidencing, in the judgment of the Authority, the capability and experience necessary to adequately service such Financed Eligible Loans. The Authority agrees that, and will cause each Servicer other than the Authority to enter into a Servicing Agreement providing that, the Servicer will administer and collect all Financed Eligible Loans in the manner consistent with the Master Bond Resolution and perform any duties, obligations and functions imposed upon the Servicer by any Guaranty Agency.

Administration and Collection of Financed Eligible Loans.

(a) All Financed Eligible Loans which are part of the Trust Estate will be administered and collected either by the Authority or by a Servicer selected by the Authority in a competent, diligent and orderly fashion and in accordance with all applicable requirements of the Higher Education Act, the Secretary and the Master Bond Resolution.

(b) The promissory notes evidencing Financed Eligible Loans will be held by the Authority. Subject to the foregoing, the Authority covenants and agrees as follows with respect to all Financed Eligible Loans:

(i) The Authority holds promissory notes evidencing Financed Eligible Loans and related documentation as bailee for and on behalf of the Trustee.

(ii) All sums received by the Authority with respect to Financed Eligible Loans will be held on behalf of the Trustee including, but not limited to, all payments of principal and interest, Special Allowance Payments, Interest Benefit Payments, insurance or guarantee payments and proceeds of the sale thereof. All such amounts will be held in a segregated account and will not be commingled with any of the Authority's funds.

(iii) The Authority covenants that it will cause each Financed Eligible Loan evidenced by a Master Promissory Note in the form mandated by Section 432(m)(1) of the Higher Education Act and acquired from a third party pursuant to a Student Loan Purchase Agreement to contain language similar to the following:

“The Seller hereby represents and warrants that the Seller is transferring all of its right title and interest in the MPN Loan to the Oklahoma Student Loan Authority, that it has not assigned any interest in

such MPN Loan (other than security interests that have been released or ownership interests that the Seller has reacquired) to any person other than the Oklahoma Student Loan Authority, and that no prior holder of the MPN Loan has assigned any interest in such MPN Loan (other than security interests that have been released or ownership interests that such prior holder has reacquired) to any person other than a predecessor in title to the Seller. The Seller hereby covenants that the Seller shall not attempt to transfer to any other person any interest in any MPN Loan assigned hereunder.”

Tax Covenants.

(a) The Authority covenants that it will at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds will, for purposes of federal income taxation, be excludable from the gross income of the recipients thereof, including, but not limited to, such actions as are required to be taken pursuant to any Tax Documents and the Master Bond Resolution.

(b) The Authority covenants that it will not permit at any time or times any of the proceeds of the Bonds or Notes or any other funds of the Authority to be used directly or indirectly to finance any securities or obligations, the acquisition of which would cause any Tax-Exempt Bond to be or become an “arbitrage bond” as defined in Section 148 of the Code.

(c) The Authority covenants that it will take such action as may be necessary to assure that the Portfolio Yield as of the date of final payment of related Tax-Exempt Bonds does not exceed the related Bond Yield by an amount greater than may be consistent with any Tax Documents, including the forgiveness and discharge of borrower payment obligations with respect to the outstanding principal amounts of and any interest due upon any or all of such Financed Eligible Loans upon any such payment date.

(d) The Program documents include the requirement that no borrower on a Financed Eligible Loan nor any “related person,” as defined in Section 144(a)(3) of the Code, will pursuant to any arrangement, formal or informal, purchase the Authority’s obligations in an amount related to the amount of such borrower’s Financed Eligible Loans.

(e) The foregoing covenants will remain in full force and effect notwithstanding the defeasance of the Bonds and Notes pursuant to the Master Bond Resolution or any other provision thereof, and notwithstanding any provision of the Master Bond Resolution, the Authority will observe its covenants and agreements contained in the Tax Documents, to the extent that, and for so long as, such covenants and agreements are required by law.

Student Loan Purchase Agreements

The Authority covenants that it will cause each Student Loan Purchase Agreement to at all times require the seller to repurchase, which repurchase obligation may be met by an

indemnification for losses arising from, student loans which have lost or never had their Guarantee due to actions or omissions of the seller.

No Waiver of Laws

The Authority covenants that it will not at any time insist upon or plead in any manner whatsoever, or claim to take the benefit or advantage of any stay or extension of law which may affect the covenants and agreements contained in the Master Bond Resolution or in the Bonds and Notes and all benefit or advantage of any such law or laws is expressly waived by the Authority.

Pledge of Trust Estate.

(a) The Authority covenants that it will, at its own expense, execute and deliver such instruments and documents as may be required or may reasonably be requested by the Trustee in order to maintain in favor of the Trustee what would be a perfected, first-priority security interest in the Financed Eligible Loans and related Revenues and the Funds pursuant to the Uniform Commercial Code of the State. Without limiting the generality of the foregoing, the Authority covenants that it will execute, deliver and file all such financing and continuation statements and amendments thereto and such other instruments, endorsements and notices as may be necessary or as the Trustee may reasonably request in order to perfect and preserve the lien and pledge of the Master Bond Resolution.

(b) The Authority authorizes the Trustee from time to time to file financing statements, continuation statements and amendments thereto, relative to all or any part of the Financed Eligible Loans, the related Revenues and the Funds, without the signature of the Authority (where permitted by law). The Trustee agrees to prepare, request that the Authority execute (if such execution is necessary for any such filing) and file in a timely manner the continuation statements referred to in the Master Bond Resolution.

(c) The Authority covenants that it will timely pay any and all filing, registration and recording fees (and any re-filing, re-registration and re-recording fees) and all expenses incident to the execution, delivery and/or performance of the Master Bond Resolution and any agreement or instrument of further assurance furnished thereunder.

(d) The Authority covenants that it will warrant and defend its title to the Financed Eligible Loans, the related Revenues and the Funds against the claims and demands of all Persons other than the Trustee and the Registered Owners of the Bonds and Notes.

(e) Except for the lien and pledge of the Master Bond Resolution, and any other liens expressly authorized under the Master Bond Resolution, the Authority covenants that it will not cause or permit all or any part of the Trust Estate, including but not limited to the Financed Eligible Loans and related Revenues and the Funds, to become subject to any consensual or non-consensual lien or encumbrance.

(f) Except for the lien and pledge of the Master Bond Resolution, (i) the Authority has no knowledge, and has not received any notice, that any party other than the Trustee, on behalf of the Registered Owners of the Bonds and Notes, has or claims to have any security interest or other lien on all or any part of the Trust Estate and (ii) no party, other than the Authority and the Trustee, on behalf of the Registered Owners of the Bonds, has or claims to have any interest whatsoever in all or any part of the Trust Estate.

(g) The Authority has received, or will receive, with respect to each Financed Eligible Loan purchased by the Authority, if any, an unqualified representation of the seller of such Financed Eligible Loan, that such Financed Eligible Loan is free and clear of liens and encumbrances created by or arising through the seller or any party from whom the seller may have acquired the loan, and that the seller has neither notice of nor knowledge that any party has or claims to have any such lien or encumbrance.

(h) The Authority represents and warrants for the benefit of the Trustee, the Registered Owners of the Bonds and Notes and each Credit Provider and Liquidity Provider as follows:

(i) Notwithstanding any other provision of the Master Bond Resolution, pursuant to the Act, the pledge made by the Authority in the granting clauses of the Master Bond Resolution will be valid and binding from the time when the pledge is made, and the Trust Estate so pledged and thereafter received by the Authority will immediately be subject to the lien of the pledge of the Master Bond Resolution without any physical delivery of it or further act.

(ii) The Higher Education Act provides that a security interest in the Financed Eligible Loans is to be perfected in the manner provided by the laws of the State for the perfection of security interests in accounts.

(iii) The Authority owns and has good and marketable title to the Financed Eligible Loans free and clear of any lien, charge, security interest or other encumbrance of any Person, other than those granted pursuant to the Master Bond Resolution.

(iv) The Authority has caused or will have caused, within 10 days after the date of initial issuance of each Series of Bonds or Notes, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Financed Eligible Loans granted to the Trustee under the Master Bond Resolution pursuant to the Uniform Commercial Code of the State.

(v) Other than the pledge to the Trustee pursuant to the Master Bond Resolution, the Authority has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Financed Eligible Loans. The Authority has not authorized the filing of and is not aware of any financing statements against the Authority that include a description of collateral covering the Financed Eligible Loans other than any financing statement relating to the

pledge granted to the Trustee under the Master Bond Resolution and such financing statements that have been terminated. The Authority is not aware of any judgment or tax lien filings against the Authority.

(i) The transactions described in the Master Bond Resolution may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents will be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

REVENUE AND FUNDS

Funds, Accounts and Subaccounts

Pursuant to the Master Bond Resolution, the following Funds, Accounts and Subaccounts are continued or created and established with the Trustee for the benefit of the Registered Owners:

(a) Student Loan Fund (originally established pursuant to Section 695.5 of the Act), including an Acquisition Account therein; and

(b) Student Loan Sinking Fund (originally established pursuant to Section 695.6 of the Act), including a Revenue Account, a Debt Service Account (including a Interest Subaccount, a Principal Subaccount and a Retirement Subaccount within the Debt Service Account), a Debt Service Reserve Account and a Capitalized Interest Account therein.

The Master Bond Resolution also creates and establishes the Rebate Fund, to be held and maintained by the Trustee, in which neither the Authority nor the Registered Owners have any right, title or interest, and a “Bond Purchase Account” within the Student Loan Sinking Fund (originally established pursuant to Section 695.6 of the Act). The Supplemental Bond Resolution relating to any Series of Bonds or Notes with respect to which any optional or mandatory tender rights exist will provide additional provisions relating to the Bond Purchase Account. Each Supplemental Bond Resolution for the Series 2008A Bonds establishes a Remarketing Proceeds Subaccount and a Liquidity/Credit Facility Proceeds Account within the Bond Purchase Fund for the corresponding Series of Series 2008A Bonds.

Student Loan Fund

There will be deposited into the Acquisition Account of the Student Loan Fund moneys from proceeds of any Bonds or Notes to be deposited therein pursuant to a Supplemental Bond Resolution, moneys required to be transferred thereto from the Revenue Account, the Capitalized Interest Account and the Debt Service Reserve Account, respectively, and during any Recycling Period unless otherwise directed by the Authority in an Authority Order, Recoveries of Principal with respect to Financed Eligible Loans. Financed Eligible Loans will be pledged to the Trust Estate and accounted for as a part of the Acquisition Account.

Moneys on deposit in the Acquisition Account will be used, upon Authority Order, solely to pay costs of issuance of the Bonds and Notes and during any Acquisition Period and any Recycling Period as set forth in a Supplemental Bond Resolution to finance Eligible Loans at a price, including transfer fees, purchase premiums, federal default fees, Federal Loan Fees and any other loan origination fees, not in excess of amounts set forth in any Supplemental Bond Resolution or pursuant to a Liquidity Facility or Credit Provider Agreement unless the Authority has received (i) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, a Rating Confirmation from each Rating Agency and (ii) the prior written consent of each Credit Provider and Liquidity Provider to the extent required in the applicable Credit Provider Agreement or Liquidity Facility. If the Authority determines that all or any portion of such moneys cannot be so used, then an Authorized Representative of the Authority may by Authority Order direct the Trustee that such moneys be transferred to the Retirement Subaccount of the Debt Service Account and used to redeem Bonds and Notes in accordance with any Supplemental Bond Resolution. The Authority may, by Authority Order on the first Business Day of each month, require that amounts representing Capitalized Interest Payments on the Financed Eligible Loans be deducted from any subsequently received Recoveries of Principal corresponding to the Financed Eligible Loans deposited to the Revenue Account and treated as Revenues for purposes of the Revenue Account. The amount of the Recoveries of Principal corresponding to the Financed Eligible Loans which may be redesignated as Revenues will not exceed, together with all previous redesignations of such Recoveries of Principal on Financed Eligible Loans, the amount of all Capitalized Interest Payments on the Financed Eligible Loans as of such date.

Notwithstanding the foregoing and after required transfers from the Capitalized Interest Account and the Debt Service Reserve Account, as applicable, if on any Bond Payment Date there are not sufficient moneys on deposit in the Interest Subaccount or the Principal Subaccount, as applicable, to make the payments due on any Bonds or Notes on such Bond Payment Date, then an amount equal to any such deficiency will be transferred directly from the Acquisition Account, first, to the Interest Subaccount and, second, to the Principal Subaccount, as necessary.

Subject to any limitations contained in a Credit Provider Agreement or Liquidity Facility, Financed Eligible Loans may be sold, transferred or otherwise disposed of (including transfers or sales to other trust estates) by the Trustee free from the lien of the Master Bond Resolution at any time pursuant to an Authority Order and if the Trustee is provided with the following:

(a) an Authority Order stating the sale price and directing that Financed Eligible Loans be sold, transferred or otherwise disposed of and delivered:

(i) if the Eligible Loan is originated under the Higher Education Act and the Higher Education Act requires any such Eligible Loan to be held only by an Eligible Lender, to an Eligible Lender under the Higher Education Act whose name will be specified; or

(ii) to the trustee under another resolution securing bonds issued by the Authority or another higher education authority whose name will be specified in such Authority Order; or

(iii) to the Secretary under the Federal Loan Purchase Programs created under the Ensuring Continued Access to Student Loans Act of 2008 or other similar programs that may be established by the federal government; and

(b) a certificate, which may be incorporated in the Authority Order referred to in paragraph (a) above, signed by an Authorized Representative of the Authority to the effect that:

(i) (A) the disposition price is equal to or in excess of the greater of the principal amount thereof (plus accrued interest) or the purchase price paid by the Authority for such Financed Eligible Loan (less principal amounts received with respect to such Financed Eligible Loan and the amortization of any premium thereon); or

(B) the disposition price is lower than the principal amount thereof (plus accrued interest), and (1) the Authority reasonably believes that the Revenues expected to be received (after giving effect to such disposition) would be at least equal to the Revenues expected to be received assuming no such sale, transfer or other disposition occurred; (2) the Authority will remain able to pay debt service on the Bonds and Notes and make payment on any other Obligations on a timely basis (after giving effect to such sale, transfer or other disposition) whereas it would not have been able to do so on a timely basis if it had not sold, transferred or disposed of the Financed Eligible Loans at such discounted amount; or (3) the Senior Parity Percentage (after giving effect to such sale, transfer or other disposition) is at least 105% and none of (I) the Senior Parity Percentage (after giving effect to such sale, transfer or other disposition), (II) the Subordinate Parity Percentage (after giving effect to such sale, transfer or other disposition) or (III) the Total Parity Percentage (after giving effect to such sale, transfer or other disposition) will be reduced, unless the Authority has received (x) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, a Rating Confirmation from each Rating Agency allowing for lower percentages and (y) the prior written consent of each Credit Provider and Liquidity Provider to lower percentages; and

(ii) the Authority has determined that adequate provision has been made assuring that such sale, transfer or other disposition does not impair the Authority's capacity to comply with its obligation relative to the restriction upon Portfolio Yield as such obligation would be calculated upon the date of such sale, transfer or other disposition in accordance with any Tax Documents.

Further, Financed Eligible Loans may also be sold, transferred or otherwise disposed of by the Trustee pursuant to an Authority Order in which the Authority determines that such disposition of Financed Eligible Loans from the Trust Estate is necessary in order to avoid the occurrence of an Event of Default or to avoid any default in the payment obligations of the Authority under any Liquidity Facility or Credit Provider Agreement, in such amount and at such times and prices as may be specified in such Authority Order. The Authority covenants to deliver such an Authority Order to the Trustee at the written direction of any Credit Provider or Liquidity Provider following an event of default under the applicable Credit Provider Agreement or Liquidity Facility.

Student Loan Sinking Fund

Revenue Account. The Trustee will deposit into the Revenue Account all Revenues derived from Financed Eligible Loans (other than Recoveries of Principal during a Recycling Period unless otherwise directed by the Authority in an Authority Order), and all other Revenue derived from moneys or assets on deposit in the Acquisition Account, the Debt Service Reserve Account, the Debt Service Account, the Capitalized Interest Account and the Revenue Account, all Reciprocal Payments, and any other amounts deposited thereto upon receipt of an Authority Order.

Upon receipt of an Authority Order directing the same, moneys in the Revenue Account will be used, on any date, to pay Program Expenses. The Authority covenants that the amount so transferred or paid in any one Fiscal Year will not exceed the amount budgeted by the Authority as Program Expenses for such Fiscal Year with respect to the Bonds and Notes and as may be further limited by a Supplemental Bond Resolution or pursuant to a Liquidity Facility or Credit Provider Agreement, unless the Authority has received (i) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, a Rating Confirmation from each Rating Agency with respect to such greater amounts and (ii) the consent of each Credit Provider and Liquidity Provider to the extent required in the applicable Credit Provider Agreement or Liquidity Facility.

On the last Business Day of each calendar month, or more frequently or on other dates if required by a Supplemental Bond Resolution or if directed by the Authority pursuant to an Authority Order, money in the Revenue Account will be used and transferred to other Funds, Accounts, Subaccounts or Persons in the following order of precedence (any money not so transferred or paid to remain in the Revenue Account until subsequently applied):

- (a) to the Rebate Fund, upon receipt of an Authority Order and if necessary to comply with any Tax Document with respect to Rebate Amount or Excess Earnings;
- (b) at the direction of the Authority by Authority Order, to make any payments due and payable by the Authority to the U.S. Department of Education related to the applicable Financed Eligible Loans and any payments due under the Joint Sharing Agreement;

(c) to the credit of the Interest Subaccount of the Debt Service Account to the extent and in the manner described under the caption “Debt Service Account” below, to provide for the payment of interest on Senior Bonds and Notes (or, with respect to Senior Bonds or Notes for which a Credit Facility is in effect, to provide for the reimbursement of the Credit Provider for draws on the Credit Facility for the payment of such interest as provided in the related Credit Provider Agreement, including any interest on such draws) and the payment of Authority Derivative Payments secured on a parity with the Senior Bonds and Notes;

(d) to the credit of the Principal Subaccount of the Debt Service Account to the extent and in the manner described under the caption “Debt Service Account” below, to provide for the payment of principal of Senior Bonds and Notes at their Stated Maturity or on a sinking fund payment date (or, with respect to Senior Bonds or Notes for which a Credit Facility is in effect, to provide for the reimbursement of the Credit Provider for draws on the Credit Facility for the payment of such principal as provided in the related Credit Provider Agreement, including any interest on such draws);

(e) to the credit of the Interest Subaccount of the Debt Service Account to the extent and in the manner described under the caption “Debt Service Account” below, to provide for the payment of interest on Subordinate Bonds and Notes (or, with respect to Subordinate Bonds or Notes for which a Credit Facility is in effect, to provide for the reimbursement of the Credit Provider for draws on the Credit Facility for the payment of such interest as provided in the related Credit Provider Agreement, including any interest on such draws) and the payment of Authority Derivative Payments secured on a parity with the Subordinate Bonds and Notes;

(f) to the credit of the Principal Subaccount of the Debt Service Account to the extent and in the manner described under the caption “Debt Service Account” below, to provide for the payment of principal of Subordinate Bonds and Notes at their Stated Maturity or on a sinking fund payment date (or, with respect to Subordinate Bonds or Notes for which a Credit Facility is in effect, to provide for the reimbursement of the Credit Provider for draws on the Credit Facility for the payment of such principal as provided in the related Credit Provider Agreement, including any interest on such draws);

(g) to the credit of the Interest Subaccount of the Debt Service Account to the extent and in the manner described under the caption “Debt Service Account” below, to provide for the payment of interest on Junior-Subordinate Bonds and Notes (or, with respect to Junior-Subordinate Bonds or Notes for which a Credit Facility is in effect, to provide for the reimbursement of the Credit Provider for draws on the Credit Facility for the payment of such interest as provided in the related Credit Provider Agreement, including any interest on such draws) and the payment of Authority Derivative Payments secured on a parity with the Junior-Subordinate Bonds and Notes;

(h) to the credit of the Principal Subaccount of the Debt Service Account to the extent and in the manner described under the caption “Debt Service Account” below, to provide for the payment of principal of Junior-Subordinate Bonds and Notes at their Stated Maturity or on a sinking fund payment date (or, with respect to Junior-Subordinate

Bonds or Notes for which a Credit Facility is in effect, to provide for the reimbursement of the Credit Provider for draws on the Credit Facility for the payment of such principal as provided in the related Credit Provider Agreement, including any interest on such draws);

(i) to the Debt Service Reserve Account the amount, if any, required to restore such account to the Debt Service Reserve Account Requirement;

(j) to the credit of the Retirement Subaccount of the Debt Service Account for distribution of principal with respect to Bonds and Notes which by their terms are subject to scheduled Principal Reduction Payments (or, with respect to Bonds or Notes for which a Credit Facility is in effect, to provide for the reimbursement of the Credit Provider for draws on the Credit Facility for the distribution of such principal as provided in the related Credit Provider Agreement), an amount sufficient to make any monthly deposit required for the next Principal Reduction Payment Date as set forth in the Supplemental Bond Resolution pursuant to which such Bonds and Notes were issued (such amounts to be applied to the payment of Bonds and Notes of a particular Series based upon the priorities established in a Supplemental Bond Resolution pursuant to which such Bonds and Notes are issued); provided, however, if the Authority failed to make any previous scheduled Principal Reduction Payments on Bonds or Notes, the amount transferred pursuant to this clause will include the amount not so paid and will be credited to the Retirement Subaccount for distribution as principal until all such shortfalls are eliminated;

(k) to the credit of the Interest Subaccount of the Debt Service Account to the extent and in the manner described under the caption "Debt Service Account" below for the payment, in the following order of precedence, of the Carryover Amounts (and interest thereon) with respect to the Senior Bonds and Notes, the Carryover Amounts (and interest thereon) with respect to the Subordinate Bonds and Notes and the Carryover Amounts (and interest thereon) with respect to the Junior-Subordinate Bonds and Notes;

(l) to the credit of the Interest Subaccount of the Debt Service Account, upon receipt by the Trustee of an Authority Order, for the payment of unpaid Termination Payments and any other unpaid Authority Derivative Payments in the following order of priority: first, with respect to a Reciprocal Payor who has provided a Derivative Product secured on a parity with the Senior Bonds and Notes; second, with respect to a Reciprocal Payor who has provided a Derivative Product secured on a parity with the Subordinate Bonds and Notes; and third, with respect to a Reciprocal Payor who has provided a Derivative Product secured on a parity with the Junior-Subordinate Bonds and Notes;

(m) to the Persons entitled thereto, upon receipt by the Trustee of an Authority Order, for the payment of unpaid Obligations in the following order of priority: first, payments due under Senior Obligations not previously paid; second, payments due under Subordinate Obligations not previously paid; and third, payments due under Junior-Subordinate Obligations not previously paid;

(n) during any applicable Recycling Period, at the option of the Authority and upon receipt by the Trustee of an Authority Order, to the Acquisition Account;

(o) at the option of the Authority and upon receipt by the Trustee of an Authority Order or as required by a Supplemental Bond Resolution, to the Retirement Subaccount of the Debt Service Account for the redemption of, or distribution of principal with respect to, Bonds and Notes which by their terms are subject to redemption or principal distribution from Revenues received under the Master Bond Resolution (such amounts to be applied to the payment of Bonds and Notes of a particular Series based upon the priorities established in the Supplemental Bond Resolutions pursuant to which such Bonds and Notes were issued, or if not so provided, at the direction of the Authority by Authority Order); and

(p) at the option of the Authority and upon receipt by the Trustee of an Authority Order, to the Authority to the extent described under the caption “Transfers to the Authority” below.

Debt Service Account. The Debt Service Account will be used only for the payment of principal, premium, if any, and interest on the Bonds and Notes (or to reimburse a Credit Provider for draws on its Credit Facility for the payment of such principal, premium, if any, and interest as provided in its Credit Provider Agreement), payment of Authority Derivative Payments, Termination Payments and payment of Carryover Amounts (including any accrued interest thereon). The Trustee will establish separate accounts within the Interest Subaccount, the Principal Subaccount and the Retirement Subaccount of the Debt Service Account for each source of deposit (including any investment income thereon) made therein so that the Trustee may at all times ascertain the date of deposit, the amounts and the source of the funds therein. Moneys received pursuant to a draw on a Credit Facility to pay principal of or interest on any Bonds or Notes will be deposited in a separate subaccount of the applicable Subaccount and are not to be commingled with moneys from any other source, and moneys transferred to the Debt Service Account from the Revenue Account to provide for the reimbursement of a Credit Provider for draws on a Credit Facility for the payment of principal of or interest on any Bonds or Notes will be deposited in a subaccount of the applicable Subaccount and are not to be commingled with moneys from any other source.

(a) ***Interest Subaccount.*** The Trustee will credit to the Interest Subaccount the amount, if any, specified in a Supplemental Bond Resolution providing for the issuance of a Series of Bonds or Notes. The Trustee will also deposit in the Interest Subaccount (i) that portion of the proceeds from the sale of the Authority’s refunding bonds or notes, if any, to be used to pay interest on the Bonds and Notes; and (ii) all amounts required to be transferred thereto from the Funds and Accounts specified in this paragraph (a).

With respect to each Series of Bonds or Notes on which interest is paid at least monthly, the Trustee will deposit to the credit of the Interest Subaccount on the last Business Day of each calendar month an amount equal to the interest that will become payable on such Bonds or Notes during the following calendar month. With respect to each Series of Bonds or Notes on which interest is paid at intervals less frequently than monthly, the Trustee will make equal (or, with respect to Bonds or Notes bearing interest

at a variable rate, approximately equal) monthly deposits to the credit of the Interest Subaccount on the last Business Day of each calendar month preceding each Interest Payment Date for such Series of Bonds or Notes, to aggregate the full amount of such interest. With respect to Bonds or Notes bearing interest at a variable rate for which any such amount cannot be determined on the last Business Day of each calendar month, the Trustee will make such deposit based upon assumptions set forth in the Supplemental Bond Resolution authorizing such Bonds or Notes.

With respect to Derivative Products under which Authority Derivative Payments are paid at least monthly, the Trustee will deposit to the credit of the Interest Subaccount on the last Business Day of each calendar month an amount equal to the Authority Derivative Payments that will become payable under such Derivative Products during the following calendar month. With respect to each Derivative Product under which Authority Derivative Payments are paid at intervals less frequently than monthly, the Trustee will make equal monthly deposits to the credit of the Interest Subaccount on the last Business Day of each calendar month preceding each date on which such Authority Derivative Payments are due, to aggregate the full amount of such Authority Derivative Payments. With respect to any such Derivative Product for which any such amount cannot be determined on the last Business Day of each calendar month, the Trustee will make such deposit based upon assumptions set forth in the Supplemental Bond Resolution authorizing such Derivative Product.

In making the deposits required to be deposited and credited to the Interest Subaccount, all other deposits and credits otherwise made or required to be made to the Interest Subaccount will, to the extent available for such purpose, be taken into consideration and allowed for. If on any Bond Payment Date or Derivative Payment Date relating to Bonds and Notes there are insufficient amounts on deposit in the Interest Subaccount to make the payment of interest due on the Bonds and Notes (or to reimburse the Credit Provider for draws on the Credit Facility for the payment of such interest) or any Authority Derivative Payment due on such date, the Trustee will transfer the deficiency from the applicable account of the following Funds and Accounts, in the following order of priority: the Capitalized Interest Account, the Debt Service Reserve Account and the Acquisition Account.

On the last Business Day of each calendar month, if any Carryover Amount (including any accrued interest thereon) will be due and payable during the next month, as provided in the related Supplemental Bond Resolution, the Trustee will transfer to the Interest Subaccount (to the extent amounts are available therefor in the Revenue Account as described under the caption "Revenue Account" above and in accordance with the priorities set forth therein) an amount equal to such Carryover Amount (including any accrued interest thereon) so due and payable.

On the last Business Day of each calendar month, if any unpaid Authority Derivative Payment or unpaid Termination Payment will be due and payable with respect to a Derivative Product during the next month, the Trustee will transfer to the Interest Subaccount (to the extent amounts are available therefor in the Revenue Account as

described under the caption “Revenue Account” above and in accordance with the priorities set forth therein) an amount equal to such amounts so due and payable.

(b) *Principal Subaccount.* The Trustee will deposit to the credit of the Principal Subaccount: (i) that portion of the proceeds from the sale of the Authority’s bonds or notes, if any, to be used to pay principal of the Bonds and Notes, and (ii) all amounts required to be transferred from the Funds and Accounts specified in this paragraph (b).

To provide for the payment of each installment of principal of the Bonds and Notes due at the Stated Maturity thereof or on a sinking fund payment date therefor (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such principal as provided in its Credit Provider Agreement), the Trustee will make substantially equal monthly deposits to the credit of the Principal Subaccount on the last Business Day of each of the 12 calendar months preceding such Stated Maturity or sinking fund payment date, to aggregate the full amount of such installment (except that if there are fewer than 12 calendar months between the delivery of the Bonds and Notes of a Series to the initial purchasers thereof and the first sinking fund payment date with respect to such Series of Bonds and Notes, or from the last sinking fund payment date to the next sinking fund payment date with respect to such Series of Bonds and Notes, then the Trustee will make equal monthly deposits to the credit of the Principal Subaccount on the last Business Day of each calendar month beginning with the calendar month following the month in which such Bonds or Notes are delivered to the initial purchasers or from the last sinking fund payment date, as the case may be, to aggregate the full amount of such installment). In making the deposits required to be deposited and credited to the Principal Subaccount, all other deposits and credits otherwise made or required to be made to the Principal Subaccount will, to the extent available for such purpose, be taken into consideration and allowed for.

If on any Stated Maturity or sinking fund payment date there are insufficient amounts on deposit in the Principal Subaccount to make payments of principal due on the Bonds and Notes (including redemptions of Bank Bonds required pursuant to any Liquidity Facility or Credit Provider Agreement) on such date (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such principal as provided in its Credit Provider Agreement), the Trustee will transfer the deficiency from the applicable account of the following Funds and Accounts, in the following order of priority (after transfers from any such Funds and Accounts to the Interest Subaccount required on such date): the Debt Service Reserve Account and the Acquisition Account.

(c) *Retirement Subaccount.* The Trustee will deposit to the credit of the Retirement Subaccount any amounts transferred thereto or deposited therein to provide for the redemption of, or the distribution of principal with respect to, the Bonds and Notes. All redemptions of and distributions of principal with respect to Bonds and Notes (other than at a Stated Maturity or on a sinking fund payment date), will be made with moneys deposited to the credit of the Retirement Subaccount. In the event that Bonds and Notes are to be prepaid from the Retirement Subaccount on a date other than a

regularly scheduled Interest Payment Date, accrued interest on such Bonds and Notes will be paid from the Interest Subaccount.

Debt Service Reserve Account. The Trustee will deposit to the Debt Service Reserve Account the amount, if any, specified in each Supplemental Bond Resolution. On each Bond Payment Date, to the extent there are insufficient moneys in the Interest Subaccount, the Principal Subaccount and the Capitalized Interest Account to make the payments due on the Bonds and Notes on such Bond Payment Date, the amount of such deficiency will be paid directly from the Debt Service Reserve Account, first, to the Interest Subaccount, and second, to the Principal Subaccount, as necessary.

If the Debt Service Reserve Account is used for the purposes described above, the Trustee will restore the Debt Service Reserve Account to the Debt Service Reserve Account Requirement with respect thereto by transfers from the Revenue Account as described under the caption “Revenue Account” above. If the full amount required to restore the Debt Service Reserve Account to the applicable Debt Service Reserve Account Requirement is not available in the Revenue Account on the day of any required transfer, the Trustee will continue to transfer funds from the Revenue Account as they become available as described under the caption “Revenue Account” above until the deficiency in the Debt Service Reserve Account has been eliminated.

On any day that the amount in the Debt Service Reserve Account, if any, exceeds the Debt Service Reserve Account Requirement with respect thereto for any reason, the Trustee, at the direction of the Authority, will transfer the excess to the Acquisition Account or the Revenue Account.

Capitalized Interest Account. The Trustee will deposit to the Capitalized Interest Fund the amount, if any, specified in each Supplemental Bond Resolution. On each Bond Payment Date with respect to Bonds and Notes, to the extent there are insufficient moneys in the Interest Subaccount to make the interest payments due on any Bonds and Notes on such Bond Payment Date (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such interest as provided in its Credit Provider Agreement), an amount equal to any such deficiency will be transferred directly from the Capitalized Interest Account to the Interest Subaccount.

If a Supplemental Bond Resolution specifies an amount to be deposited into the Capitalized Interest Account, such Supplemental Bond Resolution may also (a) specify a time period for such amount to be used as described above; (b) specify other uses for such amount (including, without limitation, making deposits to the Acquisition Account or the Revenue Account); and (c) establish Accounts within the Capitalized Interest Account in which such amount will be deposited.

Bond Purchase Account. The Supplemental Bond Resolution for each Series of the Series 2008A Bonds establishes separate Remarketing Proceeds Subaccounts and Liquidity/Credit Facility Purchase Subaccount within the Bond Purchase Account for such Series of the Series 2008A Bonds.

(a) *Remarketing Proceeds Subaccount.* Upon receipt from the corresponding Remarketing Agent of the proceeds of remarketing a Series of the Series 2008A Bonds, other than to an Excluded Person, the Trustee will deposit such proceeds in the Remarketing Proceeds Subaccount corresponding to such Series of the Series 2008A Bonds for application to the Purchase Price of such remarketed Series 2008A Bonds. Any amounts deposited in a Remarketing Proceeds Subaccount and not needed to pay the Purchase Price for any Series 2008A Bonds (including undelivered Series 2008A Bonds) shall be immediately returned to the order of the corresponding Remarketing Agent.

(b) *Liquidity/Credit Facility Purchase Subaccount.* Upon receipt from a Liquidity Provider or Credit Provider, as applicable, of immediately available funds to pay the Purchase Price of a Series of the Series 2008A Bonds, the Trustee shall deposit such money in the Liquidity/Credit Facility Purchase Subaccount corresponding to such Series of the Series 2008A Bonds for application to the Purchase Price of such Series 2008A Bonds to the extent that the moneys on deposit in the corresponding Remarketing Proceeds Subaccount are insufficient. Any amounts deposited in a Liquidity/Credit Facility Purchase Subaccount and not needed to pay the Purchase Price for any Series 2008A Bonds (including undelivered Series 2008A Bonds) shall be immediately returned to the order of the corresponding Liquidity Provider or Credit Provider, as applicable.

Amounts held in each Remarketing Proceeds Subaccount and each Liquidity/Credit Facility Purchase Subaccount will be held uninvested and separate and apart from all other funds and accounts.

Rebate Fund

The Trustee will, upon receipt of an Authority Order and as described under the caption “Student Loan Sinking Fund—Revenue Account” above, withdraw from the Revenue Account and deposit to the Rebate Fund an amount such that the balance held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the Computation Date. Computation of the amounts on deposit in the Rebate Fund and of the Rebate Amount will be furnished to the Trustee by or on behalf of the Authority in accordance with any Tax Document, as the same may be amended or supplemented in accordance with their terms.

The Trustee, upon receipt of an Authority Order in accordance with any Tax Document, will pay to the United States of America from the Rebate Fund the Rebate Amount as of the end of any applicable Computation Date.

The Trustee will, upon receipt of an Authority Order and as described under the caption “Student Loan Sinking Fund—Revenue Account” above, withdraw from the Revenue Account and deposit to the Rebate Fund such amount as is required to be paid to the federal government as Excess Earnings. The Trustee will, upon receipt of an Authority Order, pay such Excess Earnings to the United States of America. Alternatively, the Authority may from time to time forgive Financed Eligible Loans to satisfy such requirement, in accordance with the Master Bond Resolution and any Tax Document.

In the event that on any Computation Date the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative specifying the amount of the excess, will withdraw such excess amount and deposit it in the Revenue Account.

Notwithstanding anything in the Master Bond Resolution to the contrary, in the event the Authority and the Trustee receive a Favorable Opinion to the effect that it is not necessary under either existing statutes and court decisions or under any then federal legislation to pay any portion of earnings on Funds held under the Master Bond Resolution or Excess Earnings to the United States of America in order to assure the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds, then the provisions described under this caption need not be complied with and will no longer be effective and all or a portion of such amounts on deposit in the Rebate Fund will be transferred to the Revenue Account.

Transfers to the Authority

Transfers from the Revenue Account to the Authority may be made as described under the caption “Student Loan Sinking Fund—Revenue Account” above; provided, however, that no transfer of assets to the Authority will be made if the Total Parity Percentage does not equal or exceed 101% or if there is not on deposit in the Debt Service Reserve Account an amount equal to at least the Debt Service Reserve Account Requirement, and unless all conditions contained in any Supplemental Bond Resolution are complied with and the Trustee has received (a) a certificate of an Authorized Representative of the Authority to the effect that all rebate liability as calculated pursuant to any Tax Document through the date of such transfer has been paid or deposited in the Rebate Fund; and (b)(i) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, a Rating Confirmation from each Rating Agency and (ii) the prior written consent of any Credit Provider and Liquidity Provider to the extent provided in the related Credit Provider Agreement or Liquidity Facility.

Investment of Funds Held by Trustee

The Trustee will invest money held for the credit of any Fund, Account or Subaccount held by the Trustee pursuant to the Master Bond Resolution as directed in writing (or orally, confirmed in writing) by an Authorized Representative of the Authority, to the fullest extent practicable and reasonable, in Investment Securities which will mature or be redeemed at the option of the holder prior to the respective dates when the money held for the credit of such Fund, Account or Subaccount will be required for the purposes intended. In the absence of any such direction and to the extent practicable, the Trustee will invest amounts held under the Master Bond Resolution in those Investment Securities described in clause (k) of the definition of “Investment Securities.”

The Investment Securities purchased will be held by the Trustee and will be deemed at all times to be part of such Fund or Account or Subaccounts or combination thereof, and the Trustee will inform the Authority of the details of all such investments. Earnings with respect to, and any net gain on the disposition of, any such investments, except on investments contained in the

Rebate Fund, will be deposited into the Revenue Account. Earnings on amounts contained in the Rebate Fund will remain in the Rebate Fund.

Notwithstanding the foregoing, amounts in the Bond Purchase Account will be held uninvested and will not be commingled with other amounts.

DEFAULTS AND REMEDIES

Events of Default

For the purpose of the Master Bond Resolution, the following events are defined as, and are declared to be, “Events of Default”:

(a) default in the due and punctual payment of the principal of or interest on any of the Senior Bonds or Notes (including redemptions of Bank Bonds required pursuant to any Liquidity Facility or Credit Provider Agreement) when due or failure to make any payment due under any other Senior Obligations when due (other than the failure to make Principal Reduction Payments or to pay Carryover Amounts or interest on Carryover Amounts);

(b) if no Senior Obligations are Outstanding under the Master Bond Resolution, default in the due and punctual payment of the principal of or interest on any of the Subordinate Bonds or Notes (including redemptions of Bank Bonds required pursuant to any Liquidity Facility or Credit Provider Agreement) when due or failure to make any payment due under any other Subordinate Obligations when due (other than the failure to make Principal Reduction Payments or to pay Carryover Amounts or interest on Carryover Amounts);

(c) if no Senior Obligations or Subordinate Obligations are Outstanding under the Master Bond Resolution, default in the due and punctual payment of the principal of or interest on any of the Junior-Subordinate Bonds or Notes (including redemptions of Bank Bonds required pursuant to any Liquidity Facility or Credit Provider Agreement) when due or failure to make any payment due under any other Junior-Subordinate Obligations when due (other than the failure to make Principal Reduction Payments or to pay Carryover Amounts or interest on Carryover Amounts);

(d) default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Authority to be kept, observed, and performed contained in the Master Bond Resolution or in the Bonds or Notes, and, if such default is capable of being cured, the continuation of such default for a period of 90 days after the earlier of (i) written notice thereof by the Trustee to the Authority or (ii) knowledge of an Authorized Officer of such default, except that if any such default cannot be cured within such 90 day period, then such default will not become an Event of Default so long as the Authority has implemented appropriate curative steps and is continuing to diligently prosecute such remedial action;

(e) the occurrence of an Event of Bankruptcy; and

(f) The Trustee has received written notice from Credit Provider that an “Event of Default” has occurred under a Credit Provider Agreement, and such “Event of Default” has not been remedied or waived, and directing a mandatory tender of the Bonds and Notes.

Failure to pay Principal Reduction Payments, Carryover Amounts or interest on Carryover Amounts will not constitute an Event of Default.

Except as described under the caption “THE TRUSTEE—Indemnification of the Trustee” in this Appendix A, the Trustee will not be required to take notice, or be deemed to have knowledge, of any default or Event of Default

Remedies on Default

Possession of Trust Estate. Upon the happening and continuance of any Event of Default, the Trustee personally or by its attorneys or agents may enter into and upon and take possession of such portion of the Trust Estate as is in the custody of others, and all property comprising the Trust Estate, and each and every part thereof, and exclude the Authority and its agents, servants, and employees wholly therefrom, and have, hold, use, operate, manage, and control the same and each and every part thereof, and in the name of the Authority or otherwise, as they deem best, conduct the business thereof and exercise the privileges pertaining thereto and all the rights and powers of the Authority and use all of the then existing Trust Estate for that purpose, and collect and receive all charges, income and Revenue of the same and of every part thereof, and after deducting therefrom all expenses incurred and all other proper outlays authorized by the Master Bond Resolution, and all payments which may be made as just and reasonable compensation for its own services, and for the services of its attorneys, agents, and assistants, the Trustee will apply the rest and residue of the money received by the Trustee as follows:

(a) if the principal of none of the Obligations has become due: *first*, to the payment of the interest in default on the Senior Bonds and Notes (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such interest as provided in its Credit Provider Agreement), all Authority Derivative Payments (excluding Termination Payments) secured on a parity with the Senior Bonds and Notes then due, in order of the maturity of the installments thereof, with interest on the overdue installments thereof at the same rates, respectively, as were borne by the Senior Bonds and Notes on which such interest is in default (or at the rates provided in a Credit Provider Agreement for the payment of interest on draws on the related Credit Facility) and any such Authority Derivative Payments as provided in the ISDA Master Agreement then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *second*, to the payment of the interest in default on the Subordinate Bonds and Notes (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such interest as provided in its Credit Provider Agreement), all Authority Derivative Payments (excluding Termination Payments) secured on a parity with the Subordinate Bonds and Notes then due, in order of the maturity of the installments of such interest and any such Authority Derivative Payments, with interest on the overdue installments thereof at the same rates, respectively, as were

borne by the Subordinate Bonds and Notes on which such interest is in default (or at the rates provided in a Credit Provider Agreement for the payment of interest on draws on the related Credit Facility) and any such Authority Derivative Payments as provided in the ISDA Master Agreement then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *third*, to the payment of the interest in default on the Junior-Subordinate Bonds and Notes (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such interest as provided in its Credit Provider Agreement), all Authority Derivative Payments (excluding Termination Payments) secured on a parity with such Junior-Subordinate Bonds and Notes then due, in order of the maturity of the installments of such interest and any such Authority Derivative Payments, with interest on the overdue installments thereof at the same rates, respectively, as were borne by the Junior-Subordinate Bonds and Notes on which such interest is in default (or at the rates provided in a Credit Provider Agreement for the payment of interest on draws on the related Credit Facility) and any such Authority Derivative Payments as provided in the ISDA Master Agreement then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference, except as may be provided in a Supplemental Bond Resolution; *fourth*, to pay due and unpaid Liquidity Facility Fees and Credit Facility Fees; *fifth*, to pay interest accrued on the Carryover Amounts of the Senior Bonds and Notes, the Carryover Amounts of the Senior Bonds and Notes, interest accrued on the Carryover Amounts of the Subordinate Bonds and Notes, the Carryover Amounts of the Subordinate Bonds and Notes, interest accrued on the Carryover Amounts of the Junior-Subordinate Bonds and Notes, and the Carryover Amounts of the Junior-Subordinate Bonds and Notes, in that order of priority; *sixth*, to pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Senior Bonds and Notes, to pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Subordinate Bonds and Notes and to pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Junior-Subordinate Bonds and Notes, in that order of priority; and, *seventh*, to pay any unpaid Senior Obligations, to pay any unpaid Subordinate Obligations and to pay any unpaid Junior-Subordinate Obligations, in that order of priority.

(b) if the principal of any of the Obligations has become due by declaration of acceleration or otherwise: *first* to the payment of the interest in default on the Senior Bonds and Notes (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such interest as provided in its Credit Provider Agreement), all Authority Derivative Payments (excluding Termination Payments) secured on a parity with the Senior Bonds and Notes then due, in the order of the maturity of the installments thereof, with interest on overdue installments thereof at the same rates, respectively, as were borne by the Senior Bonds and Notes on which such interest is in default (or as provided in a Credit Provider Agreement for draws on its Credit Facility for payment of such interest) and such Authority Derivative Payments as provided in the ISDA Master Agreement then due, as the case may be, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *second*, to the payment of the principal of all Senior Bonds and Notes then due (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such principal as provided in its Credit Provider Agreement) and any amount owed to a Reciprocal

Payor secured on a parity with Senior Obligations under the ISDA Master Agreement, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *third*, to the payment of any other Outstanding Senior Obligations; *fourth*, to the payment of the interest in default on the Subordinate Bonds and Notes (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such interest as provided in its Credit Provider Agreement) and all Authority Derivative Payments (excluding Termination Payments) secured on a parity with the Subordinate Bonds and Notes then due, in the order of the maturity of the installments thereof with interest on overdue installments thereof at the same rates, respectively, as were borne by the Subordinate Bonds and Notes on which such interest is in default (or as provided in a Credit Provider Agreement for draws on its Credit Facility for payment of such interest) and such Authority Derivative Payments as provided in the ISDA Master Agreement then due, as the case may be, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *fifth*, to the payment of the principal of all Subordinate Bonds and Notes then due (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such principal as provided in its Credit Provider Agreement) and any amount owed to a Reciprocal Payor secured on a parity with Subordinate Obligations under the ISDA Master Agreement, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *sixth*, to the payment of any other Outstanding Subordinate Obligations; *seventh*, to the payment of the interest in default on the Junior-Subordinate Bonds and Notes (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such interest as provided in its Credit Provider Agreement), and all Authority Derivative Payments (excluding Termination Payments) secured on a parity with such Junior-Subordinate Bonds and Notes then due, in the order of the maturity of the installments thereof, with interest on overdue installments thereof at the same rates, respectively, as were borne by the Junior-Subordinate Bonds and Notes on which such interest is in default (or as provided in a Credit Provider Agreement for draws on its Credit Facility for payment of such interest) and such Authority Derivative Payments as provided in the ISDA Master Agreement then due, as the case may be, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *eighth*, to the payment of the principal of all Junior-Subordinate Bonds and Notes then due (or to reimburse a Credit Provider for draws on its Credit Facility for payment of such principal as provided in its Credit Provider Agreement) and any amount owed to a Reciprocal Payor secured on a parity with Junior-Subordinate Obligations under the ISDA Master Agreement, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference, except as may be provided in a Supplemental Bond Resolution; *ninth*, to the payment of any other Outstanding Junior-Subordinate Obligations; *tenth*, to pay due and unpaid Liquidity Facility Fees and Credit Facility Fees, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *eleventh*, to pay interest accrued on the Carryover Amounts of the Senior Bonds and Notes, the Carryover Amounts of the Senior Bonds and Notes, interest accrued on the Carryover Amounts of the Subordinate Bonds and Notes, the Carryover Amounts of the Subordinate Bonds and Notes, interest accrued on the Carryover Amounts of the Junior-Subordinate Bonds and Notes, the Carryover

Amounts of the Junior-Subordinate Bonds and Notes, in that order of priority; *twelfth*, to pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Senior Bonds and Notes; *thirteenth*, to pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Subordinate Bonds and Notes; *tenth*, to pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Subordinate Bonds and Notes; *eleventh*, to pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Junior-Subordinate Bonds and Notes; *twelfth*, to pay any unpaid Senior Obligations, *thirteenth*, to pay any unpaid Subordinate Obligations and, *fourteenth*, to pay any unpaid Junior-Subordinate Obligations, in that order of priority.

Advice of Counsel. Upon the happening of any Event of Default or, with respect to any Bonds or Notes the purchase price of which is secured by a Credit Facility or a Liquidity Facility, failure of the Credit Provider or the Liquidity Provider to pay the purchase price of any such Bonds or Notes tendered for optional or mandatory purchase pursuant to the applicable Supplemental Bond Resolution, the Trustee may proceed to protect and enforce the rights of the Trustee and the Registered Owners in such manner as counsel for the Trustee may advise, whether for the specific performance of any covenant, condition, agreement or undertaking contained in the Master Bond Resolution, or in aid of the execution of any power granted in the Master Bond Resolution, or for the enforcement of such other appropriate legal or equitable remedies as, in the opinion of such counsel, may be more effectual to protect and enforce the rights aforesaid.

Sale of Trust Estate. Upon the happening of any Event of Default and if the principal of all of the Outstanding Obligations has been declared due and payable, then and in every such case, and irrespective of whether other remedies authorized has been pursued in whole or in part, the Trustee may sell, with or without entry, to the highest bidder the Trust Estate, and all right, title, interest, claim and demand thereto and the right of redemption thereof, at any such place or places, and at such time or times and upon such notice and terms as may be required by law; provided, however, that no such sale will be made unless the Trustee has received an opinion of Bond Counsel stating that adequate provision has been made to assure that such transfer will not impair the Authority's capacity to comply with its obligations relative to the restrictions upon Portfolio Yield and to the rebate of certain amounts to the federal government as such obligations would be calculated upon the date of such opinion in accordance with any Tax Document and that such transfer will not affect adversely the exclusion from federal income taxation of interest on the Tax-Exempt Bonds afforded by Section 103 of the Code. Upon such sale the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale will be a perpetual bar both at law and in equity against the Authority and all Persons claiming such properties. No purchaser at any sale will be bound to see to the application of the purchase money or to inquire as to the authorization, necessity, expediency or regularity of any such sale. The Trustee is irrevocably appointed the true and lawful attorney-in-fact of the Authority, in its name and stead, to make and execute all bills of sale, instruments of assignment and transfer and such other documents of transfer as may be necessary or advisable in connection with a sale of all or part of the Trust Estate, but the Authority, if so requested by the Trustee, will ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary, or in the judgment of the Trustee, proper for the purpose which

may be designated in such request. In addition, the Trustee may proceed to protect and enforce the rights of the Trustee and the Registered Owners of the Obligations in such manner as counsel for the Trustee may advise, whether for the specific performance of any covenant, condition, agreement or undertaking contained in the Master Bond Resolution, or in aid of the execution of any power granted in the Master Bond Resolution, or for the enforcement of such other appropriate legal or equitable remedies as may in the opinion of such counsel, be more effectual to protect and enforce the rights aforesaid. The Trustee is required to take any such action or actions if requested to do so in writing by the Registered Owners of at least a majority of the collective aggregate principal amount of the Highest Priority Obligations at the time Outstanding.

Appointment of Receiver

In case an Event of Default occurs, and if all of the Outstanding Obligations have been declared due and payable and in case any judicial proceedings are commenced to enforce any right of the Trustee or of the Registered Owners under the Master Bond Resolution or otherwise, then as a matter of right, the Trustee is entitled to the appointment of a receiver of the Trust Estate and of the earnings, income or Revenue, rents, issues and profits thereof with such powers as the court making such appointments may confer.

Restoration of Position

In case the Trustee has proceeded to enforce any rights under the Master Bond Resolution by sale or otherwise, and such proceedings have been discontinued, or have been determined adversely to the Trustee, then and in every such case to the extent not inconsistent with such adverse decree, the Authority, the Trustee and the Registered Owners will be restored to their former respective positions and the rights under the Master Bond Resolution in respect to the Trust Estate, and all rights, remedies, and powers of the Trustee and of the Registered Owners will continue as though no such proceeding had been taken.

Purchase of Properties by Trustee or Registered Owners

In case of any such sale of the Trust Estate, any Registered Owner or Registered Owners or committee of Registered Owners or the Trustee, may bid for and purchase such property and upon compliance with the terms of sale may hold, retain possession, and dispose of such property as the absolute right of the purchaser or purchasers without further accountability and are entitled, for the purpose of making any settlement or payment for the property purchased, to use and apply any Obligations owned by such purchasers that are secured and any interest thereon due and unpaid, by presenting such Obligations in order that there may be credited thereon the sum apportionable and applicable thereto out of the net proceeds of such sale, and thereupon such purchaser or purchasers will be credited on account of such purchase price payable to him or them with the sum apportionable and applicable out of such net proceeds to the payment of or as a credit on the Obligations so presented.

Application of Sale Proceeds

The proceeds of any sale of the Trust Estate, together with any funds at the time held by the Trustee and not otherwise designated in the Master Bond Resolution for another use, will be

applied by the Trustee as described under the caption “Remedy on Default—*Possession of Trust Estate*” above, and then to the Authority or whomsoever is lawfully entitled thereto.

Accelerated Maturity

If an Event of Default has occurred and be continuing, the Trustee may (unless otherwise directed by the Registered Owners as described under the caption “Direction of Trustee” below) declare, or upon the written direction by the Registered Owners of at least a majority of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding must, by notice in writing delivered to the Authority not later than the next Business Day succeeding such direction, declare the principal of all Obligations then Outstanding, the interest thereon and any Authority Derivative Payment relating thereto (if not previously due) immediately due and payable, anything in the Obligations or the Master Bond Resolution to the contrary notwithstanding, subject, however, to any waivers of Events of Default; provided, however, that a declaration of acceleration upon a default described in paragraph (d) under the caption “Events of Default” above requires the consent of 100% of the Registered Owners of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding; and provided, further, that with respect to an Event of Default described in paragraph (f) under the caption “Events of Default” above the Trustee will declare the principal of all Obligations then Outstanding and the interest thereon, immediately due and payable, and is required to immediately draw on the Credit Facility in the amount necessary to pay principal of and interest on the Bonds and Notes secured thereby.

The Trustee will give notice thereof by first class mail, postage prepaid, to all Registered Owners of Outstanding Bonds and Notes; provided, however, that the giving of such notice will not be considered a precondition to the Trustee declaring the entire principal amount of the Bonds and Notes then Outstanding and the interest accrued thereon immediately due and payable. The Bonds and Notes will cease to accrue interest on the date of declaration of acceleration whether or not they are paid on such date.

Immediately following a declaration of acceleration, the Trustee is required to draw upon each applicable Credit Facility in accordance with its terms in an amount which equals the total amount of principal of and interest on the applicable Bonds and Notes coming due and payable; provided that no such draw will be made to pay any Bank Bond or Bonds or Notes owned by the Authority. All amounts derived by the Trustee with respect to any Credit Facility are required to be deposited in the Revenue Account upon receipt thereof by the Trustee, are required to be transferred by the Trustee to the Interest Subaccount to the extent required to pay the interest on Bonds and Notes or of the Principal Subaccount or the Retirement Subaccount to the extent required to pay the principal of Bonds and Notes, may not be commingled with any other moneys and are required to be applied as described under the caption “Remedy on Default—*Possession of Trust Estate*” above.

Remedies Not Exclusive

The remedies conferred upon or reserved to the Trustee or the Registered Owners of Obligations in the Master Bond Resolution are not intended to be exclusive of any other remedy, but each remedy provided in the Master Bond Resolution is cumulative and is in addition to

every other remedy available to the Trustee, and every power and remedy given to the Trustee or to the Registered Owners of Obligations in the Master Bond Resolution, or any supplement thereto, may be exercised from time to time as often as may be deemed expedient. No delay or omission of the Trustee or of any Registered Owner of Obligations to exercise any power or right arising from any default under the Master Bond Resolution will impair any such right or power or will be construed to be a waiver of any such default or to be acquiescence therein.

Direction of Trustee

Upon the happening of any Event of Default, the Registered Owners of at least a majority of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding have the right by an instrument or instruments in writing delivered to the Trustee to direct and control the Trustee as to the method of taking any and all proceedings for any sale of any or all of the Trust Estate, or for the appointment of a receiver, if permitted by law, and may at any time cause any proceedings authorized by the terms of the Master Bond Resolution to be so taken or to be discontinued or delayed; provided, however, that such Registered Owners will not be entitled to cause the Trustee to take any proceedings which in the Trustee's opinion would be unjustly prejudicial to non-assenting Registered Owners of such Highest Priority Obligations, but the Trustee will be entitled to assume that the action requested by the Registered Owners of at least a majority of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding will not be prejudicial to any non-assenting Registered Owners unless the Registered Owners of at least a majority of the collective aggregate principal amount of the non-assenting Registered Owners of such Highest Priority Obligations, in writing, show the Trustee how they will be prejudiced.

Right To Enforce in Trustee

No Registered Owner of any Obligation has any right as such Registered Owner to institute any suit, action, or proceedings for the enforcement of the provisions of the Master Bond Resolution or for the execution of any trust under the Master Bond Resolution or for the appointment of a receiver or for any other remedy under the Master Bond Resolution, all rights of action under the Master Bond Resolution being vested exclusively in the Trustee, unless and until such Registered Owner has previously given to the Trustee written notice of a default under the Master Bond Resolution, and of the continuance thereof, and also unless the Registered Owners of the requisite principal amount of the Obligations then Outstanding has made written request upon the Trustee and the Trustee has been afforded reasonable opportunity to institute such action, suit or proceeding in its own name, and unless the Trustee has been offered indemnity and security satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, which offer of indemnity is an express condition precedent under the Master Bond Resolution to any obligation of the Trustee to take any such action under the Master Bond Resolution, and the Trustee for 30 days after receipt of such notification, request, and offer of indemnity, has failed to institute any such action, suit or proceeding. It is understood and intended that no one or more Registered Owners of the Obligations have the right in any manner whatever by his or their action to affect, disturb, or prejudice the lien of the Master Bond Resolution or to enforce any right under the Master Bond Resolution except in the manner provided in the Master Bond Resolution and for the equal benefit of the Registered Owners of at least a majority of the collective aggregate principal amount of the Obligations then Outstanding.

Physical Possession of Obligations Not Required

In any suit or action by the Trustee arising under the Master Bond Resolution or on all or any of the Obligations issued under the Master Bond Resolution, or any supplement to the Master Bond Resolution, the Trustee is not required to produce such Obligations, but is entitled in all things to maintain such suit or action without their production.

Waivers of Events of Default

The Trustee may in its discretion waive any Event of Default under the Master Bond Resolution and its consequences and rescind any declaration of acceleration of Obligations, and must do so upon the written request of the Registered Owners of at least a majority of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding; provided, however, that there may not be waived (a) any Event of Default in the payment of the principal of or premium on any Outstanding Obligations at the date of maturity or redemption thereof, or any default in the payment when due of the interest on any such Obligations, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal and premium, if any, and all fees and expenses of the Trustee, in connection with such default or otherwise incurred under the Master Bond Resolution have been paid or provided for; (b) any default in the payment of rebate or excess interest amounts; or (c) any Event of Default described in Section 6.01(f) hereof without the prior written consent of the Credit Provider providing the notice of underlying “Event of Default” under its Credit Provider Agreement. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default has been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Registered Owners of Obligations will be restored to their former positions and rights under the Master Bond Resolution respectively, but no such waiver or rescission will extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

Rights of Credit Providers and Liquidity Providers

Notwithstanding anything in the Master Bond Resolution to the contrary, unless otherwise provided in any Supplemental Bond Resolution, the applicable Liquidity Provider or Credit Provider is treated as the Registered Owner of the applicable Bonds and Notes for purposes of directing remedies.

THE TRUSTEE

Acceptance of Trust

The Trustee, pursuant to the Trust Agreement, accepts the trusts imposed upon it by the Master Bond Resolution, and agrees to perform said trusts, but only upon and subject to the following terms and conditions and the terms and provisions of the Trust Agreement:

- (a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Master Bond Resolution, and no implied covenants or obligations are to be read into the Master Bond Resolution against the Trustee.

(b) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Master Bond Resolution; but in the case of any such certificates or opinions specifically required to be furnished to the Trustee pursuant to the Master Bond Resolution, the Trustee will be under a duty to examine the same to determine whether or not they conform as to form with the requirements of the Master Bond Resolution.

(c) In case an Event of Default has occurred and is continuing, the Trustee, in exercising the rights and powers vested in it by the Master Bond Resolution, is required to use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

Recitals of Others

The recitals, statements, and representations set forth in the Master Bond Resolution and in the Bonds and Notes are statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the title of the Authority in the Trust Estate or as to the security afforded thereby, or as to the validity or sufficiency of the Master Bond Resolution or of the Bonds or Notes issued under the Master Bond Resolution, and the Trustee will incur no responsibility in respect of such matters.

As to Filing of Master Bond Resolution

The Trustee will be under no duty (a) to file or record, or cause to be filed or recorded, the Master Bond Resolution or any instrument supplemental to the Master Bond Resolution, (b) to procure any further order or additional instruments of further assurance, (c) to see to the delivery to it of any personal property intended to be mortgaged or pledged under the Master Bond Resolution or under any such instrument supplemental thereto, (d) to do any act which may be suitable to be done for the better maintenance of the lien or security of the Master Bond Resolution or (e) for giving notice of the existence of such lien, or for extending or supplementing the same or to see that any rights to Revenue and Funds intended now or hereafter to be transferred in trust under the Master Bond Resolution are subject to the lien of the Master Bond Resolution. The Trustee will not be liable for failure of the Authority to pay any tax or taxes in respect of such property, or any part thereof, or the income therefrom or otherwise, nor will the Trustee be under any duty in respect of any tax which may be assessed against it or the Registered Owners in respect of such property or pledged Revenue and Funds. At the expense of the Authority, the Trustee agrees to prepare, request that the Authority execute (if such execution is necessary for any such filing) and file in a timely manner (if received from the Authority in a timely manner) with any necessary execution by the Authority, the continuation statements referred to in the Master Bond Resolution; provided, that the Trustee will have no responsibility for the sufficiency, adequacy or priority of any initial filing and in the absence of written notice to the contrary by the Authority or other Authorized Representative, may rely and will be protected in relying on all information and exhibits in such initial filings for the purposes of any continuation statements.

Trustee May Act Through Agents

The Trustee may execute any of the trusts or powers granted to it by the Master Bond Resolution and perform any duty under the Master Bond Resolution, either itself or by or through its attorneys, agents, or employees. All reasonable costs incurred by the Trustee and all reasonable compensation to all such persons as may reasonably be employed in connection with the trusts granted to it by the Master Bond Resolution will be paid by the Authority.

Indemnification of Trustee

Other than with respect to its duties to make payment on the Obligations when due, its duty to pursue the remedy of acceleration, and its duty to draw upon or request payment under a Credit Facility or a Liquidity Facility or the provide of any notices or redemptions or mandatory tenders pursuant to the terms thereof for each of which no additional security or indemnity may be required, before taking any action under the Master Bond Resolution or refraining from taking any action under the Master Bond Resolution, the Trustee may require that it be furnished an indemnity bond or other indemnity and security satisfactory to it by the Authority or the Registered Owners, as applicable, for the reimbursement of all expenses to which it may be put and to protect it against all liability including costs incurred in defending itself against any and all charges, claims, complaints, allegations, assertions or demands of any nature whatsoever arising from or related to its role as Trustee, except liability which results from the negligence or willful misconduct of the Trustee including without limitation negligence or willful misconduct with respect to moneys deposited and applied pursuant to the Master Bond Resolution. The Trustee will not be required to take notice, or be deemed to have knowledge, of any default or Event of Default of the Authority under the Master Bond Resolution and may conclusively assume that there has been no such default or Event of Default (other than an Event of Default described in paragraphs (a), (b) or (c) under the caption “DEFAULTS AND REMEDIES—Events of Default” in this Appendix A) unless and until it has been specifically notified in writing of such default or Event of Default by (a) the Registered Owners of the required percentages in principal amount of the Obligations then Outstanding, (b) 100% of the Registered Owners of any Series of Bonds or Notes then Outstanding, (c) an Authorized Representative of the Authority or (d) a Liquidity Provider or Credit Provider. However, the Trustee may begin suit, or appear in and defend suit, execute any of the trusts created by the Master Bond Resolution, enforce any of its rights or powers under the Master Bond Resolution, or do anything else in its judgment proper to be done by it as Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee will be reimbursed or indemnified by the Registered Owners requesting such action, if any, for all fees, costs and expenses, liabilities, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith, unless such costs and expenses, liabilities, outlays and attorneys’ fees and other reasonable disbursements properly incurred in connection therewith are adjudicated to have resulted from the negligence or willful misconduct of the Trustee. In furtherance and not in limitation of this paragraph, the Trustee will not be liable for, and will be held harmless by the Authority from, following in good faith any Authority Orders, instructions or other directions upon which the Trustee is authorized to rely pursuant to the Master Bond Resolution or any other agreement to which it is a party. If the Authority or the Registered Owners, as appropriate, fails to make such reimbursement or indemnification, the Trustee may reimburse itself from any money in its possession under the provisions of the Master Bond Resolution, (i) except during the continuance

of an Event of Default, subject only to the prior lien of the Bonds and Notes for the payment of the principal thereof, premium, if any, and interest thereon from the Revenue Account and (ii) during the continuance of an Event of Default. None of the provisions contained in the Master Bond Resolution or any other agreement to which it is a party requires the Trustee to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if the Registered Owners have not offered security and indemnity acceptable to it or if it has reasonable grounds for believing that prompt repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Trustee's Right to Reliance

The Trustee will be protected in acting in good faith upon any notice, resolution, request, consent, order, certificate, report, appraisal, opinion, report or document of the Authority or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties; and the Trustee is under no duty to make any investigation as to any statement contained in any such instrument, paper or document, but may accept the same as conclusive evidence of the truth and accuracy of such statement. Before acting or refraining from acting in the administration of the Master Bond Resolution, the Trustee may consult with experts and with counsel (who may be counsel for the Authority), and the opinion of such counsel is full and complete authorization and protection in respect of any action taken or suffered, and in respect of any determination made by it under the Master Bond Resolution in good faith and in accordance with the opinion of such counsel.

Whenever in the administration of the Master Bond Resolution the Trustee will reasonably deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action under the Master Bond Resolution, the Trustee (unless other evidence is specifically prescribed in the Master Bond Resolution) may require and, in the absence of bad faith on its part, may rely upon a certificate signed by an Authorized Representative of the Authority. Whenever in the administration of the Master Bond Resolution the Trustee is directed to comply with an Authority Order, the Trustee will be entitled to act in reliance on such Authority Order; provided, however, that the Trustee will not comply with any Authority Order which does not comply with the express terms and provisions of the Master Bond Resolution or which directs the Trustee to take any action that is not expressly permitted by the terms and provisions of the Master Bond Resolution.

The Trustee is not bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the Authority but the Trustee may require of the Authority full information and advice as to the performance of any covenants, conditions or agreements pertaining to Financed Eligible Loans.

The Trustee will not be liable for any action taken, suffered, or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Master Bond Resolution or error of judgment made in good faith; provided, however, that the Trustee will be liable for its negligence or willful misconduct.

The permissive right of the Trustee to take action under or otherwise do things enumerated in the Master Bond Resolution will not be construed as a duty.

The Trustee is authorized, under the Master Bond Resolution to sell, assign, transfer or convey Financed Eligible Loans in accordance with an Authority Order. If such Financed Eligible Loan was originated under the Higher Education Act, such Authority Order must certify that the Person to whom such Financed Eligible Loan is sold, assigned, transferred, or conveyed is an Eligible Lender unless not required by the Higher Education Act. The Trustee is further authorized to enter into agreements with other Persons, in its capacity as Trustee, in order to carry out or implement the terms and provisions of the Master Bond Resolution.

The Trustee will not be liable for any action taken or omitted by it in good faith on the direction of the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding as to the time, method, and place of conducting any proceedings for any remedy available to the Trustee or the exercising of any power conferred by the Master Bond Resolution.

Compensation of Trustee

Except as otherwise expressly provided in the Master Bond Resolution, all advances, counsel fees (including without limitation allocated fees of in-house counsel) and other expenses reasonably made or incurred by the Trustee in and about the execution and administration of the trust created by the Master Bond Resolution and reasonable compensation to the Trustee for its services in the premises will be paid by the Authority. The compensation of the Trustee is not limited to or by any provision of law in regard to the compensation of Trustees of an express trust. Except during the continuance of an Event of Default, the fees of the Trustee will be limited to those set forth in the Trust Agreement. If not paid by the Authority, the Trustee will have a lien against all money held pursuant to the Master Bond Resolution (other than the moneys and investments held in the Rebate Fund and the Bond Purchase Account or any amount drawn upon a Credit Facility), (a) except during the continuance of an Event of Default, subject only to the prior lien of the Obligations against the money and investments in the Revenue Account for the payment of the principal thereof, premium, if any, and interest thereon, for such reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Master Bond Resolution and the exercise and performance of the powers and duties of the Trustee under the Master Bond Resolution and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee) and (b) during the continuance of an Event of Default.

Trustee May Own Bonds or Notes

The Trustee, or any successor Trustee, in its individual or other capacity, may become the owner or pledgee of Bonds or Notes and may otherwise deal with the Authority, with the same rights it would have if it were not the Trustee. The Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or act in any other capacity in respect to, any committee formed to protect the rights of the Registered Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or Notes or of the Master Bond

Resolution, whether or not any such committee represents the Registered Owners of at least a majority of the collective aggregate principal amount of the Outstanding Obligations.

Resignation of Trustee

The Trustee and any successor to the Trustee may resign and be discharged from the trust created by the Master Bond Resolution by giving to the Authority notice in writing which notice is required to specify the date on which such resignation is to take effect; provided, however, that such resignation will only take effect on the day specified in such notice if a successor Trustee has been appointed (and is qualified to be the Trustee under the requirements described under the caption “Successor Trustee” below). If no successor Trustee has been appointed by the later of the date specified or 30 days after the receipt of the notice by the Authority, the Trustee may (a) appoint a temporary successor Trustee having the qualifications described under the caption “Successor Trustee” below; or (b) request a court of competent jurisdiction to (i) require the Authority to appoint a successor having the qualifications described under the caption “Successor Trustee” below within three days of the receipt of citation or notice by the court; or (ii) appoint a Trustee having the qualifications described under the caption “Successor Trustee” below. In no event may the resignation of the Trustee be effective until a qualified successor Trustee has been selected and appointed. In the event a temporary successor Trustee is appointed pursuant to clause (a) above, the Authority may remove such temporary successor Trustee and appoint a successor having the qualifications described under the caption “Successor Trustee” below.

Removal of Trustee

The Trustee or any successor Trustee may be removed (a) at any time by the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding, (b) by the Authority for cause or upon the sale or other disposition of the Trustee or its trust functions or (c) by the Authority without cause so long as no Event of Default exists or has existed within the last 30 days, upon payment to the Trustee so removed of all money then due to it under the Master Bond Resolution and appointment of a successor thereto by the Authority and acceptance thereof by said successor.

In the event a Trustee (or successor Trustee) is removed, by any Person or for any reason permitted under the Master Bond Resolution, such removal will not become effective until (a) in the case of removal by the Registered Owners, such Registered Owners by instrument or concurrent instruments in writing (signed and acknowledged by such Registered Owners or their attorneys-in-fact) filed with the Trustee removed have appointed a successor Trustee or otherwise the Authority has appointed a successor and (b) the successor Trustee has accepted appointment as such.

Successor Trustee

In case at any time the Trustee or any successor Trustee resigns, is dissolved or is otherwise disqualified to act or be incapable of acting, or in case control of the Trustee or of any successor Trustee or of its officers is taken over by any public officer or officers, a successor Trustee may be appointed by the Authority by an instrument in writing duly authorized by

resolution. In the case of any such appointment by the Authority of a successor to the Trustee, the Authority will forthwith cause notice thereof to be mailed to the Registered Owners of the Bonds and Notes at the address of each Registered Owner appearing on the bond registration books maintained by the Registrar.

Every successor Trustee appointed by the Registered Owners, by a court of competent jurisdiction, or by the Authority is required to be a bank or trust company in good standing, organized and doing business under the laws of the United States or of a state therein, which has a reported capital and surplus of not less than \$50,000,000, be authorized under the law to exercise corporate trust powers, be subject to supervision or examination by a federal or state authority, and be an Eligible Lender so long as such designation is necessary to maintain guarantees and federal benefits under the Higher Education Act with respect to the Financed Eligible Loans originated under the Higher Education Act.

Additional Covenants by the Trustee To Conform to the Higher Education Act

The Trustee covenants in the Trust Agreement that it will at all times be an Eligible Lender under the Higher Education Act so long as such designation is necessary, as determined by the Authority, and that it will not acquire from, dispose of or deliver any Financed Eligible Loans originated under the Higher Education Act or any interest in any such Financed Eligible Loans to any party who is not an Eligible Lender so long as the Higher Education Act or Regulations adopted thereunder require an Eligible Lender to be the owner or holder of such Financed Eligible Loans; provided, however, that nothing above will prevent the Trustee from delivering the Eligible Loans to a Servicer or a Guaranty Agency.

Right of Inspection.

A Registered Owner is permitted at reasonable times during regular business hours and in accordance with reasonable regulations prescribed by the Trustee to examine at the principal office of the Trustee a copy of any report or instrument theretofore filed with the Trustee relating to the condition of the Trust Estate.

At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, has the right fully to inspect all books, papers and records of the Authority and any Servicer pertaining to Financed Eligible Loans, and to copy or take such memoranda from and in regard thereto as may be desired.

Limitation With Respect to Examination

Except as expressly provided in the Master Bond Resolution, the Trustee is under no duty to examine any report or statement or other document required or permitted to be filed with it by or on behalf of the Authority, and the Trustee may accept the same as conclusive evidence of the truth and accuracy of any statement contained therein or as to the existence or nonexistence of any fact stated therein.

Servicing Agreements

The Trustee is under no duty to service the Financed Eligible Loans or to monitor the servicing of the Financed Eligible Loans; provided, however, upon the occurrence of any Event of Default and for so long as any Event of Default is continuing, the Trustee will monitor the servicing of Financed Eligible Loans, and if reasonably necessary in the judgment of the Trustee under the circumstances, to service Financed Eligible Loans.

Additional Covenants of Trustee

The Trustee, by the execution of the Trust Agreement, covenants, represents and agrees that:

(a) it will not exercise any of the rights, duties, or privileges under the Master Bond Resolution in such manner as would cause the Eligible Loans held or financed under the terms of the Master Bond Resolution to be transferred, assigned, or pledged as security to any person or entity other than as permitted by the Master Bond Resolution; and

(b) if the Trustee takes title to the Financed Eligible Loans upon an Event of Default, it will comply with the Higher Education Act and the Regulations and will, upon written notice from an Authorized Representative of the Authority, the Secretary, or Guaranty Agency, use its reasonable efforts to cause the Master Bond Resolution to be amended if the Higher Education Act or Regulations are amended so as to be contrary to the terms of the Master Bond Resolution.

Merger of the Trustee, Etc.

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

Enforcement of Liquidity Facilities and Credit Facilities

So long as a Liquidity Facility or Credit Facility is outstanding, the Trustee will cause to be diligently enforced and taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms and conditions of such Liquidity Facility or Credit Facility. The Trustee will at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and interests of the Authority and the Registered Owners of the Bonds and Notes under or with respect to such Liquidity Facility or Credit Facility. The Trustee will not consent or agree to or permit any amendment or modification of such Liquidity Facility or Credit Facility which would in any manner materially adversely affect the rights or security of the Registered Owners of the Bonds and Notes under the Master Bond Resolution.

SUPPLEMENTAL BOND RESOLUTIONS

Supplemental Bond Resolutions Not Requiring Consent of Registered Owners

The Authority, may, without the consent of or notice to any of the Registered Owners of any Obligations adopt any resolution or resolutions supplemental to the Master Bond Resolution for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in the Master Bond Resolution;
- (b) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;
- (c) to subject to the Master Bond Resolution additional revenues, properties or collateral;
- (d) to modify, amend or supplement the Master Bond Resolution or any resolution supplemental to the Master Bond Resolution in such manner as to permit the qualification thereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds or Notes for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Master Bond Resolution or any resolution supplemental to the Master Bond Resolution such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;
- (e) to evidence the appointment of a separate or co-Trustee or a co-registrar or transfer agent or the succession of a new Trustee thereunder;
- (f) to make any change which affects a Series of the Bonds and Notes subsequent to a Mandatory Tender Date for such Series of Bonds and Notes and upon receipt by the Authority and the Master Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the other Bonds and Notes will not be lowered or withdrawn because of such change;
- (g) to add such provisions to or to amend such provisions of the Master Bond Resolution as may be necessary or desirable to assure implementation of the Program in conformance with the Higher Education Act if, together with such Supplemental Bond Resolution there is filed a counsel's opinion addressed to the Authority and the Trustee to the effect that the addition or amendment of such provisions will not materially impair the existing security of the Registered Owners of any Outstanding Obligations;
- (h) to make any change necessary in order to obtain and maintain for any of the Bonds or Notes an investment grade Rating from a nationally recognized rating service, if along with such Supplemental Bond Resolution there is filed a Bond Counsel's

opinion addressed to the Trustee to the effect that such changes will in no way impair the existing security of the Registered Owners of any Outstanding Obligations;

(i) to make any changes necessary to comply with the Higher Education Act, the Regulations or the Code and the regulations promulgated thereunder;

(j) to provide for the issuance of Bonds or Notes pursuant to the provisions of the Master Bond Resolution, including the creation of appropriate Funds, Accounts and Subaccounts with respect to such Bonds or Notes;

(k) to make the terms and provisions of the Master Bond Resolution, including the lien and pledge granted therein, applicable to a Derivative Product, Credit Provider Agreement or a Liquidity Facility, and to modify the Master Bond Resolution with respect to any particular Derivative Product;

(l) to create any additional Funds, Accounts or Subaccounts under the Master Bond Resolution deemed by the Trustee to be necessary or desirable;

(m) to amend the Master Bond Resolution to allow for any Bonds or Notes to be supported by a Credit Facility or Liquidity Facility, including amendments with respect to repayment to such a provider on a parity with any Bonds, Notes or Derivative Product and providing rights to such provider under the Master Bond Resolution, including with respect to defaults and remedies;

(n) to amend the Master Bond Resolution to provide for use of a surety bond or other financial guaranty instrument in lieu of cash and/or Investment Securities in all or any portion of the Debt Service Reserve Account, so long as such action will not adversely affect the Ratings on any of the Bonds or Notes;

(o) unless all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, to make any other change with a Rating Confirmation from each Rating Agency;

(p) to modify any of the provisions of the Master Bond Resolution in any respect whatever; provided, however, that (i) such modification will be effective only after all Bonds and Notes of any Series Outstanding at the date of the execution by the Authority of such Supplemental Bond Resolution cease to be Outstanding and (ii) such Supplemental Bond Resolution is specifically referred to in the text of all Bonds and Notes of any Series authenticated and delivered after the date of the execution by the Authority of such Supplemental Bond Resolution and of Bonds or Notes issued in exchange therefor or in place thereof;

(q) if all of the Outstanding Bonds and Notes are secured by one or more Credit Facilities and the Ratings on such Bonds and Notes are based solely on the Ratings of the Credit Providers, to make any other change with the prior written consent of all Credit Providers; or

(r) to make any other change which, in the judgment of the Trustee is not materially adverse to the Registered Owners of any Obligations;

provided, however, that nothing may permit, or be construed as permitting, any modification of the trusts, powers, rights, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

Supplemental Bond Resolutions Requiring Consent of Registered Owners

Exclusive of Supplemental Bond Resolutions described under the caption “Supplemental Bond Resolutions Not Requiring Consent of Registered Owners” above and subject to the terms and provisions described in this paragraph, and not otherwise, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Obligations then Outstanding have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of such other resolution or resolutions supplemental thereto as may be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Bond Resolution or in any Supplemental Bond Resolution; provided, however, that nothing will permit, or be construed as permitting (a) without the consent of the Registered Owners of all then Outstanding Obligations affected thereby, (i) an extension of the maturity date of the principal of or the interest on any Obligation, (ii) a reduction in the principal amount of any Obligation or the rate of interest thereon, (iii) a privilege or priority of any Obligation or Obligations over any other Obligation or Obligations except as otherwise provided in the Master Bond Resolution, (iv) a reduction in the aggregate principal amount of the Obligations required for consent to such Supplemental Bond Resolution, or (v) the creation of any lien other than a lien ratably securing all of the Obligations at any time Outstanding except as otherwise provided in the Master Bond Resolution; or (b) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

If at any time the Authority requests the Trustee to enter into any such Supplemental Bond Resolution for any of the purposes described in this caption, the Trustee will, upon being satisfactorily secured with respect to expenses, cause notice of the proposed execution of such Supplemental Bond Resolution to be mailed by registered or certified mail to each Registered Owner of an Obligation at the address shown on the registration records or listed in any Derivative Product, Credit Facility, Credit Provider Agreement or Liquidity Facility. Such notice will briefly set forth the nature of the proposed Supplemental Bond Resolution and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Registered Owners. If, within 60 days, or such longer period as prescribed by the Authority, following the mailing of such notice, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Obligations Outstanding at the time of the execution of any such Supplemental Bond Resolution have consented in writing to and approved the execution thereof, no Registered Owner of any Obligation will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Bond Resolution as described above, the Master Bond Resolution will be deemed to be modified and amended in accordance therewith.

Additional Limitation on Modification of Master Bond Resolution

None of the provisions of the Master Bond Resolution permit an amendment to the provisions of the Master Bond Resolution which permits the transfer of all or part of the Financed Eligible Loans originated under the Higher Education Act or the granting of an interest therein to any Person other than an Eligible Lender or a Servicer, unless the Higher Education Act or Regulations are modified so as to permit the same.

No amendment to the Master Bond Resolution or to the resolutions supplemental thereto will be effective unless the Trustee receives an opinion of Bond Counsel to the effect that such amendment was adopted in conformance with the Master Bond Resolution and will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Derivative Products, Credit Facilities, Liquidity Facilities and other contracts may contain additional limitations on the right of the Authority to amend the Master Bond Resolution, and the Authority will comply with the same.

Consent of Registered Owners Binds Successors

Any request or consent of the Registered Owner of any Obligations given for any of the purposes of the Master Bond Resolution will bind all future Registered Owners of the same Obligation or any Obligations issued in exchange therefor or in substitution thereof in respect of anything done or suffered by the Authority or the Trustee in pursuance of such request or consent.

MISCELLANEOUS PROVISIONS

Limited Obligation of the Authority and State

The Bonds and Notes and any other Obligations issued or entered into under the Master Bond Resolution, and the interest thereon, are not an indebtedness or obligation of the State, or of any political subdivision thereof (other than the Authority), or of the trustees of the Authority, and neither the faith and credit nor the taxing power of the State (or any political subdivision thereof) is pledged to pay the principal of, premium, if any, or interest on the Bonds and Notes. The Bonds and Notes and other Obligations are obligations of the Authority payable solely from the Trust Estate and other property or income pledged thereto as specified in the Master Bond Resolution. The Authority has no taxing power.

Third Party Beneficiary

Each Liquidity Provider or Credit Provider is a third party beneficiary of the Master Bond Resolution and each Supplemental Bond Resolution and may enforce such provisions of the Master Bond Resolution and such Supplemental Bond Resolution as inures to its benefit in accordance with the terms hereof. Notwithstanding anything to the contrary in the Master Bond Resolution, any provision of the Master Bond Resolution expressly recognizing or granting rights in or to a Liquidity Provider or a Credit Provider, as applicable, may not be amended in any manner which affects the rights of such Liquidity Provider or Credit Provider, as applicable,

without the prior written consent of such Liquidity Provider or Credit Provider. In addition, any amendment to the Master Bond Resolution or any Supplemental Bond Resolution shall be subject to any consent requirement set forth in a Credit Facility, a Credit Provider Agreement or a Liquidity Facility, as applicable.

Non-Business Days

Except as may otherwise be provided in the Master Bond Resolution, if the date for making payment of any amount thereunder or on any Bond or Note, or if the date for taking any action thereunder, is not a Business Day, then such payment can be made without accruing further interest or action can be taken on the next succeeding Business Day, with the same force and effect as if such payment were made when due or action taken on such required date.

SATISFACTION OF MASTER BOND RESOLUTION

Trust Irrevocable

The trust created by the terms and provisions of the Master Bond Resolution is irrevocable until the indebtedness secured thereby (the Bonds and Notes and interest thereon), all Authority Derivative Payments, all payment obligations of the Authority under any Credit Provider Agreement or Liquidity Facility and all other payment obligations thereunder are fully paid or provision made for its payment.

Satisfaction of Master Bond Resolution

(a) If the Authority pays, or causes to be paid, or there is otherwise paid (i) to the Registered Owners of the Bonds and Notes, the principal of and interest on the Bonds and Notes, at the times and in the manner stipulated in the Master Bond Resolution, (ii) to each Reciprocal Payor, all Authority Derivative Payments then due, (iii) any amounts owing to each Credit Provider, Liquidity Provider or other Person under each Credit Facility, Credit Provider Agreement and Liquidity Facility (and the Trustee has returned the Credit Facility or Liquidity Facility to the applicable Credit Provider or Liquidity Provider for cancellation) and (iv) to the United States of America, the amount required to be rebated in satisfaction of its obligations as described in any Tax Document, then the pledge of the Trust Estate, except the Rebate Fund, which is not pledged under the Master Bond Resolution, and all covenants, agreements, and other obligations of the Authority to the Registered Owners of Bonds and Notes will thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee will execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee is required to pay over or deliver all money held by it under the Master Bond Resolution to the party entitled to receive the same under the Master Bond Resolution. If the Authority pays or causes to be paid, or there is otherwise paid, to the Registered Owners of any Outstanding Bonds and Notes the principal of and interest on such Bonds and Notes, to each Credit Provider, Liquidity Provider or other Person under each Credit Facility, Credit Provider Agreement and Liquidity Facility, and to each Reciprocal Payor all Reciprocal Payments then due, at the times and in the manner stipulated in the Master Bond Resolution, the Credit Facility, the

Liquidity Facility, the Credit Provider Agreement and in the Derivative Product, such Bonds and Notes, each Liquidity Provider, Credit Provider and each Reciprocal Payor will cease to be entitled to any lien, benefit, or security under the Master Bond Resolution, and all covenants, agreements, and obligations of the Authority to the Registered Owners thereof, each Liquidity Provider, each Credit Provider and each Reciprocal Payor will thereupon cease, terminate, and become void and be discharged and satisfied. No such discharge with respect to Bonds and Notes supported by a Credit Facility may take place unless the Trustee has received a written notice from each Rating Agency that such discharge will not result in a reduction or withdrawal of the current rating assigned to such Bonds and Notes.

(b) Bonds and Notes or interest installments are deemed to have been paid within the meaning of paragraph (a) above if money for the payment or redemption thereof has been set aside and is being held in trust by the Trustee at the Stated Maturity or earlier redemption date thereof. Any Outstanding Bond and Notes will, prior to the Stated Maturity or earlier redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above if (i) such Bond or Note is to be redeemed on any date prior to its Stated Maturity; and (ii) the Authority has given notice of redemption as provided in the Master Bond Resolution on said date, there has been deposited with the Trustee either money (fully insured by the Federal Deposit Insurance Corporation or fully collateralized by Governmental Obligations) in an amount which are sufficient, or Governmental Obligations (including any Governmental Obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, is sufficient, to pay when due the principal of and interest to become due on such Bond or Note on and prior to the redemption date or Stated Maturity thereof, as the case may be. Notwithstanding anything contrary in the Master Bond Resolution, however, no such deposit will have the effect specified in this paragraph (b): (A) if made during the existence of an Event of Default, unless made with respect to all of the Bonds and Notes then Outstanding; (B) unless on the date of such deposit there is provided to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay in full the Outstanding Bonds and Notes to be redeemed or to be deemed paid pursuant to this paragraph (b); and (C) unless there has been delivered to the Trustee an Opinion of Bond Counsel to the effect that such deposit will not, in and of itself, adversely affect any exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bond. Neither Governmental Obligations nor money deposited with the Trustee as described in this paragraph (b) nor principal or interest payments on any such Governmental Obligations may be withdrawn or used for any purpose other than, and must be held irrevocably in trust in an escrow account for, the payment of the principal of and interest on such Bonds and Notes. Any cash received from such principal of and interest on such Governmental Obligations deposited with the Trustee, if not needed for such purpose, will, to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal of and interest on such Bonds and Notes on and prior to such redemption date or Stated Maturity thereof, as the case may be, and interest earned from such reinvestments is paid over to

the Authority, as received by the Trustee, free and clear of any trust, lien, or pledge. As described above, “Governmental Obligations” means and include only non-callable direct obligations of the Department of the Treasury of the United States of America or portions thereof (including interest or principal portions thereof), and such Governmental Obligations are of such amounts, maturities, and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make the payments required herein, and which obligations have been deposited in an escrow account which is irrevocably pledged as security for the Bonds and Notes. Such term does not include mutual funds and unit investment trusts.

(c) Amounts due under any Liquidity Facility are deemed to have been paid and the applicable Liquidity Facility terminated when payment of all payments due and payable to each Liquidity Provider under its respective Liquidity Facility have been made or duly provided for to the satisfaction of each Liquidity Provider and the respective Liquidity Facility has been terminated; and amounts due under any Credit Provider Agreement are deemed to have been paid and the applicable Credit Facility terminated when payment of all payments due and payable to each Credit Provider under its respective Credit Provider Agreement have been made or duly provided for to the satisfaction of each Credit Provider and the respective Credit Facility has been terminated.

(d) Any Authority Derivative Payments are deemed to have been paid and the applicable Derivative Product terminated when payment of all payments due and payable to each Reciprocal Payor under its respective Derivative Product have been made or duly provided for to the satisfaction of each Reciprocal Payor and the respective Derivative Product has been terminated.

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Appendix B

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES SENIOR VARIABLE RATE DEMAND OBLIGATIONS, SERIES 2008IIA-1

GENERAL DESCRIPTION OF THE OKLAHOMA STUDENT LOAN AUTHORITY (OSLA)

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OPERATING BUSINESS

We are a secondary market, loan servicer and eligible lender in the guaranteed FFEL Program under the Higher Education Act. We perform loan origination and servicing functions under the registered tradename “OSLA Student Loan Servicing™”. According to the 2008 Servicing Volume Survey by the industry group Student Loan Servicing Alliance, at December 31, 2007, OSLA was the 23rd largest FFEL Program loan servicer in the nation.

We originate and perform pre-acquisition servicing of FFEL Program loans for 44 other eligible lenders that are members of the OSLA Network. However, given the reduced margins on FFEL Program loans originated since October 1, 2007 and capital market uncertainties, 17 eligible lenders that were in the OSLA Network have made the decision to exit the FFEL Program. In addition, one major lender decided to centralize origination of its FFEL Program loans, including those serviced by us, through another servicer. Due to the exiting lenders, we had 27 active eligible lenders in the OSLA Network at June 30, 2008.

In addition, the OSLA Network includes two eligible lenders that are responsible for originating, and interim servicing of, their own loans using our loan servicing system at their premises. Each OSLA Network lender is required to offer the loans that we service for sale to us.

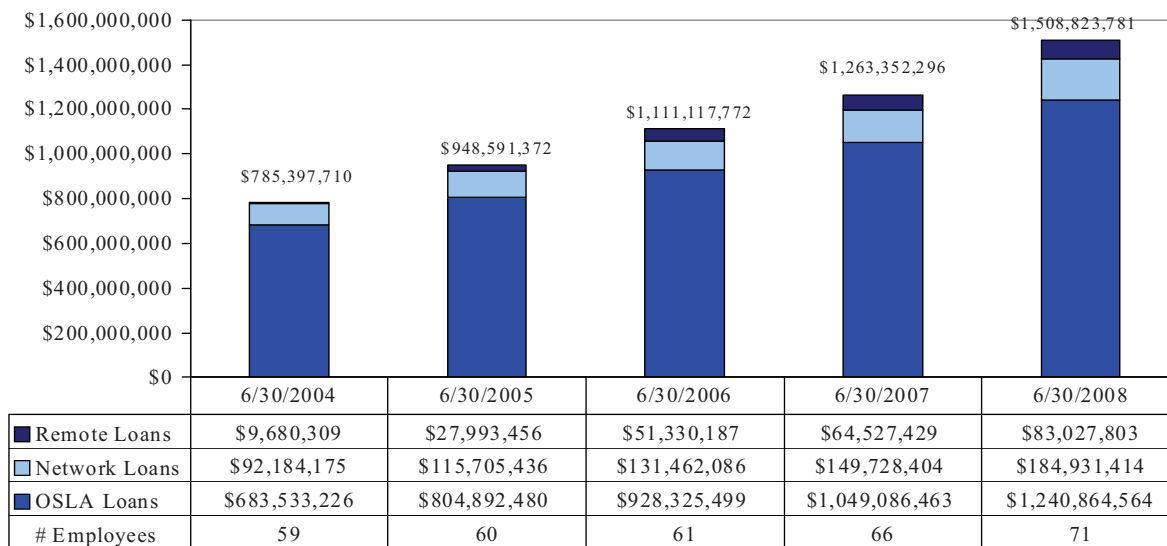
We have originated our own Consolidation Loans. Consolidation Loans combine and refinance the various education loans of a borrower. Presently, Consolidation Loans comprise a majority of our repayment loan portfolio and approximately 42% of all FFEL Program loans that we hold. However, in July 2008, we suspended lending for Consolidation Loans due to a significantly reduced yield on these loans that are made on or after October 1, 2007, a required rebate of a

significant part of that yield to the federal government and market difficulties in financing this type of loan.

We have submitted our documentation to USDE to participate in their Loan Participation Purchase Program under the Ensuring Continued Access to Student Loans Act (“ECASLA”) to finance loans made or acquired for the 2008-09 academic year.

At the end of the federal fiscal year, September 30, 2007, we were the 42nd largest holder of FFEL Program loans in the nation according to the USDE. At the dates indicated in the Table below, we managed FFEL Program loans that we owned (including uninsured loans) plus loans serviced for other eligible lenders, with current principal balances as shown in the following Graph and Table:

OSLA - FFEL Program Loans Managed
Current Principal Balance



In our Supplemental Higher Education Loan FinanceTM (SHELFTM) Program for private loans, we originated and hold education loans that are *not* guaranteed under the Higher Education Act. SHELF loans were underwritten based on the borrower’s, or co-borrower’s, credit to provide supplemental funds as determined by the financial aid staff at eligible schools. The origination of SHELF loans was discontinued as of July 1, 2008. Guarantee fees were withheld from SHELF loan disbursements and placed in the Guarantee Reserve Account of our General Student Loan Trust as a reserve against loan defaults. At June 30, 2008, the Guarantee Reserve Account had a balance of approximately \$132,298 and SHELF loans had an outstanding principal balance of just over \$3 million. Consequently, SHELF loans are *not* a material portion of the loans that we own. In addition, SHELF loans are *not* included in the Trust Estate for the Series 2008A Bonds.

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

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

Our Fiscal Year is from July 1 of each year through June 30 of the next year. We receive no appropriated funds from the State of Oklahoma for our operating expenses. We pay all expenses from revenues derived from the administration of our various education loan programs. At June 30, 2008, our total assets were approximately \$1,310,417,493.

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

Our offices are located at 525 Central Park Drive, Suite 600, Oklahoma City, OK 73105-1706. The general telephone number is (405) 556-9200; and the facsimile transmission number is (405) 556-9255. Our general internet e-mail address is *info@OSLA.org*. Certain financial information about us is available on the internet at our separate *website* located at “www.OSLAfinancial.com”.

ORGANIZATION AND POWERS

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

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

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

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>	<u>Principal Occupation</u>
Patrick T. Rooney	Chairman	April 6, 2010	Chairman, First Bancorp of Oklahoma, Inc. ¹ ; Oklahoma City, OK
Dr. T. Sterling Wetzel	Vice Chairman	April 6, 2013	Professor of Accounting, Oklahoma State University; Stillwater, OK

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

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

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

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

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

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

ADMINISTRATION

Executive Management

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

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

Mr. Farha serves as a Director and Chairman of the Education Finance Council. He has served as a Director of the National Council of Higher Education Loan Programs; as a Director/Vice Chairman, and Chairman for the Oklahoma Life and Health Guaranty Association; Director, Past Treasurer and Chairman for the National Organization of Life and Health Guaranty Associations; and Director/President for the Association of Oklahoma Life Insurance Companies.

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

Michael D. Davis, CPA, Vice President – Finance. Mr. Davis has been employed by OSLA in his current position since February, 2008. From 2006 until assuming his current position, he was an Executive Management Consultant with Gabbard and Company, Oklahoma City, Oklahoma.

From 1996 to 2006, Mr. Davis held various positions of increasing scope and responsibility with MidFirst Bank in Oklahoma City, Oklahoma. During his tenure with MidFirst Bank, Mr. Davis held positions as Senior Financial Analyst, Assistant Vice President & Manager of Financial Technologies, Vice President & Director of Operations for subsidiary First Credit Solutions, Inc., and most recently as Vice President & Manager of Mortgage Lending.

From 1994 to 1996, Mr. Davis was employed by The Portfolio Genius, Inc., Houston, Texas. He was Manager of Operations and provided institutional investment software and consulting solutions to commercial banks and securities dealers nationwide. From 1992 to 1994, Mr. Davis was employed as Manager of Investment Portfolio Accounting by James Baker & Associates, Oklahoma City, Oklahoma.

Mr. Davis received Bachelor of Science degrees in both Quantitative Economics and Finance from Oklahoma State University in 1992. He received his Certified Public Accountant (CPA) certificate in August, 1998.

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

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

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

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

Prior to joining OSLA, Mr. Hollingsworth was involved in financial aid on university campuses for twenty-seven years. He served as Director of Student Financial Services at

Southwestern Oklahoma State University in Weatherford, OK from 2001 to 2006; as Director of Student Financial Services at Oklahoma Baptist University, Shawnee, OK from 1996 to 2006; and as Financial Aid Director at Oklahoma Christian University, Oklahoma City, OK from 1984 to 1996.

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

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

Tonya Latham, Vice President - Information Technology Services. Ms. Latham has been employed by OSLA since November 2002. Her primary duties are managing the Information Technology staff in administration of the systems for loan portfolio servicing, information management and communications. In addition, she has responsibility for project management, information security and strategic technology planning.

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

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

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

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

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

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

Employees

At June 30, 2008, we had approximately 71 full time equivalent employees, including the individuals listed above. The statutory full time equivalent limit on OSLA employees presently is 85.

Properties

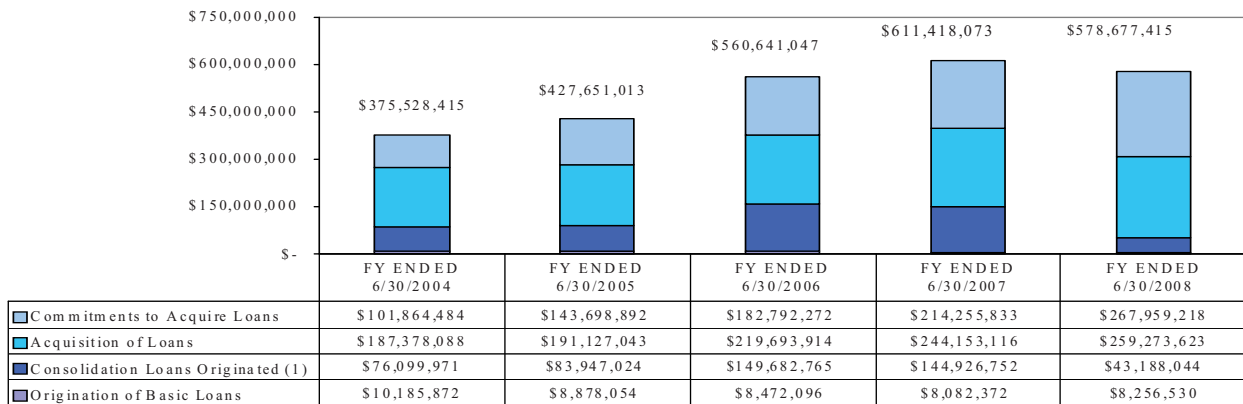
Our offices, including the loan servicing center, are maintained under a lease agreement with an unaffiliated third party that expires January 31, 2013.

LOAN FINANCE PROGRAMS

Program Activity Summary

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

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

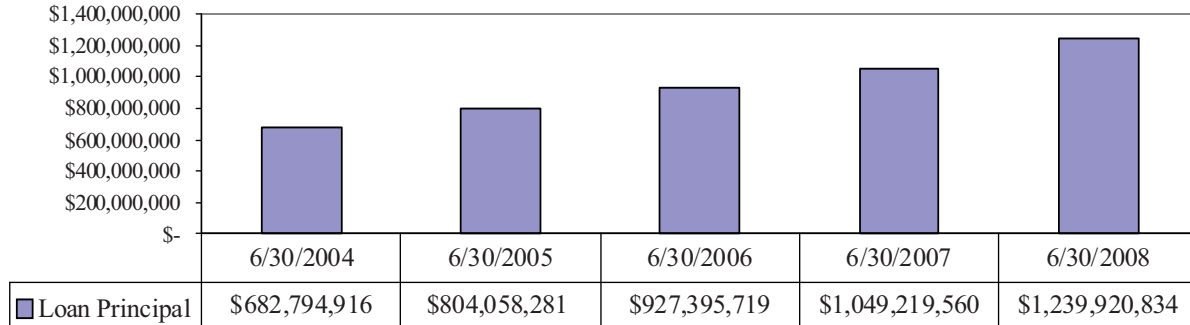


¹In the Fiscal Year ended June 30, 2008, 82% (88% in 2007, 86% in 2006 and 91% in 2005) of Consolidation Loans that were originated paid off loans that were already owned by OSLA.

Guaranteed FFEL Program Principal Balances

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

OSLA - FFEL PROGRAM LOANS OWNED
Current Principal Balance



Average Borrower Indebtedness

Loan Type	6/30/2004	6/30/2005	6/30/2006	6/30/2007	6/30/2008
Stafford Subsidized	\$ 5,400	\$ 5,435	\$ 5,417	\$ 5,230	\$5,775
Stafford Unsubsidized	\$ 6,200	\$ 6,230	\$ 5,987	\$ 5,806	\$6,610
PLUS	\$ 6,800	\$ 7,155	\$ 7,000	\$ 7,477	\$9,047
Consolidation	\$20,450	\$21,630	\$21,890	\$20,835	\$21,230

Guarantee of FFEL Program Loans

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

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

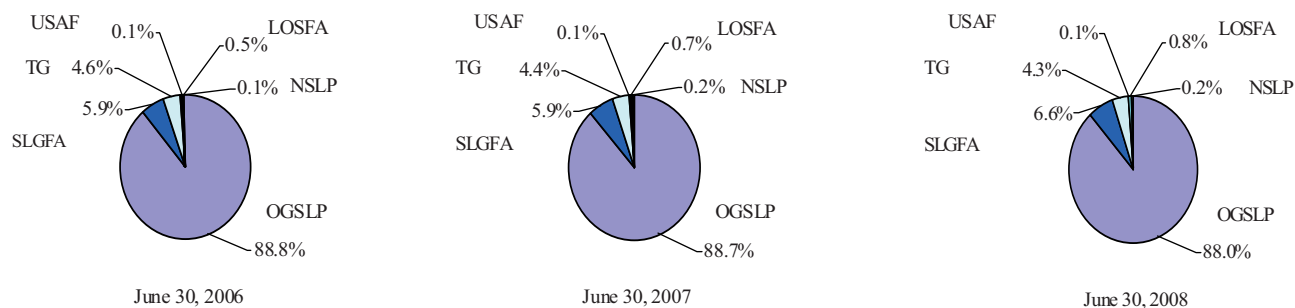
Loans financed by us are guaranteed to the extent provided for in the Higher Education Act by the:

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

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

At the dates indicated below, the Guarantor composition of our guaranteed FFEL Program loan principal was approximately as shown in the following Graphs:

OSLA - FFEL PROGRAM GUARANTEE COMPOSITION
Share of Current Principal Balance



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

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

At the dates indicated in the Table below, the proportion of current principal balance of our guaranteed FFEL Program loan principal (exclusive of uninsured status loans) receivable from borrowers was approximately as shown in the following Table:

Percent of Guarantee Eligibility ¹	6/30/2006	6/30/2007	6/30/2008
	100.0%	73.7%	59.4%
	N/A	25.9%	40.3%

¹ In certain events (e.g., death or permanent and total disability) claims are paid at 100%, regardless of the default claim eligible percentage.

Secondary Market Loan Acquisition

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

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

At the dates indicated in the Table below, the number of lenders in the OSLA Network was approximately as shown in the following Graph and Table:

OSLA - Lenders in the OSLA Network Number Participating				
<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>
32	36	38	42	27*

* During the fiscal year ended June 30, 2008, the OSLA Lender Network had 44 active participating lenders in the network. However, at June 30, 2008 the OSLA Network had declined to 27 eligible lenders due to the decision by 17 of those member lenders to exit the FFEL program as a result of legislative changes to the FFEL program that negatively impacted profitability and protracted uncertainty in the capital markets.

We maintain separate student loan contracts with each participating lender. These agreements require the lender to offer the loans originated on our loan servicing system to us, and for us to purchase (subject to available OSLA funding), education loans held by the OSLA Network lenders, primarily in the grace period before repayment of the loans begins. All purchases are made at prices agreed upon in the student loan contracts.

Lender of Last Resort

In February 1994, we began offering loans to certain students, primarily those attending high default rate schools, under a Lender of Last Resort Loan Program with the State Guarantee Agency. At June 30, 2008, we held approximately \$63,814 principal amount of such loans, compared to \$84,911 at June 30, 2007, and \$128,104 at June 30, 2006.

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

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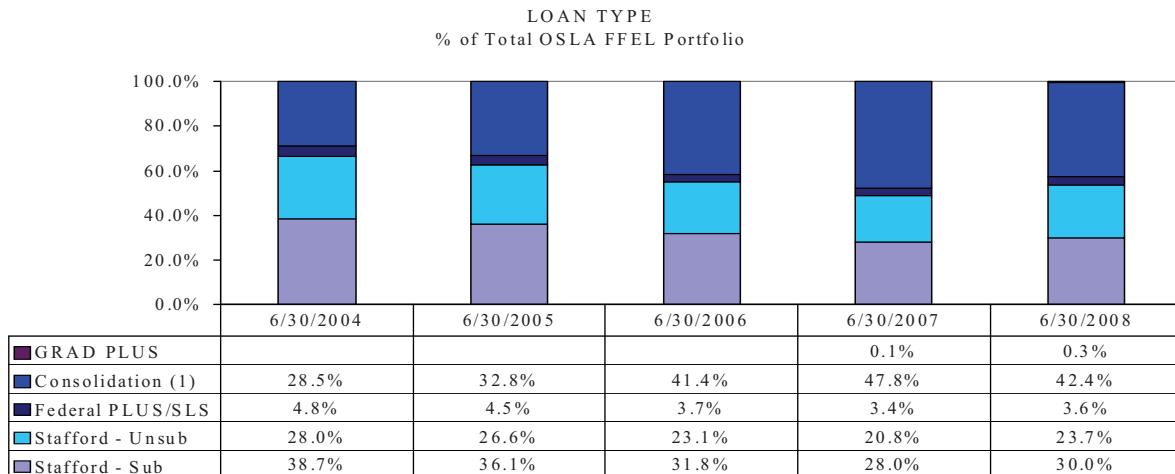
FFEL PORTFOLIO DATA

Loan Type

One of the major trends has been an increasing concentration of the Consolidation Loan type in our portfolio as we consolidated loans of our borrowers. This trend was accelerated in the Fiscal Years ended June 30, 2005 and 2006 by the eligibility of in-school students to consolidate at a fixed rate of interest and the economic incentive to consolidate before significant annual variable rate increases on July 1, 2005 and 2006. However, under the Deficit Reduction Act, as of July 1, 2006, students that are in in-school status are no longer able to apply for a Consolidation Loan.

Consolidation loans require us to pay a monthly rebate to USDE at an annual rate of 1.05% of principal and accrued borrower interest. This burden is offset partially by a higher average borrower indebtedness that lowers servicing cost relative to loan principal, by a lower delinquency rate that reduces collection cost and by a lower default rate that reduces claims filing cost. We have not purchased Consolidation Loans from outside parties. The origination of all Consolidation Loans was discontinued as of July 1, 2008.

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



This shift to the Consolidation loan type caused a corresponding decrease of approximately 8.9% in the total portfolio share of Stafford loans from June 30, 2005 to June 30, 2008.

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

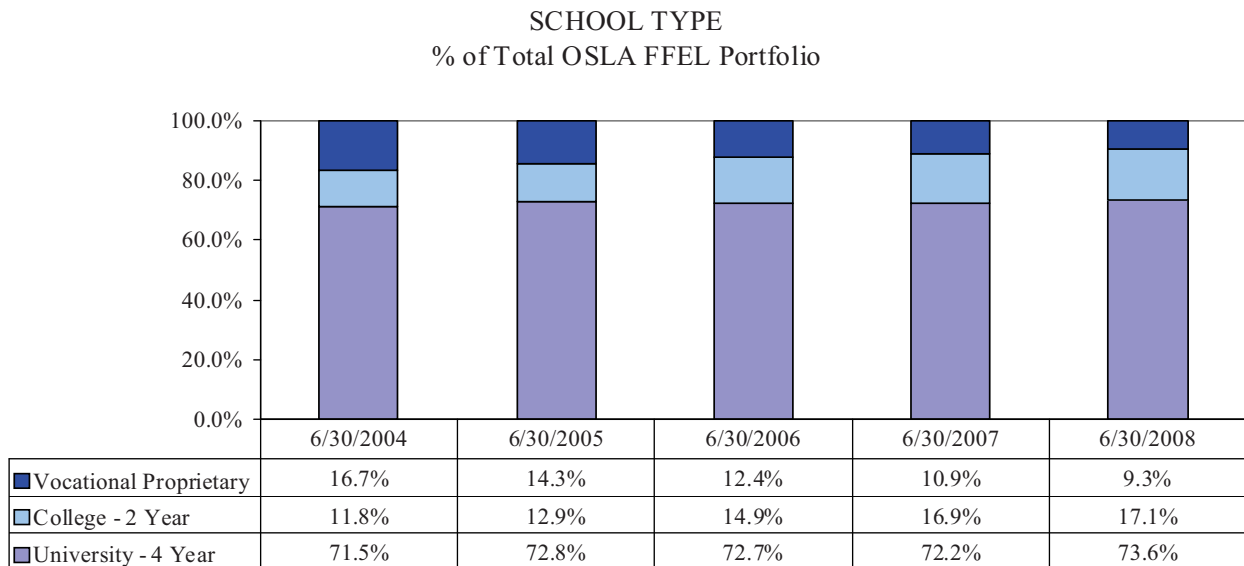
Consolidation Loan Share of Repayment Portfolio

<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>
43.5%	49.3%	52.9%	52.3%	55.1%

In June 2006, federal appropriation legislation repealed the Consolidation loan program's single holder rule. The single holder rule permitted a holder of all the loans of a specific borrower to refuse to allow another lender to pay off the borrower's underlying loans by making a Consolidation loan to that borrower. The repeal of the single holder rule means that any borrower may consolidate their loans with any eligible lender in the FFEL Program. However, during our Fiscal Year ended June 30, 2008, many lenders discontinued their Consolidation Loan programs. Presently, the main source of Consolidation Loans is the USDE William D. Ford Federal Direct Student Loan Program.

School Type

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



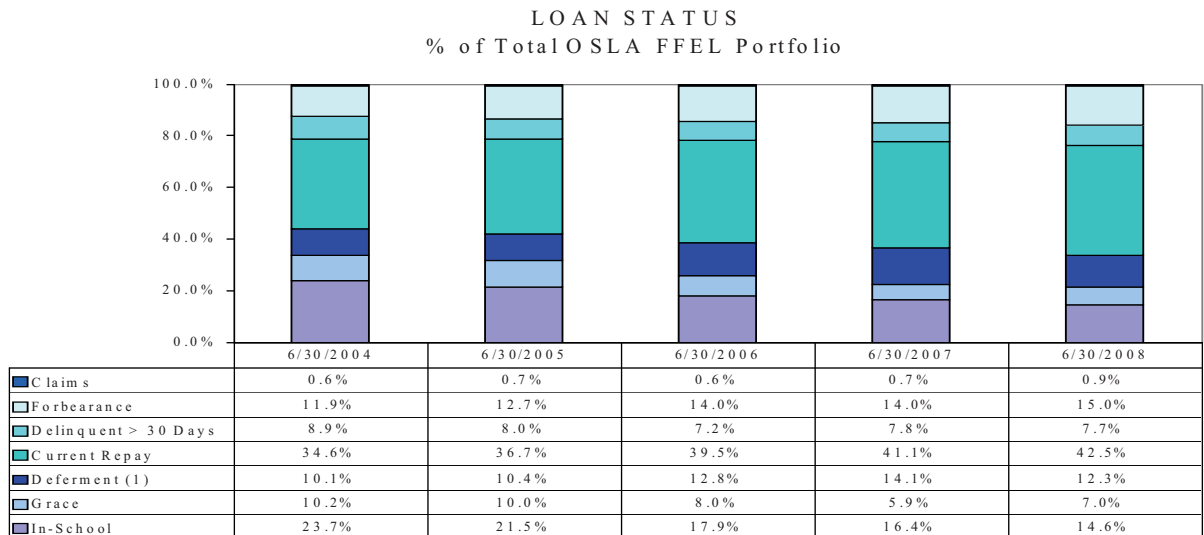
The following table contains the top schools based on loans originated by us and the OSLA Network during the Fiscal Year ended June 30, 2008, in Stafford and PLUS loan volume were:

Top Schools by Loan Originations

<u>Eligible Institution</u>	<u>School Type</u>	<u>Lending Total</u>	<u>% of Total</u>
University of Oklahoma	4-Year University	\$ 34,386,604	13.1%
University of Oklahoma Health Science Center	4-Year University	\$ 18,979,713	7.2%
University of Central Oklahoma	4-Year University	\$ 17,745,000	6.8%
Oklahoma City University	4-Year University	\$ 17,314,238	6.6%
University of Central Arkansas	4-Year University	\$ 13,426,382	5.1%
Northeastern State University	4-Year University	\$ 12,935,941	4.9%
University of Arkansas- Fayetteville	4-Year University	\$ 12,008,019	4.6%
University of Tulsa	4-Year University	<u>\$ 9,552,638</u>	<u>3.6%</u>
	Total	<u>\$ 136,348,535</u>	<u>52.0%</u>

Loan Status

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



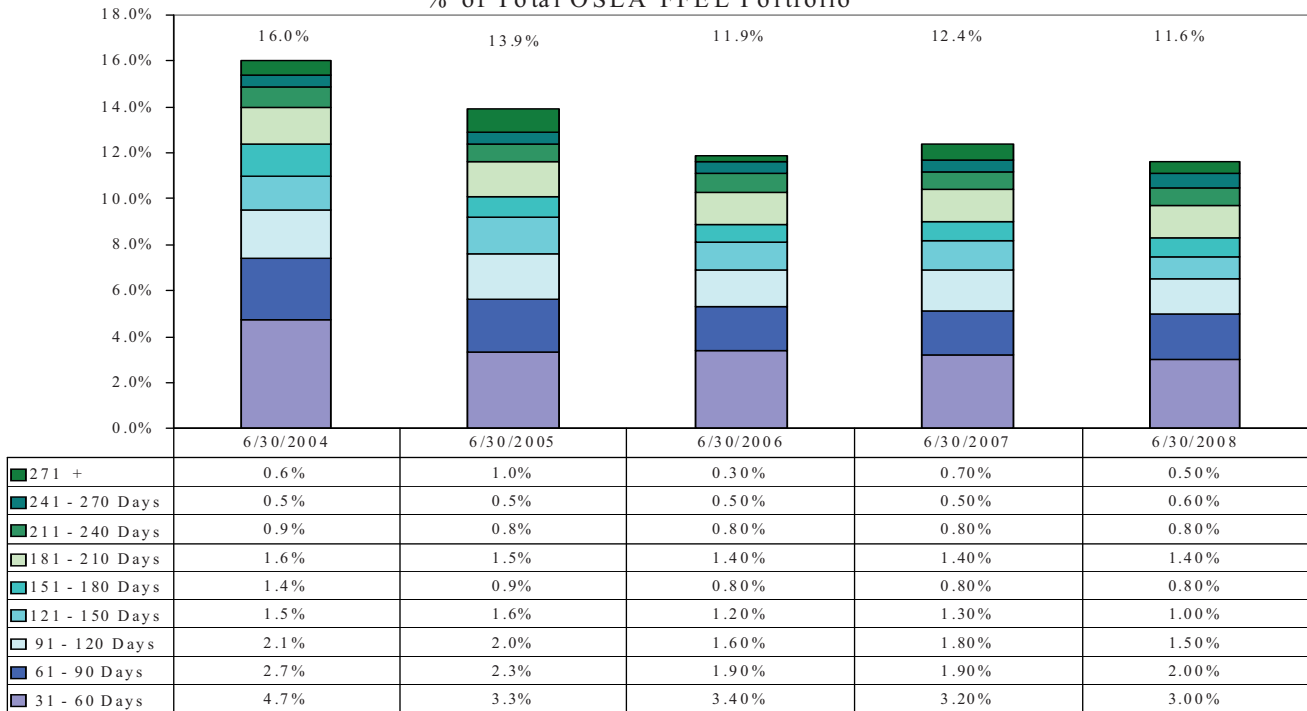
¹At June 30, 2008, approximately 51.03% of this category (52% at June 30, 2007 and 2006 and 55% at June 30, 2005) were Subsidized Stafford loans or certain Consolidation Loans on which the USDE pays interest during deferment.

The Consolidation Loan type has a higher rate of deferment status loans because of in-school consolidation during the fiscal years ended June 30, 2007 and 2006. At June 30, 2008, the Consolidation loan type in our loan portfolio had 14.59% in deferment, compared to 10.94% for Stafford Subsidized loans and 10.41% for Stafford Unsubsidized loans.

Repayment Loan Delinquency

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

REPAYMENT LOAN DELINQUENCY
% of Total OSLA FFEL Portfolio



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

Repayment Loan Delinquency By Loan Type

Loan Type	6/30/2004	6/30/2005	6/30/2006	6/30/2007	6/30/2008
Stafford	21.1%	21.5%	19.8%	23.0%	18.8%
PLUS	8.8%	7.9%	7.9%	9.0%	7.5%
Consolidation	12.7%	9.2%	7.2%	7.2%	7.5%

Loan Portfolio Interest Rates

The rate we earn on FFEL Program loans is called the lender's yield. The lender's yield is determined by the Special Allowance Payment from the USDE. Special Allowance Payments are made to lenders in the Federal FFEL Program to ensure that lenders receive an equitable return on their loans. In general, the amount of a Special Allowance Payment is the difference between the amount of interest the lender receives from the borrower or the government and the amount that is provided under requirements in the Higher Education Act. The interest amount provided under the Higher Education Act is determined quarterly and is based on either the quarterly average of the three-month financial commercial paper or the ninety-one day U.S. Treasury Bill rate plus the legislated Special Allowance Payment subsidy. For loans first disbursed on or after April 1, 2006, interest collected from borrowers is limited to the Special Allowance Payment calculation. In these circumstances, we rebate the calculated excess interest back to the USDE.

The following tables show the allocation of the principal balance outstanding ("PBO") of our guaranteed FFEL program loan portfolio for the Special Allowance Payment index and Special Allowance Payment calculation method as of June 30, 2008.

Special Allowance Payment Index

<u>SAP Index</u>	<u>PBO</u>	<u>PBO %</u>
90-day Comm Paper Index	\$ 1,169,882,201	94.3%
91-day U.S. TBill Index	<u>70,038,632</u>	<u>5.7%</u>
Total	<u>\$ 1,239,920,833</u>	<u>100.0%</u>

Special Allowance Payment Calculation Method

<u>SAP Calculation Method</u>	<u>PBO</u>	<u>PBO %</u>
Not limited to SAP Rate	\$ 761,709,425	61.4%
Limited to SAP Rate	<u>478,211,408</u>	<u>38.6%</u>
Total	<u>\$ 1,239,920,833</u>	<u>100.0%</u>

LOAN SERVICING

Standards and Activities

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

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

- Accounting for ourselves and the OSLA Network.

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

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

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

OSLA Student Loan Servicing System

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

- An IBM iSeries computer acquired in October 2005 that we own, which replaced an earlier iSeries model, resulting in a significant upgrade in configuration, processing capability and memory storage;
- iSeries related operating and database software that we license from IBM;
- Personal computers and an NT based local area network;
- Aid Delivery System software that we licensed on a perpetual basis from Idaho Financial Associates, Inc. (IFA), Boise, Idaho, now 5280 Solutions LLC;
- Student Loan Servicing System software that we licensed also on a perpetual basis from IFA, now 5280 Solutions LLC; and
- Ancillary software programs of proprietary software and database query reports that we developed and various commercial software applications licensed from multiple vendor sources.

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

We are the only user of the Aid Delivery System, but 5280 Solutions LLC provides its student loan servicing software to 13 student loan users that service loans, including Nelnet, Inc. In addition to licensing the student loan servicing software, 5280 Solutions LLC provides software maintenance and enhancement at the direction of the users, as well as support. 5280 Solutions LLC is a wholly owned subsidiary of Nelnet, Inc., Lincoln, Nebraska. Nelnet, Inc. also is a competitor of ours as a loan servicer, secondary market and Consolidation Loan lender.

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

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

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

Disaster Recovery Plan and Testing

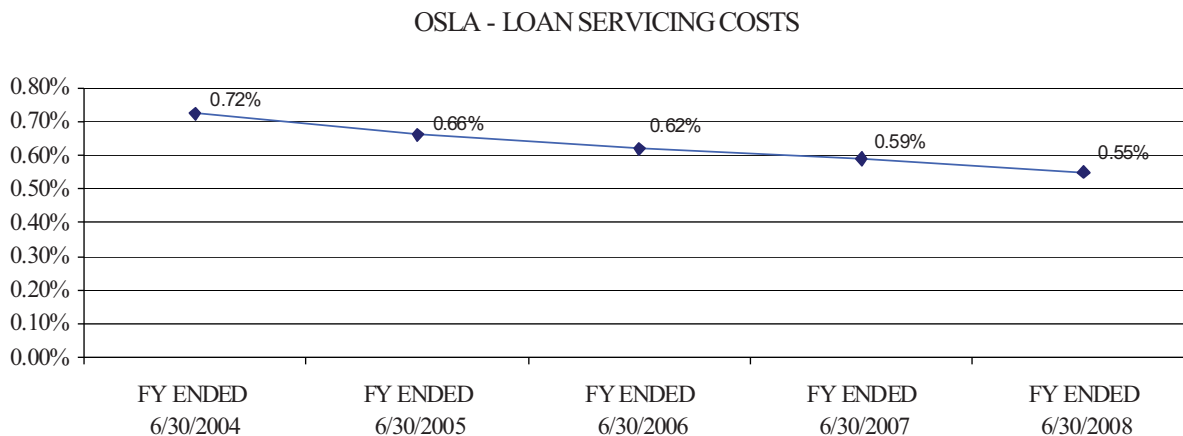
OSLA maintains a Disaster Recovery Plan that addresses a wide variety of outages. The plan contains recovery procedures for something as simple as a single server failure to the complex set of procedures for recovering the entire data center.

In addition to the disaster recovery document, OSLA has partnered with SunGard Recovery Services to provide OSLA with a cold site in the event that OSLA's location is rendered unusable.

OSLA does internal recovery testing of all servers semi-annually and tests the full recovery plan at the SunGard center yearly. The 2008 Disaster Recovery test was successfully completed on August 22, 2008 .

Servicing Costs

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



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

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

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

<u>Fiscal Year Ended</u>	<u>Claims Filed</u>	<u>Rejected¹</u>	<u>Gross Rejection Rate</u>	<u>Cured¹ (cumulative)</u>	<u>Unresolved</u>	<u>Net Rejection Rate</u>
6/30/2008	\$50,823,231	\$187,024	0.37%	\$ 16,314	\$170,710	0.34%
6/30/2007	\$37,261,708	\$ 50,309	0.14%	\$ 44,709	\$ 5,600	0.02%
6/30/2006	\$33,030,794	\$230,849	0.70%	\$176,446	\$ 54,403	0.16%
6/30/2005	\$27,356,200	\$215,037	0.79%	\$215,037	\$ 0	0.00%
6/30/2004	\$23,581,512	\$152,746	0.65%	\$140,337	\$ 12,409	0.05%

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

PROGRAM REVIEWS

Federal Reviews

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

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

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

State Guarantee Agency Reviews

In addition, the State Guarantee Agency routinely conducts site program reviews, or audits, of lenders, such as us, and our OLSA Network members. These reviews are conducted to evaluate compliance with various aspects of the Higher Education Act. A site joint program compliance review by OSGLP, the Oklahoma state guarantee agency, and SLGFA, the Arkansas state guarantee agency, is scheduled to begin on November 17, 2008.

SUMMARY DEBT INFORMATION

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

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

Total Outstanding Debt				
<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>
\$658,410,000	\$806,580,000	\$928,150,000	\$1,030,896,850	\$1,218,689,256

At June 30, 2008, \$1,008,875,000 of our debt was publicly held and had long term credit ratings assigned by Moody's and S&P based on the type of security as shown in the Table below.

<u>Credit Rating(s)</u>	<u>Principal Amount</u>	<u>Bond Resolution</u>	<u>Type of Security</u>
Aaa Moody's/AAA S&P	\$ 453,200,000	1995 Master Bond	Senior Lien
A2 Moody's/AA S&P	\$ 518,465,000	1996 Insured Bond	Insured
A2 Moody's/A S&P	<u>\$ 37,210,000</u>	1995 Master Bond	Subordinate Bonds ¹
Total	<u>\$ 1,008,875,000</u>		

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

\$408,795,000 (40.5% of total debt) of debt listed above rated at A2/AA are variable rate demand obligations that also has short-term ratings by Moody's (VMIG-3) and S&P (A-1+ or A-1) in addition to the long-term ratings. Credit enhancement for this debt is provided through insurance issued by monoline insurer MBIA Insurance Corporation ("MBIA"). During the fiscal year ended June 30, 2008, MBIA experienced rating downgrades due to exposure to the sub prime mortgage crisis. Standard and Poor's downgraded MBIA to AA from AAA in early June 2008 and Moody's downgraded MBIA's credit rating to A2 in mid June 2008. These downgrades of MBIA led to rating downgrades in June 2008 on all bond series in the 1996 Insured Bond Resolution to A2/AA from Aaa/AAA.

In addition, the MBIA downgrades and the resulting lack of investor confidence and demand for monoline insured debt have had a materially adverse effect on our cost of funds for this debt resulting in remarketing rates as high as 11.0% during the year. An additional result of the MBIA downgrades was the conversion of \$383,795,000 in debt to bank bonds. The bank bonds require accelerated term out redemptions and generally carry interest costs determined by a documented spread to the prime rate. The conversion to bank bonds has resulted in rates as high as 7.25% during the year. The monoline insurer cloud associated with the MBIA downgrades that have led to substantially higher interest costs and accelerated redemptions are a primary driver of our motivation in refunding this debt.

In addition, \$412,575,000 of our debt listed above is Auction Rate Securities of which \$237,575,000 was tax-exempt and \$175,000,000 was taxable. During the fiscal year ended June 30, 2008, the auction procedure utilized to establish rates for this debt failed in early 2008 and subsequent auctions have continued to date in a failed state. The result of the failed auctions has had a materially adverse effect on our cost of funds for this debt resulting in rates as high as 17% for taxable and 12% for tax-exempt debt for the maximum rate waiver periods that terminated March 31, 2008. Since termination of the maximum rate waivers, the bond document based maximum rates for failed auctions have resulted in several auction periods of zero percent effective rates. The zero percent effective rates were a product of the 90 day maximum rate cap average rate calculation look back feature that took into account the periods of excessively high rates of interest.

All of our auction rate securities are now subject to the bond document based caps and are resetting at approximately 3.30% to 3.50%. The prevailing thought in the credit markets is that auction rate securities will continue in a failed state continuously for the foreseeable future.

The exposure to continued higher interest costs associated with the continued failed state of the auction security market is an additional driver of our motivation in refunding this debt.

We have met our temporary funding requirements through a taxable revolving warehouse line of credit provided by two commercial banks. The commitment amount of the taxable line of credit is \$150,000,000, of which \$115,000,000 was outstanding at June 30, 2008 and all \$150,000,000 was outstanding as of August 31, 2008. The taxable line of credit expires on June 1, 2009 and by its terms will not be renewed upon expiration. Consequently, we plan to refinance this debt before its expiration date. The taxable line of credit is *not* rated.

In addition, we have met temporary funding needs for tax-exempt debt issuance through a non-revolving tax-exempt line of credit provided by a commercial bank. The remaining commitment amount of the tax-exempt line of credit at June 30, 2008 was \$17,499,925, but that commitment is being terminated by agreement between the lender and us. Presently, two notes in an aggregate principal amount of \$94,814,256 are outstanding on this line. The notes are subject to a put on September 1, 2010. Consequently, we plan to refinance this debt before its expiration date. The tax-exempt line of credit is *not* rated.

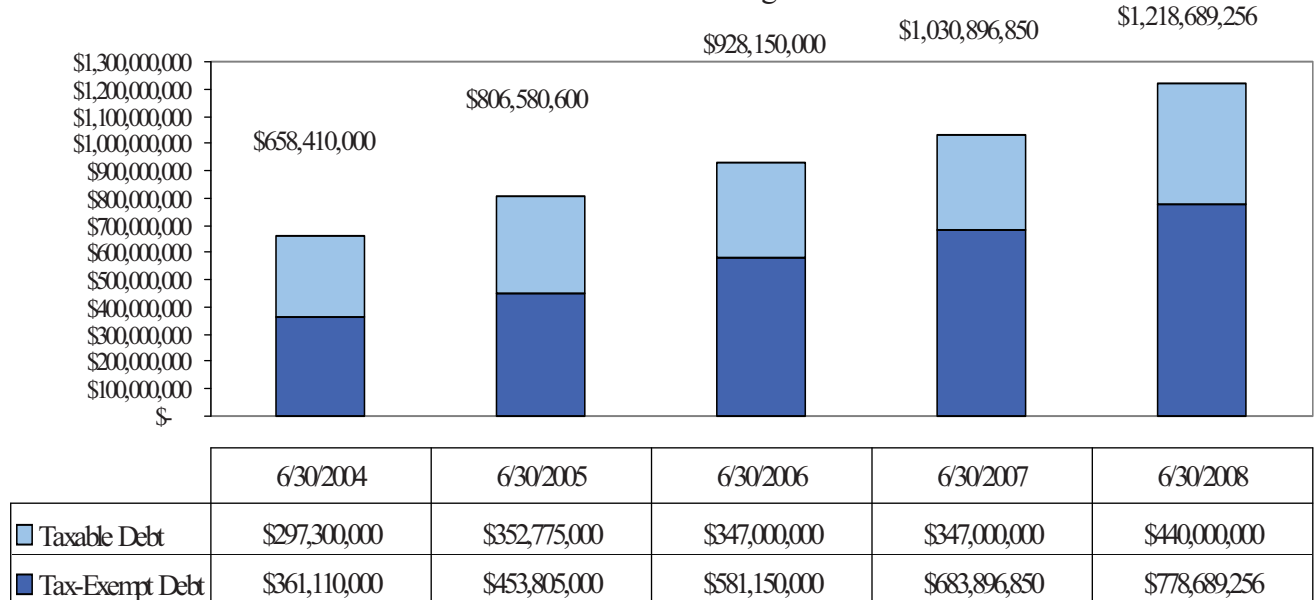
We invest trust fund balances in collateralized repurchase agreements and U.S. Government securities-based money market mutual funds in accordance with the our investment policy and applicable Oklahoma Statutes. Generally, permissible investments are U.S. Government Obligations or obligations explicitly guaranteed by the U.S. Government. These investment limitations reduce our related credit risk, custodial credit risk, and interest rate risk. We currently invest in the INVESCO AIM Treasury Cash Management Fund which is a U.S. Government securities-based money market mutual fund.

We also have \$691,600 of debt service reserve trust funds from several series in the 1995 Master Bond Resolution invested in a Guaranteed Investment Contract (“*GIC*”) with the New York branch of West LB. We do not have any swap agreements or utilize any other financial derivative products in association with our debt financings.

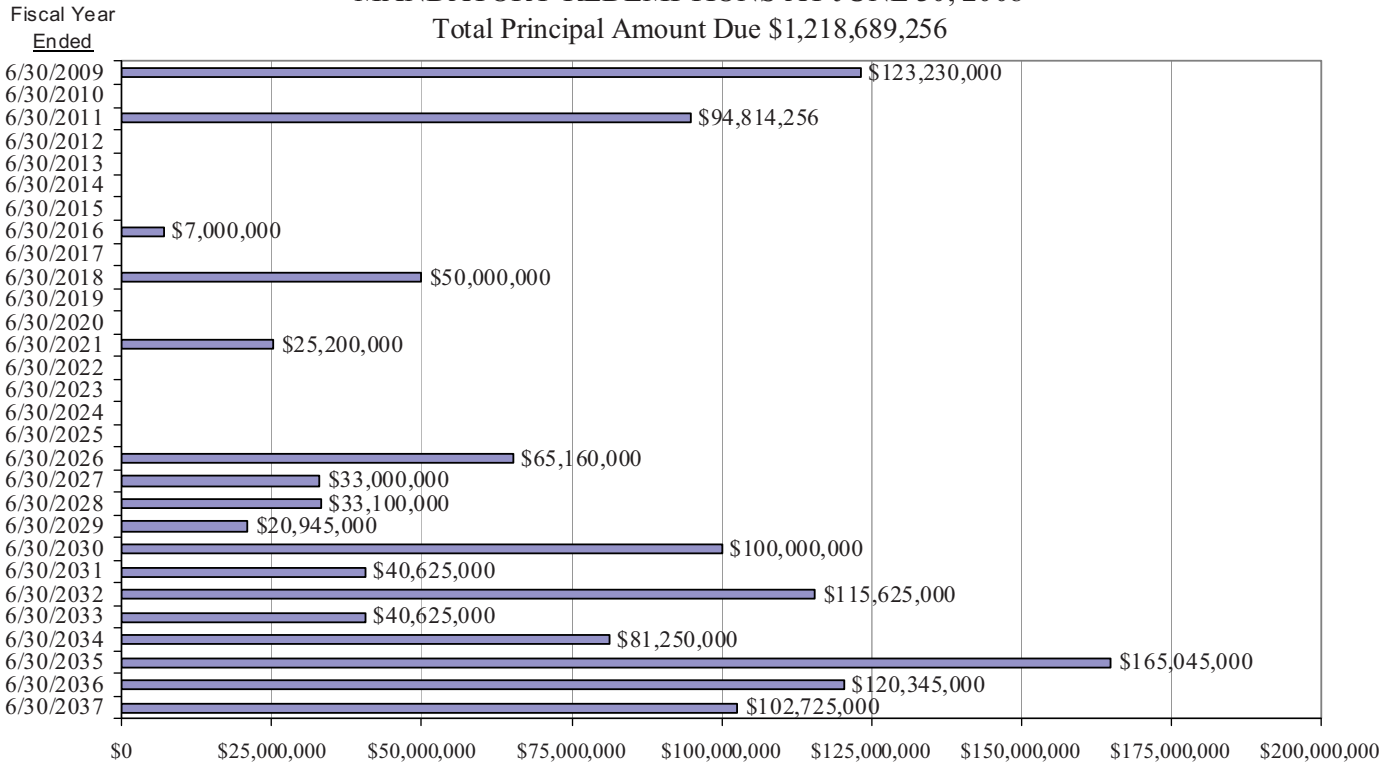
We lease certain facilities and equipment under non-cancelable operating leases that expire at various dates through Calendar Year 2012. The future minimum rental payments under these leases for the next five Fiscal Years after June 30, 2008 total approximately \$2,079,724, including a 5-year building lease renewal obligation entered into November 2, 2007. We have no capitalized lease obligations. We have no off-balance sheet financings.

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

OSLA – OUTSTANDING DEBT
Tax Status of Obligations



OSLA - SCHEDULED BOND MATURITIES AND MANDATORY REDEMPTIONS AT JUNE 30, 2008



The following table illustrates accelerated term out redemptions of outstanding variable rate demand obligations that are held as bank bonds that vary from the scheduled maturity dates illustrated above if certain bond series that have converted to bank bonds are not refunded.

Principal Redemption Schedule for Bank Bond Debt

<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
\$43,518,000	\$76,759,000	\$76,759,000	\$76,759,000	\$76,759,000	\$33,241,000

FINANCIAL STATEMENTS

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

The financial statements for the Fiscal Years ended June 30, 2007 and 2006 were audited and reported on by Grant Thornton LLP, Oklahoma City, Oklahoma, independent certified public accountants. The audited financial statements speak only as of their date and Grant Thornton LLP has not been requested, nor has it undertaken, to conduct any post-audit review.

A copy of the comparative financial statements for June 30, 2007 and 2006 is available on the internet at the *website* address of “www.OSLAfinancial.com” and a copy was filed with the various Nationally Recognized Municipal Securities Information Repositories.

Our financial statements for the Fiscal Year ended June 30, 2008 are being audited by Grant Thornton LLP, Oklahoma City, Oklahoma. However, those financial statements, and the Auditors’ Report thereon, have not been released as of the date of this Official Statement.

The Fiscal Year ended June 30, 2008, will show a loss for the year because of the market conditions and extremely high interest rates on outstanding debt suffered because of protracted and severe market conditions in the auction rate securities market and the monoline insurer credit enhanced debt market while the yield on student loans was compressed because of low general interest rate market conditions.

Unaudited comparative financial statements for the years ended June 30, 2008 and 2007 are available in our servicer report for June 30, 2008 on the *web site* www.OSLAfinancial.com. A copy of the audited financial statements for the Fiscal Years ended June 30, 2008 and 2007 will be posted on the *website* www.OSLAfinancial.com when available.

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APPENDIX C

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2008IIA-1

LOAN PORTFOLIO COMPOSITION

This Appendix contains a description of the Authority's portfolio of Eligible Loans to be transferred from the trust estates for the Refunded Bonds. In addition, we expect to deposit additional Eligible Loans that were first disbursed on or after October 1, 2007 which will be contributed by us as part of the initial over-collateralization. The contributed Eligible Loans will consist of: (1) Federal Stafford Loans (approximately one-half); and (2) Federal Consolidation Loans (approximately one-half).

See also, the captions "Introduction – Cash Flow Projections" and "Risk Factors— Outside Factors May Adversely Affect Cash Flow Sufficiency" in the main body of this Official Statement.

Loan Portfolio

- A. **Portfolio Principal Balance by Loan Type.** As of September 30, 2008, the current principal balance of Eligible Loans that was outstanding and are to be transferred to the Trust Estate upon refunding the Refunded Bonds, and the loan type distribution, was as follows:

<u>Loan Type</u>	<u>Amount</u>	<u>% of Total</u>
Subsidized Stafford	\$ 44,680,197	25.64%
Unsubsidized Stafford	<u>39,414,276</u>	<u>22.62</u>
Total Stafford	\$ 84,094,473	48.26%
PLUS/GRAD	261,903	0.15
Consolidation	<u>89,878,332</u>	<u>51.59</u>
Total	<u>\$ 174,234,708</u>	<u>100.00%</u>

- B. **Portfolio Duration by Borrower Status.** As of September 30, 2008 the current principal balance of Eligible Loans that was outstanding and are to be transferred to the Trust Estate upon refunding the Refunded Bonds, are assumed to have an average term to maturity as follows:

Term to Maturity, in Months

<u>Borrower Status</u>	<u>Stafford</u>	<u>PLUS/GRAD</u>	<u>Consolidation</u>
School	22	N/A	N/A
Grace	2	N/A	N/A
Deferment	17	17	16
Forbearance	4	4	4
Repayment	109	114	218

C. *Portfolio by Loan Status.* As of September 30, 2008 the current principal balance of Eligible Loans that was outstanding and are to be transferred to the Trust Estate upon refunding the Refunded Bonds, had the loan status composition as shown below:

<u>Borrower Status</u>	<u>% of Total</u>
School	16.90%
Grace	6.61
Deferment	14.45
Forbearance	16.42
Repayment	44.95
Claim	<u>0.67</u>
Total	<u>100.00%</u>

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D. **Portfolio by Delinquency Status.** As of September 30, 2008 the current principal balance of Eligible Loans that was outstanding and are to be transferred to the Trust Estate upon refunding the Refunded Bonds had the following delinquency rates:

<u>Delinquency</u>	<u>% of Repayment & Forbearance Loans</u>
30 to 59 days	2.28%
60 to 89 days	1.73
90 to 119 days	0.57
120 to 149 days	0.60
150 to 179 days	0.57
180 to 209 days	0.52
210 to 239 days	0.46
240 to 269 days	0.26
Greater than 270 days	<u>1.18</u>
Total	<u>8.17%</u>

E. **Existing Portfolio by School Type.** As of September 30, 2008 the current principal balance of Eligible Loans that was outstanding and are to be transferred to the Trust Estate upon refunding the Refunded Bonds, had the following school type composition:

<u>School Type</u>	<u>% of Total</u>	<u>% of Total*</u>
University - 4 Year	39.19%	80.96%
College - 2 Year	6.30	13.02
Vocational/Proprietary	2.92	6.02
Consolidation Loans	<u>51.59</u>	<u>N/A</u>
Total	<u>100.00%</u>	<u>100.00%</u>

*Excludes Consolidation Loans that are not reported by school type.

Loans To Be Acquired By Recycling

Recycling is available for monies received until October 1, 2010 with respect to Eligible Loans acquired with the proceeds of the Series 2008A Bonds. The date of the end of the Recycling Period may be reduced or extended by the Credit Provider.

Other Financed Eligible Loan Characteristics

- A. ***Borrower Incentive Loan Programs.*** Substantially all of the Stafford and PLUS Eligible Loans to be financed with the proceeds of the Series 2008A Bonds were or are eligible for the Authority's TOPTM Interest Rate Reduction program. Further, it is anticipated that substantially all of the Eligible Loans (except Consolidation Loans) first disbursed on or after July 1, 2001 were or are eligible for the Authority's TOP Principal Reduction program. Loans to be financed by Recycling that were first disbursed on or after July 1, 2008, will *not* be eligible for TOP borrower benefits.

TOP is the identifying trademark name of the Authority's behavioral incentive loan program for Stafford and PLUS loan borrowers in repayment that was offered for loans first disbursed on or before June 30, 2008. The TOP Interest Rate Reduction applies to Stafford and PLUS borrowers who make timely payments and qualify for a subsequent interest rate discount of 1.50% on their education loans held by the Authority. In order to be eligible for the TOP Interest Rate Reduction: (1) a Stafford or PLUS education loan must have been, with certain exceptions, first disbursed on or after July 1, 1996 and on or before June 30, 2008; and (2) an eligible borrower must make timely their first twelve consecutive payments of principal and interest. Once achieved, the TOP interest rate reduction is permanent.

The TOP Principal Reduction is a further enhancement to the Authority's behavioral incentive loan program for Stafford and PLUS borrowers in repayment that was offered for loans first disbursed through June 30, 2008. Eligible Stafford and PLUS borrowers that make timely payments qualify for a non-recurring reduction of 1.00% of the eligible principal amount. In order to be eligible for the TOP Principal Reduction: (1) a Stafford or PLUS education loan, with certain exceptions, must have been first disbursed on or after July 1, 2001 and on or before June 30, 2008; and (2) an eligible borrower must make timely their first three consecutive payments of principal and interest.

Borrowers of certain Consolidation Loans made through June 30, 2008, were or are eligible for the Authority's Reduction of Eligible Account Principal (REAP) incentive program. Eligible Consolidation Loan borrowers that make timely payments qualify for a non-recurring reduction of 1.00% of the eligible principal amount. In order to be eligible for the REAP program: (1) a Consolidation Loan must have been first disbursed on or after July 1, 2003 and on or before June 30, 2008; and (2) an eligible borrower must make timely their first six consecutive payments of principal and interest.

B. ***OSLA EZ-Pay***. The Authority reduces borrowers' interest rates by 0.25% for loans first disbursed on or after July 1, 2008, and by 1.00% for loans first disbursed before July 1, 2008, if they arrange to make their loan payments through an automatic debit of their checking or savings accounts.

C. ***Premiums***. Premiums are amounts in excess of the amount of the current principal balance outstanding on the Eligible Loan. Premiums reduce the effective yield of the loan portfolio and as a result the amount of asset coverage that otherwise would occur. Generally, the loans to be transferred as part of the refunding are not acquired at a premium. However, we will pay premiums for the Eligible Loans in the Trust Estate that are to be acquired by Recycling.

The premiums to be paid will vary according to the type of loan, the loan status, the average borrower indebtedness and the source of acquisition. We are allowed to pay an average premium on Stafford and PLUS Loans that will not exceed 3% of the current principal balance of loans acquired; and, with respect to Consolidation Loans, no more than 1%.

Other Information

See Appendix E – “Summary of Certain Provisions of the Federal Family Education Loan Program” for a description of various terms and provisions relating to the guaranteed education loans that comprise the Eligible Loans to be held under the Bond Resolution.

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APPENDIX D

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES SENIOR VARIABLE RATE DEMAND OBLIGATIONS, SERIES 2008IIA-1

The information concerning the Oklahoma Guaranteed Student Loan Program was obtained from them. The information is not guaranteed as to accuracy or completeness by the Authority, the Underwriters, the Trustee, the Credit Providers or counsel to those parties. It is not to be construed as a representation by any of those persons.

The Authority, the Underwriters, the Trustee, the Credit Providers or counsel to those parties have not independently verified this information. No representation is made by any of those persons as to the absence of material adverse changes in such information subsequent to the date hereof.

GENERAL DESCRIPTION OF THE OKLAHOMA GUARANTEED STUDENT LOAN PROGRAM (OGSLP)

General

The State Regents, acting as OGSLP for Oklahoma, operate the Oklahoma Guaranteed Student Loan Program, or OGSLP. OGSLP has been in operation in Oklahoma since November 1965. It administers the Guarantee Fund to guarantee FFEL Program education loans made to students who attend approved universities, colleges, vocational education or trade schools.

At federal fiscal years ended September 30, 2007 and 2006, FFEL Program loans made by various eligible lenders and guaranteed by OGSLP were outstanding in the total principal amount of approximately \$3.5 billion and \$3.3 billion, respectively.

At federal fiscal year ended September 30, 2007, there were approximately 79 schools in Oklahoma and 117 eligible lenders actively participating in the OGSLP program. However, at Fiscal Year End June 30, 2008 the number of active eligible lenders was 75, a reduction of 42 active lenders, or, a 36% reduction.

State Guarantee Agency Administration

The State Regents appoint a chief executive officer, the Chancellor of Higher Education. The present Chancellor is Dr. Glen Johnson. Mary Mowdy is the Executive Director of OGSLP. OGSLP employs approximately 139 full time equivalent employees.

The offices of OGSLP are located at 421 N.W. 13th Street, Oklahoma City, Oklahoma 73103; Telephone (405) 234-4300.

OGSLP is a separate legal entity from the Oklahoma Student Loan Authority, and the members of the State Regents and the trustees of the Authority do not overlap. In addition, our administrative management and the management of the Authority are separate.

Electronic Data Processing Support

OGSLP uses an integrated software system and data processing facilities for administering education loans that is provided pursuant to an agreement between the State Regents and Sallie Mae Servicing L.P. dated September 7, 1989, as amended and extended to December 31, 2010.

This software system is operated from terminals controlled by OGSLP and connected to Sallie Mae's system. The system provides for loan application processing, guarantee fee billings to lenders, loan status management, pre-claims assistance, claims processing, post claims operations (including reinsurance claims to the USDE) and reporting.

Annual Guaranteed Loan Volume

During the federal fiscal years indicated below, the loan principal volume guaranteed by OGSLP was as shown in the following table. The reduction in the Annual Guaranteed Loan Volume total of \$105.4 million from 2006 to 2007 was a result of a decrease in Consolidation Loan volume of \$111.7 million.

Annual Education Loan Guarantees

	Federal Fiscal Year Ended <u>9/30/2007</u>	Federal Fiscal Year Ended <u>9/30/2006</u>	Federal Fiscal Year Ended <u>9/30/2005</u>	Federal Fiscal Year Ended <u>9/30/2004</u>	Federal Fiscal Year Ended <u>9/30/2003</u>
Amount (000)	\$783,880	\$889,312	\$907,077	\$742,702	\$739,201
Loan Type	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Stafford (Sub)	32.6	28.6	29.6	34.5	33.3
Unsubsidized Stafford	29.3	26.0	26.2	29.2	28.0
PLUS	6.7	5.2	4.8	5.6	4.3
Consolidation	<u>31.4</u>	<u>40.2</u>	<u>39.4</u>	<u>30.7</u>	<u>34.4</u>
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Amount (000)*	\$783,880	\$889,312	\$907,077	\$742,702	\$739,201
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School Type*	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
4 Year University	83.0	81.0	79.0	79.6	76.1
2 Year College	10.2	10.5	12.0	10.8	14.7
Proprietary	<u>6.8</u>	<u>8.5</u>	<u>9.0</u>	<u>9.6</u>	<u>9.2</u>
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

*OGSLP's system does not track Consolidation Loan approvals by institution type.

Outstanding Portfolio Composition

The composition of OGSLP's outstanding loan principal guaranteed during the federal fiscal years has been as shown in the following table:

Composition of Outstanding Education Loan Guarantees

	Federal Fiscal Year Ended <u>9/30/2007</u>	Federal Fiscal Year Ended <u>9/30/2006</u>	Federal Fiscal Year Ended <u>9/30/2005</u>	Federal Fiscal Year Ended <u>9/30/2004</u>	Federal Fiscal Year Ended <u>9/30/2003</u>
Amount (000)	\$3,468,995	\$3,325,836	\$3,246,612	\$2,984,587	\$2,788,938

Loan Status	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Interim	29.7	29.1	32.0	32.3	30.6
Deferred	11.0	12.8	11.3	13.2	7.1
Repayment	<u>59.3</u>	<u>58.1</u>	<u>56.7</u>	<u>54.5</u>	<u>62.3</u>
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

School Type*	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
4 Year Univ.	72.4	72.4	74.1	75.8	77.0
2 Year College	21.1	20.4	18.5	16.6	15.1
Proprietary	<u>6.5</u>	<u>7.2</u>	<u>7.4</u>	<u>7.6</u>	<u>7.9</u>
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

*OGSLP’s system does not track Consolidation Loan approvals by institution type.

Trigger Rate

Reimbursements by USDE of claims paid by OGSLP are subject to a sliding scale from 95% to 100%, depending on the date of first disbursement, if OGSLP’s “*trigger rate*” is below 5.0%. USDE reimbursements can decrease to 75% to 90% if the rate is 5.0% or greater. During the federal fiscal years indicated below, the trigger rate for OGSLP has been as shown in the following table:

<u>Trigger Rate of OGSLP</u>			
<u>Federal Fiscal Year Ended 9/30</u>	<u>Trigger Numerator</u>	<u>Trigger Denominator</u>	<u>Rate (%)</u>
2007	\$ 63,917,275	\$ 2,212,615,571	2.89
2006	56,306,332	2,129,097,920	2.64
2005	68,450,783	1,957,446,978	3.50
2004	53,732,816	1,881,291,358	2.86
2003	58,090,002	1,819,009,603	3.19

OGSLP is responsible as a co-insurer in each federal fiscal year for the difference between the claim amount paid to eligible lenders and the Secretary’s reimbursement under the trigger rate formula.

Reserve Ratio

Beginning with Fiscal Year ended June 30, 2005, the reserve ratio is calculated on an accrual basis of accounting, using the sum of the Federal Fund balance with amounts reported for allowances and other non- cash charges added back into the balance. Prior years’ ratios were

calculated on a cash basis using total cash and investments. The reserve ratio for OGSLP for the past five Fiscal Years ended June 30 was as shown in the following Table:

Reserve Ratio of OGSLP

<u>Fiscal Year Ended June 30</u>	<u>Reserve Ratio</u>	<u>Required Reserve Ratio</u>
2007	0.60%	0.25%
2006	0.52	0.25
2005	0.53	0.25
2004	0.61*	0.25
2003	0.43	0.25

* 2004 Reserve Ratio has been restated on the accrual basis for comparative purposes.

Federal Default Fees

The Deficit Reduction Act requires, for FFEL Program loans guaranteed on or after July 1, 2006, the collection and deposit into a guarantee agency's Federal Fund of a federal default fee of 1% of loan principal. The fee must be collected either by deduction from the borrower's proceeds of the loan or by payment from other non-federal sources.

Previously, OGSLP charged the 1% default fee for loans it guaranteed. However, OGSLP's default fee policy has been modified and they will pay half of the fee for loans guaranteed on/after June 1, 2008 through June 30, 2009. The fee policy will be evaluated on an annual basis. Various lenders, including the lenders in the OSLA Student Lending Network, pay the other 0.5% of the default fee on behalf of their borrowers.

Prior to July 1, 2006, guarantee agencies were allowed to collect a Guarantee fee from borrowers for up to one percent of the student loan amount disbursed by eligible lenders. Generally, guarantee agencies waived this fee for several years prior to July 1, 2006. OGSLP waived the Guarantee fee for loans disbursed on or after July 1, 2001 and through June 30, 2006.

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Default Rates and Collections

The gross and net (after collections) default rates for OGSLP during the federal fiscal years indicated below have been as shown in the following table:

Default Rates Regarding OGSLP

	Federal Fiscal Year Ended <u>9/30/2007</u>	Federal Fiscal Year Ended <u>9/30/2006</u>	Federal Fiscal Year Ended <u>9/30/2005</u>	Federal Fiscal Year Ended <u>9/30/2004</u>	Federal Fiscal Year Ended <u>9/30/2003</u>
Gross Default Rate	25.2%	23.8%	22.3%	21.8%	21.3%
Net Default Rate after Collections	8.0%	8.0%	8.0%	7.9%	8.1%

The Higher Education Amendments of 1998 reduced guarantee agencies' retention rate on collection recoveries from 27% to 24%. A reduction to 23% retention on collection recoveries became effective October 1, 2003, with a further reduction to 16% effective October 1, 2007.

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 was 18.5%. The Deficit Reduction Act required guarantors beginning October 1, 2006 to remit to the Secretary a portion of the collection fees on default consolidations equal to 8.5% of principal and interest, effectively reducing retention on default consolidations to 10%.

Pending State Legislation and Litigation

There is no State legislation pending an effective date, or proposed for legislative action, with respect to OGSLP or the Guarantee Fund.

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

Status of Federal Matters

Regulations provide that a guarantee agency paying a claim more than 90 days after submission, cannot file with USDE for reinsurance. The regulations have had no adverse effect on the reserve fund status of OGSLP.

Certain Federal Reserve Fund amounts were subject to recall by the Secretary on September 1, 2002 under Section 422 (h) and (i) of the Higher Education Act. These amounts had been provided for by OGSLP over a period of five years. As of September 1, 2007, OGSLP met its combined recall obligation of approximately \$6,644,024.

The USDE routinely conducts regular reviews or audits of guarantee agencies, such as OGSLP, for compliance with various aspects of the Higher Education Act. During Fiscal Year 2007, USDE conducted reviews of USDE payments made to FFEL program lenders and guarantee agencies. OGSLP's review was conducted in May 2007. OGSLP's written report on this review from USDE was dated July 21, 2007. The report stated that "No instances of improper payments were found during our testing of the ED Form 200 submissions. Therefore, the review is closed with the issuance of this report."

The Ensuring Continued Access to Student Loans Act of 2008 was enacted into law as a result of credit market conditions. Pursuant to this legislation, and subsequent legislative action, the USDE has introduced two liquidity options for lenders for loan periods in the 2008-2009 and 2009-2010 academic years.

The first option is the Loan Participation Purchase Program whereby USDE will offer to purchase participation interests in a loan facility. The participation interests can be paid off directly by the lender or the lender can opt to sell (also known as "put") the loans in the facility to USDE. The second option is called the Loan Purchase Commitment Program. It involves the sale of loans to USDE following final disbursement of a loan. USDE is continuing to work with the FFEL community to finalize details of these programs.

The potential impact to guarantee agencies includes the loss of guarantees when loans are "put" to USDE. It is not known to what extent this might impact OGSLP's finances, or if such an impact would be adverse or material.

It does not appear there will be impact to the current guarantee agency funding model in the Higher Education Act Reauthorization bill. The Higher Education Opportunity Act (H.R. 4137, Public Law 110-315) which was signed into law by the President on August 14, 2008. Future legislative proposals will have to be monitored to determine any financial impact.

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APPENDIX E

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES SENIOR VARIABLE RATE DEMAND OBLIGATIONS, SERIES 2008IIA-1

SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN (FFEL) PROGRAM

This Summary of the guaranteed Federal Family Education Loan Program does not purport to be comprehensive or definitive. Generally, it describes only the provisions of the FFEL Program that apply to loans made on or after July 1, 1998. 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.

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INTRODUCTION

General

Title IV, Part B of the Higher Education Act provides for several different educational loan programs with respect to the Federal Family Education Loan Program. Under the FFEL

Program, state agencies or private nonprofit corporation guarantors are reimbursed for portions of losses sustained from guarantee payments to FFEL lender/holders in connection with FFEL Program loans and also receive revenues from subsequent defaulted loan collections, successful default aversion activities and certain other FFEL initiative activities. In addition, lender/holders of certain loans made under the FFEL Program are paid subsidies for owning such loans.

Reauthorization and Legislative Changes

The Higher Education Act has sections that expire by their terms and conditions. Generally, the Higher Education Act is subject to a reauthorization process (“*Reauthorization*”) to extend and amend it. The Higher Education Act was scheduled for Reauthorization in calendar year 2004. However, no legislation to reauthorize the Higher Education Act was enacted, and numerous temporary extensions of the Higher Education Act through August 15, 2008 were signed into law.

On August 14, 2008, the most recent Reauthorization of the Higher Education Act was accomplished by enactment of the Higher Education Opportunity Act (H.R. 4137, Public Law 110-315). Provisions affecting student financial assistance in this legislation include:

- Requiring greater disclosure of college costs;
- Simplify the Free Application for Federal Student Aid process;
- Requires colleges to establish codes of conduct to prohibit their financial aid employees from receiving anything of value in exchange for advantages sought by lenders;
- Authorizing year round Pell grants and increasing the maximum Pell grant from \$6,000 to \$8,000 over 6 years;
- Provisions on private (or alternative) student loans, including,
 - Requires additional Truth in Lending Act disclosures
 - Includes restriction or prohibitions on gift giving, revenue sharing arrangements, co-branding, participation on advisory councils and prepayment fees; and
- Provides penalties for institutions of higher education and private educational lenders.

In addition to Reauthorization, the Higher Education Act has been amended frequently, including amendments that have changed the terms of, and eligibility requirements for, FFEL Program loans. For example, the College Cost Reduction and Access Act of 2007 (Public Law 110-84) enacted in September 2007, provided for:

- Reduction in Special Allowance Payments to not-for-profit holders of 40 basis points (55 basis points for other holders) on Subsidized and Unsubsidized Stafford Loans and Consolidation Loans, and by 70 basis points (85 basis points for other holders) on PLUS Loans;
- Increased the lender loan fee on originations from 0.5% to 1.0% for all loans;
- Eliminated the Exceptional Performer designation;
- Decreased the guarantor’s reimbursement rate on default claims from 99% to 97% for all lenders, and scheduled a reduction to 95% for all lenders in 2012;

- Decreased the borrower's fixed interest rate on Subsidized Stafford Loans from 6.8% to 3.4% over 4 years, but then is scheduled to return to 6.8% in 2012;
- Created new borrower payment plans that guarantees that borrowers will not have to pay more than 15% of their discretionary income in loan repayments; and
- Allowed borrowers in economic hardship to have their loans forgiven after 25 years.

The Higher Education Act also can be amended by the budget process. For example, as part of the federal budgetary appropriation process, the Deficit Reduction Act of 2005 (Public Law 109-171) enacted in February 2006, extended the Secretary's authority to provide interest subsidies and federal insurance for loans originated under the Higher Education Act through September 30, 2012, and amended numerous provisions of the Higher Education Act, including:

- Created a new PLUS loan program for graduate and professional students;
- Changed the interest rates on loans with first disbursement on or after July 1, 2006 to the following fixed rates – Stafford, 6.80% and PLUS, 8.50%;
- Created a phased in reduction in the borrower origination fees on loans from 3% on enactment of the law to 0% at July 1, 2010;
- Created a new 1% Federal Default Fee to be paid by deduction from loan proceeds or by payment from non-federal sources;
- Reduced lender guarantees from 98% to 97% for lender/holders, and reduced the payments for Exceptional Performers from 100% to 99%;
- Created a requirement for repayment to the USDE of interest on student loans in excess of the Special Allowance Rate for loans with first disbursement on or after April 1, 2006; and
- Eliminated consolidation of loans that are in in-school status.

In May 2008, the Ensuring Continued Access to Student Loans Act of 2008 (Public Law 110-227) was enacted in response to severe capital market conditions which threatened to disrupt the availability of student loans for the Academic Year 2008-09. Under this legislation, the Higher Education Act was amended to:

- Increase annual loan limits and aggregate loan limits on federal Unsubsidized Stafford loans; and
- Provide deferrals to parent borrowers to begin repayment of PLUS loans until up to six months after the student leaves school.

Pursuant to this legislation, on July 1, 2008, Notice was published in the Federal Register to establish the terms and conditions that govern the authority to purchase, or to enter into forward commitments to purchase, Stafford and PLUS loans originated for the Academic Year 2008-09 to address concerns about capital liquidity in the student loan market. USDE has established two loan purchase programs:

- A Loan Participation Purchase Program to give participating student loan lender/holders a means of financing eligible loans pending a redemption of the participation interest; and

- A Loan Purchase Commitment Program to give participating student loan lender/holders a “Put” option to sell loans to USDE for liquidity or to redeem a participation interest sold to USDE.

Notices of Intent to Participate had to be filed by July 31, 2008 to preserve the option to sell participation interests in eligible loans to USDE or to put eligible loans to USDE for liquidity or to redeem a participation interest that had been issued. Legislation (H.R. 6889) was signed into law on October 7, 2008 to extend the Secretary’s loan purchase authority for the academic year 2009-2010.

It is not possible to predict the content of any proposal for future amendments of the Higher Education Act.

FAFSA

Application for federal student financial assistance is made with a Free Application for Federal Student Aid (“*FAFSA*”). The FAFSA is processed by a federal government contractor. The information in the FAFSA is used with a standard federal formula to calculate the Expected Family Contribution (“*EFC*”), or amount that a family (including the student) is expected to contribute from their income and assets toward the cost of education.

Needs Analysis

The financial aid office of an eligible institution deducts the Expected Family Contribution from the Cost of Attendance (“*COA*”) at that institution to make an analysis of financial need for determining eligibility for some form of student financial assistance, including education loans.

The eligible educational institution has to certify, among other things, the student’s eligibility, loan amounts, enrollment and loan disbursement schedule.

“*Eligible Institutions*” include higher educational institutions and vocational schools that comply with applicable federal regulations. With certain exceptions, an institution with a cohort (composite) default rate that is higher than certain specified thresholds in the Higher Education Act is not an Eligible Institution.

Eligible Borrowers

Generally, a loan may be made only to a United States citizen or national or otherwise eligible individual under federal regulations who:

- has been accepted for enrollment or is enrolled and is maintaining satisfactory progress at an Eligible Institution;
- 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;

- is not in default on any federal education loan;
- has agreed to notify promptly the holder of the loan of any address change;
- meets the applicable “need” requirements; and
- has not committed a crime involving fraud or obtaining funds under the Higher Education Act which have not been fully repaid.

TYPES OF LOANS

Federal Family Education Loans

Several types of loans are authorized currently as Federal Family Education Loans pursuant to the FFEL Program. These include:

- “*Subsidized Stafford Loans*” to students meeting certain financial needs tests with respect to which the federal government makes interest payments available to reduce student interest cost during periods of enrollment;
- “*Unsubsidized Stafford Loans*” to students made without regard to financial need with respect to which the federal government does not make such interest payments;
- “*Supplemental Loans for Students*”, or “*SLS*”, a loan type that was replaced by Unsubsidized Stafford Loans that constitutes an immaterial part of our loan portfolio;
- “*Parent Loans for Undergraduate Students*”, or “*PLUS*” loans made to parents of dependent students (“*Parent PLUS*”), and, beginning July 1, 2006, to graduate and professional student borrowers (“*Grad PLUS*”); and
- “*Consolidation Loans*” or “*Federal Consolidation Loans*” available to borrowers with certain existing federal educational loans to consolidate repayment of such loans.

Together, Subsidized Stafford Loans and Unsubsidized Stafford Loans are referred to herein as “*Stafford Loans*”.

In addition to the FFEL Program, USDE offers the William D. Ford Direct Student Loan Program (the “*Direct Loan Program*”). The Direct Loan Program offers similar loan types at Eligible Institutions as does the FFEL Program. The Direct Loan Program competes with the FFEL Program for making loans to eligible borrowers.

Subsidized Stafford Loans

The Higher Education Act provides for federal (1) insurance or reinsurance of eligible Subsidized Stafford Loans, (2) Interest Benefit Payments to eligible lenders with respect to certain eligible Subsidized Stafford Loans, and (3) Special Allowance Payments representing an additional subsidy paid by the Secretary to holders of eligible Subsidized Stafford Loans.

Subsidized Stafford Loans are eligible for reinsurance under the Higher Education Act if the eligible student to whom the loan is made has been accepted or is enrolled in good standing at an Eligible Institution of and meets other eligibility criteria. In connection with eligible Subsidized 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. The Secretary has discretion to raise these limits to accommodate students undertaking specialized training requiring exceptionally high costs of education.

Subject to these limits, Subsidized Stafford Loans are available to borrowers in amounts not exceeding their unmet need for financing as provided in the Higher Education Act. Provisions addressing the implementation of need analysis and the relationship between unmet need for financing and the availability of Subsidized Stafford Loan funding have been the subject of frequent and extensive amendment in recent years. There can be no assurance that further amendment to such provisions will not materially affect the availability of Subsidized Stafford Loan funding to borrowers or the availability of Subsidized Stafford Loans for secondary market acquisition.

Unsubsidized Stafford Loans

Unsubsidized Stafford Loans are available for students who do not qualify for Subsidized Stafford Loans due to parental and/or student income or assets in excess of permitted amounts. In other respects, the general requirements for Unsubsidized Stafford Loans are essentially the same as those for Subsidized Stafford Loans. The interest rate, the loan fee requirements and the Special Allowance Payment provisions of the Unsubsidized Stafford Loans are the same as the Subsidized Stafford Loans.

However, the terms of the Unsubsidized Stafford Loans differ materially from Subsidized Stafford Loans in that the Secretary does not make Interest Benefit Payments and the loan limitations are determined without respect to the expected family contribution. The borrower is responsible for the interest from the time such loan is disbursed. The borrower may pay or capitalize the interest until repayment begins.

PLUS Loans

The Higher Education Act authorizes PLUS Loans to be made to parents of eligible dependent students. Only borrowers who do not have an adverse credit history are eligible for PLUS Loans. The basic provisions applicable to PLUS Loans are similar to those of Stafford Loans with respect to the involvement of guarantors and the Secretary in providing federal reinsurance on the loans. However, PLUS Loans differ significantly from Subsidized Stafford Loans, particularly because federal Interest Benefit Payments are not available under the PLUS program and Special Allowance Payments are more restricted.

Students pursuing a graduate or professional degree also can borrow from the PLUS Loan program. The terms and conditions applicable to parent PLUS Loans (made to parents of dependent students) also apply to PLUS Loans made to graduate and professional degree students. These terms and conditions include: a requirement that the applicant not have an adverse credit history and a repayment period that begins on the date of the last disbursement of the loan, subject to periods of deferment and forbearance. As with PLUS Loans made to parent borrowers, eligible graduate and professional degree students may borrow under the PLUS program up to their cost of attendance, minus other financial aid received. Graduate and professional degree student PLUS applicants must file a FAFSA. In addition, graduate and

professional degree students must have their annual loan maximum eligibility under the Stafford Loan program determined by the school before they apply for a PLUS Loan.

Beginning July 1, 2009, Parent PLUS loans may become subject to a loan origination rights auction pilot program to be held in each state every two years. The winning lenders will be those two lenders whose bids reflect the lowest amount of special payments. These two lenders will be the only lenders in each respective state allowed to originate Parent PLUS loans for the cohort of students at institutions of higher education with that state until the students graduate or leave the institutions of higher education.

Each winning bidder of Parent PLUS auction rights will receive such special allowance payments at the rate bid by the second lowest bidder. The maximum bid given by each lender cannot exceed the average bond equivalent rates for three month commercial paper rates (as quoted by the Federal Reserve in Publication H-15 or its successor) in effect for the quarter less the applicable interest rate for the loan plus 1.79%. The principal and interest of defaulted Parent PLUS loans will be 99% guaranteed by the Secretary. The Secretary will not collect any loan fees for Parent PLUS loans originated as a result of the auction. In addition, the Secretary will choose an eligible lender of last resort for each state to serve the students in the event that there is not a winning bid.

Federal Consolidation Loans

The Higher Education Act authorizes a program under which certain borrowers may consolidate their various student loans into a single loan insured and reinsured on a basis similar to Subsidized Stafford Loans. Consolidation Loans may be made in an amount sufficient to pay outstanding principal, unpaid interest and late charges on certain federally insured or reinsured student loans incurred under the FFEL Program (other than Parent PLUS loans) selected by the borrower, as well as loans made pursuant to the federal Perkins Loan Program, the Health Professional Student Loan Programs and the Direct Loan Program.

Previously, a “single holder” rule prohibited other lenders from consolidating a borrower’s loans if all of that borrower’s loans were held by a single holder, unless that holder refused to consolidate the loans. Effective June 15, 2006, the single holder rule for Consolidation Loans was repealed.

Borrowers may be either in repayment status or in a grace period preceding repayment. Delinquent or defaulted borrowers are eligible to obtain Consolidation Loans if they agree to re-enter repayment through loan consolidation. Borrowers may add additional loans to a Consolidation Loan, or Add On Consolidation, during the 180-day period following origination of the Consolidation Loan. Further, until July 1, 2006, a married couple who agreed to be jointly and severally liable is to be treated as one borrower for purposes of loan consolidation eligibility. A Consolidation Loan is federally insured or reinsured only if such loan is made in compliance with requirements of the Higher Education Act.

The Higher Education Act authorizes the Secretary to offer the borrower a Direct Consolidation with repayment provisions authorized under the Higher Education Act and terms consistent with a Consolidation Loan made pursuant to the FFEL Program. In addition, the

Secretary may offer a borrower of a Consolidation Loan a Direct Consolidation Loan for either of two purposes: (1) providing the borrower with an income contingent repayment (or income-based repayment effective July 1, 2009) if the borrower's delinquent loan has been submitted to the guarantor for default aversion (or, beginning July 1, 2009, if the loan is in default already), or (2) allowing the borrower to participate in a public service loan forgiveness program which became effective July 1, 2008.

In order to participate in the public service loan forgiveness program, the borrower must not have defaulted on the Direct Loan, must have made 120 monthly payments on the Direct Loan after October 1, 2007 under certain income-based repayment plans, a standard 10-year repayment plan for certain Direct Loans, or a certain income-contingent repayment plan. In addition, the borrower must be employed in a public service job at the time of forgiveness and during the period in which the borrower makes each of the 120 monthly payments. A public service job is defined broadly and includes working at an organization described in Section 501(c)(3) of the Code, which is exempt from taxation under Section 501(a) of the Code.

Federal Direct Loans

The Student Loan Reform Act of 1993 established the Direct Loan Program. Under the Direct Loan Program, approved Eligible Institutions make loans to students or parents without application to or funding from outside lenders or guarantors. The Department of Education provides the funds for these loans. The program provides for a variety of flexible repayment plans, including extended, graduated and income contingent repayment plans, forbearance of payments during periods of national service and consolidation under the Direct Loan Program of existing student loans. Consolidation permits borrowers to prepay existing student loans and consolidate them into a Federal Direct Consolidation Loan under the Direct Loan Program. The Direct Loan Program also provides certain programs under which principal may be forgiven or interest rates may be reduced. Direct Loan repayment plans, other than income contingent plans, must be consistent with requirements under the Higher Education Act for repayment plans under the FFEL Program.

The first loans under the Direct Loan Program were made available for the 1994-1995 academic year. The Higher Education Act provided for phase-in goals through the 1998-1999 academic year, for which Direct Loans were to have represented 60% of new student loan volume under the Higher Education Act (excluding Consolidation Loans). No provision was made for the size of the Direct Loan Program after the 1998-1999 academic year. The current size of the Direct Loan Program is well below the 60% goal described above. Although the goals set for the Direct Loan Program were never achieved and the program has decreased in volume over recent years, its introduction involved reduction over time in the volume of loans made under the FFEL Program.

Master Promissory Notes (MPN)

Beginning in July of 2000, all lenders were required to use a master promissory note (the "MPN") for new Stafford Loans. Beginning in July of 2004, lenders also were required to use a separate MPN for all PLUS loans. The MPN permits a borrower to obtain future loans without

the necessity of executing a new promissory note. Due to changes in the FFEL Program made by the Deficit Reduction Act, an Addendum was added to the MPN for loans made on or after July 1, 2006.

Borrowers are not required to obtain all of their future loans from their original lender. However, if a borrower obtains a loan from a lender that does not hold an MPN presently for the borrower, that borrower will be required to execute a new MPN. Consequently, a single borrower may have several MPNs evidencing loans to multiple lenders.

If multiple loans have been advanced pursuant to a single MPN, any or all of those loans may be individually sold by the holder of the MPN to one or more different secondary market purchasers.

LOAN FINANCING PROVISIONS

Loan Interest Rates

FFEL Program loan interest rates vary widely depending on when a loan was first disbursed, the type of loan, the loan status and whether the rate is variable or fixed. The borrower's loan interest rate is figured on a different basis than the lender/holder's yield on that loan.

- A. *Subsidized and Unsubsidized Stafford Loans* made after October 1, 1998 and before July 1, 2006 which are in in-school, grace and deferment periods bear interest at an annual variable rate equivalent to the 91-day T-Bill rate plus 1.70%, with a maximum rate of 8.25%. These Subsidized Stafford Loans and Unsubsidized Stafford Loans in all other statuses bear interest at a rate equivalent to the 91-day T-Bill rate plus 2.30%, with a maximum rate of 8.25%. The rate is adjusted annually on July 1.

Subsidized and Unsubsidized Stafford Loans made on or after July 1, 2006 bear interest at a fixed rate per annum as shown in the Table below:

<u>Made on or after</u>	<u>But Prior to</u>	<u>Subsidized</u>	<u>Unsubsidized</u>
July 1, 2006	July 1, 2008	6.80%	6.80%
July 1, 2008	July 1, 2009	6.00%	6.80%
July 1, 2009	July 1, 2010	5.60%	6.80%
July 1, 2010	July 1, 2011	4.50%	6.80%
July 1, 2011	July 1, 2012	3.40%	6.80%
July 1, 2012	N/A	6.80%	6.80%

- B. *PLUS Loans* made on or after October 1, 1998, but prior to July 1, 2006 bear interest at an annual variable rate equivalent to the 91-day T-Bill rate plus 3.10%, with a maximum rate of 9%. The rate is adjusted annually on July 1.

PLUS loans made on or after July 1, 2006, bear interest a fixed rate of 8.50%.

- C. *Consolidation Loans* for which the application was received by an eligible lender on or after October 1, 1998, bear interest at a rate equal to the weighted average of the loans consolidated, rounded to the nearest higher one-eighth of 1%, with a maximum rate of 8.25%.

Loan Limits

The Higher Education Act requires that Subsidized and Unsubsidized Stafford Loans made to cover multiple enrollment periods, such as a semester, trimester or quarter be disbursed by eligible lenders in at least two separate disbursements. A Stafford Loan borrower may receive a subsidized loan, an unsubsidized loan, or a combination of both for an academic period. Generally, the maximum amount of a Stafford Loan for an academic year is as set forth in the Table below.

<u>Stafford Loans</u>	Maximum Annual Loan Amount <u>Prior to 7/1/2007</u>	Maximum Annual Loan Amount <u>Beginning 7/1/2007</u>
<i>First Year Undergraduate</i>		
Base Stafford Eligibility	\$ 2,625	\$ 3,500
Dependent Student Unsubsidized Eligibility		\$ 2,000 ¹
Independent Student Unsubsidized Eligibility	\$ 4,000	\$ 6,000 ¹
<i>Second Year Undergraduate</i>		
Base Stafford Eligibility	\$ 3,500 ²	\$ 4,500
Dependent Student Unsubsidized Eligibility		\$ 2,000 ¹
Independent Student Unsubsidized Eligibility	\$ 4,000	\$ 6,000 ¹
<i>Third, Fourth, and Fifth Year</i>		
Base Stafford Eligibility	\$ 5,500	\$ 5,500
Dependent Student Unsubsidized Eligibility		\$ 2,000 ¹
Independent Student Unsubsidized Eligibility	\$ 5,000	\$ 7,000 ¹
<i>Graduate & Professional Students</i>		
Subsidized Stafford Eligibility	\$ 8,500	\$ 8,500
Unsubsidized Stafford Eligibility	\$10,000	\$ 12,000

¹ Beginning July 1, 2008.

Generally, the total debt a student borrower can have outstanding from all Stafford Loans combined is:

- \$31,000 as a dependent undergraduate student (only \$23,000 of this amount may be in Subsidized Stafford Loans)
- \$57,500 as an independent undergraduate student (only \$23,000 of this amount may be in Subsidized Stafford Loans)
- \$138,500 as a graduate or professional student, including any Stafford Loans received for undergraduate study (\$65,000 of this amount may be in Subsidized Stafford Loans)

The Secretary has discretion to raise these limits by regulation to accommodate highly specialized or exceptionally expensive courses of study. For example, certain medical students may now borrow up to \$46,000 per academic year, with a maximum aggregate limit of \$189,125.

The total amount of all PLUS Loans that: (1) parents may borrow on behalf of each dependent student for any academic year; or (2) graduate or professional students may borrow for any academic year; may not exceed the student's Cost of Attendance minus other estimated financial assistance for that student as certified by the Eligible Institution which the student attends.

Repayment

Repayment of FFEL Program loans varies depending on the type of loan and when the loan was made. New borrowers on or after October 7, 1998 who accumulate outstanding FFEL Program Loans totaling more than \$30,000 may receive an extended repayment schedule, with a standard or graduated payment amount paid over a longer period of time, not to exceed 25 years. A borrower may accelerate principal payments at any time without penalty. Once a repayment plan is established, the borrower may annually change the selection of the plan.

A. *Stafford Loans*

Interest on a Subsidized Stafford Loan is paid to the holder of the loan by USDE while a student is in qualified in-school status and generally begins not more than six months after the borrower ceases to pursue at least a half-time course of study. That six-month period is known as the "*Grace Period*". Borrowers may waive Grace Periods.

Repayment of interest on an Unsubsidized Stafford Loan begins immediately upon disbursement of the loan. However, the lender may capitalize the interest until repayment of principal is scheduled to begin.

Repayment of principal on a Stafford Loan does not commence while a student remains a qualified student. Except for certain borrowers as described below, each loan generally 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 annual payments of \$600, 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 combined payments for such a couple may not be less than \$600 per year.

Regulations of the Secretary require lenders to offer standard, graduated or income-sensitive repayment schedules to borrowers. Use of income sensitive repayment plans may extend the ten-year maximum term.

B. *PLUS Loans*

PLUS Loans enter repayment on the date the last disbursement is made on the loan and excludes periods of deferment and forbearance. Interest accrues and is due and payable from the date of the first disbursement of the loan. The first payment is due within 60 days after the loan is fully disbursed. However, for parent borrowers whose loans were first disbursed on or after July 1, 2008, it is possible to begin repayment six months and one day after the student for whom the loan is borrowed ceases to carry at least one-half of the normal full-time academic workload (as determined by the school).

Both Parent PLUS loan and Grad PLUS loan borrowers have the option of beginning repayment immediately or deferring repayment for the in-school period (student must be enrolled at least half-time) as well as the six-month period afterward.

If requested by the Parent PLUS loan borrower, the loan may be deferred during any period when the student for whom the loan was obtained is enrolled at least half-time. Likewise, the GradPLUS loan may be deferred during any period when the student borrower is enrolled at least half-time.

Repayment plans for all PLUS Loans are the same as in the Subsidized and Unsubsidized Stafford Loan program, except those PLUS Loans which are made, insured or guaranteed on behalf of a dependent student; such excepted PLUS Loans are not eligible for the income-based repayment plan that becomes effective on July 1, 2009. Furthermore, eligible lenders may determine for all PLUS Loan borrowers that extenuating circumstances exist if between January 1, 2007 through December 1, 2009, a PLUS loan applicant (1) is or has been delinquent for 180 days or less on the borrower's residential mortgage loan payments or on medical bills, and (2) is not and has not been delinquent on the repayment of any other debt for more than 89 days during the period.

C. *Consolidation Loans*

Consolidation Loans enter repayment on the date the loan is disbursed. The first payment is due within 60 days after that date. Consolidation Loans which are not being repaid pursuant to income sensitive repayment plans generally must be repaid during a period agreed to by the borrower and lender, subject to maximum repayment periods that vary depending upon the principal amount of the borrower's outstanding student loans, as follows:

\$ 4,000	but less than	\$ 7,500	10 years
\$ 7,500	but less than	\$10,000	12 years
\$10,000	but less than	\$20,000	15 years
\$20,000	but less than	\$40,000	20 years
\$40,000	but less than	\$60,000	25 years
\$60,000	or more		30 years

Consolidation Loans also may be repaid pursuant to a new income-sensitive repayment plan which will become effective on July 1, 2009. However, Consolidation Loans which have been used to discharge a PLUS Loan that has been made, insured or guaranteed on behalf of a dependent student are not eligible for the new income-based repayment plan.

D. Income-Based Repayment Plan

Effective July 1, 2009, a new income-based repayment plan will be available to certain FFEL Program borrowers and Direct Loan Program borrowers. To be eligible to participate in the plan, the borrower's annual amount due on such loans (as calculated under a standard 10-year repayment plan) must exceed 15% of the result obtained by calculating the amount by which the borrower's adjusted gross income (and the borrower's spouse's adjusted gross income, if applicable) exceeds 150% of the poverty line applicable to the borrower's family size.

A borrower that meets the test may elect to have their payments limited to the monthly amount of the above-described result. Furthermore, the borrower is permitted to repay their loans over a term greater than ten years. The Secretary will repay any outstanding principal and interest on eligible FFEL Program loans and cancel any outstanding principal and interest on eligible Direct Loan Program loans for borrowers who participated in the new income-based repayment plan and, for a period of time prescribed by the Secretary (but not more than 25 years), have (1) made certain reduced monthly payments under the income-based repayment plan; (2) made certain payments based on a 10-year repayment period when the borrower first made the election to participate in the income-based repayment plan; (3) made certain payments based on a standard 10-year repayment period; (4) made certain payments under an income-contingent repayment plan for certain Direct Loan Program loans; or (5) have been in an economic hardship deferment.

Borrowers of Subsidized Stafford Loans and similar subsidized loans under the Direct Loan Program receive additional benefits under the new income-based repayment program. The Secretary will pay any unpaid interest due on the borrower's subsidized loans for up to three years after the borrower first elects to participate in the new income-based repayment plan (excluding any periods where the borrower has

obtained economic hardship deferment). For both subsidized and unsubsidized loans, interest is capitalized when the borrower either ends their participation in the income-based repayment program or begins making certain payments under the program calculated for those borrowers whose financial hardship has ended.

E. **Deferment.** No principal repayments need to be made during certain periods prescribed by the Higher Education Act (“*Deferment Periods*”) but interest accrues and must be paid. Deferment periods extend the maximum repayment periods. Generally, Deferment Periods include periods:

- when the borrower has returned to an eligible educational institution on a half-time basis or is pursuing studies pursuant to an approved graduate fellowship or an approved rehabilitation training program for a disabled individual;
- not exceeding three years while the borrower is seeking and unable to find full-time employment;
- while the borrower is serving on active duty during a war or other military operation or national emergency, is performing qualifying National Guard duty during a war or other military operation or national emergency, and for 180 days following the borrower’s demobilization date for the previously described services;
- during the 13 months following service if the borrower is a member of the National Guard, a member of a reserve component of the military or a retired member of the military who -
 - is called or ordered to active duty, and
 - is or was enrolled within six months prior to the activation at an Eligible Institution;
- if the borrower is in active military duty, or is in reserve status and called to active duty; and
- not in excess of three years for any reason which the lender determines, in accordance with regulations, has caused or will cause the borrower economic hardship.

F. **Forbearance.** Under certain circumstances, a lender may also allow periods of forbearance (“*Forbearance*”) during which the borrower may postpone payments because of temporary financial hardship. The Higher Education Act specifies certain periods during which Forbearance is mandatory. Mandatory Forbearance periods exist when the borrower is impacted by a national emergency, military mobilization, or when the geographical area in which the borrower resides or works is declared a disaster area by certain officials.

Other mandatory periods include periods during which the borrower is (1) participating in a medical or dental residency and is not eligible for deferment; (2) serving in a qualified medical or dental internship program or certain national service programs; or (3) determined to have a debt burden of certain federal loans equal to or exceeding 20% of the borrower’s gross income. In other circumstances, Forbearance may be granted at the lender’s option. Forbearance also extends the maximum repayment periods.

Interest Benefit Payments

The Secretary is to pay interest on Subsidized Stafford Loans while the borrower is in school as a qualified student, during a Grace Period or during certain Deferment Periods. In addition, those portions of Consolidation Loans that repay Subsidized Stafford Loans or similar subsidized loans made under the William D. Ford Direct Student Loan Program are eligible for Interest Benefit Payments. The Secretary is required to make Interest Benefit Payments to the holder of Subsidized Stafford Loans in the amount of interest accruing on the unpaid balance thereof prior to the commencement of repayment or during any Deferment Period.

The Higher Education Act provides that the holder of an eligible Subsidized Stafford Loan, or the eligible portions of Consolidation Loans, is deemed to have a contractual right against the United States to receive Interest Benefit Payments in accordance with its provisions.

Special Allowance Payments

The Higher Education Act provides for Special Allowance Payments to be made by the Secretary to eligible lenders. The rates for Special Allowance Payments are based on formulas that differ according to the type of loan and the date the loan was first disbursed. An eligible not-for-profit holder, subject to meeting specific conditions, is entitled to receive Special Allowance Payments at a rate that generally is 15 basis points (0.15%) per annum higher than regular lenders.

The Higher Education Act provides that for FFEL Program loans made on or after April 1, 2006, USDE recaptures, from lenders, interest that is paid by borrowers if the annualized yield of the quarterly Special Allowance formula is lower than the borrower interest rate, commonly called negative SAP. This payment may be made by credit to USDE on the quarterly billing for Interest Benefits and Special Allowance Payments.

The tables below summarize the Special Allowance Payment formulas. As used in the tables below:

- the term “*T-Bill*” means the average 91-day Treasury bill rate calculated as a “bond equivalent rate” in the manner applied as provided in the Higher Education Act; and
- the term “*3-Month CP Rate*” means the 90-day commercial paper index calculated quarterly and based on an average of the daily 90-day commercial paper rates reported in the Federal Reserve’s Statistical Release H-15.

Subject to the negative SAP, the formulas for Special Allowance Payment rates for Stafford and Unsubsidized Stafford Loans are summarized in the following table.

<u>Date of Loans</u>	<u>Annualized SAP Rate</u>		
	<u>Index</u>	<u>Less</u>	<u>Add Spread</u>
On or after October 1, 1992	T-Bill Rate	Applicable Loan Interest Rate	+ 3.10%
On or after July 1, 1995	T-Bill Rate	Applicable Loan Interest Rate	+ 3.10% ¹
On or after July 1, 1998	T-Bill Rate	Applicable Loan Interest Rate	+ 2.80% ²
On or after January 1, 2000	3-Month CP Rate	Applicable Loan Interest Rate	+ 2.34% ³
On or after October 1, 2007 for eligible not-for-profit lenders	3-Month CP Rate	Applicable Loan Interest Rate	+ 1.94% ⁴
On or after October 1, 2007 for other eligible lenders	3-Month CP Rate	Applicable Loan Interest Rate	+ 1.79% ⁵

¹Substitute 2.50% in this formula while such loans are in the in school or grace period.

²Substitute 2.20% in this formula while such loans are in the in school or grace period.

³Substitute 1.74% in this formula while such loans are in the in school or grace period.

⁴Substitute 1.34% in this formula while such loans are in the in school, grace or deferment period.

⁵Substitute 1.19% in this formula while such loans are in the in school, grace or deferment period.

The formulas for Special Allowance Payment rates for PLUS Loans are summarized in the following table.

<u>Date of Loans</u>	<u>Annualized SAP Rate</u>		
	<u>Index</u>	<u>Less</u>	<u>Add Spread</u>
On or after October 1, 1992	T-Bill Rate	Applicable Loan Interest Rate	+ 3.10%
On or after July 1, 1998	T-Bill Rate	Applicable Loan Interest Rate	+ 3.10%
On or after October 1, 1998	T-Bill Rate	Applicable Loan Interest Rate	+ 3.10%
On or after January 1, 2000	3-Month CP Rate	Applicable Loan Interest Rate	+ 2.64%
On or after October 1, 2007 for eligible not-for-profit lenders	3-Month CP Rate	Applicable Loan Interest Rate	+ 1.94%
On or after October 1, 2007 for other eligible lenders	3-Month CP Rate	Applicable Loan Interest Rate	+ 1.79%

The formulas for Special Allowance Payment rates for Consolidation Loans are summarized in the following table:

<u>Date of Loans</u>	<u>Annualized SAP Rate</u>		
	<u>Index</u>	<u>Less</u>	<u>Add Spread</u>
On or after October 1, 1992	T-Bill Rate	Applicable Loan Interest Rate	+ 3.10%
On or after October 1, 1998	T-Bill Rate	Applicable Loan Interest Rate	+ 3.10%
On or after January 1, 2000	3-Month CP Rate	Applicable Loan Interest Rate	+ 2.64%
On or after October 1, 2007 for eligible not-for-profit lenders	3-Month CP Rate	Applicable Loan Interest Rate	+ 2.24%
On or after October 1, 2007 for other eligible lenders	3-Month CP Rate	Applicable Loan Interest Rate	+2.09%

Special Allowance Payments are generally payable, with respect to variable rate FFEL Program Loans to which a maximum borrower interest rate applies, only when the maximum borrower interest rate is in effect. The Secretary offsets Interest Benefit Payments and Special Allowance Payments by the amount of Origination Fees and Lender Loan Fees described in the following section on “Loan Fees”.

The Higher Education Act provides that a holder of a qualifying loan who is entitled to receive Special Allowance Payments has a contractual right against the United States to receive those payments during the life of the loan. 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 federal regulations or guarantee agency requirements.

Loan Fees

Insurance, Guarantee Fee or Default Fee. Under the Deficit Reduction Act, guarantee agencies are required to deposit a default fee of 1% of the principal amount of the loan beginning July 1, 2006. The lender may charge these fees to the borrower by deducting them proportionately from each disbursement of the loan proceeds. This default fee must be collected by deduction from the installment of the loan or by payment from other non-federal sources.

For loans guaranteed before July 1, 2006, a guarantor was authorized to charge a guarantee fee of up to 1.0% of the principal amount of the loan. Generally, guarantee waived that fee beginning about the year 2000.

Origination Fee. The lender is required to remit origination fees to the Secretary. The lender may charge these fees to the borrower by deducting them proportionately from each disbursement of the loan proceeds. Until July 1, 2006, the borrower origination fee was 3%. However, under the Deficit Reduction Act, the origination fee is being phased out, as follows:

Loans first disbursed		
<u>on or after</u>	<u>Through and including</u>	<u>Rate</u>
July 1, 2006	June 30, 2007	2.00%
July 1, 2007	June 30, 2008	1.50%
July 1, 2008	June 30, 2009	1.00%
July 1, 2009	June 30, 2010	0.50%
July 1, 2010	N/A	No Fee

The Secretary collects the maximum origination fee from the lender or subsequent holder, regardless of whether the lender actually charges the borrower, either through reductions in Interest Benefit Payments or Special Allowance Payments, or directly from the lender or holder. In recent years, many lenders have not charged borrowers part of all of the origination fee on Stafford Loans.

Lender Origination Fee. For FFEL Loans first disbursed on or after October 1, 2007, the lender is required to pay the Secretary an additional fee equal to 1.00% of the principal amount of the loan originated. The lender may *not* charge this lender loan fee to the borrower.

For loans first disbursed on or after October 1, 2003 through September 30, 2007, the lender loan fee was 0.50% of the principal amount of the loan.

The Secretary collects the lender loan fee, either through reductions in Interest Benefit Payments or Special Allowance Payments or directly from the lender or holder.

Rebate Fee on Consolidation Loans. The holder of any Consolidation Loan is required to pay the Secretary a monthly fee equal to .0875% (1.05% per annum) of the principal amount of, plus accrued interest on, the loan.

However, for Consolidation Loans for which applications were received from October 1, 1998 through January 31, 1999, the monthly rebate fee is approximately equal to 0.0517% (0.62% per annum) of the principal amount of, plus accrued interest on, the loan.

LOAN GUARANTEES

Default and Guarantee Claims

A Federal Family Education Loan is considered to be in default for purposes of the Higher Education Act when the borrower fails to make an installment payment when due, or to comply with other terms of the loan, and if the failure persists for 270 days in the case of a loan repayable in monthly installments or for 330 days in the case of a loan repayable in less frequent installments. If the loan is guaranteed by a guarantor in accordance with the provisions of the Higher Education Act, the guarantor is to pay the holder a percentage of the amount of the loss, subject to reduction as described in the following paragraphs within 90 days of notification of such default.

Federal Insurance

The Higher Education Act provides that, subject to compliance with the Higher Education Act, the full faith and credit of the United States is pledged to the payment of insurance claims and ensures that such reimbursements are not subject to reduction. In addition, the Higher Education Act provides that if a guarantor is unable to meet its insurance obligations, holders of loans may submit insurance claims directly to the Secretary until such time as the obligations are transferred to a new guarantor capable of meeting such obligations or until a successor guarantor assumes such obligations. Federal reimbursement and insurance payments for defaulted loans are paid from the Student Loan Insurance Fund established under the Higher Education Act. The Secretary is authorized, to the extent provided in advance by appropriations acts, to issue obligations to the Secretary of the Treasury to provide funds to make such federal payments.

Guarantees

If the loan is guaranteed by a guarantor in accordance with the provisions of the Higher Education Act, the eligible lender is reimbursed by the guarantor for a statutorily set percentage of the unpaid principal balance of the loan plus accrued unpaid interest on any loan defaulted so long as the eligible lender has properly serviced such loan, as follows:

<u>Loans first disbursed</u> <u>on or after</u>	<u>Through and including</u>	<u>Rate</u>
Prior to September 30, 1993	September 30, 1993	100%
October 1, 1993	June 30, 2006	98%
July 1, 2006	October 1, 2012	97%
October 1, 2012	N/A	95%

Certain types of claims such as bankruptcy, Lender of Last Resort, death or total and permanent disability are reimbursed 100%.

Under the Higher Education Act, the Secretary enters into a guarantee agreement and a reinsurance agreement (the “*Federal Agreements*”) with each guarantor that provides for federal reimbursement for amounts paid to eligible lenders by the guarantor with respect to defaulted loans.

Federal Agreements. Pursuant to the Federal Agreements, the Secretary is to reimburse a guarantor for the amounts expended in connection with:

- a claim resulting from the death, bankruptcy or total and permanent disability of a borrower;
- the death of a student whose parent is the borrower of a PLUS Loan;
- certain claims by borrowers who are unable to complete the programs in which they are enrolled due to school closure;
- borrowers whose borrowing eligibility was falsely certified by the eligible institution;
- or
- the amount of an unpaid refund due from the school to the lender in the event the school fails to make a required refund.

Such claims are not included in calculating a guarantor’s claims rate experience for federal reimbursement purposes. Further, the Secretary is to reimburse a guarantor for any amounts paid to satisfy claims not resulting from death, bankruptcy, or disability subject to reduction as described below.

The Secretary may terminate Federal Agreements if the Secretary determines that termination is necessary to protect the federal financial interest or to ensure the continued availability of loans to student or parent borrowers. Upon termination of such agreements, the Secretary is authorized to provide the guarantor with additional advance funds with such restrictions on the use of such funds as is determined appropriate by the Secretary, in order to meet the immediate cash needs of the guarantor, ensure the uninterrupted payment of claims, or ensure that the guarantor will make loans as the Lender of Last resort.

In May 2008, U.S. Treasury funds were authorized to be appropriated for emergency advances to guarantors to ensure such guarantors are able to act as Lender of Last Resort and to assist guarantors with immediate cash needs, claims or any demands for loans under the Lender of Last Resort program.

If the Secretary has terminated or is seeking to terminate Federal Agreements, or has assumed a guarantor's functions, notwithstanding any other provision of law: (1) no state court may issue an order affecting the Secretary's actions with respect to that guarantor; (2) any contract entered into by the guarantor with respect to the administration of the guarantor's reserve funds or assets acquired with reserve funds shall provide that the contract is terminable by the Secretary upon 30 days notice to the contracting parties if the Secretary determines that such contract includes an impermissible transfer of funds or assets or is inconsistent with the terms or purposes of the Higher Education Act; and (3) no provision of state law shall apply to the actions of the Secretary in terminating the operations of the guarantor.

Finally, notwithstanding any other provision of law, the Secretary's liability for any outstanding liabilities of a guarantor (other than outstanding student loan guarantees under the Higher Education Act), the functions of which the Secretary has assumed, shall not exceed the fair market value of the reserves of the guarantor, minus any necessary liquidation or other administrative costs.

Reimbursement. The amount of a reimbursement payment on defaulted loans made by the Secretary to a guarantor is subject to reduction based upon the annual claims rate of the guarantor calculated to equal the amount of federal reimbursement as a percentage of the original principal amount of originated or guaranteed loans in repayment on the last day of the prior fiscal year. The claims experience is not accumulated from year to year, but is determined solely on the basis of claims in any one federal fiscal year compared with the original principal amount of loans in repayment at the beginning of that year. The formula for reimbursement amounts is summarized below:

<u>Guarantor Reinsurance Rate</u>			
<u>Guarantor's Incremental Claims Rate</u>	<u>Loans made prior to October 1, 1993</u>	<u>Loans made between October 1, 1993 and September 30, 1998</u>	<u>Loans made on or after October 1, 1998¹</u>
0% up to 5%	100%	98%	95%
5% up to 9%	90%	88%	85%
9% and over	80%	78%	75%

¹ Other than student loans made pursuant to the Lender of Last Resort program, bankruptcy, total and permanent disability for which reimbursement is 100%; or student loans transferred by an insolvent guarantor, as to which claims the amount of reinsurance is 80% to 100%.

The original principal amount of loans guaranteed by a guarantor which are in repayment for purposes of computing reimbursement payments to a guarantor means the original principal amount of all loans guaranteed by a guarantor less: (1) guarantee payments on such loans, (2) the original principal amount of such loans that have been fully repaid, and (3) the original amount of such loans for which the first principal installment payment has not become due.

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

If a payment on a FFEL Program loan guaranteed by a guarantor is received after reimbursement by the Secretary, the Secretary is entitled to receive an equitable share of the payment.

Guarantor retentions remaining after payment of the Secretary's equitable share on such collections on consolidation of defaulted loans were reduced from 27% to 18.5% effective July 1, 1997. On or after October 1, 2006, a guarantor may not charge a borrower collection costs in an amount in excess of 18.50% of the outstanding principal and interest of a defaulted loan that is paid off through consolidation, and the guarantor must remit a portion of the collection charge equal to 8.50% of the outstanding principal and interest of the defaulted loan to the Secretary. This effectively reduced the guarantor's retention to 10.0%. In addition, on or after October 1, 2009, a guarantor will have to remit, to the Secretary, any collection fees on defaulted loans paid off through consolidation by the borrower that are in excess of 45% of the guarantor's total collections on defaulted loans in any one federal fiscal year.

For loans other than consolidation and rehabilitation, effective October 1, 1998, retentions were reduced from 27% to 24%, then to 23% effective October 1, 2003, and then to 16% effective October 1, 2007.

Lender Agreements. Pursuant to most typical agreements for guarantee between a guarantor and the originator of the loan, any eligible holder of a loan insured by such a guarantor is entitled to reimbursement from such guarantor, subject to certain limitations, of any proven loss incurred by the holder of the loan resulting from default of the student borrower, or for a loss resulting from death, permanent and total disability, bankruptcy or a Lender of Last Resort loans.

Guarantors generally deem default to mean a student 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 of the loan may reasonably conclude that the student borrower no longer intends to honor the repayment obligation and for which the failure persists for 270 days in the case of a loan payable in monthly installments or for 330 days in the case of a loan payable in less frequent installments.

When a loan becomes at least 60 days past due, the holder is required to request default aversion assistance from the applicable guarantor to attempt to cure the delinquency. When a loan becomes 240 days past due, the holder is required to make a final demand for payment of the loan by the borrower. The holder is required to continue collection efforts until the loan is

270 days past due. At the time of payment of insurance benefits, the holder must assign to the applicable guarantor all right accruing to the holder under the note evidencing the loan. The Higher Education Act prohibits a guarantor from filing a claim for reimbursement with respect to losses prior to 270 days after the loan becomes delinquent with respect to any installment thereon.

Any 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. If a guarantor has probable cause to believe that the holder has made misrepresentations or failed to comply with the terms of its agreement for guarantee, the guarantor may take reasonable action including withholding payments or requiring reimbursement of funds. The guarantor may also terminate the agreement for cause upon notice and hearing.

Guarantor Reserves

Each guarantor was required to establish a Federal Student Loan Reserve Fund (the “*Federal Fund*”) on October 1, 1998, which, together with any earnings thereon, are deemed to be property of the United States. Each guarantor is required to deposit into the Federal Fund any reserve funds plus:

- reinsurance payments received from the Secretary;
- a certain percentage of default collections;
- insurance premiums;
- 70% of payments received from the Secretary after October 7, 1998 for administrative cost allowances for loans insured prior to that date;
- the default fee for loans guaranteed on or after July 1, 2006; and
- other receipts as specified in regulations.

The Federal Fund may be used to pay lender claims and to pay default aversion fees into the Operating Fund. A guarantor is authorized to transfer up to 180 days’ cash expenses for normal operating expenses (other than claim payments) from the Federal Fund to the Operating Fund described below at any time during the first three years after establishment of the fund.

A guarantor also was required to establish an Operating Fund (the “*Operating Fund*”), which is the property of the guarantor. A guarantor may deposit into the Operating Fund:

- loan processing and issuance fees equal to 0.40% of the total principal amount of loans insured during the fiscal year for loan originated on or after October 1, 2003;
- 30% of payments received after October 7, 1998 for the administrative cost allowances for loans insured prior to that date;
- any default aversion fee that is paid;
- the allowable retention of collections on defaulted loans, which percentage varies depending on the type of loan collection;
- an Account Maintenance Fee, currently 0.06% of the original principal amount of outstanding loans; and

- other receipts as specified in regulations.

An Operating Fund must be used for application processing, loan disbursement, enrollment and repayment status management, default aversion, collection activities, school and lender training, financial aid awareness and related outreach activities, compliance monitoring, and other student financial aid related activities.

The Higher Education Act provides for an additional recall of reserves from each Federal Fund, but also provides for certain minimum reserve levels which are protected from recall. The Secretary is authorized to enter into voluntary, flexible agreements with guarantors under which various statutory and regulatory provisions can be waived; provided, however, the Secretary is not authorized to waive any deposit of default aversion fees by guarantors.

In addition, under the Higher Education Act, the Secretary is prohibited from requiring the return of all of a guarantor's reserve funds unless the Secretary determines that the return of these funds is in the best interest of the operation of the FFEL Program, or to ensure the proper maintenance of such guarantor's funds or assets or the orderly termination of the guarantor's operations and the liquidation of its assets.

The Higher Education Act also authorizes the Secretary to direct a guarantor to:

- return to the Secretary all or a portion of its reserve fund that the Secretary determines is not needed to pay for the guarantor's program expenses and contingent liabilities; and
- cease any activities involving the expenditure, use or transfer of the guarantor's reserve funds or assets which the Secretary determines is a misapplication, misuse or improper expenditure.

BANKRUPTCY

Loans Generally Not Subject to Discharge

Generally, education loans are non-dischargeable in bankruptcy unless the bankruptcy court determines that the debt will impose an undue hardship on the borrower and the borrower's dependents. The U.S. Bankruptcy Code, Title 11 of the United States Code (the "*Bankruptcy Code*") at Section 523(a)(8)(A)(i)-(ii) provides as follows:

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 education 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 excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents.

Adversarial Hearing

In order to claim an "undue hardship", a borrower must initiate an adversarial proceeding in bankruptcy. This proceeding requires an additional notice of the initiation of such proceeding to any affected lender or holder of student loans. The lender or holder affected as well as the trustee in bankruptcy, have a right to oppose the borrower's claim of "undue hardship" through filing a written objection(s) and ultimately through conducting a separate adversarial hearing before the bankruptcy judge. The borrower bears the burden of proving the existence of an "undue hardship".

Whether a borrower's student loans would impose an "undue hardship" in any particular case under Section 523(a)(8) of the Bankruptcy Code is a question of law for the bankruptcy court. The Bankruptcy Code does not define the phrase "undue hardship". There are differences among the federal circuits as to what is required to establish an "undue hardship". A majority of the federal circuit courts of appeal have adopted the so-called *Bruner* test which requires that a borrower prove: (1) that the borrower cannot maintain, based on current income and expenses, a "minimal" standard of living for himself and his dependents if forced to repay the loan(s); (2) that additional circumstances exist indicating that this state of affairs is likely to persist for a significant portion of the repayment period of the loan(s); and (3) that the borrower has made good faith efforts to repay the loan(s).

Under the *Bruner* test, if the bankruptcy court finds against the borrower on any of the three parts of the test, the student loan is not dischargeable. It should be noted that while a bankruptcy court has equitable powers under Section 105(a) of the Bankruptcy Code, it cannot exercise such powers to grant even a partial discharge of student loans unless all of the requirements of Section 523 (a)(8) have been satisfied.

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APPENDIX F

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES SENIOR VARIABLE RATE DEMAND OBLIGATIONS, SERIES 2008IIA-1

CONTINUING DISCLOSURE UNDERTAKING

The following is a brief summary of certain provisions of the *Continuing Disclosure Undertaking* by the Authority. It does not purport to be complete. The statements made in this Appendix are subject to the detailed provisions of the Undertaking.

Annual Financial Information Disclosure

The Authority covenants that it will disseminate its Annual Financial and Operating Information and its Audited Financial Statements (as described below) to each Nationally Recognized Municipal Securities Information Repository (“*National Repository*”). The Authority is required to deliver such information so that each National Repository receives the information by the dates specified in the Undertaking. Instead of sending these documents to each National Repository directly, the Authority may make a central filing with the *web site*¹ “DisclosureUSA.org”, commonly called the “*Central Post Office*”, or, when available, the Electronic Municipal Market Access (“*EMMA*”) sponsored by the Municipal Securities Rulemaking Board (the “*MSRB*”) with the *internet site*¹ emma.msrb.org.

“*Audited Financial Statements*” means the audited financial statements of the Authority prepared in accordance with accounting principles generally accepted in the United States of America unless such statements are in direct conflict with statements issued by the Governmental Accounting Standards Board, as in effect from time to time, which financial statements have been audited by a firm of certified public accountants.

“*Annual Financial and Operating Information*” means the Audited Financial Statements and financial information and operating data regarding the Authority of the type set forth in the caption “INTRODUCTION – Initial Collateralization” of this Official Statement and Appendix C on loan portfolio composition.

Presently, the State of Oklahoma does not have a State Information Depository. If the State were to establish such a depository, the Authority would be required to deliver the above information to the State Information Depository also.

¹Internet or web site addresses herein are provided as a convenience for purchasers of the Series 2008A Bonds. The Authority does not adopt any information that may be provided at these addresses and disclaims any responsibility for such information. The information at such addresses is *not* to be construed as part of this Official Statement.

Material Events Disclosure

The Authority covenants that it will disseminate to each National Repository and the State Information Depository, if any, (or, in the alternative, a Central Post Office or the MSRB's EMMA, in a timely manner, the disclosure of the occurrence of an event (as described below) with respect to the Series 2008A Bonds that is material. The "events" are:

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the Series 2008A Bonds
- Modifications to the rights of Series 2008A Bond holders
- Bond calls
- Defeasances
- Release, substitution or sale of property securing repayment of the Series 2008A Bonds
- Rating changes

Consequences of Failure of the Authority to Provide Information

The Authority will give notice in a timely manner to each National Repository or to the MSRB and to the State Information Depository, if any, of any failure to provide disclosure of Annual Financial and Operating Information when the same are due under the Undertaking.

In the event of a failure of the Authority to comply with any provision of the Undertaking, the Beneficial Owner of any Series 2008A Bond may seek mandamus or specific performance by court order, to cause the Authority to comply with its obligations under the Undertaking. A default under the Undertaking will *not* be deemed an Event of Default under the Bond Resolution or the Trust Agreement. The sole remedy in the event of any failure of the Authority to comply with the Undertaking will be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the Authority may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- A. The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, name, or status of the Authority, or type of business conducted;

- B. The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- C. The amendment or waiver does not materially impair the interests of the Beneficial Owners of the Series 2008A Bonds, as determined either by parties unaffiliated with the Authority (such as the Trustee) or by an approving vote of the Registered Owners of the Series 2008A Bonds pursuant to the terms of the Bond Resolution at the time of the amendment.

Termination of Undertaking

The Undertaking will be terminated if the Authority no longer has any legal liability for any obligation on or relating to repayment of the Series 2008A Bonds under the Bond Resolution. The Authority will give notice to each National Repository or to the MSRB and the State Information Depository, if any, in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking will be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial and Operating Information or notice of occurrence of a material event, in addition to that which is required by the Undertaking.

If the Authority chooses to include any information from any document or notice of occurrence or a material event in addition to that which is specifically required by the Undertaking, the Authority will have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrences of a material event.

Dissemination Agent

The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such agent, with or without appointing a successor dissemination agent.

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