

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 2004A-2 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The State Guarantee Agency and The Depository Trust Company gave us the respective information to describe themselves. We do not, and the Underwriter does not, guarantee the accuracy or completeness of that information.

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

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 after the date hereof.

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market prices of the Series 2004A-2 Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2004A-2 Bonds have not been registered with the Securities and Exchange Commission (the "SEC"). The registration, qualification or exemption of the Series 2004A-2 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 2004A-2 Bonds as an investment. Also, they have not passed on the probability of any earnings on the Series 2004A-2 Bonds, or on the accuracy or adequacy of this Official Statement.

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INDEX OF PRINCIPAL TERMS

This Index provides an alphabetical listing of the descriptions of defined terms used in this Official Statement.

Some of the defined terms are summaries or extracts of some of the definitions in the Master Bond Resolution, as Supplemented. **Reference is made to the Master Bond Resolution, as Supplemented, for the entire definitions and provisions thereof.** Some of the defined terms are summaries or extracts of definitions in other documents that pertain to the Series 2004A-2 Bonds. **Reference is made to those documents for the entire definitions and provisions thereof.**

A copy of the Master Bond Resolution, as Supplemented, and a copy of those other documents that pertain to the Series 2004A-2 Bonds, is available upon request to the Authority or the Master Trustee at the addresses shown on page 7 herein.

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SUMMARY STATEMENT

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

Issuer (We, Authority) 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 guaranteed Federal Family Education Loan Program. We are a loan servicer and secondary market for 35 eligible lenders of the OSLA Student Lending Network. Also, we are an Eligible Lender. Additional information about us is in Appendix B.

Priority of Payment The Master Bond Resolution, as Supplemented, provides that Obligations may be issued in any of three payment priority levels:

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

These Obligations include Bonds, Notes, interest rate swap agreements and agreements we may enter into with others, including entities we may form in the future, to share collateral.

The Series 2004A-2 Bonds are Senior Obligations. They will be payable at the same priority as other Senior Obligations, but ahead of Subordinate and Junior-Subordinate Obligations. Currently, no Junior-Subordinate Obligations are Outstanding.

The Bonds The Series 2004A-2 Bonds are being issued as Reset Auction Mode Securities – RAMS™, maturing June 1, 2034. Interest rates after the initial period will be reset generally every 35 days, beginning November 15, 2004, pursuant to the Auction Procedures described in Appendix G.

Interest on the Series 2004A-2 Bonds is payable semi-annually on June 1 and December 1, beginning December 1, 2004.

Based on current market conditions, in November 2004 we expect to issue \$100,000,000 of Senior Taxable Floating Rate Notes, Series 2004A-3 as additional Senior Obligations. The

proposed Series 2004A-3 Notes would be payable at the same priority as the Series 2004A-2 Bonds and other Senior Obligations.

Trust EstateThe Series 2004A-2 Bonds are being issued pursuant to a Master Bond Resolution, as it has been amended and supplemented, or may be amended or supplemented in the future. The Master Bond Resolution, as Supplemented, pledges a Trust Estate to secure all Bonds, Notes and other Obligations issued pursuant to the Master Bond Resolution, as Supplemented.

Other Senior Bonds and Notes already are outstanding under the Master Bond Resolution, as Supplemented. These Senior Bonds and Notes have a claim to the Trust Estate equal to that of the Series 2004A-2 Bonds.

Sources of Revenue and SecurityThe Trust Estate securing the Series 2004A-2 Bonds is comprised of the following.

- (1) Student loans originated under the Federal Family Education Loan Program that we acquired already, and those we expect to acquire, in the Trust Estate. The student loans may be acquired with bond proceeds or with principal and certain interest repayments on acquired loans. These student loans will be held on our behalf by a Custodian.
- (2) Revenues and 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) Moneys and investments on deposit in the funds and accounts established under the Master Bond Resolution, as Supplemented.
- (4) Our rights in the related Servicing Agreements, Custodian Agreement, Student Loan Purchase Agreements, Authority Guarantee Agreements, Swap Agreements, Swap Party guarantees and Trust Estate Collateral Investment Agreements.
- (5) Any other property, rights and interests of any kind provided to the Master Trustee as additional security for our Obligations.

We are only obligated to pay debt service on the Series 2004A-2 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 2004A-2 Bonds.

We cannot compel the State of Oklahoma to pay any amounts owed on the Series 2004A-2 Bonds from any source of funds.

Policies Affecting Revenue.....Our borrowers 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 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 first disbursed on or after July 1, 2003 has a principal reduction of 1.00% if the first six payments of principal and interest are made on time.

The EZ Pay Discount of 0.33% off the loan interest rate is available to all FFEL Program borrowers who make their payments by automatic debit of their financial institution account.

Debt Service Reserve RequirementThe Debt Service Reserve Account Requirement for our Bonds and Notes under the Master Bond Resolution, as Supplemented, is 1% of the aggregate principal amount of Bonds and Notes Outstanding, with a minimum reserve amount of \$500,000 for the Trust Estate. This requirement for the Previously Issued Bonds and Notes has been met by cash deposits to the Debt Service Reserve Account.

For the Series 2004A-2 Bonds this requirement is \$406,250 that will be met by depositing that amount of bond proceeds in the Debt Service Reserve Account. After that deposit, the amount in the Debt Service Reserve Account will contain \$2,876,850, the amount equal to 1% of the Outstanding Bonds and Notes.

Student Loan Insurance,

Guarantee and Reinsurance.....All student loans we acquired with proceeds of Previously Issued Bonds and Notes, and those we intend to acquire with proceeds of the Series 2004A-2 Bonds, are covered by a Guarantee of at least 98% (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 guarantor by the Secretary of Education on a scale ranging from 75% to 100% depending on various factors.

Approximately 91% of our student loans are guaranteed by the State Guarantee Agency. Additional information about the State Guarantee Agency is in Appendix D.

Redemption and Acceleration.....We may, and under certain circumstances must, prepay your Series 2004A-2 Bonds prior to maturity as a result of optional or mandatory redemption or acceleration as described herein.

For information on redemption and acceleration of principal, see the section “DESCRIPTION OF THE SERIES 2004A-2 BONDS - Redemption Provisions”.

Additional Bonds and Other Obligations

We may issue Additional Bonds and Notes to enable us to acquire additional student loans or to refinance previously issued Bonds and Notes if we meet certain conditions described herein. The Additional Bonds and Notes may be issued in any of the three priority classes.

The conditions to issue Additional Obligations include that each Rating Agency must confirm that its then applicable Ratings on the outstanding Bonds and Notes will not be

lowered or withdrawn because of the issuance of Additional Obligations.

The issuance of Additional Bonds and Notes may reduce the ratio of assets to Bonds and Notes outstanding in any of the different priority classes, depending on the amount issued, the priority class issued and the amount of costs of issuance and other amounts paid from the proceeds of Additional Bonds and Notes.

Also, we are allowed to enter into interest rate swaps and Trust Estate Collateral Investment Agreements that may require payments to others from the Trust Estate assets. Currently, no Swap Agreements or Trust Estate Collateral Investment Agreements are Outstanding.

Releases from the Trust Estate to Us

Under certain conditions, excess assets of the Trust Estate can be transferred to us by the Master Trustee. Among the conditions for a release are: (1) that the Master Trustee receives a Cash Flow Certificate based upon assumptions consistent with criteria for maintaining the Ratings of the Bonds and Notes that shows monies will be sufficient to pay debt service, Servicing Fees and Program Expenses on all Obligations; and (2) that after the transfer, the Aggregate Market Value of the Trust Estate assets will equal at least 110.5% of unpaid principal of Senior Obligations and 103% of unpaid principal of Senior Obligations and Subordinate Obligations.

Loan Servicing

We have serviced education loans since 1994. Currently, we service education loans using the OSLA Student Loan Servicing System, including software licensed from IFA Systems. We started using the OSLA Student Loan Servicing System in-house on January 28, 2002 and converted our existing loan portfolio to the OSLA Student Loan Servicing System as of March 1, 2002.

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OKLAHOMA STUDENT LOAN AUTHORITY

\$40,625,000

**Oklahoma Student Loan Bonds and Notes
Senior Auction Rate Bonds, Series 2004A-2
(Reset Auction Mode Securities - RAMS™)**

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 Series 2004A-2 Bonds.

The Series 2004A-2 Bonds will be issued pursuant to the provisions of the Act and the Master Bond Resolution adopted by the trustees of the Authority on November 2, 1995. The Master Bond Resolution has been supplemented and amended numerous times, including a Series 2004A-2 Supplemental Bond Resolution adopted by the trustees of the Authority on September 28, 2004 (the "*Series 2004A-2 Supplemental Resolution*"). The Master Bond Resolution, as supplemented and amended, is referred to herein as the "*Master Bond Resolution, as Supplemented*".

The Series 2004A-2 Bonds will be issued as Senior Obligations, either senior to, or on parity with, Bonds and Notes previously issued and Outstanding under the Master Bond Resolution, as Supplemented. The previously issued and Outstanding Bonds and Notes are referred to as "*Previously Issued Bonds and Notes*". They are summarized in a table in this INTRODUCTION section under the caption "Obligations to be Outstanding".

Definitions of many of the terms used in this Official Statement are included in APPENDIX A - "SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED" and in APPENDIX G - "AUCTION PROCEDURES".

The Master Bond Resolution, as Supplemented, pledges student loans and other assets to secure the Bonds and Notes. For the complete definitions and provisions of the Master Bond Resolution, as Supplemented, reference is made to that document. A copy of the Master Bond Resolution, as Supplemented, is available during the initial offering period upon request to the "*Underwriter*" –

RBC Dain Rauscher Inc.
1211 Avenue of the Americas, Suite 3201
New York, New York 10036
Attention: Short Term Desk

Telephone: 212-703-6233
Facsimile: 212-703-6383

and thereafter to the Authority or the Master Trustee at the addresses shown on page 7.

For a further description of us, see APPENDIX B — “GENERAL DESCRIPTION OF THE OKLAHOMA STUDENT LOAN AUTHORITY”.

Use of Proceeds

We expect to use the proceeds of the Series 2004A-2 Bonds as shown in the Table below:

<u>Uses</u>	<u>Amount</u>
Deposit to Series 2004A-2 Loan Subaccount	\$39,923,750
Debt Service Reserve Account Deposit	406,250
Costs of Issuance	<u>295,000</u>
Total	<u>\$40,625,000</u>

Obligations to be Outstanding

Upon issuance of the Series 2004A-2 Bonds, it is expected that the following Obligations will be Outstanding under the Master Bond Resolution, as Supplemented:

Senior Obligations

<u>Series</u>	<u>Tax Status</u>	<u>Amount to be Outstanding</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate Mode</u>
2004A-2	Tax-Exempt	\$ 40,625,000	10-14-2004*	06-01-2034	Auction ¹
2004A-1	Tax-Exempt	40,625,000	01-30-2004	12-01-2033	Auction ¹
2001A-2	Taxable	50,000,000	12-20-2001	12-01-2031	Auction ²
2001A-3	Taxable	25,000,000	12-20-2001	12-01-2031	Auction ²
2001A-4	Taxable	50,000,000	12-20-2001	12-01-2011	CP Index
2001A-1	Tax-Exempt	15,625,000	06-01-2001	06-01-2031	Fixed
1995A-1	Tax-Exempt	21,600,000	11-09-1995	09-01-2025	Auction ¹
1995A-2	Tax-Exempt	<u>7,000,000</u>	11-09-1995	09-01-2025	Auction ³
Total	Senior	<u>\$250,475,000</u>			

Subordinate Obligations

2001B-1	Tax-Exempt	\$ 25,000,000	06-07-2001	06-01-2031	Auction ¹
1996B-2	Tax-Exempt	6,230,000	08-27-1996	08-01-2008	Fixed Rate
1995B-1	Tax-Exempt	2,000,000	11-09-1995	09-01-2008	Fixed Rate
1995B-2	Tax-Exempt	<u>3,980,000</u>	11-09-1995	09-01-2025	Fixed Rate
Total	Subordinate	<u>\$ 37,210,000</u>			

Total All Obligations \$287,685,000

*Expected Delivery Date
¹ 35-day Auction Periods.

² 28-day Auction Periods.
³ Annual Auction.

Bonds and Notes that may be issued in the future under the Master Bond Resolution, as Supplemented, are referred to as “*Additional Bonds and Notes*”. In November 2004, we expect to issue \$100,000,000 of Senior Taxable Floating Rate Notes, Series 2004A-3 (the “*Series 2004A-3 Notes*”) as additional Senior Bonds and Notes. The proposed Series 2004A-3 Notes would be payable at the same priority as the Series 2004A-2 Bonds and other Senior Obligations.

Initial Collateralization

We expect that after the application of the proceeds of the Series 2004A-2 Bonds, the ratio of the Aggregate Market Value of the Trust Estate to the total accrued and unpaid principal of and interest on the Outstanding Obligations will be approximately as follows:

Trust Assets to Senior Obligations	116.09%
Trust Assets to All Obligations	101.07%

In addition, if the Series 2004A-3 Notes are issued, we expect that after the application of the proceeds of the Series 2004A-2 Bonds and the Series 2004A-3 Notes, the ratio of the Aggregate Market Value of the Trust Estate to the total accrued and unpaid principal of and interest on the Outstanding Obligations will be approximately as follows:

Trust Assets to Senior Obligations	111.33%
Trust Assets to All Obligations	100.64%

The Master Bond Resolution, as Supplemented, does not require that any particular level of collateralization be maintained. However certain ratios are required for the withdrawal of assets from the Trust Estate.

Issuance of Additional Bonds and Notes, together with other obligations such as Swap Agreements and Trust Estate Collateral Investment Agreements, that are payable from the Trust Estate are referred to as “*Additional Obligations*”. Issuance of Additional Obligations in the future could reduce collateralization. However, issuance of Additional Obligations is subject to several conditions, including verification from each Rating Agency that the issuance of Additional Obligations will not cause the existing rating on any of the Outstanding Obligations to be lowered or withdrawn.

Financed Eligible Loans

We acquire or make loans in the Federal Family Education Loan Program (“*FFEL Program*”) under the Higher Education Act. Eligible Loans held in the Trust Estate are referred to herein as “*Financed Eligible Loans*”. The education loan promissory notes evidencing the Financed Eligible Loans and related loan documentation will be held by Bank of Oklahoma, N.A., acting as Custodian.

Eligible Loans will be Guaranteed as provided for in the Higher Education Act. Currently, the guarantee percentage ranges from 98% to 100% of the outstanding principal amount of the loan. We expect that substantially all of the Financed Eligible Loans will be

guaranteed at 98%, although that amount could be reduced in the future. See the section titled “GUARANTEE AGENCIES”.

We expect to deposit Financed Eligible Loans that we have already acquired or originated into the Trust Estate beginning in October 2004. We expect to deposit the Eligible Loans acquired with proceeds of the Series 2004A-2 Bonds into the Trust Estate by approximately January 1, 2005. However, we are allowed until July 1, 2006 to expend the Series 2004A-2 Bond proceeds.

Substantially all 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 that we hold are not eligible for the TOPTM Program described below. However, substantially all of the Consolidation Loans deposited into the Trust Estate will be 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.

Except for Federal Consolidation Loans, substantially all other Eligible Loans, will be eligible for our Timely on Payments (“TOPTM”) 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 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 their eligible principal amount.
- TOP Interest Rate Reduction 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.

In addition, we offer all 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 0.33 of 1% interest rate discount. The borrower can be disqualified for the interest rate discount under certain circumstances.

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

Cash Flow Projections

We do not expect to issue the Series 2004A-2 Bonds unless we believe, based on our analysis of cash flow projections, that Revenues and Recoveries of Principal will be sufficient to pay principal of and interest on the Bonds and Notes when due, and also to pay all Servicing Fees, Program Expenses and Administrative Expenses until the final maturity or redemption of the Bonds and Notes.

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 Master Bond Resolution, as Supplemented, including:

- the composition of, yield on and prepayment and collection experience for the Eligible Loans;
- the rate of return on moneys to be invested in various Funds and Accounts;
- borrower savings 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 such assumptions are and will be derived from our experience in the administration of the 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 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 and Recoveries of Principal. Read the section “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 bond principal prior to its scheduled maturity (referred to as “*Recycling*”). We plan to continue Recycling to the maximum extent possible with respect to the Previously Issued Bonds and Notes and the Series 2004A-2 Bonds. Presently, we may use Recycling in the Trust Estate through July 1, 2006, but that date may be extended with the consent of the Rating Agencies.

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 a loan servicing system software licensed to us on a perpetual basis by Idaho Financial Associates, Inc., Boise, Idaho and hardware and other software owned, developed or licensed by us. We began origination of education loans using that system on January 28, 2002; and converted servicing of the portfolio that previously 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 35 other eligible lenders that are members of the OSLA Student Lending Network (the “*OSLA Network*”). The OSLA Network members are required to sell to us, and we are required to buy, the loans that we service. 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.

Security for the Series 2004A-2 Bonds

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

See the caption “Obligations to be Outstanding” in this INTRODUCTION section, the section “SECURITY AND SOURCES OF PAYMENT” and also Appendix A.

The Series 2004A-2 Bonds, and the interest thereon, are limited revenue obligations of the Authority, secured by the assets specifically pledged, as more particularly described in this Official Statement and in the Master Bond Resolution, as Supplemented.

The Series 2004A-2 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 2004A-2 Bonds.

The Series 2004A-2 Bonds, and the interest thereon, are not personal obligations of the trustees of the Authority and are not a general obligation of the Authority. The Authority has no taxing power.

Corporate Trustee

Administration of the Trust Estate will be governed by the Master Trust Agreement, as supplemented and assigned, between the Bank of Oklahoma, N.A., as Master Trustee and us. The Master Trust Agreement, as assigned, the various series trust agreements previously

delivered and the Series 2004A-2 Trust Agreement, each by and between the Bank of Oklahoma, N.A., as series trustee, and us are referred to collectively as the “*Trust Agreement*”.

The Series 2004A-2 Trustee also is acting as paying agent, authenticating agent and registrar pursuant to the Master Bond Resolution, as Supplemented, and the Trust Agreement.

Availability of Documentation

The descriptions in this Official Statement of the Series 2004A-2 Bonds and of the documents authorizing and securing the Series 2004A-2 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 2004A-2 Bonds and the documents. Copies of the documents are available upon written request to, or may be examined at:

Bank of Oklahoma, N.A.	Oklahoma Student Loan Authority
9520 North May Avenue, Suite 110	525 Central Park Drive, Suite 600
Oklahoma City, Oklahoma 73120-2789	Oklahoma City, OK 73105-1706
Attention: Corporate Trust Services; or	Attention: President

Prior to delivery of the Series 2004A-2 Bonds, copies of the related documents will be available in draft form.

DESCRIPTION OF THE SERIES 2004A-2 BONDS

General

The Series 2004A-2 Bonds will be issued as Reset Auction Mode Securities (“*RAMS*”). The auction interest rate will be established periodically pursuant to the Auction Procedures described in this section under the captions “Interest on Series 2004A-2 Bonds” and “Determination of Auction Rate of Interest” and in Appendix G - “AUCTION PROCEDURES”.

The Series 2004A-2 Bonds will be issued as fully registered bonds in denomination of \$25,000 or any integral multiple thereof. The Depository Trust Company (“*DTC*”), New York, New York, will act as securities depository for the Series 2004A-2 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 2004A-2 Bonds. See the section “SECURITIES DEPOSITORY” .

As long as Cede & Co., as nominee of DTC, is the Registered Owner of the Series 2004A-2 Bonds, references herein to the Registered Owners of the Series 2004A-2 Bonds mean Cede & Co. and do not mean the Beneficial Owners of the Series 2004A-2 Bonds.

The Series 2004A-2 Bonds are subject to redemption and acceleration as described below under the caption “Redemption Provisions”.

Interest on Series 2004A-2 Bonds

Interest on the Series 2004A-2 Bonds will accrue for each Interest Period commencing on the Date of Issuance through November 15, 2004 at the rate of interest determined by the initial offering and sale. Thereafter, interest will be determined based on auctions, initially for 35-day Interest Periods, subject to the Interest Rate Limitation.

The Auction Period is subject to change as described below under the caption “Changes in Auction Periods or Auction Dates”. If an Auction is not held on an Auction Date for any reason (other than a market disruption described below and in Appendix G), then the rate of interest for the next succeeding Interest Period will equal the Maximum Auction Rate.

Interest will be computed on the basis of a 360-day year for the number of days actually elapsed. Interest will be payable semi-annually on June 1 and December 1 of each year, beginning December 1, 2004. Interest Payment Dates are subject to change as described below under the caption “Changes in Auction Periods or Auction Dates”.

The amount of interest distributable to holders of Series 2004A-2 Bonds in respect of each \$25,000 in principal amount thereof for any Interest Period or part thereof will be calculated by applying the Bond Interest Rate for such Interest Period or part thereof, to the principal amount of \$25,000, multiplying such product by the actual number of days in the Auction Period or part thereof, divided by 360, and truncating the resultant figure to the nearest cent.

Interest will be paid by check or draft drawn upon the Series 2004A-2 Trustee and mailed to Registered Owners (initially DTC) at the address shown on the bond register. However, at the written request of a Registered Owner of at least \$1,000,000 in aggregate principal amount of Series 2004A-2 Bonds, and upon compliance with certain provisions of the Master Bond Resolution, as Supplemented, interest may be paid by wire transfer.

However, (1) if the ownership of Series 2004A-2 Bonds is no longer maintained in book-entry form, the rate of interest on Series 2004A-2 Bonds for any Auction Period commencing after the delivery of certificates representing Series 2004A-2 Bonds as described above shall equal the Maximum Auction Rate on the Business Day immediately preceding the first day of such subsequent Auction Period; or (2) if a Payment Default occurs and is continuing, Auctions will be suspended and the Auction Rate for the Auction Period commencing on or after such Payment Default and for each Auction Period thereafter to and including the Auction Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured will equal the Overdue Rate.

Notwithstanding anything herein to the contrary, if any Series 2004A-2 Bond or portion thereof has been selected for redemption during the next succeeding Auction Period, that Series 2004A-2 Bond or portion thereof, will not be included in the Auction preceding such redemption date, and will continue to bear interest until the redemption date at the rate established for the Auction Period prior to that Auction.

Auction Participants

The participants in the Auction process for the Series 2004A-2 Bonds are the:

- Existing Owners and Potential Owners as described below;
- *Auction Agent*, initially Deutsche Bank Trust Company Americas, New York, New York;
- *Broker-Dealer*, initially RBC Dain Rauscher Inc.; and
- *Market Agent*, initially RBC Dain Rauscher Inc.

Existing Owners and Potential Owners

Participants in each Auction will include Existing Owners and Potential Owners.

- Existing Owners (for purposes of dealing with the Auction Agent in connection with an Auction) means any Person who is a Broker-Dealer listed in the books of registry as the owner of record of Series 2004A-2 Bonds prior to a Conversion Date at the close of business on the Business Day preceding each Auction.
- Potential Owners means any Person, including any Existing Owner that is interested in acquiring Series 2004A-2 Bonds or, in the case of an Existing Owner, an additional principal amount of Series 2004A-2 Bonds. The Broker-Dealer may bid for its own account as a Potential Owner.

By purchasing Series 2004A-2 Bonds, whether in an Auction or otherwise, each prospective purchaser of Series 2004A-2 Bonds or its Broker-Dealer will be deemed to have agreed:

- to participate in Auctions on the terms set forth in the Master Bond Resolution, as Supplemented and as described in Appendix G;
- to sell, transfer or otherwise dispose of Series 2004A-2 Bonds only pursuant to a Bid or a Sell Order in an Auction, or through a Broker-Dealer, so long as the beneficial ownership of Series 2004A-2 Bonds is maintained in book-entry form by DTC; *provided* that in the case of all transfers other than those pursuant to an Auction, the Existing Owner of Series 2004A-2 Bonds so transferred, its agent member or its Broker-Dealer advises the Auction Agent of such transfer; and
- to have its beneficial ownership of Series 2004A-2 Bonds maintained at all times in book-entry form by the Securities Depository for the account of its Participant in DTC, which in turn will maintain records of such beneficial ownership, and to authorize such Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

Auction Agent

The Series 2004A-2 Trustee will enter into the initial Auction Agency Agreement with Deutsche Bank Trust Company Americas.

The Auction Agent may resign or be removed at any time by the Series 2004A-2 Trustee, acting at the direction of either: (1) the Authority; or (2) the Registered Owners of

66-2/3% of the aggregate principal amount of the Series 2004A-2 Bonds; *provided that*, neither resignation nor removal of the Auction Agent will be effective until a successor Auction Agent has been appointed by the Series 2004A-2 Trustee at the direction of the Authority, the successor has accepted such appointment and the Series 2004A-2 Trustee has entered into an Auction Agency Agreement with the successor.

Any substitute Auction Agent must be: (1) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, in The City of New York (or such other location as may be approved by the Series 2004A-2 Trustee at the direction of the Authority and the Market Agent), and having a combined capital stock, surplus and undivided profits of at least \$15,000,000; or (2) a member of the National Association of Securities Dealers, Inc., having a net capital of at least \$15,000,000 and, in either case, authorized by law to perform all the duties imposed upon it under the Series 2004A-2 Supplemental Resolution and under the Auction Agency Agreement.

The Auction Agent is acting as agent for the Series 2004A-2 Trustee and the Authority in connection with Auctions. In the absence of bad faith or negligence on its part, the Auction Agent will not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and will not be liable for any error of judgment made in good faith unless the Auction Agent was negligent in ascertaining (or failing to ascertain) the pertinent facts.

Broker-Dealer

The Auction Agent will enter into the initial Broker-Dealer Agreement with RBC Dain Rauscher Inc.

Existing Owners and Potential Owners may participate in Auctions only by submitting Orders through a “Broker-Dealer”, including RBC Dain Rauscher Inc. or any other broker or dealer (each as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Series 2004A-2 Supplemental Resolution.

The Broker-Dealer has advised us that it, and other participants in both the taxable and tax-exempt auction rate securities markets, have received letters from the SEC requesting that each of the participants voluntarily conduct a review regarding their respective practices and procedures in auction markets. The Broker-Dealer is cooperating fully with the SEC in this process. No assurance can be given as to whether the results of this process will affect the market for the Series 2004A-2 Bonds or the Auction process of the Series 2004A-2 Bonds.

Each Broker-Dealer must:

- be a Participant or an affiliate of a Participant;
- have a capital surplus of at least \$15,000,000;
- have been selected by the Authority; and

- have entered into a Broker-Dealer Agreement with the Auction Agent that remains effective, in which the Broker-Dealer agrees to participate in Auctions as described in the Auction Procedures, as from time to time amended or supplemented.

Any Broker-Dealer may be removed at any time, at the request of the Authority, but at all times there must be at least one Broker-Dealer.

Market Agent

The Series 2004A-2 Trustee will enter into the initial Market Agent Agreement with RBC Dain Rauscher Inc. The Market Agent is responsible under the terms of the Market Agent Agreement for the following duties:

- to assist the Series 2004A-2 Trustee in the determination of the Maximum Auction Rate on the Business Day before each Auction Date after the delivery of physical certificates representing the Series 2004A-2 Bonds;
- to assist the Series 2004A-2 Trustee in calculating the Overdue Rate on the Auction Date for (1) each Interest Period commencing after the occurrence and during the continuance of a Payment Default, and (2) any Interest Period commencing less than two Business Days after the cure of any Payment Default;
- to determine the Quarterly Average CP Rate and the Quarterly Average T-Bill Rate for purposes of determining the CP Cap and the T-Bill Cap, respectively, as a component of the Maximum Auction Rate;
- to make changes to the Auction Periods or Auction Dates as described below under the caption "Changes in Auction Periods or Auction Dates"; and
- to notify the Auction Agent of changes to the Applicable CP Spread and the Applicable T-Bill Spread

Under the Market Agent Agreement, and in connection with the Series 2004A-2 Bonds, the Market Agent will act solely as agent of the Series 2004A-2 Trustee and will not assume any obligation or relationship of agency or trust for or with any of the Registered Owners or Beneficial Owners.

Determination of Auction Rate of Interest

Auctions to establish the Auction Rate are to be held on each Auction Date by applying the Auction Procedures described in Appendix G. Auction Date initially means November 15, 2004, and thereafter, the Business Day immediately preceding the first day of each Auction Period. The procedures to determine the Auction Rate of interest on the Series 2004A-2 Bonds are summarized and illustrated in the following paragraphs.

- A. “Dutch Auctions” will be used to determine the interest rate on the Series 2004A-2 Bonds on each Auction Date. In the Dutch Auction, investors and potential investors submit Orders to an eligible Broker-Dealer for the principal amount of the Series 2004A-2 Bonds that they wish to buy, hold or sell at various interest rates.

- B. In the Auction, the following types of Orders may be submitted:
1. “Hold Orders” that specify the minimum interest rate that an Existing Owner is willing to accept in order to continue to hold Series 2004A-2 Bonds for the upcoming Auction Period;
 2. “Sell Orders” by an Existing Owner to sell a specified principal amount of Series 2004A-2 Bonds regardless of the upcoming interest rate; and
 3. “Bids” that specify the minimum interest rate that a Potential Owner, including an Existing Owner wishing to purchase additional Series 2004A-2 Bonds, is willing to accept in order to buy a specified principal amount of Series 2004A-2 Bonds.

If an Existing Owner does not submit Orders with respect to all of its Series 2004A-2 Bonds, the investor will be deemed to have submitted a Hold Order at the new Auction Rate of interest for that portion of the Series 2004A-2 Bonds for which no Order was received.

- C. The Broker-Dealers submit the investors’ orders to the Auction Agent.

A Broker-Dealer may submit Orders in Auctions for its own account. Any broker-dealer submitting an order for its own account in an Auction will have an advantage over other bidders in that it will have knowledge of other orders placed through it in that auction (but it will not have knowledge of orders submitted through other Broker-Dealers, if any). As a result of the Broker-Dealer bidding, the Auction clearing rate may be lower than the rate that would have prevailed if the Broker-Dealer had not bid. A Broker-Dealer may also bid or encourage additional or revised bidding in order to prevent what would otherwise be a failed Auction, an “All Hold” Auction or an Auction clearing at a rate that the Broker-Dealer believes does not reflect the market rate for the Series 2004A-2 Bonds at the time of the Auction.

In the course of receiving confirmation from the Auction Agent, the Broker-Dealer may get notice of a lack of Sufficient Clearing Bids and may be permitted to submit an additional Bid in order to prevent a failed Auction.

- D. The Auction Agent will process all orders submitted by eligible Broker-Dealers and determine the interest rate for the upcoming Auction Period. The Auction Agent will notify the Broker-Dealers of the interest rate for the upcoming Auction Period and provide the Broker-Dealers with settlement instructions relating to purchases and sales of the Series 2004A-2 Bonds. Series 2004A-2 Bonds will be purchased and sold between investors and potential investors at a price equal to their then-outstanding principal balance plus any accrued interest.

The following example helps illustrate how the auction procedures are used in determining the Auction Rate of interest on the Series 2004A-2 Bonds.

Assumptions

Denominations (Units)	= \$25,000
Auction period	= 35 days
Principal amount outstanding	= \$25,000,000 (1000 Units)

Summary of all Orders Received for the Auction

<u>Bid/Hold Orders</u>	<u>Sell Orders</u>	<u>Potential Bid Orders</u>
20 Units at 2.90%	100 Units Sell	40 Units at 2.95%
60 Units at 3.02%	100 Units Sell	60 Units at 3.00%
120 Units at 3.05%	<u>200 Units Sell</u>	100 Units at 3.05%
200 Units at 3.10%	<u>400 Units</u>	100 Units at 3.10%
<u>200 Units at 3.12%</u>		100 Units at 3.11%
<u>600 Units</u>		100 Units at 3.14%
		<u>200 Units at 3.15%</u>
		<u>700 Units</u>

The total units under Bid/Hold Orders and Sell Orders always equal the issue size, that is 1000 units, or \$25,000,000, in this example.

Auction Agent Organizes Orders in Ascending Order

<u>Order Number</u>	<u>Number Of Units</u>	<u>Cumulative Units</u>	<u>Percent</u>
1	20 (W)	20	2.90%
2	40 (W)	60	2.95%
3	60 (W)	120	3.00%
4	60 (W)	180	3.02%
5	100 (W)	280	3.05%
6	120 (W)	400	3.05%
7	200 (W)	600	3.10%
8	100 (W)	700	3.10%
9	100 (W)	800	3.11%
10	200 (W)	1000	3.12%
11	100 (L)		3.14%
12	200 (L)		3.15%

(W) = Winning Order (L) = Losing Order

Order Number 10 is the Order that clears the market of all available units. All winning Orders are awarded the Winning Bid Rate (in this example, 3.12%) as the interest rate for the

next Auction Period. Multiple orders at the Winning Bid Rate are allocated units on a pro rata basis first to Existing Owners and then to Potential Owners. Regardless of the results of the Auction, the interest rate will not exceed the Maximum Auction Rate.

The example assumes that a successful Auction has occurred. That is, all Sell Orders and all Bids and Hold Orders below the new Auction Rate of interest were fulfilled. However, there may be insufficient Potential Bid Orders to purchase all the Series 2004A-2 Bonds offered for sale. In these circumstances, the Broker-Dealer may be permitted to submit an additional Bid to assure that there are Sufficient Clearing Bids; or, the interest rate for the upcoming Auction Period will equal the Maximum Auction Rate.

Also, if all the Series 2004A-2 Bonds are subject to Hold Orders (i.e., each Existing Owner wishes to continue holding its Series 2004A-2 Bonds, regardless of the interest rate), the interest rate for the upcoming Auction Period will equal the All-Hold Rate.

The Auction Date for one or more Auction Periods may be changed as described below under the caption "Changes in Auction Periods or Auction Dates".

The Auction Agent will determine the Maximum Auction Rate and the All-Hold Rate on each Auction Date. Upon receipt of notice from the Series 2004A-2 Trustee of a failed Conversion Date, and if the next succeeding Auction Date is two or fewer Business Days after (or on) the failed Conversion Date, the Auction Agent will not hold an Auction on that Auction Date but will calculate the Maximum Auction Rate as of the first Business Day of the next succeeding Auction Period and give notice thereof as provided and to the parties specified in the Auction Agency Agreement.

If the ownership of Series 2004A-2 Bonds is no longer maintained in book-entry form, the Series 2004A-2 Trustee will, with the assistance of the Market Agent, calculate the Maximum Auction Rate on the Business Day immediately preceding the first day of each Auction Period commencing after delivery of certificates representing such Series 2004A-2 Bonds.

If a Payment Default has occurred, the Series 2004A-2 Trustee will, with the assistance of the Market Agent, calculate the Overdue Rate on the first day of: (1) each Auction Period commencing after the occurrence and during the continuance of such Payment Default and (2) any Auction Period commencing less than the two Business Days after the cure of any Payment Default.

The determination by the Series 2004A-2 Trustee or the Auction Agent, as the case may be, of the Maximum Auction Rate will (in the absence of manifest error) be final and binding upon the Registered Owners and all other parties. If calculated or determined by the Auction Agent, the Auction Agent will promptly advise the Series 2004A-2 Trustee of the Maximum Auction Rate.

So long as ownership of the Series 2004A-2 Bonds is maintained in book-entry form, an Existing Owner may sell, transfer or otherwise dispose of Series 2004A-2 Bonds only pursuant to a Bid or Sell Order placed in an Auction or through a Broker-Dealer, *provided* that, in the case of all transfers other than pursuant to Auctions, such Existing Owner, its Broker-Dealer or its

Participant advises the Auction Agent of such transfer. Prior to a Conversion Date, Auctions will be conducted on each Auction Date, if there is an Auction Agent on such Auction Date, in the manner described in Appendix G.

A description of the Settlement Procedures to be used with respect to Auctions for Series 2004A-2 Bonds is contained in APPENDIX H - "SETTLEMENT PROCEDURES".

Adjustments in Percentages

The Market Agent will adjust the percentages used in determining the All-Hold Rate, the Applicable CP Spread, the Applicable T-Bill Spread and the Applicable Percentage used in determining the Maximum Auction Rate and the percentage of the Kenny Index used to determine the Overdue Rate, if any such adjustment is necessary in the judgment of the Market Agent, to reflect any Change of Preference Law such that Series 2004A-2 Bonds bearing interest at the Maximum Auction Rate, the All-Hold Rate or the Overdue Rate will have equal market values before and after such Change of Preference Law. Prior to any such adjustment, the Authority will give notice thereof to each Rating Agency, and no such adjustment will be made unless such adjustment will not adversely affect any Rating on the Series 2004A-2 Bonds.

In making any such adjustment, the Market Agent will take the following factors, as in existence both before and after such Change of Preference Law, into account: (1) short-term taxable and tax-exempt market rates and indices of such short-term rates; (2) the market supply and demand for short-term tax-exempt securities; (3) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the Series 2004A-2 Bonds; (4) general economic conditions; and (5) economic and financial factors present in the securities industry that may affect or that may be relevant to the Series 2004A-2 Bonds.

The Market Agent will effectuate an adjustment in the percentages used in determining the All-Hold Rate, the percentage used in the Applicable CP Spread, the Applicable T-Bill Spread and the Applicable Percentage used in determining the Maximum Auction Rate and the percentage of the Kenny Index used to determine the Overdue Rate by delivering written notice to the Authority, the Series 2004A-2 Trustee and the Auction Agent at least 10 days prior to the Auction Date on which the Market Agent desires to effect such change.

Changes in Auction Periods or Auction Dates

Changes in the Auction Period

The Authority may change the length of one or more Auction Periods for the Series 2004A-2 Bonds upon meeting certain conditions. In connection with any such change, the Market Agent may change Interest Payment Dates. Any such changed Auction Period must not be less than 7 days.

The change in the length of one or more Auction Periods will not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given and the Auction immediately preceding the proposed change. The change in Auction Period will take effect only if certain requirements are met as described in the Series 2004A-2 Supplemental Resolution.

Changes in the Auction Date

The Market Agent:

- in order to conform with then-current market or industry practice with respect to similar securities; or
- in order to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, and with the written consent of the Authority;

may specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of Auction Date with respect to one or more specified future Auction Periods.

The Market Agent must provide notice of any determination to specify an earlier Auction Date for one or more Auction Periods by means of a written notice delivered at least 10 days prior to the proposed changed Auction Date to the Series 2004A-2 Trustee, the Auction Agent, the Authority and the Rating Agencies. In connection with any change in the Auction terms described above, the Auction Agent must provide such further notice to such parties as is specified in the Auction Agency Agreement.

Disruption in Auction Procedures

If an Auction does not occur because it was not foreseeable that the scheduled Auction Date would not be a Business Day (a “*Scheduled Auction Date*”), the following will apply:

- an Auction will be deemed to have occurred on the Scheduled Auction Date as if such day were a Business Day;
- the Auction Rate for such deemed Auction in effect for the succeeding Interest Period will be equal to the Auction Rate for the preceding Interest Period; provided, however, that in the event the preceding Interest Period was other than generally 35 days in duration, the Auction Rate will be the rate of interest determined by the Market Agent on equivalently rated auction securities with a comparable length of Auction Period; and
- the succeeding Interest Period will generally be 35 days in duration, beginning on the calendar day following the Scheduled Auction Date and ending on (and including) a Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day that is followed by a Business Day).

Redemption Provisions

The Series 2004A-2 Bonds are subject to redemption prior to their maturity upon notice as described under the caption “Notice of Redemption” below. If less than all of the Series 2004A-2 Bonds that are Outstanding are to be redeemed, the particular Series 2004A-2 Bonds to be redeemed will be selected (and redeemed only in Authorized Denominations) as described under the caption “Partial Redemption” below.

Optional Redemption

The Series 2004A-2 Bonds are subject to redemption at the option of the Authority from any source of funds, including funds derived from the sale of Eligible Loans, in whole or in part on the first day of each Auction Period at a redemption price equal to the principal amount of the Series 2004A-2 Bonds being redeemed (and without premium), plus interest accrued, if any, to the date of redemption.

Mandatory Redemption

The Series 2004A-2 Bonds are subject to mandatory redemption by the Authority, in whole or in part, on any Business Day at a redemption price equal to the principal amount thereof being redeemed, plus accrued interest to the date set for redemption, in Authorized Denominations, from moneys on deposit in the Series 2004A-2 Principal Subaccount:

- A. Which are not derived from the voluntary sale or disposition of Eligible Loans and which the Authority determines (as indicated in an order given to the Master Trustee at least forty-five (45) days before the redemption date) are not available or are not expected to be used to acquire Eligible Loans; or
- B. Which represent moneys deposited to the Series 2004A-2 Loan Subaccount on the Date of Issuance of the Series 2004A-2 Bonds that have not been used to acquire Eligible Loans by July 1, 2006 or such later date acceptable to the Rating Agencies, provided that the Authority and the Master Trustee receive written confirmation from each Rating Agency that its then-applicable Ratings on all Bonds and Notes issued and secured pursuant to the Master Bond Resolution, as Supplemented, will not be lowered or withdrawn because of such extension of the acquisition period; or
- C. Which represent Recoveries of Principal from Eligible Loans acquired directly or indirectly with the proceeds of the Series 2004A-2 Bonds that are received, or are on deposit, after July 1, 2006 or such later date acceptable to the Rating Agencies, provided that the Authority and the Master Trustee receive written confirmation from each Rating Agency that its then-applicable Ratings on all Bonds and Notes issued and secured pursuant to the Master Bond Resolution, as Supplemented, will not be lowered or withdrawn because of such extension of the acquisition period, unless otherwise provided in a Supplemental Bond Resolution; or
- D. If the Authority suffers unreasonable burdens or excessive liabilities in connection with the operation of its Program or the redemption of the Series 2004A-2 Bonds is required or necessary under applicable law or regulations of the Secretary to enable the Authority to continue to receive various federal benefits, all as evidenced by a certificate of the Authority addressed to the Master Trustee.

See the captions “SECURITY AND SOURCES OF PAYMENT — Flow of Funds” and “— Creation of Accounts” herein.

The assets and liabilities held in trust under the Master Bond Resolution, as Supplemented, constitute one master Trust Estate to secure repayment of all Obligations. Although we may record assets and liabilities within the Trust Estate according to a funding

source, each source is *not* discrete from the others for payment of obligations. As a result, Revenues, Recoveries of Principal and other assets that we receive from one Series of Bonds and Notes may be used to pay interest, Redemption Price or permitted expenses on another Series of Bonds and Notes. This may result in an acceleration of payment of principal or a later redemption of principal than would occur if only the assets and liabilities of the Series 2004A-2 Bonds trust were used for payment purposes.

Purchase of Series 2004A-2 Bonds; Tenders

If at any time moneys are held in any of the Funds and Accounts to be used to redeem Series 2004A-2 Bonds, in lieu of such redemption the Authority may direct the Series 2004A-2 Trustee to use part or all of such moneys to purchase Series 2004A-2 Bonds that would otherwise be subject to redemption from such moneys.

The purchase price of such Series 2004A-2 Bonds will not exceed the applicable principal amount of the Series 2004A-2 Bonds which would be redeemed but for such purchase (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon such redemption). Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Series 2004A-2 Bonds.

All Series 2004A-2 Bonds so purchased will be cancelled by the Series 2004A-2 Trustee and applied as a credit against the Authority's obligation to redeem such Series 2004A-2 Bonds from such moneys. Savings resulting from the purchase of Series 2004A-2 Bonds at less than their respective redemption prices: (1) may be used to purchase or redeem additional Bonds and Notes to the extent permitted by the provisions of the corresponding Supplemental Bond Resolutions; or, (2) at the request of the Authority, may be transferred to the Tax-Exempt Repayment Account of the Student Loan Sinking Fund.

The Authority may direct the Series 2004A-2 Trustee, on behalf of the Authority, to request the submission of tenders following notice requesting such submission prior to making the purchases authorized pursuant to the preceding paragraph. The Authority may specify the maximum and minimum periods of time which will transpire between the date upon which such notice is to be given and the date upon which such tenders are to be accepted. No tenders will be considered or accepted at any price exceeding the price specified in the preceding paragraph for the purchase of Series 2004A-2 Bonds.

The Authority will accept bids with the lowest price and in the event the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and if there are tenders at an equal price above the amount of moneys available for purchase, then the Authority will select randomly, or in such manner as it determines in its discretion, the Series 2004A-2 Bonds tendered that will be purchased.

Partial Redemption

If less than all of the Series 2004A-2 Bonds are to be redeemed, the portions thereof to be redeemed will be selected, not more than fifteen (15) days prior to the date of notice of redemption by the Series 2004A-2 Trustee, at random or in such manner as the Series 2004A-2 Trustee in its discretion may deem fair and appropriate. The Series 2004A-2 Trustee shall treat each Series 2004A-2 Bond to be redeemed as representing that number of Series 2004A-2 Bonds

of the lowest Authorized Denomination as is obtained by dividing the principal amount of such Series 2004A-2 Bonds by such Authorized Denomination, provided that after giving effect to such redemption, all Outstanding Series 2004A-2 Bonds are in Authorized Denominations.

In case part but not all of an Outstanding Series 2004A-2 Bond is selected for redemption, upon presentation and surrender of such Series 2004A-2 Bond by the Registered Owner or his attorney duly authorized in writing (with, if the Authority or the Series 2004A-2 Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Authority and the Series 2004A-2 Trustee duly executed by, the Registered Owner thereof or his attorney duly authorized in writing) to the Series 2004A-2 Trustee, the Authority will execute and the Series 2004A-2 Trustee will authenticate and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed portion of the principal amount of the Series 2004A-2 Bond so surrendered, a Series 2004A-2 Bond, at the option of such Registered Owner or such attorney, in any Authorized Denomination of like tenor.

Notice of Redemption

When any Series 2004A-2 Bonds are to be redeemed, the Series 2004A-2 Trustee will give notice of the redemption in the name of the Authority specifying, among other things: (1) the date, (2) the principal amount of the Series 2004A-2 Bonds being redeemed, (3) the CUSIP numbers and other distinguishing marks of the Series 2004A-2 Bonds to be redeemed, (4) the place or places where amounts due upon such redemption will be payable, and (5) in the case of Series 2004A-2 Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed, and (6) that on such date the principal amount will become due and payable upon each Series 2004A-2 Bond to be redeemed, together with interest accrued to the redemption date, and that, from and after that date, interest thereon will cease to accrue.

The notice will be given by mailing a copy of such notice, postage prepaid, not less than fifteen (15) days nor more than sixty (60) days before the redemption date to the Registered Owners of any Series 2004A-2 Bonds, or portions of Series 2004A-2 Bonds, which are to be redeemed at their last addresses appearing upon the registration books. Failure to so mail any such notice to any of such Registered Owners will not affect the validity of the proceedings for the redemption of other Series 2004A-2 Bonds. In addition, the Series 2004A-2 Trustee will send (no more than sixty (60) days after the date for redemption) a further notice of redemption to each Registered Owner who has not presented their Series 2004A-2 Bond for redemption within thirty (30) days subsequent to the redemption date.

The obligation of the Series 2004A-2 Trustee to give the notice of redemption is not conditioned upon the prior payment to the Series 2004A-2 Trustee of moneys or Investment Securities sufficient to pay the principal amount of the Series 2004A-2 Bonds to which such notice relates or the interest thereon to the redemption date. Any notice of redemption may, if directed by the Authority, be given specifying that the redemption of the Series 2004A-2 Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the date fixed for redemption and, if amounts are not so available, such notice of redemption will be cancelled and be null and void and the Series 2004A-2 Bonds so called for redemption and subject to such conditional redemption notice will continue to remain Outstanding.

The Series 2004A-2 Bonds, or portions thereof, to be redeemed will (on the date fixed for redemption) become due and payable at the principal amount thereof specified in the notice of redemption plus accrued interest to the redemption date. Upon presentation and surrender thereof at the place specified in such notice, such Series 2004A-2 Bonds or portions thereof will be paid at the principal amount thereof, plus accrued interest to the redemption date. On and after the redemption date (unless the Authority defaults in the payment of the principal amount thereof and accrued interest), such Series 2004A-2 Bonds will cease to bear interest, and such 2004A-2 Bonds will no longer be considered as Outstanding under the Master Bond Resolution, as Supplemented.

If moneys sufficient to pay the principal amount thereof and accrued interest have not been made available by the Authority to the Series 2004A-2 Trustee on the redemption date, such Series 2004A-2 Bonds will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

No assurance can be given by the Authority, the Series 2004A-2 Trustee or the Master Trustee that DTC will distribute to the Participants, or the Participants will distribute to the Beneficial Owners: (1) payments of principal and interest on the Series 2004A-2 Bonds paid to DTC (or its nominee), as the Registered Owner; or (2) any redemption or other notices; or (3) that DTC or the Participants will serve and act on a timely basis or in the manner described herein.

Transfer and Exchange

Notwithstanding the following, for so long as the Series 2004A-2 Bonds are available only in the Book Entry System of DTC as the Securities Depository, transfers and exchanges of the Series 2004A-2 Bonds by the Beneficial Owners thereof will occur as described under the caption "SECURITIES DEPOSITORY" herein.

Series 2004A-2 Bonds will be transferable only upon the books of the Authority, which will be kept for such purpose at the corporate trust office of each Series Registrar, presently the Series 2004A-2 Trustee, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the corresponding Series Registrar duly executed by the Registered Owner or his duly authorized attorney. Upon surrender for transfer of any such Series 2004A-2 Bonds, the Authority will execute and the applicable Series Registrar (if any) or the Series 2004A-2 Trustee will authenticate and deliver, in the name of the transferee, one or more new fully registered Series 2004A-2 Bonds of the same aggregate principal amount, maturity and rate of interest as the surrendered Series 2004A-2 Bonds.

The Authority, the corresponding Series Registrar (if any) and the Series 2004A-2 Trustee will deem and treat the person in whose name any Outstanding Series 2004A-2 Bonds is registered upon the books of the Authority as the absolute owner thereof, whether such Series 2004A-2 Bonds is overdue or not, for the purpose of receiving payment of (or on account of) the principal amount of and interest on such Series 2004A-2 Bonds and for all other purposes. Payment of the principal amount and interest will be made only to (or upon the order of) such Registered Owner. All such payments to such Registered Owner will be valid and effectual to satisfy and discharge the liability upon such Series 2004A-2 Bonds to the extent of the sum or

sums so paid, and none of the Authority, any Series Registrar (if any) or the Series 2004A-2 Trustee will be affected by any notice to the contrary.

For every such exchange or transfer of Series 2004A-2 Bonds, the Authority, the corresponding Series Registrar (if any) or the Series 2004A-2 Trustee may make a charge sufficient for reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Any charge will be paid by the Registered Owner requesting the exchange or transfer as a condition to making the exchange or transfer. Neither the corresponding Series Registrar (if any) or the Series 2004A-2 Trustee will be obligated to:

- issue, exchange or transfer any Series 2004A-2 Bond after the Record Date next preceding a Bond Payment Date;
- issue, exchange or transfer any Series 2004A-2 Bond during a period beginning at the opening of business fifteen (15) days next preceding any selection of Series 2004A-2 Bonds to be redeemed and ending at the close of business on the date of the first mailing of notice of such redemption; or
- transfer or exchange any Series 2004A-2 Bonds called or being called for redemption in whole or in part.

Mutilated, Destroyed, Lost and Stolen Series 2004A-2 Bonds

If any mutilated Series 2004A-2 Bond is surrendered to the Series 2004A-2 Trustee, or the Series 2004A-2 Trustee and the Authority receive evidence to their satisfaction of the destruction, loss or theft of any Series 2004A-2 Bond, and there is delivered to the Series 2004A-2 Trustee and the Authority such security or indemnity as may be required by them to save each of them harmless, then the Authority will execute, and, upon request by the Authority the applicable Series Registrar (if any) or the Series 2004A-2 Trustee will authenticate and deliver, in exchange for any such mutilated Series 2004A-2 Bond, or in lieu of any such destroyed, lost or stolen Series 2004A-2 Bond, a new Series 2004A-2 Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The Series 2004A-2 Trustee will thereupon cancel any such mutilated Series 2004A-2 Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Series 2004A-2 Bond has become or is about to become due and payable, the Authority in its discretion may pay such Series 2004A-2 Bond instead of issuing a new Series 2004A-2 Bond.

Upon the issuance of any new Series 2004A-2 Bond, the Authority may require the payment by the Registered Owner thereof of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees of the Authority, the corresponding Series Registrar (if any) or the Series 2004A-2 Trustee, that may be connected therewith.

Conversion of Series 2004A-2 Bonds

The Authority may, on the first Business Day immediately succeeding any Auction Period, do a Conversion of the Series 2004A-2 Bonds from Auction Rate Bonds to bear interest at an Adjustable Rate or at a fixed rate. Upon the effective date of a Conversion, Series 2004A-2 Bonds being converted ("*Converted Bonds*") will no longer be Outstanding as Auction Rate

Bonds and will be subject to mandatory tender for purchase at a price equal to the principal amount thereof plus accrued interest, if any, thereon to the date of purchase.

Mandatory Tender Upon Conversion

The Series 2004A-2 Trustee is required to give 15 days advance notice of any mandatory tender to the Registered Owners of Converted Bonds subject to purchase. Converted Bonds to be purchased on any Conversion Date are required to be delivered to the designated officer of the Series 2004A-2 Trustee, or its designated agent for such purposes, at or before 12:00 noon on such date. If the Registered Owner of any Converted Bond which is subject to purchase as described herein fails to deliver such Converted Bond to the Series 2004A-2 Trustee, or its designated agent for such purposes, for purchase on the purchase date, and if the Series 2004A-2 Trustee, or its designated agent for such purposes, is in receipt of the purchase price therefor, such Converted Bond shall nevertheless be deemed tendered and purchased on the Conversion Date.

Series 2004A-2 Bonds Deemed Tendered

Series 2004A-2 Bonds to be purchased in accordance with a mandatory tender for purchase which are not delivered to the Series 2004A-2 Trustee will nevertheless be deemed to have been delivered by the Registered Owners thereof, whereupon interest accruing on and after such mandatory tender date on such Series 2004A-2 Bonds will no longer be payable to the former Registered Owners but will be paid to the new Registered Owners thereof. In such event, the Authority will execute and the Series 2004A-2 Trustee will authenticate and deliver new Series 2004A-2 Bonds. Interest payable on such date will be paid to the Registered Owners of such Series 2004A-2 Bonds as of the Record Date next preceding such Interest Payment Date. The former Registered Owner will have recourse solely to the funds held by the Series 2004A-2 Trustee for the purchase of such Series 2004A-2 Bonds, which shall be paid to the former Registered Owner by the Series 2004A-2 Trustee upon presentation and surrender of such Series 2004A-2 Bonds endorsed for transfer with signature guaranty satisfactory to the Series 2004A-2 Trustee. No other transfer of such Series 2004A-2 Bonds after the mandatory tender date shall be recognized.

Failed Conversion

If a proposed Conversion from an Auction Rate fails, the Series 2004A-2 Bonds subject to the failed Conversion will remain Outstanding as Auction Rate Bonds. Auctions for such Series 2004A-2 Bonds subject to the failed Conversions will be conducted beginning on the first Auction Date occurring more than two Business Days after the failed Conversion and the interest rate on the Series 2004A-2 Bonds subject to the failed Conversion shall be equal to the Maximum Auction Rate as of the failed Conversion Date until such first Auction Date.

SECURITIES DEPOSITORY

The information contained in this section concerning DTC and DTC's Book Entry system has been obtained from DTC and from other sources that the Authority believes to be reliable. However, the Authority, the Underwriter,

Bond Counsel and the Master and Series 2004A-2 Trustee take no responsibility for its accuracy or adequacy. In addition, those persons make no representation that there have been no material changes in this information subsequent to the date hereof.

DTC will act as Securities Depository for the Series 2004A-2 Bonds. The Series 2004A-2 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for the Series 2004A-2 Bonds in the aggregate principal amount of such series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers 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.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC also subsidiaries of DTCC) as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as 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*"). DTC has S&P's highest rating: AAA. The DTC rules applicable to its Participants are on file with the SEC.

Purchases of Series 2004A-2 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2004A-2 Bonds on DTC'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 DTC of their purchase. Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Series 2004A-2 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

Series 2004A-2 Bonds, except in the event that use of the book entry system for the Series 2004A-2 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2004A-2 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2004A-2 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2004A-2 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2004A-2 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 DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2004A-2 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2004A-2 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2004A-2 documents. For example, Beneficial Owners of Series 2004A-2 Bonds may wish to ascertain that the nominee holding the Series 2004A-2 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 shall be sent to DTC. If less than all of the Series 2004A-2 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2004A-2 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Series 2004A-2 Trustee 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 2004A-2 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2004A-2 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Series 2004A-2 Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Series 2004A-2 Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other

nominee as may be requested by an authorized representative of DTC) is the responsibility of the Series 2004A-2 Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have Series 2004A-2 Bonds purchased or tendered, through its Participant, to the Series 2004A-2 Trustee, and will effect delivery of the Series 2004A-2 Bonds by causing the Direct Participant to transfer the participant's interest in the Series 2004A-2 Bonds, on DTC's records, to the Series 2004A-2 Trustee. The requirement for physical delivery of Series 2004A-2 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2004A-2 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2004A-2 Bonds.

DTC may discontinue providing its services with respect to the Series 2004A-2 Bonds at any time by giving reasonable notice to the Authority and the Series 2004A-2 Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2004A-2 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, Series 2004A-2 Bond certificates will be printed and delivered.

The Authority, Bond Counsel, the Master and Series 2004A-2 Trustee and the Underwriter do not give any assurances that the DTC Participants (Direct or Indirect) will distribute:

- payments of principal of or interest on the Series 2004A-2 Bonds;
- certificates representing an ownership interest or other confirmation of beneficial ownership interests in the Series 2004A-2 Bonds; or
- redemption or other notices sent to DTC or its nominee, as the Registered Owners of the Series 2004A-2 Bonds;

to the Beneficial Owners of the Series 2004A-2 Bonds or that they will do so on a timely basis or that DTC or its Participants will serve and act in the manner described in this Official Statement.

The Authority, Bond Counsel, the Master and Series 2004A-2 Trustee or the Underwriter will not have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to the:

- Series 2004A-2 Bonds;
- accuracy of any records maintained by DTC or any DTC participant;
- payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Series 2004A-2 Bonds;
- delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Series 2004A-2 Supplemental Resolution to be given to Registered Owners;
- selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2004A-2 Bonds; or
- any consent given or other action taken by DTC as registered owner.

In reading this Official Statement, it should be understood that while the Series 2004A-2 Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Series 2004A-2 Bonds, but: (1) all rights of ownership must be exercised through DTC and the Book Entry system; and (2) notices that are to be given to Registered Owners by the Authority, the Master Trustee or the Series 2004A-2 Trustee will be given only to DTC.

SECURITY AND SOURCES OF PAYMENT

Trust Estate

The Master Bond Resolution, as Supplemented, provides that all Bonds and Notes, as well as any Swap Agreement and any Trust Estate Collateral Investment Agreement, are limited and special revenue obligations of the Authority secured by and payable solely from revenues, funds and other assets specifically pledged under the Master Bond Resolution, as Supplemented. These assets include all rights of the Authority in:

- A. The Revenues (other than Revenues deposited in the Rebate Fund) and Recoveries of Principal in and payable into the Funds and Accounts;
- B. All moneys and Investment Securities held in the Funds and Accounts;
- C. The Financed Eligible Loans (including the education loan promissory notes evidencing such indebtedness and related loan documentation);
- D. Our rights in Authority Guarantee Agreements, the Custodian Agreement, the Servicing Agreements, and any Student Loan Purchase Agreement as those documents relate to Financed Eligible Loans;
- E. Our rights in any Swap Agreement, Swap Counterparty guarantee and any Trust Estate Collateral Investment Agreement, provided, that those rights will not be for the benefit of any counterparty with respect to any such agreements; and
- F. Any and all other property, rights and interests of every kind granted, transferred or delivered to the Master Trustee or any Series Trustee as additional security, whether now owned or hereafter acquired.

Our responsibility to pay all Obligations under the Master Bond Resolution, as Supplemented, is limited to the Trust Estate.

Payment Priorities

The Master 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 the following types of obligations:

1. Payment of principal of, and premium and interest on, Senior Bonds and Notes;
2. Any Authority Swap Payments secured on parity with the Senior Bonds and Notes; and
3. Any payments to be made to a Trust Estate Collateral Investment Counterparty pursuant to its Trust Estate Collateral Investment Agreement.

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 the following types of obligations:

1. Payment of principal of, and premium and interest on, Subordinate Bonds and Notes; and
2. Any Authority Swap Payments secured on a 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. Collectively, Junior-Subordinate Obligations include the following types of obligations:

1. The payment of principal of, premium if any, and interest on Junior-Subordinate Bonds and Notes; and
2. Any Authority Swap Payments secured on parity with the Junior-Subordinate Bonds and Notes.

Issuance of Additional Bonds and Notes

The Master Bond Resolution, as Supplemented, provides that we may issue Additional Bonds and Notes if certain conditions are satisfied. These conditions include the receipt of written confirmation from each Rating Agency that its then applicable Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the issuance of the Additional Bonds or Notes.

See the caption “GENERAL TERMS OF THE BONDS AND NOTES – Provisions for the Issuance of Bonds and Notes” in Appendix A.

Additional Bonds or Notes may be issued as Senior Obligations, Subordinate Obligations and/or Junior-Subordinate Obligations, as determined by the Authority in the applicable Supplemental Bond Resolutions providing for their issuance.

Issuance of Certain Other Obligations

The Master Bond Resolution, as Supplemented, provides that we may enter into (or instruct the Master Trustee to enter into) certain transactions that obligate payment from the Trust Estate. These transactions include Swap Agreements and Trust Estate Collateral Investment Agreements.

- A. ***Swap Agreements.*** Written contracts with a Swap Counterparty rated at least “Aa2/P-1” by Moody’s and “AA-/A-1+” by S&P pursuant to which the Authority is obligated to pay (whether on a net payment basis or otherwise) Authority Swap Payments on one or more scheduled dates in exchange for the Swap Counterparty’s obligation to pay certain payments to the Authority on one or more scheduled payment dates. See the captions “SWAP AGREEMENTS” and “REVENUES AND FUNDS — Student Loan Sinking Fund” in Appendix A.

No voluntary termination payment under a Swap Agreement may be paid from moneys in the Trust Estate unless the Master Trustee has received written confirmation from each Rating Agency that its then applicable ratings on all Bonds and Notes secured by the Master Bond Resolution, as Supplemented, will not be lowered or withdrawn due to such payment.

Upon issuance of the Series 2004A-2 Bonds there will be no Swap Agreements outstanding.

- B. ***Trust Estate Collateral Investment Agreements.*** Written agreements with an entity, which may be an affiliate of the Authority, which will permit the Trust Estate Collateral Investment Counterparty on any date to demand that the Master Trustee transfer an amount limited by the terms of the Trust Estate Collateral Investment Agreement, to the Trust Estate Collateral Investment Counterparty from any moneys or investments contained in the Trust Estate on a senior priority basis as provided in the Master Bond Resolution, as Supplemented. See the captions “TRUST ESTATE COLLATERAL INVESTMENT AGREEMENTS”, “REVENUES AND FUNDS — Student Loan Fund”, and “REVENUES AND FUNDS — Student Loan Sinking Fund” in Appendix A.

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

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

Upon issuance of the Series 2004A-2 Bonds there will be no Trust Estate Collateral Investment Agreements outstanding.

Flow of Funds

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

- A. To pay any Servicing Fees that are due and payable;
- B. To pay any other Program Expenses that are due and payable;
- C. To pay interest on any Senior Bonds and Notes and to pay any Authority Swap Payments secured on parity with Senior Bonds and Notes;
- D. To pay the principal of any Senior Bonds and Notes;
- E. To pay interest on any Subordinate Bonds and Notes and to pay any Authority Swap Payments secured on parity with Subordinate Bonds and Notes;
- F. To pay the principal of any Subordinate Bonds and Notes;
- G. To pay any Administrative Expenses that are due and payable;
- H. To pay interest on any Junior-Subordinate Bonds and Notes and to pay any Authority Swap Payments secured on parity with Junior-Subordinate Bonds and Notes;
- I. To pay the principal of any Junior-Subordinate Bonds and Notes;
- J. To fund any deficiency in the Debt Service Reserve Account;
- K. Upon an order of the Authority, transferred to the respective Accounts in the Student Loan Fund to finance additional Eligible Loans; and
- L. Upon satisfying certain collateral ratios described under the caption “Releases to the Authority” below, transferred to the Authority free and clear of lien of the Master Bond Resolution, as Supplemented.

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

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

For a more detailed description of the flow of funds under the Master Bond Resolution, as Supplemented, see the captions “REVENUES AND FUNDS — Student Loan Fund, ”— Student Loan Sinking Fund” and “— Debt Service Reserve Account” in Appendix A.

Moneys or investments in the Tax-Exempt Repayment Account or the Taxable Repayment Account of the Student Loan Sinking Fund, and in the Tax-Exempt Loan Account or the Taxable Loan Account of the Student Loan Fund, or any Subaccounts therein, may be transferred on any date to a Trust Estate Collateral Investment Counterparty pursuant to the Master Bond Resolution. See the captions “TRUST ESTATE COLLATERAL INVESTMENT AGREEMENTS”, “REVENUES AND FUNDS — Student Loan Fund” and “Student Loan Sinking Fund” in Appendix A.

Creation of Accounts

The Master Bond Resolution and the Series 2004A-2 Supplemental Resolution establish the following Subaccounts with the Master Trustee to be used for the Series 2004A-2 Bonds.

- A. The Series 2004A-2 Loan Subaccount within the Tax-Exempt Loan Account of the Student Loan Fund to be used to account for:
 1. Original proceeds of the Series 2004A-2 Bonds deposited thereto;
 2. Eligible Loans Financed by the proceeds of the Series 2004A-2 Bonds; and
 3. Recoveries of Principal on Eligible Loans financed by the Series 2004A-2 Bonds.
 4. On any date, to the extent that there are insufficient Revenues in the Repayment Account to make transfers required by paragraphs A through G in the “Flow of Funds” section above with respect to the Series 2004A-2 Bonds, then an amount of money (but not Eligible Loans Financed by the Series 2004A-2 Bonds) equal to such deficiency may be transferred from the Series 2004A-2 Loan Subaccount and deposited in the Repayment Account.
- B. The Series 2004A-2 Principal Subaccount within the Tax-Exempt Repayment Account of the Student Loan Sinking Fund.
- C. The Tax-Exempt Debt Service Reserve Subaccount within the Debt Service Reserve Account of the Student Loan Sinking Fund.
- D. The Rebate Fund for deposit of computed amounts of rebate or excess interest, in which fund the Registered Owners will not have any right, title or interest.

Debt Service Reserve Account

The Master Bond Resolution established a Debt Service Reserve Account for the benefit of the Registered Owners of the Obligations, including the Series 2004A-2 Bonds. Pursuant to

the Master Bond Resolution, as Supplemented, the Authority is required to maintain the Debt Service Reserve Account at an amount equal to 1% of all Bonds and Notes Outstanding, with a minimum reserve amount of \$500,000 for the Trust Estate.

The Debt Service Reserve Account Requirement for the Series 2004A-2 Bonds is \$406,250. That amount will be deposited in the Tax-Exempt Debt Service Reserve Subaccount from the proceeds of the Series 2004A-2 Bonds. After that deposit, the Debt Service Reserve Account for all the Bonds and Notes Outstanding under the Master Bond Resolution will contain a total of \$2,876,850.

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

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

The Debt Service Reserve Account secures all Obligations issued under the Master Bond Resolution. Consequently, the establishment of a Series Debt Service Reserve Account Requirement with respect to additional Obligations at a level less than 1% of the outstanding principal amount of such additional Obligations will dilute the security of the Debt Service Reserve Account with respect to the Series 2004A-2 Bonds. However, Additional Bonds and Notes may only be issued upon receipt of written confirmation from each Rating Agency that its then-applicable Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the issuance of the Additional Bonds and Notes.

See “REVENUES AND FUNDS — Debt Service Reserve Account” in Appendix A.

Releases to the Authority

The Master Bond Resolution, as Supplemented, permits the Authority to instruct the Master Trustee to transfer certain excess assets of the Trust Estate to the Authority free and clear of the lien of the Master Bond Resolution, as Supplemented. However, no such transfer of assets to the Authority will be made unless:

- A. The Debt Service Reserve Account has on deposit an amount at least equal to the Debt Service Reserve Account Requirement;

- B. The Master Trustee receives a Cash Flow Certificate based upon assumptions used with respect to the relevant variables consistent with criteria approved by the Rating Agencies to be consistent with maintaining the Ratings of the Bonds and Notes;
- C. The Master Trustee receives a certificate from the Authority to the effect that all rebate liability as calculated pursuant to the Tax Regulatory Agreements and Investment Instructions through the date of such transfer has been paid or deposited in the Rebate Fund; and
- D. Immediately after taking into account any such transfer, the Aggregate Market Value of the assets in the Trust Estate will be at least equal to,
 - 1. 110.5% of the unpaid principal amount of the Senior Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount,
 - 2. 103% of the unpaid principal amount of the Senior Bonds and Notes and Subordinate Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount, and
 - 3. 100% of the unpaid principal amount of the Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount.

RISK FACTORS

You should consider the following factors together with all of the information contained in this Official Statement in deciding whether to purchase any of the Series 2004A-2 Bonds.

Secondary Market Liquidity is Limited

We are not obligated to purchase Series 2004A-2 Bonds. In addition, we have not made arrangements with any third party to purchase them if the Broker-Dealer is unable to locate a new purchaser on any Auction Date or between Auction Dates.

The Broker-Dealer intends to make a market in the Series 2004A-2 Bonds and may purchase Series 2004A-2 Bonds for its own account sometimes. However, it is not obligated to do so legally. In the event that there were insufficient orders for the Series 2004A-2 Bonds and an auction failed, the rate would be the Maximum Auction Rate that may be a rate less than the prevailing market rate for similar bonds.

The Series 2004A-2 Bonds are Limited Obligations

We are only obligated to make payments on the Series 2004A-2 Bonds from assets in the Trust Estate. We cannot compel the State to make any payments on the Series 2004A-2 Bonds from any source. In the event 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.

Limitations on Enforceability of Remedies

If the Master 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 Master Trustee on your behalf. The legal opinions delivered at the closing of the Series 2004A-2 Bonds are qualified as to whether the Master Trustee can exercise remedies in bankruptcy or insolvency proceedings or similar laws affecting creditors in general.

Outside Factors May Adversely Affect Cash Flow Sufficiency

We established the terms of the Series 2004A-2 Bonds based on our experience in acquiring portfolios of Eligible Loans and the expenses we incur in operating the Program. We may not be able to acquire Eligible Loans in the amount, at the prices or when expected for several reasons, including competition 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 which could result in the early redemption of principal.

In addition, potential borrowers can obtain loans originated under the United States Department of Education's ("USDE") William D. Ford Direct Student Loan Program. The effect of this competing program is to reduce the amount of loans available.

To the extent we are able to use proceeds of the Series 2004A-2 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% insured by a Guarantee Agency (to the extent a borrower defaults, the Trust Estate will suffer a loss of generally 2% 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;
- 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, REAP and EZ Pay Discount at greater rates than projected reducing Revenues and Recoveries of Principal;
- the FFEL Program is subject to frequent amendments, was scheduled for Reauthorization in calendar year 2004 and may be extended temporarily, which could affect when and how much Interest Benefit and Special Allowance Payments we receive from USDE and reimbursement from Guarantee Agencies; 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.

Reinvestment Risk

If Revenues and 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 your Series 2004A-2 Bonds. If we prepay your Series 2004A-2 Bonds, you may not be able to reinvest your principal at a comparable interest rate.

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, 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 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 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 Eligible Loans will be unsecured. We are depending on the ability of the Guarantee Agencies, and the State Guarantee Agency in particular, to honor guarantee claims for defaulted loans. 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. These changes may impact the ability of Guarantee Agencies to honor their guaranty obligations in the future.

While the Higher Education Act provides 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.

Future Changes in the Higher Education Act or Other Relevant Law

The Higher Education Act is the subject of frequent amendments. Many of the 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 Series 2004A-2 Bonds when due.

Generally, Consolidation Loans have been made at fixed rates. Loans that were originated in the past bear a higher rate of interest than Consolidation Loans being made currently. Presently, Consolidation Loan borrowers are not allowed to refinance their loan. However, legislation has been introduced in the U.S. Congress to allow Consolidation Loan borrowers to refinance their loans. The outcome of this legislation, or its final form, is unknown. If passed, it could result in faster pre-payments of loans in the Trust Estate, or a lower yield on such loans.

Currently, the Higher Education Act that authorizes the FFEL Program is subject to Reauthorization. During the Reauthorization process, a number of proposals have been introduced in Congress, including proposals on Consolidation Loans and special allowance payable that is related to loans financed by certain tax-exempt financings. As part of the Reauthorization process, the Chairman of the House Education and the Workforce Committee of the U.S. House of Representatives introduced HR 4283.

HR 4283, if enacted in its present form, would make various changes to the Higher Education Act in the future, including changing loan limits, changing interest rate provisions, including variable rates on Consolidation Loans, and decreasing origination and loan fees. It is possible that no legislation to reauthorize the Higher Education Act will be enacted and that a temporary extension of the Higher Education Act may be necessary. It is not possible to predict whether, when or the final content of any such proposals and their effect on our Program.

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*"), signed into law on December 19, 2003, 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 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 Series 2004A-2 Bonds.

USDE issued guidelines that extend the in-school deferment, grace period or forbearance status of certain borrowers ordered to active duty. Further, if a borrower is in default on an Eligible Loan, the guarantee agency must cease all collection activities for the expected period of the borrower's military service upon being notified that the borrower has been called to active duty and during certain time periods designated by USDE.

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*"), signed by the President on August 18, 2003, authorizes the Secretary, during the period ending September 30, 2005, 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;
- 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 Secretary is authorized to waive or modify any provision of the Higher Education act to ensure that:

- such recipients of student financial assistant are not placed in a worse financial position in relation to that assistance;
- administrative requirements in relation to that assistance are minimized;
- calculations used to determine need for such assistance accurately reflect the financial condition of such individuals;
- provision is made for amended calculations of overpayment; and
- institutions of higher education, eligible lenders, guarantee agencies and other entities participating in student financial aid programs that are located in, or whose operations are directly affected by, areas that are declared to be disaster areas by any federal, state or local official in connection with a national emergency may be temporarily relieved from requirements that are rendered infeasible or unreasonable.

The Secretary was given this same authority under the Higher Education Relief Opportunities for Students Act of 2001, signed by the President on January 15, 2001, but the Secretary has yet to use this authority to provide specific relief to servicepersons with loan obligations who are called to active duty. 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 Series 2004A-2 Bonds.

Changes to the Master Bond Resolution, as Supplemented With Rating Agency Consent

The Master Bond Resolution, as Supplemented permits certain changes by amendment or supplement without the consent of Registered Owners. A condition of some of these permitted changes is that we and the Master Trustee receive written confirmation from each Rating Agency that the then applicable Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn because of the change. See “APPENDIX A – SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED – Supplemental Resolutions”.

Forward-Looking Statements

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 “estimate,” “intentions,” “beliefs” “assumptions,” “expectations” and similar expressions. Any forward-looking statement is not a guarantee of future performance, but rather it is subject to uncertainties 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, and that those differences could be material.

GUARANTEE AGENCIES

The information contained in this section is a brief overview. It does not purport to be complete information on the Guarantee Agencies, including the State Guarantee Agency that is the primary guarantor of education loans held by us. Reference is made to Appendix D for a brief description of the State Guarantee Agency.

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% 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 and

collections of Financed Eligible 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 caption “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 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 is summarized in the Table below:

Claims Rate	Guarantor Reinsurance Rate for Loans Made prior to <u>October 1, 1993</u>	Guarantor Reinsurance Rate for Loans Made between <u>October 1, 1993</u> and <u>September 30, 1998</u>	Guarantor Reinsurance Rate for Loans Made on or after <u>October 1, 1998</u> ¹
0% up to 5%	100%	98%	95%
5% up to 9%	100% of claims up to 5%; and 90% of claims 5% and over	98% of claims up to 5%; and 88% of claims 5% and over	95% of claims up to 5%; and 85% of claims 5% and over
9% and over	100% of claims up to 5%; 90% of claims 5% up to 9%; 80% of claims 9% and over	98% of claims up to 5%; 88% of claims 5% up to 9%; 78% of claims 9% and over	95% of claims up to 5%; 85% of claims 5% up to 9%; 75% of claims 9% and over

¹Other than student loans made pursuant to the Lender of Last Resort program or student loans transferred by an insolvent guarantor as to which the amount of reinsurance is equal to 100%.

Federal Payment of Claims

If the Secretary determines that a Guarantee Agency is unable to meet its obligations, the holder of loans guaranteed by that 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. There can be no assurance, however, that the Secretary will make such a determination or will do so in a timely manner.

The Higher Education Act also provides that the Secretary is authorized, on terms and conditions satisfactory to the Secretary, to make advances to a guarantee agency in order to assist the guarantee agency in meeting its immediate cash needs and to ensure uninterrupted payment of default claims by lenders.

Oklahoma Guaranteed Student Loan Program

Substantially all of the 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 State Guarantee Agency. The State Guarantee Agency administers and utilizes 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 Guarantee Agency. 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 regarding education loans guaranteed by the State Guarantee Agency.

The State Guarantee Agency 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 State Guarantee Agency are separate.

For a brief description of the State Guarantee Agency, see Appendix D.

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 2004A-2 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2004A-2 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, credit unions, 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 2004A-2 Bonds is subject to approval of validity by Kutak Rock LLP, Oklahoma City, Oklahoma, Bond Counsel. The approving opinion of Bond Counsel will be addressed to the Authority and the Underwriter. Bond Counsel's opinion will state that, among other things, 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 2004A-2 Bonds, to adopt the Master Bond Resolution, as Supplemented, and to enter into the Master Trust Agreement, the Series 2004A-2 Trust Agreement, the Series 2004A-2 Tax Regulatory Agreement and the other documents contemplated thereby and perform its obligations thereunder;
- B. The Master Bond Resolution, as Supplemented, the Master Trust Agreement, the Series 2004A-2 Trust Agreement and the Series 2004A-2 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; and
- C. The Series 2004A-2 Bonds have been duly authorized and issued by the Authority, are entitled to the benefits of the Master Bond Resolution, as Supplemented, 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 Master Bond Resolution, as Supplemented.

Bond Counsel has not passed 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 2004A-2 Bonds and the documents described herein.

The opinions expressed by Bond Counsel with respect to the enforceability of the Series 2004A-2 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 2004A-2 Bonds.

In addition, Bond Counsel will deliver a supplemental opinion to the Authority and the Underwriter regarding the fair and accurate description of certain provisions of the Series 2004A-2 Bonds and the Master Bond Resolution, as Supplemented, in the Official Statement, the exemption from securities registration of the Series 2004A-2 Bonds and the creation of a first perfected security interest in the Trust Estate which secures the Series 2004A-2 Bonds, subject to certain standard exceptions.

Certain legal matters will be passed on for the Authority by its special counsel, Roderick W. Durrell, Esq.; for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for the Master and Series 2004A-2 Trustee by Riggs Abney Neal Turpen Orbison & Lewis PC, Tulsa, Oklahoma. Certain legal matters also will be passed on by the Attorney General of the State of Oklahoma in approving the transcript of legal proceedings. See also, the next section, "TAX MATTERS".

TAX MATTERS

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2004A-2 Bonds is excluded 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 2004A-2 Bonds. Failure to comply with such requirements could cause interest on the Series 2004A-2 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2004A-2 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 2004A-2 Bonds.

Bond Counsel is further of the opinion that interest on the Series 2004A-2 Bonds is a specific preference item for purposes of the federal alternative minimum tax.

The accrual or receipt of interest on the Series 2004A-2 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2004A-2 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 2004A-2 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 2004A-2 Bonds.

From time to time, there are legislative proposals in the Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2004A-2 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. Purchasers of the Series 2004A-2 Bonds should consult their tax advisors regarding any pending or proposed tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Series 2004A-2 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

Bond Counsel is further of the opinion that, pursuant to the Act, the Series 2004A-2 Bonds and the income therefrom are exempt from taxation in the State of Oklahoma

RATINGS

The Underwriter's obligation to purchase the Series 2004A-2 Bonds is subject to the condition that Moody's and S&P have assigned their municipal bond Ratings listed below to the Series 2004A-2 Bonds —

Moody's: **Aaa** and S&P: **AAA**

The Ratings were applied for by us. We furnished certain information and materials to the Rating Agencies concerning the Series 2004A-2 Bonds and regarding the Authority, some of which is not included in this Official Statement. Generally, a rating agency bases its rating on such information and materials and also on such investigations, studies and assumptions as it may undertake or establish independently.

The Ratings are not a recommendation to buy, sell or hold the Series 2004A-2 Bonds and an explanation of the significance of the ratings may be obtained from Moody's and S&P.

The Ratings are subject to change or withdrawal at any time and any such change or withdrawal may affect the market price or marketability of the Series 2004A-2 Bonds. Neither the Authority nor the Underwriter has undertaken any responsibility either to bring to the attention of the Registered Owners of the Series 2004A-2 Bonds any proposed change in, or proposed withdrawal of, the Ratings on the Series 2004A-2 Bonds or to oppose any such change or withdrawal.

UNDERWRITING

The Series 2004A-2 Bonds are to be purchased by the Underwriter pursuant to the terms and conditions of a Bond Purchase Agreement (the "*Bond Purchase Agreement*") to be entered into by the Underwriter and us. The Bond Purchase Agreement requires the Underwriter to pay an aggregate purchase price of \$40,625,000, representing the par amount of the Series 2004A-2 Bonds.

The Bond Purchase Agreement provides that the Underwriter's obligation is subject to certain conditions and that the Underwriter will purchase all of the Series 2004A-2 Bonds if any are purchased. Upon delivery of, and payment for, the Series 2004A-2 Bonds, we will pay the Underwriter a fee of \$130,812.50, which is equal to 0.322% of the aggregate principal amount of the Series 2004A-2 Bonds, for its services and expenses.

The initial public offering price (as shown on the cover page hereof) may be changed from time to time by the Underwriter without notice. The Underwriter may offer and sell the Series 2004A-2 Bonds to certain dealers (including dealers depositing Series 2004A-2 Bonds into investment trusts) and others at prices lower than the public offering prices shown on the cover page hereof.

CONTINUING SECONDARY MARKET DISCLOSURE

We will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the Beneficial Owners of the Series 2004A-2 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 Master Bond Resolution, as Supplemented, and Beneficial Owners of the Series 2004A-2 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 2004A-2 Bonds in the secondary market. Consequently, such a failure may adversely affect the market price, transferability and liquidity of the Series 2004A-2 Bonds.

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APPROVAL

This Official Statement has been approved by us for distribution by the Underwriter to the prospective purchasers and the Registered and Beneficial Owners of the Series 2004A-2 Bonds.



OKLAHOMA STUDENT LOAN AUTHORITY

/s/ Patrick T. Rooney

Chairman

ATTEST:

/s/ Hilarie Blaney

Secretary

APPENDIX A

OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2004A-2

SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE
MASTER BOND RESOLUTION, AS SUPPLEMENTED

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

A copy of the Master Bond Resolution, as Supplemented, is available during the initial offering period from the Underwriter, and thereafter upon request to the Authority or the Master Trustee at the addresses shown on page 7 of this Official Statement.

Additional defined terms relating to the Auction Procedures are included in APPENDIX G - "AUCTION PROCEDURES".

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DEFINITIONS

"*Accounts*" mean any of the trust accounts of the Student Loan Fund and the Student Loan Sinking Fund created and established by, or pursuant to, the Master Bond Resolution.

"*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.

"Administrative Expenses" mean all of the Authority's expenses in carrying out and administering its Program (including the acquisition and origination of Eligible Loans) under the Master Bond Resolution and any applicable Supplemental Bond Resolution and shall include, without limiting the generality of the foregoing, salaries, acquisition, origination and servicing fees, supplies, utilities, mailing, labor, materials, office rent or mortgage payment, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses, credit and liquidity facility fees and expenses, travel, and payments for pension, retirement, health and hospitalization and life and disability insurance benefits, in each case as such fees and expenses are related to the Master Bond Resolution.

"Aggregate Market Value" means on any calculation date the sum of the Values of all assets of the Trust Estate.

"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 Request", "Authority Order", "Authority Certificate" and "Authority Consent" mean, respectively, a written request, order, certificate or consent signed in the name of the Authority by an Authorized Officer and delivered to the Maser Trustee or the corresponding Series Trustee by overnight or same-day mail or courier, telex, telegram or other electronic means or by hand delivery, or in the case of an Authority Request or an Authority Order, an oral request by an Authorized Officer promptly confirmed in writing by such an Authorized Officer in any manner specified above in this definition.

"Authority Swap Payment" means a payment required to be made by or on behalf of the Authority due to a Swap Counterparty pursuant to a Swap Agreement.

"Authorized Denomination" means the denominations authorized for the Bonds and Notes set forth in the Supplemental Bond Resolution authorizing the issuance of such Bonds and Notes. With respect to the Series 2004A-2 Bonds bearing interest at an Auction Rate, "Authorized Denomination" means \$25,000 and any integral multiple thereof.

"Authorized Officer", 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.

"Bond" or "Bonds" mean one or more of the bonds authorized by the Act and authenticated and delivered pursuant to the Master Bond Resolution.

"Bond Counsel" means any Counsel of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Authority and acceptable to the Master Trustee.

"Bond Payment Date" means, for any Bond or Note, any date on which principal or interest is due and payable on such Bond or Note or any date on which an Authority Swap Payment is due and payable.

"Bonds and Notes" mean "Bonds and Notes" or "Bonds or Notes," as the context may dictate, issued and secured pursuant to the Master Bond Resolution, as amended and supplemented by any Supplemental Bond Resolutions.

"Bond Year" for the Series 2004A-2 Bonds means each calendar year commencing on June 1 and ending the following May 31, provided that the first Bond Year will commence on the Date of Issuance of the Series 2004A-2 Bonds and end on May 31, 2005 and the last Bond Year shall end on the Maturity of the Series 2004A-2 Bonds.

"Bond Yield" means, with respect to each Series of Tax-Exempt Bonds and Notes, the yield on such Tax-Exempt Bonds and Notes computed in accordance with the No Arbitrage Certificate relating to such Series of Tax-Exempt Bonds and Notes computed in accordance with the Code.

"Business Day" means a day of the year other than: (a) a day on which commercial banks located in New York, New York or Oklahoma City, Oklahoma are required or authorized to remain closed, (b) a Saturday, Sunday or legal holiday, and (c) a day on which the New York Stock Exchange or the Authority is closed, provided that with respect to Auction Dates, such term shall also exclude December 30, December 31, April 14 and April 15.

"Capitalized Interest Payments" mean 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.

"Cash Flow Certificate" means a report prepared on behalf of the Authority by the Cash Flow Consultant, based upon assumptions used with respect to relevant variables that are consistent with criteria approved by the Rating Agencies to be consistent with maintaining the ratings of the Bonds and Notes, showing, with respect to the period extending from the date of the Cash Flow Certificate to each Maturity of the Bonds and Notes: (a) all Revenues and Recoveries of Principal anticipated to be received during such period, taking into account any rebates expected to be payable to student borrowers; (b) the application of all Revenues and Recoveries of Principal in accordance with the provisions of the Master Bond Resolution, taking into account investment earnings, if any; and (c) resulting balances, provided that the Cash Flow Certificate shall show that anticipated Revenues and Recoveries of Principal will be at least sufficient and available to pay all Servicing Fees and Program Expenses payable under the Master Bond Resolution and the debt service on all Obligations during such period.

"Cash Flow Consultant" means any Person appointed by the Authority to prepare the Cash Flow Certificate and other cash flow projections.

"Claim Adjustment" means (a) amounts payable to a Guarantee Agency as a result of a determination that the status of any Eligible Loan was "current" subsequent to the submission of a default claim with respect to such Eligible Loan and (b) amounts payable to an Eligible Lender as a reimbursement for amounts paid by the Eligible Lender to

repurchase such Eligible Loan pursuant to its Loan Purchase Agreement as a result of a determination that such Eligible Loan was not required to be repurchased.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to the Tax-Exempt Bonds and Notes or the use of the proceeds thereof. A reference to any specific section of the Code shall 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 a Tax Regulatory Agreement.

"*Counsel*" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state.

"*Counterparty Swap Payments*" means any payment to be made to, or for the benefit of, the Authority under a Swap Agreement.

"*Custodian*" means Bank of Oklahoma, N.A., as successor custodian pursuant to the Custodian Agreement, and any successors or assigns, or any other Person appointed by the Authority pursuant to a written agreement to perform such loan custodial functions.

"*Custodian Agreement*" means the Master Custodian Services Agreement, dated as of September 27, 1994, between the Authority and the Custodian, as amended and supplemented.

"*Dated Date*" means the date as of which interest is deemed to commence accruing for each Series of Bonds and Series of Notes, as set forth in the corresponding Supplemental Bond Resolution. The Dated Date for the Series 2004A-2 Bonds is their Date of Issuance.

"*Date of Issuance*" means the date the Bonds and Notes of any Series are delivered, as set forth in the corresponding Supplemental Bond Resolution. The Date of Issuance for the Series 2004A-2 Bonds is October 14, 2004.

"*Debt Service Reserve Account*" means the Account by that name created within the Student Loan Sinking Fund, including any Subaccounts created therein. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Debt Service Reserve Account*" in this Summary.

"*Debt Service Reserve Account Requirement*" means, on any date, an amount equal to the sum of the Series Debt Service Reserve Requirements with a minimum requirement amount of \$500,000 for the Trust Estate.

"*Eligible Lender*" means any "*eligible lender*," as defined in the Higher Education Act, and which has received an eligible lender designation from the Secretary with respect to Eligible Loans.

"Eligible Loan" means (unless determined otherwise in a Supplemental Bond Resolution pursuant to which particular Bonds or Notes were issued) any loan made to finance post-secondary education that is (a) Guaranteed or Insured and (b) (i) made under the Higher Education Act (subject to any Tax Regulatory Agreement, if any); (ii) insured by the Secretary of Health and Human Services pursuant to the Public Health Services Act (provided a Favorable Opinion is received with respect thereto, and provided further that at the time of any acquisition thereof, the principal amount of such loans held under the Master Bond Resolution and to be acquired at such time shall not exceed five percent of the principal amount of the Bonds and Notes then Outstanding, unless the Master Trustee and the Authority shall have received written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn because of such acquisition); or (iii) otherwise permitted to be acquired by the Authority pursuant to its Program (provided a Favorable Opinion is received with respect thereto, and provided further that the Master Trustee and the Authority shall have received written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn because of such acquisition).

"Event of Default" means any occurrence or event described under the caption "DEFAULTS AND REMEDIES - Events of Default" in this Summary, as the same may be supplemented as to certain Bonds or Notes in the Supplemental Bond Resolution pursuant to which such Bonds or Notes were authorized.

"Excess Interest" means, as of the date of computation, the amount, if any, equal to the amount which, if used to forgive principal of Financed Eligible Loans on such date, would be necessary to cause the Portfolio Yield to be equal to or less than the Bond Yield plus the spread elected by the Authority or such greater spread as may, in the written opinion of Bond Counsel delivered to the Authority and the Master Trustee, be permitted by Treasury Regulation § 1.148-2(d)(2); in any event together with any additional amounts as shall be required by the provisions of the corresponding Tax Regulatory Agreement or as shall otherwise be necessary, in the opinion of Bond Counsel, to prevent such Series of the Tax-Exempt Bonds and Notes from being "arbitrage bonds" within the meaning of Section 148 of the Code. All determinations of Excess Interest shall be made in accordance with the provisions of the corresponding Tax Regulatory Agreement.

"Favorable Opinion" means an opinion of Bond Counsel addressed to the Authority, the Master Trustee and any corresponding Series 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 any exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds and Notes.

"Federal Reimbursement Contracts" mean, collectively, any agreement between any Guarantee Agency and the Secretary providing for the payment by the Secretary of amounts authorized to be paid pursuant to the Higher Education Act, including, but not necessarily limited to, reimbursement of amounts paid or payable upon defaulted Financed Eligible Loans and other student loans guaranteed by a Guarantee Agency and federal Interest Benefit Payments and Special Allowance Payments, if applicable, to holders of qualifying student loans guaranteed by a Guarantee Agency.

"*Financed*" when used with respect to Eligible Loans, means or refers to Eligible Loans (i) acquired by the Authority with balances in the Student Loan Fund or otherwise deposited in or accounted for in the Student Loan Fund or otherwise constituting a part of the Trust Estate and (ii) Eligible Loans substituted or exchanged for Financed Eligible Loans, but does not include Eligible Loans released from the lien of the Master Bond Resolution and sold or transferred, to the extent permitted by the Master Bond Resolution.

"*Fiscal Year*" means a twelve-month period commencing on the first day of July of any year, or such other twelve-month period adopted by the Authority as its fiscal year for accounting purposes.

"*Fitch*" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Master Trustee and any corresponding Series Trustee.

"*Funds*" mean the funds continued or established by, or pursuant to, the Master Bond Resolution.

"*Governmental Obligations*" means any of the following: direct general obligations of, or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America).

"*Governor*" means the chief executive officer of the State.

"*Guarantee*" or "*Guaranteed*" means with respect to an Eligible Loan, the insurance or guarantee by the Guarantee Agency pursuant to such Guarantee Agency's Guarantee 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 the Guarantee Agency for payments made by it on defaulted Eligible Loans insured or guaranteed by the Guarantee Agency of at least the minimum reimbursement allowed by the Higher Education Act with respect to a particular Eligible Loan.

"*Guarantee Agency*" means the State Guarantee Agency, United Student Aid Funds, Inc., Texas Guaranteed Student Loan Corporation, Student Loan Guarantee Foundation of Arkansas, Colorado Department of Education, Student Loan Division, Louisiana Student Financial Assistance Commission, National Student Loan Program and/or any other guarantee agency, provided that the Authority and the Master Trustee receive written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn as a result of such approved additional or substitute Guarantee Agency.

"Higher Education Act" means Title IV, Part B, of the Higher Education Act of 1965, as amended, and the regulations thereunder.

"Highest Priority Bonds and Notes" means, (i) at any time when Senior Bonds and Notes are Outstanding, the Senior Bonds and Notes, (ii) at any time when no Senior Bonds and Notes are Outstanding, the Subordinate Bonds and Notes, and (iii) at any time when no Senior Bonds and Notes or Subordinate Bonds and Notes are Outstanding, the Junior-Subordinate Bonds and Notes (and any priorities as between Junior-Subordinate Bonds and Notes as shall be established by Supplemental Bond Resolutions).

"Insurance" or "Insured" or "Insuring," means, with respect to a Student 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) of the maximum allowable percentage of the principal of and accrued interest on such Student Loan.

"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, with respect to each Series of Bonds or Notes, the dates established for the payment of interest on such Bonds or Notes in the Supplemental Bond Resolution authorizing the issuance of Bonds or Notes. The first Interest Payment Date for any Bonds or Notes shall be designated in the Supplemental Bond Resolution providing for the issuance thereof. The final Interest Payment Date for each Series of the Bonds and Notes shall be its corresponding Stated Maturity or earlier date of redemption or acceleration thereof, as the case may be.

"Investment Instructions" mean the investment instructions delivered to the Authority, the Master Trustee and the corresponding Series Trustee by Bond Counsel on the Date of Issuance for each Series of Tax-Exempt Bonds and Notes, and any amendments or supplements thereto.

"Investment Securities" mean 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 Master Trustee or any Series Trustee in writing to exclude or limit any of the following):

- (a) Governmental Obligations;
- (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 Master Trustee or any Series Trustee, provided that, at the time of deposit or purchase such investment is rated "P-1" by Moody's and "A-1+" by S&P;

- (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 Master Trustee or any Series Trustee, provided that, at the time of deposit or purchase such investment has senior debt rated "Aa2" or higher by Moody's and "AA-" or higher by S&P and, if commercial paper is outstanding, commercial paper which is rated "P-1" by Moody's and "A-1+" by S&P;
- (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 Master Trustee or any Series Trustee, provided that, at the time of deposit or purchase such investment is rated "Aa2" or higher by Moody's and "AA-" or higher by S&P and, if commercial paper is outstanding, commercial paper which is rated "P-1" by Moody's and "A-1+" by S&P;
- (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 Student Loan Marketing Association (but only the government sponsored enterprise thereof); the Farmers Home Administration; Federal Home Loan Banks provided such obligation is rated "Aaa" by Moody's; or any agency or instrumentality of the United States of America which shall be 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 Master Trustee and any Series Trustee, 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 "Aa2" or higher by Moody's and "AA-" or higher by S&P and, if commercial paper is outstanding, commercial paper which is rated "P-1" by Moody's and "A-1+" by S&P;
- (g) overnight repurchase agreements and overnight reverse repurchase agreements at least 101% collateralized by securities described in subparagraph (a) of this definition and with a counterparty, including the Master Trustee and any Series Trustee,

that has senior debt rated "A2" or higher by Moody's and "AA-" or higher by S&P and, if commercial paper is outstanding, commercial paper which is rated "P-1" by Moody's and "A-1+" by S&P or a counterparty approved in writing by Moody's and S&P;

(h) investment agreements or guaranteed investment contracts, which may be entered into by and among the Authority, the Master Trustee or any Series Trustee and any bank, bank holding company, corporation or any other financial institution, including the Master Trustee and any Series Trustee, whose outstanding (a) commercial paper is rated "P-1" by Moody's and "A-1+" by S&P for agreements or contracts with a maturity of 12 months or less; (b) unsecured long-term debt is rated "A2" or higher by Moody's and "AA-" or higher by S&P and, if commercial paper is outstanding, commercial paper which is rated "P-1" by Moody's and "A-1+" by S&P for agreements or contracts with a maturity of 24 months or less, but more than 12 months, or (c) unsecured long-term debt which is rated "Aa2" or higher by Moody's and "AA-" or higher by S&P and, if commercial paper is outstanding, commercial paper which is rated "P-1" by Moody's and "A-1+" by S&P for agreements or contracts with a maturity of more than 24 months, 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 Moody's and S&P for long-term or short-term debt or shares of a so-called money market mutual fund rated "Aa2" or higher by Moody's and "AA-" or higher by S&P 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 Master Trustee or any Series Trustee, which is rated in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 days after the date of purchase;

(k) Investments in a money market fund rated at least "Aa2" by Moody's and at least "AAAm" or "AAAm-G" by S&P, including funds for which the Master Trustee or any Series Trustee or an affiliate thereof acts as investment advisor or provides other similar services; and

(l) any other investment (including without limitation any Trust Estate Collateral Investment Agreement, if any) as to which the Authority and the Master Trustee receive written confirmation

from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn due to such investment.

In addition, none of the investments may have an "r" highlighter affixed to its rating.

"*ISDA Master Agreement*" means the ISDA Interest Rate and Currency Exchange Agreement, copyright 1992, as amended from time to time, and as in effect with respect to any Swap Agreement.

"*Junior-Subordinate Bonds and Notes*" mean Bonds and Notes designated as "Junior-Subordinate Bonds" or "Junior-Subordinate Notes" pursuant to the Supplemental Bond Resolutions authorizing the issuance of such Bonds and Notes, 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 Authority Swap Payments, the priority of payment of which is equal with that of Junior-Subordinate Bonds and Notes.

"*Master Bond Resolution*" means the Master Bond Resolution adopted by the trustees of the Authority on November 2, 1995, and all supplements and amendments thereto, including, but not limited to, every Supplemental Bond Resolution.

"*Master Trust Agreement*" means the Master Trust Agreement dated as of November 1, 1995, entered in to between the Authority and the Master Trustee, as amended and supplemented.

"*Master Trustee*" means Bank of Oklahoma, N.A., Oklahoma City, Oklahoma, or any other bank or trust company at any time substituted in its place pursuant to the Master Bond Resolution.

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

"*Moody's*" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Master Trustee and any corresponding Series Trustee.

"*No Arbitrage Certificate*" means the certificates of the Authority, dated each Date of Issuance, relating to the use of proceeds of the Tax-Exempt Bonds and Notes and which set forth the grounds for the Authority's belief that the Tax-Exempt Bonds and

Notes are not "arbitrage bonds" within the meaning of the Code, including the exhibits and schedules attached thereto.

"*Note*" or "*Notes*" mean one or more of the notes authorized by the Act and authenticated and delivered pursuant to the Master Bond Resolution.

"*Obligations*" mean, collectively, the Senior Obligations, the Subordinate Obligations and the 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 Swap Agreement, a Swap Agreement which has not expired or been terminated, and when used in connection with a Trust Estate Collateral Investment Agreement, a Trust Estate Collateral Investment Agreement under which amounts can still be demanded by the Trust Estate Collateral Investment Counterparty, 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 pursuant to the Master Bond Resolution.

"*Participant*" means a financial institution for whom the Securities Depository effects book-entry transfers.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"*Portfolio Yield*" means, with respect to Financed Eligible Loans allocable to any Series of Tax-Exempt Bonds and Notes, the composite yield on the date of calculation of the portfolio of such Financed Eligible Loans computed in accordance with the No Arbitrage Certificate, assuming no additional Eligible Loans are acquired and allocable to such Series of Tax-Exempt Bonds and Notes.

"*Program*" means the Authority's program for originating, purchasing or financing Student Loans with proceeds of the Bonds and Notes.

"*Program Expenses*" mean the fees and expenses of the Master Trustee, any Series Trustee, any auction agent, any broker-dealer, any remarketing agent, any Series Co-Paying Agent, any Series Registrar, any Series Authenticating Agent, any securities depository and any co-registrar or transfer agent appointed thereunder and fees, payments and expenses payable with respect to the Rating Agencies, legal counsel, any rebate consultant, accountant's fees and the Cash Flow Consultant's fees, in each case as such fees and expenses are related to the Master Bond Resolution, but excluding Administrative Expenses and Servicing Fees. In addition, the term "Program Expenses" shall include interest rate services fees, letter of credit fees, liquidity provider fees, remarketing agent fees and expenses, Auction Agent fees, Market Agent fees and Broker-Dealer fees.

"*Rating*" means one of the rating categories of Moody's, S&P or Fitch or any other Rating Agency, provided Moody's, S&P, Fitch or any other Rating Agency, as the case may be, is currently rating the Bonds or Notes.

"*Rating Agencies*" mean Fitch, Moody's and S&P, if and to the extent such entity is then rating the Bonds or Notes at the request of the Authority, and any other rating service requested by the Authority to rate any Bonds or Notes.

"*Rebate Amount*" means the amount computed in accordance with a Tax Regulatory Agreement.

"*Rebate Fund*" means the Fund by that name established by the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Rebate Fund" in this Summary.

"*Record Date*" means the Record Date established for each Series of the Bonds or Notes established in the Supplemental Bond Resolution authorizing such Series of Bonds or Notes. With respect to the Series 2004A-2 Bonds, the term "Record Date" means the Business Day before each Interest Payment Date during an Auction Rate Period.

"*Recoveries of Principal*" mean (unless determined otherwise in the Supplemental Bond Resolution pursuant to which particular Bonds or Notes were issued) all amounts received by or on behalf of the Authority or by the Master Trustee or any Series Trustee for the account of the Authority from or on account of any Financed Eligible Loan (or other student loans pledged pursuant to a Supplemental Bond Resolution) as a recovery of the principal amount thereof, including scheduled, delinquent and advance payments, payouts or prepayments, proceeds from the sale, assignment, transfer, reallocation or other disposition of a Financed Eligible Loan and any payments representing such principal from claim payments on the guarantee or insurance proceeds of any Financed Eligible Loan (or any other such student loan), but excludes any Claim Adjustments relating to principal on an Eligible Loan and any Recoveries of Principal released from the lien of the Trust Estate as provided in the Master Bond Resolution.

"*Redemption Price*," when used with respect to a Bond or Note or portion thereof to be redeemed, means the principal amount of such Bond or Note or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Master Bond Resolution and the corresponding Supplemental Bond Resolution. With respect to the Series 2004A-2 Bonds, Redemption Price means the principal amount of the Series 2004A-2 Bonds being redeemed.

"*Refunding Bonds or Notes*" mean any Bonds or Notes authenticated in accordance with the Master Bond Resolution, the proceeds of which are used to refund any Bonds or Notes.

"*Registered Owner*" means the Person in whose name a Bond or Note is registered on the registration books maintained by the corresponding Series Trustee, and shall also mean with respect to a Swap Agreement or a Trust Estate Collateral Investment Agreement, any Swap Counterparty and any Trust Estate Collateral Investment Counterparty, respectively, unless the context otherwise requires.

"*Regulations*" mean the Regulations promulgated from time to time by the Secretary or any Guarantee Agency.

"*Revenues*" mean (unless determined otherwise in the Supplemental Bond Resolution pursuant to which particular Bonds or Notes were issued) all payments, proceeds, charges and other income received by or on behalf of the Authority or by the Master Trustee or any corresponding Series Trustee for the account of the Authority from or on account of any Financed Eligible Loan or any other student loan acquired by the Authority by the expenditure of amounts in the Student Loan Fund and held by the Master Trustee or any corresponding Series Trustee as part of the Trust Estate or a result of the sale or alienation thereof, including scheduled, delinquent and advance payments, payouts or prepayments of, and any Guarantee or Insurance proceeds with respect to, interest, including any Interest Benefit Payments, on any Guarantee or principal on any Financed Eligible Loan or other student loan and any Special Allowance Payments received by the Master Trustee, any corresponding Series Trustee, the Authority or a Servicer with respect to any Financed Eligible Loan or any other student loans and all interest earned or gain realized from the investment of amounts in any Fund or Account (other than amounts credited or required to be deposited to the Rebate Fund) and all payments received by the Authority pursuant to a Swap Agreement, but excludes Recoveries of Principal, Claim Adjustments relating to interest on an Eligible Loan and any Revenues released from the lien of the Trust Estate as provided in the Master Bond Resolution.

"*Secretary*" means the Secretary of the United States Department of Education, or any successor to the functions thereof under the Higher Education Act, or when the context so requires, the former Commissioner of Education of the former United States Department of Health, Education and Welfare.

"*Securities Depository*" means The Depository Trust Company and its successors and assigns or if, (i) the then Securities Depository resigns from its functions as depository of the Series 2004A-2 Bonds or (ii) 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 Series 2004A-2 Bonds and which is selected by the Authority with the consent of the Series 2004A-2 Trustee, the Auction Agent and the Market Agent.

"*Senior Bonds and Notes*" mean the Bonds and Notes designated as "Senior Bonds" or "Senior Notes" pursuant to the Supplemental Bond Resolutions authorizing the issuance of such Bonds and Notes.

"*Senior Obligations*" mean Senior Bonds and Notes, any Authority Swap Payment, the priority of payment of which is equal with that of Senior Bonds and Notes, and any Trust Estate Collateral Investment Agreement.

"*Serial Bonds or Notes*" mean the Bonds or Notes of any Series so designated in a Supplemental Bond Resolution.

"*Series*" means any Series of Bonds or Notes authorized by a Supplemental Bond Resolution.

"Series Authenticating Agent" means, with respect to any specific Series of Bonds and Notes, the corresponding Series Trustee or such other entity appointed as such pursuant to a Supplemental Bond Resolution, and any successor or successors appointed in the manner provided in the Master Bond Resolution. The Series Authenticating Agent with respect to each Series of the Bonds and Notes is initially the corresponding Series Trustee.

"Series Co-Paying Agent" means, with respect to any specific Series of Bonds and Notes, any commercial bank or trust company designated pursuant to the Master Bond Resolution or any Supplemental Bond Resolution to serve as a paying agency or place of payment of the principal of and interest on such Series of Bonds and Notes. Initially, there is no Series Co-Paying Agents for the Series 2004A-2 Bonds.

"Series Debt Service Reserve Requirement" means, for each Series of the Bonds and Notes, the amount required by the Supplemental Bond Resolution authorizing the issuance and delivery of such Series of Bonds or Notes to remain on deposit in the corresponding Subaccount of the Debt Service Reserve Account of the Student Loan Fund while such Series of Bonds or Notes are Outstanding. With respect to the Previously Issued Bonds and Notes and the Series 2004A-2 Bonds, the "Series Debt Service Reserve Requirement" is an amount equal to 1% of the principal amount of each respective series of Bonds and Notes then Outstanding.

"Series Loan Subaccount" means each Subaccount established within the Tax-Exempt Loan Account or the Taxable Loan Account of the Student Loan Fund pursuant to a Supplemental Bond Resolution and corresponding to a specific Series of the Bonds or Notes. See the caption "REVENUES AND FUNDS - Student Loan Fund" in this Summary.

"Series 2004A-2 Bonds" means, the Authority's Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Senior Auction Rate Bonds, Series 2004A-2 (Reset Auction Mode Securities - RAMSTM).

"Series 2004A-2 Financed Eligible Loans" mean the Eligible Loans originated or acquired with moneys on deposit in the Series 2004A-2 Loan Subaccount of the Tax-Exempt Loan Account of the Student Loan Fund.

"Series 2004A-2 Loan Subaccount" means the Series Loan Subaccount established with the Master Trustee relating to the Series 2004A-2 Bonds. See the caption "REVENUES AND FUNDS - Student Loan Fund" in this Summary.

"Series 2004A-2 Principal Subaccount" means the Series Principal Subaccount established with the Master Trustee relating to the Series 2004A-2 Bonds. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund" in this Summary.

"Series 2004A-2 Trust Agreement" means the Series 2004A-2 Trust Agreement, dated as of October 1, 2004, between the Series 2004A-2 Trustee and the Authority, as amended and supplemented.

"Series 2004A-2 Tax Regulatory Agreement" means the Series 2004A-2 Tax Regulatory Agreement dated as of October 1, 2004, among the Master Trustee, the Series 2004A-2 Trustee and the Authority.

"Series 2004A-2 Trustee" means Bank of Oklahoma, N.A., which has been appointed the Series Trustee, the Series Registrar and the Series Authenticating Agent for the Series 2004A-2 Bonds pursuant to the Supplemental Bond Resolution corresponding to the Series 2004A-2 Bonds and pursuant to the Series 2004A-2 Trust Agreement.

"Series Principal Subaccount" means each Subaccount established within the Tax-Exempt Repayment Account or the Taxable Repayment Account of the Student Loan Sinking Fund pursuant to a Supplemental Bond Resolution and corresponding to a specific Series of the Bonds or Notes. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund" in this Summary.

"Series Registrar" means, with respect to a particular Series of Bonds or Notes, the corresponding Series Trustee or such other entity appointed as such pursuant to a Supplemental Bond Resolution to keep the Authority's books for the registration and transfer of such Series of Bonds and Notes, and any successor or successors appointed in the manner provided in the Master Bond Resolution. The Series Registrar with respect to the Series 2004A-2 Bonds is initially the Series 2004A-2 Trustee.

"Series Trust Agreement" means with respect to a Series of Bonds or Notes, the agreement corresponding to such Series of Bonds or Notes entered in to between the Authority and the corresponding Series Trustee.

"Series Trustee" means, with respect to a particular Series of Bonds and Notes, the bank or trust company designated to act as such in the Supplemental Bond Resolution pursuant to which such Bonds and Notes were issued and any other person at any time substituted in its place pursuant to the Master Bond Resolution and the corresponding Supplemental Bond Resolution.

"Servicer" means the Authority, acting as the servicer of the Financed Eligible Loans and any other entity appointed by the Authority as a servicer with respect to Financed Eligible Loans upon the receipt by the Authority and the Master Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn because of the appointment of such Servicer.

"Servicing Agreement" means, collectively, each servicing agreement between the Authority and a Servicer under which the Servicer agrees to act as the Authority's agent in administering and collecting Financed Eligible Loans in accordance with the Master Bond Resolution and any amendments thereto.

"Servicing Fees" mean any fees payable by the Authority to a Servicer (including the Authority) in respect of Financed Eligible Loans.

"Sinking Fund Installment" means, as of any particular date of calculation and with respect to any Series of Bonds or Notes, the amount of money required to be applied, on any Bond Payment Date, as the Redemption Price of Bonds or Notes prior to

their Stated Maturity pursuant to the Supplemental Bond Resolution corresponding to such Series, as such Sinking Fund Installment shall have been previously reduced by the principal amount of any Bonds or Notes of such Series of the Stated Maturity with respect to which such Sinking Fund Installment is payable which are purchased by the corresponding Series Trustee in accordance with the provisions of the Master Bond Resolution.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Master Trustee and any corresponding Series Trustee.

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

"Special Record Date" means the day established by the Master Trustee in accordance with the Master Bond Resolution on which payment of defaulted interest will be determined to be made or made to any Registered Owner.

"State" means the State of Oklahoma, which is in addition the beneficiary of the Authority.

"State Guarantee Agency" means the Oklahoma State Regents for Higher Education, an agency of the State which administers the Student Educational Assistance Fund established pursuant to Title 70, Oklahoma Statutes 2001, Sections 622 and 623, as amended.

"Stated Maturity" means the date specified in the Bonds and Notes as the fixed date on which principal of such Bonds and Notes is due and payable. The Stated Maturity for the Series 2004A-2 Bonds is June 1, 2034.

"Student Loan" means a loan to a person for post secondary education authorized to be made or acquired by the Authority pursuant to the Act.

"Student Loan Fund" means the fund by that name established pursuant to Section 695.5 of the Act, continued by the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Student Loan Fund" in this Summary.

"Student Loan Purchase Agreement" means a loan purchase agreement entered into for the purchase of Eligible Loans.

"Student Loan Sinking Fund" means the fund by that name established pursuant to Section 695.6 of the Act, continued by the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund" in this Summary.

"Subaccount" means any subaccount created and designated within an Account or Fund pursuant to the terms of the Master Bond Resolution.

"*Subordinate Bonds and Notes*" mean the Bonds and Notes designated as "Subordinate Bonds" or "Subordinate Notes" pursuant to the Supplemental Bond Resolutions authorizing the issuance of such Bonds and Notes, the principal of and interest on which is payable on a superior basis to the payment of the principal of and interest on the Junior-Subordinate Bonds and Notes but on a subordinated basis to the payment of the principal of and interest on the Senior Bonds and Notes.

"*Subordinate Obligations*" mean Subordinate Bonds and Notes and any Authority Swap Payment, the priority of payment of which is equal with that of Subordinate Bonds and Notes.

"*Supplemental Bond Resolution*" means any Supplemental Bond Resolution adopted by the Authority, authorizing and providing for the issuance of a Series of Bonds and/or Notes.

"*Swap Agreement*" means a written contract or agreement between the Authority and a Swap Counterparty, which provides that the Authority's obligations thereunder will be conditioned on the absence of (i) a failure by the Swap Counterparty to make any payment required thereunder when due and payable, or (ii) a default thereunder with respect to the financial status of the Swap Counterparty, and:

- (a) under which the Authority is obligated to pay (whether on a net payment basis or otherwise) on one or more scheduled and specified Swap Payment Dates, the Authority Swap Payments in exchange for the Swap Counterparty's obligation to pay (whether on a net payment basis or otherwise), or to cause to be paid, to the Authority, Swap Payments on one or more scheduled and specified Swap Payment Dates in the amounts set forth in the Swap Agreement;
- (b) for which the Authority's obligation to make Authority Swap Payments may be secured by a pledge of and lien on the Trust Estate on an equal and ratable basis with any class of the Authority's Outstanding Bonds and Notes and which Authority Swap Payments may be equal in priority with any priority classification of the Authority's Outstanding Bonds and Notes; and
- (c) under which Counterparty Swap Payments are to be made directly to the Master Trustee for deposit into the Student Loan Sinking Fund.

See the caption "SWAP AGREEMENTS" in this Summary for a further description of Swap Agreements.

"*Swap Counterparty*" means a third party which, at the time of entering into a Swap Agreement, has at least an "Aa2/P-1" rating, or its equivalent, from Moody's, and at least a "AA-/A1+" rating, or its equivalent, from S&P and which is obligated to make Counterparty Swap Payments under a Swap Agreement. See the caption "SWAP AGREEMENTS" in this Summary.

"*Swap Payment Date*" means, with respect to a Swap Agreement, any date specified in the Swap Agreement on which both or either of the Authority Swap Payment and/or a Counterparty Swap Payment is due and payable under the Swap Agreement.

"*Swap Value*" means the value of the Swap Agreement, if any, to the Swap Counterparty, 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.

"*Tax Regulatory Agreement*" means, collectively, the Tax Regulatory Agreements entered into among the Authority, the Master Trustee and the corresponding Series Trustee with respect to each Series of Tax-exempt Bond and Notes, as each are amended or supplemented.

"*Taxable Loan Account*" means the Account by that name established within the Student Loan Fund pursuant to the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund" in this Summary.

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

"*Taxable Debt Service Reserve Subaccount*" means the Subaccount by that name established within the Debt Service Reserve Account pursuant to the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Debt Service Reserve Account*" in this Summary.

"*Taxable Junior-Subordinate Bonds and Notes*" mean Junior-Subordinate Bonds and Notes which are Taxable Bonds and Notes.

"*Taxable Junior-Subordinate Interest Subaccount*" means the Subaccount by that name established within the Taxable Repayment Account for the purpose of paying the accrued interest on the Taxable Junior-Subordinate Bonds and Notes and any Authority Swap Payments secured on a parity with the Taxable Junior-Subordinate Bonds and Notes. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Taxable Repayment Account*" in this Summary.

"*Taxable Repayment Account*" means the Account by that name established within the Student Loan Sinking Fund pursuant to the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund --*Taxable Repayment Account*" in this Summary.

"*Taxable Senior Bonds and Notes*" mean Senior Bonds and Notes which are Taxable Bonds and Notes.

"*Taxable Senior Interest Subaccount*" means the Subaccount by that name established within the Taxable Repayment Account for the purpose of paying the accrued interest on the Taxable Senior Bonds and Notes and any Authority Swap Payments secured on a parity with the Taxable Senior Bonds and Notes. See the caption

"REVENUES AND FUNDS - Student Loan Sinking Fund -- *Taxable Repayment Account*" in this Summary.

"*Taxable Subordinate Bonds and Notes*" mean Subordinate Bonds and Notes which are Taxable Bonds and Notes.

"*Taxable Subordinate Interest Subaccount*" means the Subaccount by that name established within the Taxable Repayment Account for the purpose of paying the accrued interest on the Taxable Subordinate Bonds and Notes and any Authority Swap Payments secured on a parity with the Taxable Subordinate Bonds and Notes. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Taxable Repayment Account*" in this Summary.

"*Tax-Exempt Loan Account*" means the Account by that name created within the Student Loan Fund pursuant to the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund" in this Summary.

"*Tax-Exempt Bonds and Notes*" mean the Bonds and Notes issued pursuant to the Master Bond Resolution and the corresponding Supplemental Bond Resolution which do not constitute Taxable Bonds and Notes.

"*Tax-Exempt Debt Service Reserve Subaccount*" means the Subaccount by that name created within the Debt Service Reserve Account pursuant to the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Debt Service Reserve Account*" in this Summary.

"*Tax-Exempt Junior-Subordinate Interest Subaccount*" means the Subaccount by that name established within the Tax-Exempt Repayment Account for the purpose of paying the accrued interest on the Tax-Exempt Junior-Subordinate Bonds and Notes and any Authority Swap Payments secured on a parity with the Tax-Exempt Junior-Subordinate Bonds and Notes. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Tax-Exempt Repayment Account*" in this Summary.

"*Tax-Exempt Junior-Subordinate Bonds and Notes*" mean Junior-Subordinate Bonds and Notes which are Tax-Exempt Bonds and Notes.

"*Tax-Exempt Repayment Account*" means the Account by that name created within the Student Loan Sinking Fund pursuant to the Master Bond Resolution. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Tax-Exempt Repayment Account*" in this Summary.

"*Tax-Exempt Senior Bonds and Notes*" mean Senior Bonds and Notes which are Tax-Exempt Bonds and Notes.

"*Tax-Exempt Senior Interest Subaccount*" means the Subaccount by that name established within the Tax-Exempt Repayment Account for the purpose of paying the accrued interest on the Tax-Exempt Senior Bonds and Notes and any Authority Swap Payments secured on a parity with the Tax-Exempt Senior Bonds and Notes. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Tax-Exempt Repayment Account*" in this Summary.

"*Tax-Exempt Subordinate Bonds and Notes*" mean Subordinate Bonds and Notes which are Tax-Exempt Bonds and Notes.

"*Tax-Exempt Subordinate Interest Subaccount*" means the Subaccount by that name established within the Tax-Exempt Repayment Account for the purpose of paying the accrued interest on the Tax-Exempt Subordinate Bonds and Notes and any Authority Swap Payments secured on a parity with the Tax-Exempt Subordinate Bonds and Notes. See the caption "REVENUES AND FUNDS - Student Loan Sinking Fund -- *Tax-Exempt Repayment Account*" in this Summary.

"*Term Bonds or Notes*" mean the Bonds or Notes of any Series so designated in a Supplemental Bond Resolution.

"*Trust Estate*" means the property described below:

- (a) the Revenues (other than Revenues deposited in the Rebate Fund) and Recoveries of Principal in and payable into the Funds and Accounts created by the Master Bond Resolution;
- (b) all moneys and Investment Securities held in the Funds and Accounts created by the Master Bond Resolution;
- (c) the Financed Eligible Loans and any other student loans financed by the Authority by the expenditure of amounts pledged to secure the Bonds and Notes under the Master Bond Resolution (including the education loan promissory notes evidencing such indebtedness and related loan documentation);
- (d) the rights of the Authority in and to the Authority Guarantee Agreements, the Custodian Agreement, any Servicing Agreement and any Student Loan Purchase Agreement as such documents relate to Financed Eligible Loans;
- (e) the rights of the Authority in and to any Swap Agreement, Swap Counterparty guarantee or any Trust Estate Collateral Investment Agreement, provided that such interest will not be for the benefit of any counterparty with respect to its agreement; and
- (f) any and all property, rights and interests of every kind granted, transferred or delivered from time to time to the Master Trustee or any Series Trustee as additional security, whether now existing or hereafter coming into existence and whether now or hereafter acquired.

"*Trust Estate Collateral Investment*" means an investment of moneys or other arrangement granting a security interest in the Trust Estate pursuant to the terms and provisions of a Trust Estate Collateral Investment Agreement and further described under the caption "TRUST ESTATE COLLATERAL INVESTMENT AGREEMENTS" in this Summary.

"*Trust Estate Collateral Investment Agreement*" means an agreement entered into between the Master Trustee, at the direction of the Authority, and a Trust Estate

Collateral Investment Counterparty providing for an investment of moneys in the Trust Estate pursuant to the terms and provisions thereof and further described under the caption "TRUST ESTATE COLLATERAL INVESTMENT AGREEMENTS" in this Summary.

"Trust Estate Collateral Investment Amount" means the maximum amount of the Trust Estate Collateral Investment that may be outstanding under any particular Trust Estate Collateral Investment Agreement.

"Trust Estate Collateral Investment Counterparty" means a Person, including without limitation an affiliate of the Authority, that has entered into a Trust Estate Collateral Investment Agreement with the Master Trustee at the direction of the Authority.

"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.

"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 (a) below and by the Master Trustee and any corresponding Series Trustee as to (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;
- (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;
- (d) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; and
- (e) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: (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.

LIMITED OBLIGATION OF THE AUTHORITY

The Authority will not be obligated to pay the Bonds and Notes or the interest thereon except from the property and income pledged in the Master Bond Resolution and in any applicable Supplemental Bond Resolution. No recourse will be had for the payment of the principal thereof or interest thereon against the State, the Authority or the trustees of the Authority or against the property or funds of the State or the Authority or such trustees, except to the extent of the property and income pledged expressly thereto.

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 Master Bond Resolution, as Supplemented.

Provisions for the Issuance of Bonds and Notes

The issuance of Bonds and Notes of a Series shall be by a Supplemental Bond Resolution or Supplemental Bond Resolutions duly authorized by the Authority and adopted pursuant to the Master Bond Resolution. Each Supplemental Bond Resolution authorizing the issuance of a Series of Bonds and Notes shall either specify or prescribe the manner of determining, among other things:

- A. the authorized principal amount, the designation as to whether such Series of the Bonds or Notes constitutes "Senior Obligations," "Subordinate Obligations" or "Junior-Subordinate Obligations" and the Series designation of such Series of Bonds and Notes;
- B. the purposes for which such Series of Bonds or Notes are being issued;
- C. the amounts to be deposited from the proceeds of such Series of Bonds and Notes in the Funds and Accounts created and established by the Master Bond Resolution and the Supplemental Bond Resolution;
- D. the amount, if any, of the Series Debt Service Reserve Requirement for such Series of Bonds or Notes;
- E. if a collateral pledge will be made by the Authority in such Supplemental Bond Resolution, the assets to be subject to such pledge; and

- F. such additional matters as may be necessary or appropriate to cause interest on the Bonds or Notes of the Series to be issued pursuant to such Supplemental Bond Resolution to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code if it is intended that such Bonds or Notes be Tax-Exempt Bonds and Notes and to prevent the issuance of such Series from adversely affecting the federal income tax treatment of any Outstanding Tax-Exempt Bonds and Notes.

Prior to the issuance of any Series of Bonds or Notes, the Master Trustee and the corresponding Series Trustee shall receive, among other things:

- A. a copy of the corresponding Supplemental Bond Resolution, certified by an Authorized Officer of the Authority;
- B. the amount, if any, necessary for deposit in the Debt Service Reserve Account so that the amount in the Debt Service Reserve Account shall at least equal the Debt Service Reserve Account Requirement calculated immediately after the delivery of such Series of Bonds and Notes;
- C. a certificate of an Authorized Officer stating that, upon the issuance of such Series of Bonds and Notes, no Event of Default under the Master Bond Resolution nor an event which with notice or lapse of time or both would become an Event of Default under the Master Bond Resolution has occurred and is continuing;
- D. an opinion of Bond Counsel to the effect that the Master Bond Resolution and the Supplemental Bond Resolution authorizing the Series of Bonds or Notes have been duly and lawfully authorized, executed and delivered by the Authority; that the Master Bond Resolution and such Supplemental Bond Resolution are valid and binding upon the Authority and enforceable in accordance with their terms, subject to State and Federal laws affecting the enforcement of creditors' rights, and no other authorization for the Master Bond Resolution or the Supplemental Bond Resolution is required; and that the Master Bond Resolution creates the valid lien or pledge it purports to create; that the Bonds or Notes of such Series have been duly and validly authorized and issued and constitute valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the Master Bond Resolution and entitled to the benefits of the Master Bond Resolution and such Supplemental Bond Resolution and the Act, as amended to the date of such opinion, except that (i) no opinion need be expressed as to the effect upon such enforceability of bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted for the relief of debtors and (ii) no opinion need be expressed as to the availability of the remedy of specific performance, mandamus, injunctive relief or any other equitable remedy;
- E. a Cash Flow Certificate taking into account the issuance of the Bonds and Notes, the Eligible Loans reasonably expected to be financed with the

proceeds of such Bonds and Notes and projecting Revenues and Recoveries of Principal sufficient to pay the Servicing Fees, the Program Expenses and the principal of, Redemption Price and interest on all Outstanding Obligations in each Bond Year; and

- F. written verification from each Rating Agency (i) that the Ratings on such additional Series of Bonds or Notes is not lower than the Ratings of the Bonds and Notes Outstanding and secured on a parity with the Bonds or Notes to be issued, and (ii) confirming that the Ratings on the Outstanding Series of Bonds and Notes will not be lowered or withdrawn due to the issuance of such additional Bonds or Notes

OTHER OBLIGATIONS

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

Except as otherwise provided in Master Bond Resolution, the Authority shall not create or voluntarily permit to be created any debt, lien, or charge which would be on a parity with, junior to, or prior to the lien of the Master Bond Resolution; shall 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 thereby secured 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 in the Master Bond Resolution shall require the Authority to pay, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be by it in good faith contested, unless thereby, in the opinion of the Master Trustee or any corresponding Series 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) shall 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 pursuant to the Master Bond Resolution.

SWAP AGREEMENTS

The Authority, in the Master Bond Resolution, authorizes and directs the Master Trustee and the corresponding Series Trustee to acknowledge and agree to any Swap Agreement entered into by the Authority and a Swap Counterparty under which (a) the Authority may be required to make, from time to time, Authority Swap Payments and (b) the Master Trustee may receive, from time to time, Counterparty Swap Payments for the account of the Authority. The Swap Agreement will provide that the Authority shall have the right to terminate the Swap Agreement without payment by the Authority of any Swap Value or termination payment or other compensation for any loss or damage to the

Swap Counterparty resulting from such termination if the Swap Counterparty's Rating by a Rating Agency is suspended, withdrawn or falls below "A2" with respect to Moody's , and "AA" – with respect to S&P, within 10 days thereafter, the Swap Counterparty fails to provide collateral (consisting of direct obligations of the United States Government or obligations of federal agencies which are fully guaranteed as to principal and interest by the United States Government) securing its obligations under the Swap Agreement and to be held by the Master Trustee (or third party designated by the Authority) in an amount (valued in accordance with the provisions of the Swap Agreement) which is not less than 103% of the maximum aggregate remaining payment obligation of the Swap Counterparty over the remaining term of the Swap Agreement. In connection with the execution of a Swap Agreement, the Master Trustee, on behalf of the Swap Counterparty, shall waive in a Supplemental Bond Resolution executed in connection with a Swap Agreement any and all rights which the Swap Counterparty may have to receive any amounts realized by the Master Trustee from foreclosure upon the Trust Estate consisting of any Counterparty Swap Payment from the Swap Counterparty. In addition, no voluntary termination payment required to be made by the Authority under a Swap Agreement will be paid from moneys in the Trust Estate unless the Master Trustee receives written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn due to such payment.

TRUST ESTATE COLLATERAL INVESTMENT AGREEMENTS

The Authority may direct the Master Trustee to make one or more Trust Estate Collateral Investments by entering into one or more Trust Estate Collateral Investment Agreements with one or more Trust Estate Collateral Investment Counterparties. Each Trust Estate Collateral Investment Agreement will state the Trust Estate Collateral Investment Amount applicable to the related Trust Estate Collateral Investment and disbursements for a Trust Estate Collateral Investment may not be made in excess of the Trust Estate Collateral Investment Amount specified in its related Trust Estate Collateral Investment Agreement.

The Authority may direct the Master Trustee to enter into a Trust Estate Collateral Investment Agreement or amend or supplement an existing Trust Estate Collateral Investment Agreement if (a) the Master Trustee receives written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn due to the execution and delivery of such Trust Estate Collateral Investment Agreement and (b) the Master Trustee receives a Favorable Opinion. Any initial fee received by the Master Trustee in connection with the execution and delivery of a Trust Estate Collateral Investment Agreement shall be deposited to the Taxable Repayment Account.

Pursuant to a Trust Estate Collateral Investment Agreement, a Trust Estate Collateral Investment Counterparty has the right to require the Master Trustee to make a Trust Estate Collateral Investment from amounts contained in the Trust Estate in an amount not to exceed the Trust Estate Collateral Investment Amount specified in such Trust Estate Collateral Investment Counterparty's Trust Estate Collateral Investment Agreement. Upon written demand from a Trust Estate Collateral Investment

Counterparty to the Master Trustee pursuant to its Trust Estate Collateral Investment Agreement, the Master Trustee shall transfer to the Trust Estate Collateral Investment Counterparty, or its designee, the amount, to the extent available at the time of such written demand, and to the extent not so available, when and to the extent from time to time available, in the Funds, Accounts and Subaccounts set forth below, as is demanded by the Trust Estate Collateral Investment Counterparty pursuant to the terms of its Trust Estate Collateral Investment Agreement; provided, however, that such amount, together with all other amounts previously transferred to the Trust Estate Collateral Investment Counterparty pursuant to the Trust Estate Collateral Investment Agreement, and not repaid as provided below, shall not exceed the Trust Estate Collateral Investment Amount specified in such Trust Estate Collateral Investment Counterparty's Trust Estate Collateral Investment Agreement. To the extent that the amount to be transferred pursuant to the Trust Estate Collateral Investment Agreement is held by the Master Trustee in Investment Securities, the Master Trustee shall sell at the best price reasonably obtainable, or present for immediate redemption or purchase, if appropriate, or otherwise convert to cash, such Eligible Investments and transfer the proceeds of such sale or sales to the Trust Estate Collateral Investment Counterparty making the written demand. The Master Trustee shall not be liable or responsible for any loss resulting from the sale of any such Eligible Investments or for any loss resulting from the transfer of moneys pursuant to a Trust Estate Collateral Investment Agreement.

The amounts to be transferred pursuant to a Trust Estate Collateral Investment Agreement will be provided from the Funds, Accounts and Subaccounts in the order designated in a Supplemental Bond Resolution executed and delivered in connection with such Trust Estate Collateral Investment Agreement; provided, however, that Trust Estate Collateral Investments shall not be made with amounts contained in the Rebate Fund.

If at any time there are two or more Trust Estate Collateral Investment Agreements in effect, all of the Trust Estate Collateral Investment Counterparties shall be required to enter into an intercreditor agreement to address, among other items, the payment of simultaneous written demands when there are insufficient funds in the Trust Estate.

Each Trust Estate Collateral Investment Agreement must provide the mechanism for collateralizing the Trust Estate Collateral Investment, provide the repayment terms of the Trust Estate Collateral Investment and provide the circumstances under which the Trust Estate Collateral Investment Counterparty may demand that the Master Trustee transfer funds with respect to its Trust Estate Collateral Investment. If a Trust Estate Collateral Investment Counterparty repays all or a portion of its existing Trust Estate Collateral Investment, the Trust Estate Collateral Investment Counterparty may demand that the Master Trustee reinvest such amount pursuant to the Trust Estate Collateral Investment Agreement, if so permitted by the Trust Estate Collateral Investment Agreement. Upon the receipt by the Master Trustee of amounts representing repayments of a Trust Estate Collateral Investment, the Master Trustee shall (a) deposit the portion of such repayment representing principal of the Trust Estate Collateral Investment to the credit of the Fund, Account or Subaccount from which such amount was originally transferred, provided, however, that if such Fund, Account or Subaccount is no longer

operative under the Master Bond Resolution, then such amount shall be credited to the Taxable Loan Account, and (b) deposit the portion of such repayment representing interest on the Trust Estate Collateral Investment to the credit of the Taxable Repayment Account (if and to the extent such moneys were derived from the Taxable Loan Account, the Taxable Repayment Account or the Taxable Debt Service Reserve Subaccount) or to the Tax-Exempt Repayment Account (if and to the extent such moneys were derived from the Tax-Exempt Loan Account, the Tax-Exempt Repayment Account or the Tax-Exempt Debt Service Reserve Subaccount).

REVENUES AND FUNDS

Funds and Accounts

Pursuant to the Master Bond Resolution, the following Funds to be held and maintained by the Master Trustee are continued for the benefit of the Registered Owners:

- A. Student Loan Fund (originally established pursuant to Section 695.5 of the Act), including a Tax-Exempt Loan Account (including the Series Loan Subaccounts established therein) and a Taxable Loan Account (including the Series Loan Subaccounts established therein) established therein, and
- B. Student Loan Sinking Fund (originally established pursuant to Section 695.6 of the Act), including a Tax-Exempt Repayment Account (including the Series Principal Subaccounts, the Tax-Exempt Senior Interest Subaccount, the Tax-Exempt Subordinate Interest Account and the Tax-Exempt Junior-Subordinate Interest Subaccount established therein), a Taxable Repayment Account (including the Series Principal Subaccounts, the Taxable Senior Interest Subaccount, the Taxable Subordinate Interest Account and the Taxable Junior-Subordinate Interest Subaccount established therein), and a Debt Service Reserve Account (including the Tax-Exempt Debt Service Reserve Subaccount and the Taxable Debt Service Reserve Subaccount established therein) established therein.

In addition, the Master Bond Resolution creates and establishes the Rebate Fund, to be held and maintained by the Master Trustee, in which neither the Authority nor the Registered Owners have any right, title or interest.

The Master Trustee and each Series Trustee are also authorized for the purpose of facilitating the administration of the Trust Estate and for the administration of any Bonds and Notes issued pursuant to a Supplemental Bond Resolution to create further Accounts or Subaccounts in any of the various Funds and Accounts established thereunder which are deemed necessary or desirable.

Student Loan Fund

On the Date of Issuance of each Series of Tax-Exempt Bonds and Notes, there will be transferred to the corresponding Series Loan Subaccount of the Tax-Exempt Loan

Account the amount set forth in the Supplemental Bond Resolution authorizing the issuance of such Series of Tax-Exempt Bonds and Notes to be deposited in the corresponding Series Loan Subaccount of the Tax-Exempt Loan Account. Thereafter, there will be deposited into the corresponding Series Loan Subaccount of the Tax-Exempt Loan Account the Recoveries of Principal transferred thereto from the Tax-Exempt Repayment Account. Financed Eligible Loans acquired with amounts on deposit in a Series Loan Subaccount of the Tax-Exempt Loan Account shall be held by the Master Trustee or its agent or bailee (including the Custodian and the Servicer) and will be pledged to and accounted for as a part of that Series Loan Subaccount of the Tax-Exempt Loan Account. The Series 2004A-2 Supplemental Resolution establishes the Series Loan Subaccount corresponding to the Series 2004A-2 Bonds within the Tax-Exempt Loan Account of the Student Loan Fund.

In addition, on any date, to the extent there are insufficient Revenues in the Repayment Account to make transfers required by paragraphs A through H under the caption "Student Loan Sinking Fund - Tax Exempt Repayment Account" below with respect to the Series 2004A-2 Bonds, then an amount of money (but not Series 2004A-2 Financed Eligible Loans) equal to such deficiency may be transferred from the Series 2004A-2 Loan Subaccount and deposited to the Tax-Exempt Repayment Account.

Moneys on deposit in any Series Loan Subaccount of the Tax-Exempt Loan Account will be used upon Authority Order solely to pay costs of issuance for Tax-Exempt Bonds and Notes, to redeem Tax-Exempt Bonds and Notes in accordance with the Master Bond Resolution and any Supplemental Bond Resolution, and to acquire Eligible Loans in amounts and at prices not in excess of amounts and prices permitted under applicable law and which would permit the results of cash flow analyses provided to each Rating Agency on the Date of Issuance of the corresponding Series of Tax-Exempt Bonds and Notes to be sustained; provided that such amounts and/or prices may be increased if the Authority and the Master Trustee receive written confirmation from each Rating Agency that, based on new cash flow analyses containing such assumptions as the Authority shall reasonably determine, its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn. If the Authority determines that all or any portion of such moneys cannot be so used, or that any further conditions, if any, described in any Supplemental Bond Resolution exist, then an Authorized Officer of the Authority may by Authority Order direct the Master Trustee and the corresponding Series Trustee to redeem Tax-Exempt Bonds and Notes in accordance with the Master Bond Resolution and any Supplemental Bond Resolution.

No amount credited to the Tax-Exempt Loan Account will be used to acquire any Eligible Loan unless it was or is 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 and/or who is or was, at the time the Eligible Loan was made, enrolled at an educational institution located in the State (notwithstanding the foregoing, the Authority may acquire Eligible Loans from the Tax-Exempt Loan Account not meeting the foregoing requirements so long as at least 90% of the proceeds of the Tax-Exempt Bonds and Notes, without regard to amounts deposited in the Tax-Exempt Debt Service Reserve Subaccount, shall be used directly or indirectly to acquire Eligible Loans described in the preceding portion of this sentence).

On the Date of Issuance of each Series of Taxable Bonds and Notes, there will be transferred to the corresponding Series Loan Subaccount of the Taxable Loan Account the amount set forth in the Supplemental Bond Resolution authorizing the issuance of such Series of Taxable Bonds and Notes to be deposited in the corresponding Series Loan Subaccount of the Taxable Loan Account. Thereafter, there will be deposited into the corresponding Series Loan Subaccount of the Taxable Loan Account moneys transferred thereto from the Taxable Repayment Account. Financed Eligible Loans acquired with amounts on deposit in a Series Loan Subaccount of the Taxable Loan Account shall be held by the Master Trustee or its agent or bailee (including the Custodian and the Servicer) and will be pledged to and accounted for as a part of that Series Loan Subaccount of the Taxable Loan Account.

Moneys on deposit in any Series Loan Subaccount of the Taxable Loan Account will be used upon Authority Order solely to pay costs of issuance for Taxable Bonds and Notes, to redeem Taxable Bonds and Notes in accordance with the Master Bond Resolution and any Supplemental Bond Resolution, and to acquire Eligible Loans in amounts and at prices not in excess of amounts and prices permitted under applicable law and which would permit the results of cash flow analyses provided to each Rating Agency on the Date of Issuance of the corresponding Series of Taxable Bonds and Notes to be sustained; provided that such price may be increased if the Authority and the Master Trustee receive written confirmation from each Rating Agency that, based on new cash flow analyses containing such assumptions as the Authority shall reasonably determine, its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn. If the Authority determines that all or any portion of such moneys cannot be so used, or that any of the other conditions, if any, described in any Supplemental Bond Resolution exist then an Authorized Officer of the Authority may by Authority Order direct the Master Trustee and the corresponding Series Trustee to redeem Taxable Bonds and Notes in accordance with the Master Bond Resolution and any Supplemental Bond Resolution.

Notwithstanding the foregoing, if on any date there are not sufficient moneys on deposit in the Tax-Exempt Repayment Account to make the transfers therefrom described in paragraphs A. through K. under the caption "Student Loan Sinking Fund - *Tax-Exempt Repayment Account*" below, then, an amount equal to any such deficiency shall be transferred, on a pro rata basis, directly from each Series Loan Subaccount of the Tax-Exempt Loan Account; and if on any date there are not sufficient moneys on deposit in the Taxable Repayment Account to make the transfers therefrom described in paragraphs A. through J. under the caption "Student Loan Sinking Fund - *Taxable Repayment Account*" below, then an amount equal to any such deficiency shall be transferred, on a pro rata basis, directly from each Series Loan Subaccount of the Taxable Loan Account.

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

- A. An Authority Order stating the purchase price and directing that Financed Eligible Loans be sold, transferred or otherwise disposed of and delivered to

1. 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, an Eligible Lender under the Higher Education Act whose name shall be specified; or
 2. the trustee under another resolution or indenture securing bonds issued by the Authority or another higher education authority whose name shall be specified in such Authority Order; and
- B. A certificate signed by an Authorized Officer of the Authority to the effect that:
1. the disposition price is equal to or in excess of the principal amount thereof (plus accrued interest) or equal to or in excess of the purchase price paid by the Authority for such Financed Eligible Loan (less principal amounts received with respect to such Financed Eligible Loan); or
 2. the disposition price is lower than the principal amount thereof (plus accrued interest), and (A) the Authority reasonably believes that the Revenues and Recoveries of Principal expected to be received (after giving effect to such disposition) would be at least equal to the Revenues and Recoveries of Principal expected to be received assuming no such sale, transfer or other disposition occurred, or (B) the Authority shall 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 (C) the Aggregate Market Value of the Trust Estate (after giving effect to such sale, transfer or other disposition) will be at least equal to 101% of the aggregate principal amount of the Obligations plus accrued interest, or (D) the amount for which the Financed Eligible Loans are being sold, assigned, transferred or disposed of is equal to the purchase price paid by the Authority for such Financed Eligible Loans (less principal amounts received with respect to such Financed Eligible Loans).

For purposes of such certificate, accrued interest and Special Allowance Payments are to be taken into account on both the asset and liability side of such statement.

Further, Financed Eligible Loans will also be sold, transferred or otherwise disposed of by the Master 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 reimbursement agreement, in such

amount and at such times and prices as may be specified in such Authority Order. The Master Trustee, following receipt of the foregoing and of a certificate of the Authority indicating that such purchaser or transferee is one of the entities described in clause (A) above, shall deliver such Financed Eligible Loans free from the lien of the Master Bond Resolution upon the receipt of the purchase price or consideration specified in the Authority Order, in compliance with the foregoing. The Master Trustee shall deposit the proceeds of any such sale, transfer or other disposition into the Series Loan Subaccount with respect to which such Financed Eligible Loans were attributable. Notwithstanding any of the foregoing, the Authority will not direct the Master Trustee to sell, transfer or otherwise dispose of Financed Eligible Loans if such disposition would have an adverse effect on the exclusion from gross income of interest on any Tax-Exempt Bonds and Notes for federal income tax purposes.

Notwithstanding the foregoing, moneys or investments in the Tax-Exempt Loan Account or the Taxable Loan Account of the Student Loan Fund, and any Subaccounts therein, may be transferred on any date to a Trust Estate Collateral Investment Counterparty pursuant to the provisions of the Master Bond Resolution and the related Trust Estate Collateral Investment Agreement, and moneys or investments received from the repayment of a Trust Estate Collateral Investment funded from the Student Loan Fund shall be deposited to the corresponding Account therein, in accordance with the Master Bond Resolution and the related Trust Estate Collateral Investment Agreement.

Student Loan Sinking Fund

Tax-Exempt Repayment Account. The Master Trustee will deposit into the Tax-Exempt Repayment Account all Revenues and Recoveries of Principal derived from Financed Eligible Loans acquired by the Authority from moneys on deposit in any Series Loan Subaccount of the Tax-Exempt Loan Account, and all other Revenue derived from moneys or assets on deposit in any Series Loan Subaccount of the Tax-Exempt Loan Account, the Tax-Exempt Debt Service Reserve Subaccount and the Tax-Exempt Repayment Account, all Swap Payments with respect to Tax-Exempt Bonds and Notes, all amounts received from the repayment of a Trust Estate Collateral Investment which are required to be deposited thereto, and any other amounts deposited thereto upon receipt of an Authority Order. The Series 2004A-2 Supplemental Resolution establishes the series Principal Subaccount corresponding to the Series 2004A-2 Bonds.

All Recoveries of Principal deposited in the Tax-Exempt Repayment Account to be used to finance additional Eligible Loans shall be transferred, as soon as practicable, to the Series Loan Subaccount of the Tax-Exempt Loan Account from which such Recovery of Principal was derived or as otherwise provided in any Supplemental Bond Resolution. Recoveries of Principal deposited to the Tax-Exempt Repayment Account and not required to be transferred to the Tax-Exempt Loan Fund shall be deposited to the Series Principal Subaccounts corresponding to the Series of Tax-Exempt Bonds and Notes which financed the Eligible Loans from which such Recoveries of Principal were derived or as otherwise provided in a Supplemental Bond Resolution. Pursuant to the Series 2004A-2 Supplemental Resolution, the Recoveries of Principal corresponding to the Series 2004A-2 Financed Eligible Loans will be deposited to the Series 2004A-2 Loan

Subaccount until July 1, 2006, unless the Authority and the Master Trustee receive written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be reduced or withdrawn because of an extension of the acquisition period.

Any Supplemental Bond Resolution may require that amounts representing Capitalized Interest Payments on Financed Eligible Loans acquired by the Authority from moneys on deposit in any Series Loan Subaccount of the Tax-Exempt Loan Account be deducted from Recoveries of Principal deposited to the Tax-Exempt Repayment Account prior to their transfer pursuant to this paragraph and treated as a Revenue for purposes of the Tax-Exempt Repayment Account. Pursuant to the Series 2004A-2 Supplemental Resolution, the Authority may, by Authority Order on any Bond Payment Date, require that amounts representing Capitalized Interest Payments on the Series 2004A-2 Financed Eligible Loans be deducted from any subsequently received Recoveries of Principal corresponding to the Series 2004A-2 Financed Eligible Loans deposited to the Tax-Exempt Repayment Account and treated as Revenues for purposes of the Tax-Exempt Repayment Account. The amount of the Recoveries of the Principal corresponding to the Series 2004A-2 Financed Eligible Loans which may be redesignated as Revenues shall not exceed, together with all previous redesignations of such Recoveries of Principal on Series 2004A-2 Financed Eligible Loans, the amount of all Capitalized Interest Payments on the Series 2004A-2 Financed Eligible Loans as of such date.

In addition, as set forth below, money in the Tax-Exempt Repayment Account shall be used and transferred to other Funds, Accounts or Persons in the following order of precedence (any money not so transferred or paid to remain in the Tax-Exempt Repayment Account until subsequently applied as set forth below):

- A. on any date, to the Rebate Fund, if necessary to comply with any Investment Instructions or any Tax Regulatory Agreement with respect to rebate or Excess Interest;
- B. on the date any current Servicing Fees with respect to the Tax-Exempt Bonds and Notes are due and payable, to the Servicer (or to the Authority as a reimbursement), the amount of such current Servicing Fees with respect to Financed Eligible Loans financed with amounts deposited to the Tax-Exempt Loan Account;
- C. on the date any current Program Expenses with respect to the Tax-Exempt Bonds and Notes are due and payable, to the Person due any Program Expenses with respect to Tax-Exempt Bonds and Notes (or to the Authority as a reimbursement for the payment of such Program Expenses), the amount of such Program Expenses;
- D. on each Bond Payment Date, to the Tax-Exempt Senior Interest Subaccount of the Tax-Exempt Repayment Account, the amount, if any, necessary to increase the amount on deposit in the Tax-Exempt Senior Interest Account to an amount equal to the interest due on all Tax-Exempt Senior Bonds and Notes and the amount of any Authority Swap Payment

secured on a parity with the Tax-Exempt Senior Bonds and Notes which would be due on such Bond Payment Date, regardless of whether such Bond Payment Date is a Bond Payment Date with respect to the Tax-Exempt Senior Bonds and Notes or a payment date with respect to any Authority Swap Payment secured on a parity with the Tax-Exempt Senior Bonds and Notes, and to the extent there are insufficient moneys available in the Taxable Repayment Account to make the transfer described in paragraph C. under the caption "*Taxable Repayment Account*" below, to the Taxable Senior Interest Subaccount of the Taxable Repayment Account, the amount of such deficiency:

- E. on each Bond Payment Date, on a parity basis, to the corresponding Series Principal Subaccount established within the Tax-Exempt Repayment Account for any Series of the Tax-Exempt Senior Bonds and Notes, the amount, if any, necessary to increase the amount on deposit in such Series Principal Subaccount to an amount equal to the principal due on such Bond Payment Date for the corresponding Series of the Tax-Exempt Senior Bonds and Notes, and to the extent there are insufficient moneys available in the Taxable Repayment Account to make the transfer described in paragraph D. under the caption "*Taxable Repayment Account*" below, to the appropriate Series Principal Subaccounts of the Taxable Repayment Account, the amount of such deficiency:
- F. on each Bond Payment Date, to the Tax-Exempt Subordinate Interest Subaccount of the Tax-Exempt Repayment Account, the amount, if any, necessary to increase the amount on deposit in the Tax-Exempt Subordinate Interest Account to an amount equal to the interest due on all Tax-Exempt Subordinate Bonds and Notes and the amount of any Authority Swap Payment secured on a parity with the Tax-Exempt Subordinate Bonds and Notes which would be due on such Bond Payment Date, regardless of whether such Bond Payment Date is a Bond Payment Date with respect to the Tax-Exempt Subordinate Bonds and Notes or a payment date with respect to any Authority Swap Payment secured on a parity with the Tax-Exempt Subordinate Bonds and Notes, and to the extent there are insufficient moneys available in the Taxable Repayment Account to make the transfer described in paragraph E. under the caption "*Taxable Repayment Account*" below, to the Taxable Subordinate Interest Subaccount of the Taxable Repayment Account, the amount of such deficiency:
- G. on each Bond Payment Date, on a parity basis, to the corresponding Series Principal Subaccount established within the Tax-Exempt Repayment Account for any Series of the Tax-Exempt Subordinate Bonds and Notes, the amount, if any, necessary to increase the amount on deposit in such Series Principal Subaccount to an amount equal to the principal due on such Bond Payment Date for the corresponding Series of the Tax-Exempt Subordinate Bonds and Notes, and to the extent there are insufficient

moneys available in the Taxable Repayment Account to make the transfer described in paragraph F. under the caption "*Taxable Repayment Account*" below, to the appropriate Series Principal Subaccounts of the Taxable Repayment Account, the amount of such deficiency:

- H. on any Bond Payment Date any current Administrative Expenses with respect to the Tax-Exempt Bonds and Notes are due and payable, to the Authority the amount of such Administrative Expenses;
- I. on each Bond Payment Date, to the Tax-Exempt Junior-Subordinate Interest Subaccount of the Tax-Exempt Repayment Account, the amount, if any, necessary to increase the amount on deposit in the Tax-Exempt Junior-Subordinate Interest Account to an amount equal to the interest due on all Tax-Exempt Junior-Subordinate Bonds and Notes and the amount of any Authority Swap Payment secured on a parity with the Tax-Exempt Junior-Subordinate Bonds and Notes which would be due on such Bond Payment Date, regardless of whether such Bond Payment Date is a Bond Payment Date with respect to the Tax-Exempt Junior-Subordinate Bonds and Notes or a payment date with respect to any Authority Swap Payment secured on a parity with the Tax-Exempt Junior-Subordinate Bonds and Notes, and to the extent there are insufficient moneys available in the Taxable Repayment Account to make the transfer described in paragraph H. under the caption "*Taxable Repayment Account*" below, to the Taxable Junior-Subordinate Interest Subaccount of the Taxable Repayment Account, the amount of such deficiency:
- J. on each Bond Payment Date, on a parity basis, to the corresponding Series Principal Subaccount established within the Tax-Exempt Repayment Account for any Series of the Tax-Exempt Junior-Subordinate Bonds and Notes, the amount, if any, necessary to increase the amount on deposit in such Series Principal Subaccount to an amount equal to the principal due on such Bond Payment Date for the corresponding Series of the Tax-Exempt Junior-Subordinate Bonds and Notes, and to the extent there are insufficient moneys available in the Taxable Repayment Account to make the transfer described in paragraph I under the caption "*Taxable Repayment Account*" below, to the appropriate Series Principal Subaccounts of the Taxable Repayment Account, the amount of such deficiency:
- K. on each Bond Payment Date, on a parity basis, to the Tax-Exempt Debt Service Reserve Subaccount the amount, if any, described under the caption "*Debt Service Reserve Account*" below and to the Taxable Debt Service Reserve Subaccount the amount, if any, described under the caption "*Debt Service Reserve Account*" below;
- L. on the first Bond Payment Date on or after each March 1 and September 1 of each year, at the option of the Authority and upon Authority Order, any remaining amounts on deposit in the Tax-Exempt Repayment Account

may be redesignated as Recoveries of Principal with respect to the Outstanding Series of Tax-Exempt Bonds and Notes and, if redesignated, shall be allocated among the Outstanding Series of Tax-Exempt Bonds and Notes according to their respective principal amounts Outstanding; and

- M. on the first Bond Payment Date on or after each March 1 and September 1 of each year, at the option of the Authority and upon Authority Order, to the Authority to the extent permitted by the Master Bond Resolution and described under the caption "Transfers to the Authority" below.

On each Bond Payment Date for the Tax-Exempt Bonds and Notes, the Master Trustee shall transfer amounts on deposit in the corresponding Accounts and Subaccounts of the Tax-Exempt Repayment Account to the appropriate Series Trustee or Series Co-Paying Agent to be paid to the Registered Owners of such Tax-Exempt Bonds and Notes.

Taxable Repayment Account. The Master Trustee will deposit into the Taxable Repayment Account all Revenues and Recoveries of Principal derived from Financed Eligible Loans acquired by the Authority from moneys on deposit in any Series Loan Subaccount of the Taxable Loan Account, and all other Revenues derived from moneys or assets on deposit in any Series Loan Subaccount of the Taxable Loan Account, the Taxable Debt Service Reserve Subaccount and the Taxable Repayment Account, all Swap Payments with respect to Taxable Bonds and Notes, all amounts received from the repayment of a Trust Estate Collateral Investment which are required to be deposited thereto, any fee received with respect to a Trust Estate Collateral Investment Agreement, and any other amounts deposited thereto upon receipt of an Authority Order.

All Recoveries of Principal deposited in the Taxable Repayment Account to be used to finance additional Eligible Loans will be transferred, as soon as practicable, to the Series Loan Subaccount of the Taxable Loan Account from which such Recovery of Principal was derived or as otherwise provided in any Supplemental Bond Resolution. Recoveries of Principal deposited to the Taxable Repayment Account and not required to be transferred to the Taxable Loan Fund will be deposited to the Series Principal Subaccounts corresponding to the Series of Taxable Bonds and Notes which financed the Eligible Loans from which such Recoveries of Principal were derived or as otherwise provided in a Supplemental Bond Resolution. Any Supplemental Bond Resolution may require that amounts representing Capitalized Interest Payments on Financed Eligible Loans acquired by the Authority from moneys on deposit in any Series Loan Subaccount of the Taxable Loan Account be deducted from Recoveries of Principal deposited to the Taxable Repayment Account prior to their transfer pursuant to this paragraph and treated as a Revenue for purposes of the Taxable Repayment Account.

In addition, as set forth below, money in the Taxable Repayment Account will be used and transferred to other Funds, Accounts or Persons in the following order of precedence (any money not so transferred or paid to remain in the Taxable Repayment Account until subsequently applied as set forth below):

- A. on the date any current Servicing Fees with respect to the Taxable Bonds and Notes are due and payable, to the Servicer (or to the Authority as a reimbursement), the amount of such current Servicing Fees with respect to Financed Eligible Loans financed with amounts deposited to the Taxable Loan Account;
- B. on the date any current Program Expenses with respect to the Taxable Bonds and Notes are due and payable, to the Person due any Program Expenses with respect to Taxable Bonds and Notes (or to the Authority as a reimbursement for the payment of such Program Expenses), the amount of such Program Expenses;
- C. on each Bond Payment Date, to the Taxable Senior Interest Subaccount of the Taxable Repayment Account, the amount, if any, necessary to increase the amount on deposit in the Taxable Senior Interest Account to an amount equal to the interest due on all Taxable Senior Bonds and Notes and the amount of any Authority Swap Payment secured on a parity with the Taxable Senior Bonds and Notes which would be due on such Bond Payment Date, regardless of whether such Bond Payment Date is a Bond Payment Date with respect to the Taxable Senior Bonds and Notes or a payment date with respect to any Authority Swap Payment secured on a parity with the Taxable Senior Bonds and Notes, and to the extent there are insufficient moneys available in the Tax-Exempt Repayment Account to make the transfer described in paragraph D. under the caption "*Tax-Exempt Repayment Account*" above, to the Tax-Exempt Senior Interest Subaccount of the Tax-Exempt Repayment Account, the amount of such deficiency;
- D. on each Bond Payment Date, on a parity basis, to the corresponding Series Principal Subaccount established within the Taxable Repayment Account for any Series of the Taxable Senior Bonds and Notes, the amount, if any, necessary to increase the amount on deposit in such Series Principal Subaccount to an amount equal to the principal due on such Bond Payment Date for the corresponding Series of the Taxable Senior Bonds and Notes, and to the extent there are insufficient moneys available in the Tax-Exempt Repayment Account to make the transfer described in paragraph E. under the caption "*Tax-Exempt Repayment Account*" above, to the appropriate Series Principal Subaccounts of the Tax-Exempt Repayment Account, the amount of such deficiency;
- E. on each Bond Payment Date, to the Taxable Subordinate Interest Subaccount of the Taxable Repayment Account, the amount, if any, necessary to increase the amount on deposit in the Taxable Subordinate Interest Account to an amount equal to the interest due on all Taxable Subordinate Bonds and Notes and the amount of any Authority Swap Payment secured on a parity with the Taxable Subordinate Bonds and Notes which would be due on such Bond Payment Date, regardless of whether such Bond Payment Date is a Bond Payment Date with respect to

the Taxable Subordinate Bonds and Notes or a payment date with respect to any Authority Swap Payment secured on a parity with the Taxable Subordinate Bonds and Notes, and to the extent there are insufficient moneys available in the Tax-Exempt Repayment Account to make the transfer described in paragraph F. under the caption "*Tax-Exempt Repayment Account*" above, to the Tax-Exempt Subordinate Interest Subaccount of the Tax-Exempt Repayment Account, the amount of such deficiency:

- F. on each Bond Payment Date, on a parity basis, to the corresponding Series Principal Subaccount established within the Taxable Repayment Account for any Series of the Taxable Subordinate Bonds and Notes, the amount, if any, necessary to increase the amount on deposit in such Series Principal Subaccount to an amount equal to the principal due on such Bond Payment Date for the corresponding Series of the Taxable Subordinate Bonds and Notes, and to the extent there are insufficient moneys available in the Tax-Exempt Repayment Account to make the transfer described in paragraph G. under the caption "*Tax-Exempt Repayment Account*" above, to the appropriate Series Principal Subaccounts of the Tax-Exempt Repayment Account, the amount of such deficiency:
- G. on any Bond Payment Date any current Administrative Expenses with respect to the Taxable Bonds and Notes are due and payable, to the Authority the amount of such Administrative Expenses;
- H. on each Bond Payment Date, to the Taxable Junior-Subordinate Interest Subaccount of the Taxable Repayment Account, the amount, if any, necessary to increase the amount on deposit in the Taxable Junior-Subordinate Interest Account to an amount equal to the interest due on all Taxable Junior-Subordinate Bonds and Notes and the amount of any Authority Swap Payment secured on a parity with the Taxable Junior-Subordinate Bonds and Notes which would be due on such Bond Payment Date, regardless of whether such Bond Payment Date is a Bond Payment Date with respect to the Taxable Junior-Subordinate Bonds and Notes or a payment date with respect to any Authority Swap Payment secured on a parity with the Taxable Junior-Subordinate Bonds and Notes, and to the extent there are insufficient moneys available in the Tax-Exempt Repayment Account to make the transfer described in paragraph I. under the caption "*Tax-Exempt Repayment Account*" above, to the Tax-Exempt Junior-Subordinate Interest Subaccount of the Tax-Exempt Repayment Account, the amount of such deficiency:
- I. on each Bond Payment Date, on a parity basis, to the corresponding Series Principal Subaccount established within the Taxable Repayment Account for any Series of the Taxable Junior-Subordinate Bonds and Notes, the amount, if any, necessary to increase the amount on deposit in such Series Principal Subaccount to an amount equal to the principal due on such Bond Payment Date for the corresponding Series of the Taxable Junior-

Subordinate Bonds and Notes, and to the extent there are insufficient moneys available in the Tax-Exempt Repayment Account to make the transfer described in paragraph J. under the caption "*Tax-Exempt Repayment Account*" above, to the appropriate Series Principal Subaccounts of the Tax-Exempt Repayment Account, the amount of such deficiency:

- J. on each Bond Payment Date, on a parity basis to the Taxable Debt Service Reserve Subaccount the amount, if any, described under the caption "Debt Service Reserve Account" below and to the Tax-Exempt Debt Service Reserve Subaccount the amount, if any, described under the caption "*Debt Service Reserve Account*" below;
- K. on the first Bond Payment Date on or after each March 1 and September 1 of each year, at the option of the Authority and upon Authority Order, any remaining amounts on deposit in the Taxable Repayment Account may be redesignated as Recoveries of Principal with respect to the Outstanding Series of Taxable Bonds and Notes and, if redesignated, shall be allocated among the Outstanding Series of Taxable Bonds and Notes according to their respective principal amounts Outstanding; and
- L. on the first Bond Payment Date on or after each March 1 and September 1 of each year, at the option of the Authority and upon Authority Order, to the Authority to the extent permitted by the Master Bond Resolution and described under the caption "Releases to the Authority" below.

On each Bond Payment Date for the Taxable Bonds and Notes, the Master Trustee shall transfer amounts on deposit in the corresponding Accounts and Subaccounts of the Taxable Repayment Account to the appropriate Series Trustee or Series Co-Paying Agent to be paid to the Registered Owners of such Taxable Bonds and Notes.

Notwithstanding the foregoing, moneys or investments in the Tax-Exempt Repayment Account or the Taxable Repayment Account of the Student Loan Sinking Fund, and any Subaccounts therein, may be transferred on any date to a Trust Estate Collateral Investment Counterparty pursuant to the provision of the Master Bond Resolution and the related Trust Estate Collateral Investment Agreement, and moneys or investments received from the repayment of a Trust Estate Collateral Investment may be deposited to the Student Loan Sinking Fund, and any Account or Subaccount therein, in accordance with the Master Bond Resolution and the related Trust Estate Collateral Investment Agreement.

Debt Service Reserve Account. The Master Trustee will deposit to the Tax-Exempt Debt Service Reserve Subaccount the amount specified therefor in any Supplemental Bond Resolution. On each Bond Payment Date, to the extent there are insufficient moneys in the Tax-Exempt Repayment Subaccount to make the transfers required by paragraphs A. through J. under the caption "*Tax-Exempt Repayment Account*" above, then, after any required transfer from the Tax-Exempt Loan Account, the amount

of such deficiency will be paid directly from the Tax-Exempt Debt Service Reserve Subaccount.

If the Tax-Exempt Debt Service Reserve Subaccount is used for the purposes described above, the Master Trustee will restore the Tax-Exempt Debt Service Reserve Subaccount to the Debt Service Reserve Account Requirement with respect to the Tax-Exempt Bonds and Notes by transfers from the Tax-Exempt Repayment Account on the next Bond Payment Date pursuant to the transfer described in paragraph K. under the caption "*Tax-Exempt Repayment Account*" above and from the Taxable Repayment Account on the next Bond Payment Date pursuant to the transfer described in paragraph J. under the caption "*Taxable Repayment Account*" above. If the full amount required to restore the Tax-Exempt Debt Service Reserve Subaccount to the Debt Service Reserve Account Requirement with respect to the Tax-Exempt Bonds and Notes is not available in such Accounts on such next succeeding Bond Payment Date, the Master Trustee will continue to transfer funds from such Accounts as they become available until the deficiency in the Tax-Exempt Debt Service Reserve Subaccount has been eliminated. On any day that the amount in the Tax-Exempt Debt Service Reserve Subaccount exceeds the Debt Service Reserve Account Requirement with respect to the Tax-Exempt Bonds and Notes for any reason, the Master Trustee, at the direction of the Authority, shall transfer the excess to the Tax-Exempt Repayment Account.

The Master Trustee will deposit to the Taxable Debt Service Reserve Subaccount the amount specified therefor in any Supplemental Bond Resolution. On each Bond Payment Date, to the extent there are insufficient moneys in the Taxable Repayment Account to make the transfers required by paragraphs A. through I. under the caption "*Taxable Repayment Account*" above, then, after any required transfer from the Taxable Loan Account, the amount of such deficiency will be paid directly from the Taxable Debt Service Reserve Subaccount.

If the Taxable Debt Service Reserve Subaccount is used for the purposes described above, the Master Trustee will restore the Taxable Debt Service Reserve Subaccount to the Debt Service Reserve Account Requirement with respect to the Taxable Bonds and Notes by transfers from the Taxable Repayment Account on the next Bond Payment Date pursuant to the transfer described in paragraph J. under the caption "*Taxable Repayment Account*" above and from the Tax-Exempt Repayment Account on the next Bond Payment Date pursuant to the transfer described in paragraph K. under the caption "*Tax-Exempt Repayment Account*" above. If the full amount required to restore the Taxable Debt Service Reserve Subaccount to the Debt Service Reserve Account Requirement with respect to the Taxable Bonds and Notes is not available in such Accounts on such next succeeding Bond Payment Date, the Master Trustee will continue to transfer funds from such Accounts as they become available until the deficiency in the Taxable Debt Service Reserve Subaccount has been eliminated. On any day that the amount in the Taxable Debt Service Reserve Subaccount exceeds the Debt Service Reserve Account Requirement with respect to the Taxable Bonds and Notes for any reason, the Master Trustee, at the direction of the Authority, will transfer the excess to the Taxable Repayment Account.

Notwithstanding the foregoing, moneys or investments in the Debt Service Reserve Account, and any Subaccounts therein, may be transferred on any date to a Trust Estate Collateral Investment Counterparty pursuant to the Master Bond Resolution and the related Trust Estate Collateral Investment Agreement, and moneys or investments received from the repayment of a Trust Estate Collateral Investment may be deposited to the Debt Service Reserve Account, and any Subaccount therein, in accordance with the Master Bond Resolution and the related Trust Estate Collateral Investment Agreement.

Rebate Fund

The Master Trustee shall, in accordance with the transfer described in paragraph (a) under the caption "*Tax-Exempt Repayment Account*" above, withdraw from the Tax-Exempt Repayment 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 pursuant to written instructions from the Authority. In addition, the Master Trustee shall, in accordance with the transfer described in paragraph A. under the caption "*Tax-Exempt Repayment Account*" above, withdraw from the Tax-Exempt Repayment Account and deposit to the Rebate Fund such amount as shall be required to be paid to the federal government as Excess Interest. Alternatively, upon Authority Order the Authority may from time to time forgive Financed Eligible Loans to satisfy such requirement, in accordance with the Tax Regulatory Agreements. Payments of such amounts to the federal government will be made in accordance with the Tax Regulatory Agreements and the Investment Instructions.

Servicing Fees and Program Expenses

The amount used to pay Servicing Fees, Program Expenses and Administrative Expenses from the Student Loan Sinking Fund and, if necessary, from the Student Loan Fund, and the schedule of payments shall be determined by the Authority, but the amounts so paid in any one Fiscal Year shall not exceed the amount budgeted by the Authority as Servicing Fees, Program Expenses and Administrative Expenses for such Fiscal Year with respect to the Bonds and Notes and as may be limited by a Supplemental Bond Resolution, and shall not exceed the amount designated therefor in the cash flows provided to the Rating Agencies on the Date of Issuance of any Outstanding Bonds and Notes, unless the Authority, after furnishing the Rating Agencies with revised cash flows, shall have received written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn due to the payment of such additional Servicing Fees, Program Expenses and/or Administrative Expenses.

Transfers to Authority

Pursuant to the Master Bond Resolution, the Authority may instruct the Master Trustee to transfer certain excess Revenues to the Authority free and clear of the lien of the Master Bond Resolution in accordance with the transfer described in paragraph M. under the caption "*Tax-Exempt Repayment Account*" above and the transfer described in

paragraph L. under the caption "*Taxable Repayment Account*" above; provided, however, that no transfer of assets to the Authority (other than pursuant to the payments otherwise permitted in the Master Bond Resolution) will be made 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 the Master Trustee has received (i) a Cash Flow Certificate and (ii) an opinion of Bond Counsel stating that adequate provision has been made to assure that such transfer shall not impair the Authority's capacity to comply with its obligations relative to the restrictions upon Excess Interest and 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 the Tax Regulatory Agreements and Investment Instructions and that such transfer will not affect adversely the exclusion from federal income taxation of interest on any Tax-Exempt Bonds and Notes and (iii) an Authority Certificate to the effect that all rebate liability as calculated pursuant to the Tax Regulatory Agreements and Investment Instructions through the date of such transfer has been paid or deposited in the Rebate Fund; and further provided, that no transfer shall be made to the Authority unless immediately after taking into account any such transfer, the Aggregate Market Value of the assets in the Trust Estate will be equal to at least (a) 110.5% of the unpaid principal amount of the Senior Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount, (b) 103% of the unpaid principal amount of the Senior Bonds and Notes and Subordinate Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount and (c) 100% of the unpaid principal amount of the Bonds and Notes Outstanding and any Trust Estate Collateral Investment Amount.

Investment of Funds Held by Master Trustee

The Master Trustee will invest money held for the credit of any Fund, Account or Subaccount held by the Master Trustee under the Master Bond Resolution as directed in writing (or orally, confirmed in writing) by an Authorized Officer of the Authority or a designee appointed in writing by an Authorized Officer of the Authority, to the fullest extent practicable and reasonable, in Investment Securities which shall 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, the Master Trustee shall invest such amounts in Government Obligations. Earnings with respect to, and any net gain on the disposition of, any such investments, except on investments contained in the Rebate Fund, shall be deposited into the corresponding Account of the Student Loan Sinking Fund. Earnings on amounts contained in the Rebate Fund shall remain in the Rebate Fund. Investments are valued monthly at their Value.

COVENANTS OF THE AUTHORITY

Pledge for Payment

The Bonds and Notes and interest thereon and all other Obligations will be payable from and equally secured (except as to priority of payment of the Senior Obligations over Subordinate Obligations and Junior-Subordinate Obligations, the

priority of payment of the Subordinate Obligations over the Junior-Subordinate Obligations, and the priority, if any, of payment of one series of Junior-Subordinate Obligations over any other series of Junior-Subordinate Obligations) by an irrevocable first lien on and pledge of the properties constituting the Trust Estate, subject to the application thereof as permitted by the Master Bond Resolution, but in no event shall the Registered Owners of any Obligations, have any right to possession of any Financed Eligible Loans, which shall be held only by the Authority or its agent or bailees, including the Custodian.

Covenants as to Additional Conveyances

At any and all times, the Authority will duly execute, acknowledge, and deliver, or will cause to be done, executed, and delivered, all and every such further acts, conveyances, transfers, and assurances in law as the Master Trustee shall reasonably require for the better conveying, transferring, and pledging and confirming unto the Master Trustee, all and singular, the properties constituting the Trust Estate.

Servicing Agreement

The Authority covenants in the Master Bond Resolution that, for any Financed Eligible Loans not being serviced by the Authority, it will keep in force and effect one or more Servicing Agreements whereby a Servicer will be responsible for the performance of certain administrative functions in connection with such Financed Eligible Loans.

Additional Covenants by the Authority to Conform to the Higher Education Act

The Authority covenants in the Master Bond Resolution that, so long as it is necessary in order to maintain the various federal benefits under the Higher Education Act with respect to the Financed Eligible Loans originated under the Higher Education Act, or otherwise, it will at all times permit only an Eligible Lender under the Higher Education Act to act as Master Trustee under the Master Bond Resolution; and that it will not cause or permit the Master Trustee to dispose of or deliver any Eligible Loans or any security interest in any such Eligible Loans to any party who is not an Eligible Lender so long as the Higher Education Act or Regulations require an Eligible Lender to be the owner or holder of Eligible Loans.

The Authority recognizes and acknowledges in the Master Bond Resolution that (i) under the Regulations, a Financed Eligible Loan made under the Higher Education Act may not be transferred or assigned, nor may an assignment be made with such Financed Eligible Loans as security to any person who is not at the time an Eligible Lender under the Higher Education Act; and (ii) the Authority and the Master Trustee are Eligible Lenders and as a part of the contracts with the Secretary and any Guarantee Agency, an Eligible Lender must comply with the appropriate provisions of the Higher Education Act and the Regulations in order that the insurance or guarantee on the loans as well as the entitlements to Interest Benefit Payments and Special Allowance Payments, if any, will not be affected.

**Maintain and Enforce Agreements;
No Amendments Adverse to Registered Owners**

The Authority will, from and after the time it has either entered into, or succeeded to the rights and interests of any Eligible Lender under any guarantee agreement covering Financed Eligible Loans, maintain the same and diligently enforce its rights thereunder, and not consent to or permit any rescission of or consent to any amendment thereto or otherwise take any action under or in connection therewith which in any manner would adversely affect the rights of the Registered Owners.

The Authority will maintain its agreements with the Guarantee Agencies under the Higher Education Act, and the Authority will diligently enforce its rights thereunder and will not voluntarily consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection therewith which in any manner will adversely affect the rights of the Registered Owners.

**Eligible Loans; Collections Thereof;
Assignment Thereof**

The Authority will, or through its Servicers will, diligently collect all principal and interest payments on all Financed Eligible Loans, and all Interest Benefit Payments, insurance and default claims and Special Allowance Payments, if any, which relate to such Financed Eligible Loans (provided that this covenant will not preclude the forgiveness of principal or interest on the Financed Eligible Loans to the extent necessary to comply with the Authority's tax covenants nor preclude the Authority (or the Master Trustee as directed by the Authority) from contractually lowering the interest rate on Financed Eligible Loans so long as, at the time such contractual obligation is undertaken, such lower rate of interest would not materially adversely affect the ability of the Authority to repay the Bonds and Notes). The Authority will, or through its Servicers will, cause the filing and assignment of such claims (prior to the timely-filing deadline for such claims under the Regulations) by the Master Trustee. The Authority will comply with the Higher Education Act and Regulations which apply to the Financed Eligible Loans.

Tax Covenants

The Authority covenants that it will not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Tax-Exempt Bonds and Notes under Section 103 of the Code. In furtherance of the foregoing covenant, the Authority covenants to comply with the Tax Regulatory Agreements.

DISCHARGE OF MASTER BOND RESOLUTION

If the Authority shall (x) pay, or cause to be paid, or there shall otherwise be 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 and the corresponding Supplemental Bond Resolutions, (ii) to each Swap Counterparty, all Authority Swap Payments then due and (iii) to the United States of America, the amount required to be rebated in satisfaction of its obligations as described in the Investment Instructions and the Tax Regulatory Agreements and (y) have provided for the payment of any amounts which may become due and owing to a Trust Estate Collateral Investment Counterparty pursuant to the corresponding Collateral Investment Agreement, then the pledge of the Trust Estate, except the Rebate Fund, which is not pledged thereunder, and all covenants, agreements, and other obligations of the Authority to the Registered Owners will thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds and Notes or interest installments shall be deemed to have been paid within the meaning of the Master Bond Resolution if money for the payment or redemption thereof has been set aside and is being held in trust by the Master Trustee at the Stated Maturity or earlier redemption date thereof. Any Outstanding Bond shall, prior to the Stated Maturity or earlier redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the Master Bond Resolution if (i) such Bond or Note is to be redeemed on any date prior to its Stated Maturity and (ii) the Authority shall have given notice of redemption as provided in the Master Bond Resolution on said date, there shall have been deposited with the Master Trustee either money (fully insured by the Federal Deposit Insurance Corporation or fully collateralized by Governmental Obligations) in an amount which shall be 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 Master Trustee at the same time, shall be 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.

Any Authority Swap Payments are deemed to have been paid and the corresponding Swap Agreement terminated when payment of all Authority Swap Payments due and payable to each Swap Counterparty under its respective Swap Agreement have been made or duly provided for to the satisfaction of each Swap Counterparty and the respective Swap Agreement has been terminated.

Any payments required to be made to a Trust Estate Collateral Investment Counterparty pursuant to the corresponding Trust Estate Collateral Investment Agreement are deemed to have been provided for if sufficient moneys have been set aside outside of the Trust Estate to pay the Trust Estate Collateral Investment Amount.

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 and Notes when due or failure to make any payment due under any other Senior Obligations when due;
- B. if no Senior Obligations are Outstanding, default in the due and punctual payment of the principal of or interest on any of the Subordinate Bonds and Notes when due or failure to make any payment due under any other Subordinate Obligations when due;
- C. if no Senior Obligations or Subordinate Obligations are Outstanding, default in the due and punctual payment of the principal of or interest on any of the Junior-Subordinate Bonds and Notes when due or failure to make any payment due under any other Junior-Subordinate Obligations when due;
- 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, in any Supplemental Bond Resolution or in any Bonds or Notes, and continuation of such default for a period of 90 days after written notice thereof by the Master Trustee to the President of the Authority; and
- E. the occurrence of an "event of default" under any Tax Regulatory Agreement.

Remedies on Default; Possession of Trust Estate

Subject to the provisions described under the caption "Accelerated Maturity" below, upon the happening and continuance of any Event of Default, the Master Trustee personally or by its attorneys or agents may enter into and upon and take possession of such portion of the Trust Estate as shall be 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 shall 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 and Recoveries of Principal of the same and of every part thereof, and after deducting therefrom all expenses incurred thereunder and all other proper outlays authorized in 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 Master Trustee will apply the rest and residue of the money received by the Master Trustee as follows:

- A. if the principal of none of the Obligations shall have become due, first, to the payment of the interest in default on the Senior Bonds and Notes and to the payment of all Authority Swap Payments secured on a parity with the Senior Bonds and Notes then due and to the payment of any amounts previously or then demanded by a Trust Estate Collateral Investment Counterparty pursuant to a Trust Estate Collateral Investment Agreement, 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 shall be in default and any such Authority Swap Payments as provided in the ISDA Master Agreement then due and under such Trust Estate Collateral Investment Agreement, such payments to be made ratably to the parties entitled thereto without discrimination or preference, second, to the payment of the interest in default on the Subordinate Bonds and Notes and to the payment of all Authority Swap 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 Swap 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 shall be in default and any such Authority Swap Payments as provided in the ISDA Master Agreement then due, such payments to be made ratably to the parties entitled thereto without discrimination or preference and, third, to the payment of the interest in default on the Junior-Subordinate Bonds and Notes and to the payment of all Authority Swap 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 Swap 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 shall be in default and any such Authority Swap Payments as provided in the ISDA Master Agreement then due, such payments to be made ratably to the parties entitled thereto without discrimination or preference, except as may be provided in a Supplemental Bond Resolution; and
- B. if the principal of any of the Obligations shall have become due by declaration of acceleration or otherwise, first to the payment of the interest in default on the Senior Bonds and Notes and all Authority Swap Payments secured on a parity with the Senior Bonds and Notes then due and to the payment of any amounts previously or then owed to a Trust Estate Collateral Investment Counterparty pursuant to a Trust Estate Collateral Investment Agreement, 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 shall be in default and such Authority Swap Payments as provided

in the ISDA Master Agreement then due and under such Trust Estate Collateral Investment Agreement, as the case may be, second, to the payment of the principal of all Senior Bonds and Notes then due and any amount owed to a Swap Counterparty secured on a parity with Senior Obligations under the ISDA Master Agreement and, to be deposited to a separate account established with the Master Trustee under the Trust Estate, an amount equal to the aggregate amount of all Trust Estate Collateral Investment Amounts (less amounts already transferred to each Trust Estate Collateral Investment Counterparty) to be used in the future to fund demands from the Trust Estate Collateral Investment Counterparties, such payments to be made ratably to the parties entitled thereto without discrimination or preference, third, to the payment of the interest in default on the Subordinate Bonds and Notes and all Authority Swap 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 shall be in default and such Authority Swap Payments as provided in the ISDA Master Agreement then due, as the case may be, fourth, to the payment of the principal of all Subordinate Bonds and Notes then due and any amount owed to a Swap Counterparty secured on a parity with Subordinate Obligations under the ISDA Master Agreement, such payments to be made ratably to the parties entitled thereto without discrimination or preference, fifth, to the payment of the interest in default on the Junior-Subordinate Bonds and Notes and all Authority Swap 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 shall be in default and such Authority Swap Payments as provided in the ISDA Master Agreement then due, as the case may be, and sixth, to the payment of the principal of all Junior-Subordinate Bonds and Notes then due and any amount owed to a Swap Counterparty secured on a parity with Junior-Subordinate Obligations under the ISDA Master Agreement, such payments to be made ratably to the parties entitled thereto without discrimination or preference, except as may be provided in a Supplemental Bond Resolution.

Accelerated Maturity

If an Event of Default shall have occurred and be continuing, the Master Trustee may declare, or upon the written direction by the Registered Owners of at least 25% of the collective aggregate principal amount of the Highest Priority Bonds and Notes then Outstanding, shall declare, the principal of all Obligations then Outstanding, and the interest thereon, if not previously due, immediately due and payable, anything in the Obligations or the Master Bond Resolution to the contrary notwithstanding; provided, however, that for a declaration of acceleration upon a default described in paragraphs (d)

or (e) under the caption "Events of Default" above shall require the consent of 100% of the Registered Owners of the collective aggregate principal amount of the Senior Bonds and Notes and Subordinate Bonds and Notes then Outstanding (or, if there are no Senior Bonds and Notes or Subordinate Bonds and Notes Outstanding, the consent of 100% of the Registered Owners of the collective aggregate principal amount of the Junior-Subordinate Bonds and Notes then Outstanding).

Direction of Master Trustee

Upon the happening of any Event of Default, the Registered Owners of at least 25% of the collective aggregate principal amount of the Highest Priority Bonds and Notes then Outstanding, have the right by an instrument or instruments in writing delivered to the Master Trustee to direct and control the Master 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 shall not be entitled to cause the Master Trustee to take any proceedings which in the Master Trustee's opinion would be unjustly prejudicial to non-assenting Registered Owners of Obligations, but the Master Trustee shall be entitled to assume that the action requested by the Registered Owners of 25% of the collective aggregate principal amount of the Highest Priority Bonds and Notes then Outstanding will not be prejudicial to any non-assenting Registered Owners unless the Registered Owners of more than 50% of the collective aggregate principal amount of the non-assenting Registered Owners of such Highest Priority Bonds and Notes, in writing, show the Master Trustee how they will be prejudiced. Provided, however, that anything in the Master Bond Resolution to the contrary notwithstanding, the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds and Notes then Outstanding together with the Registered Owners of a majority of the collective aggregate principal amount of all other Bonds and Notes then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Master Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Master Bond Resolution, or for the appointment of a receiver or any other proceedings thereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Master Bond Resolution.

Right to Enforce in Master Trustee

No Registered Owner of any Obligation or any Series Trustee shall have any right as such Registered Owner or Series Trustee 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 thereunder or for the appointment of a receiver or for any other remedy thereunder, all rights of action thereunder being vested exclusively in the Master Trustee, unless and until such Registered Owner or Series Trustee shall have previously given to the Master Trustee written notice of a default thereunder, and of the continuance thereof, and also unless the Registered Owners of the requisite principal amount of the

Obligations then Outstanding shall have made written request upon the Master Trustee and the Master Trustee shall have been afforded reasonable opportunity to institute such action, suit or proceeding in its own name, and unless the Master Trustee shall have been offered reasonable indemnity and security satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby and the Master Trustee for 30 days after receipt of such notification, request, or offer of indemnity, shall have failed to institute any such action, suit or proceeding. It is understood and intended that no one or more Registered Owners of the Obligations or any Series Trustee shall 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 thereunder except in the manner therein provided and for the equal benefit of the Registered Owners of not less than a majority of the collective aggregate principal amount of the Obligations then Outstanding.

Waivers of Events of Default

Subject to certain limitations, the Master Trustee may in its discretion waive any Event of Default and its consequences and rescind any declaration of acceleration of Obligations, and shall 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 Bonds and Notes then Outstanding.

THE MASTER TRUSTEE AND THE SERIES TRUSTEE

Resignation and Removal of the Master Trustee

The Master Trustee and any successor to the Master Trustee may resign and be discharged from the trust created by the Master Bond Resolution and any Supplemental Bond Resolution by giving to the President of the Authority notice in writing which notice shall specify the date on which such resignation is to take effect; provided, however, that such resignation shall only take effect on the day specified in such notice if a successor Master Trustee shall have been appointed (and is qualified to be the Master Trustee under the requirements of the Master Bond Resolution). If no successor Master Trustee has been appointed by the date specified or within a period of 90 days from the receipt of the notice by the Authority, whichever period is the longer, the Master Trustee may (A) appoint a temporary successor Master Trustee having the qualifications provided in the Master Bond Resolution or (B) request a court of competent jurisdiction to (1) require the Authority to appoint a successor, within three days of the receipt of citation or notice by the court, or (2) appoint a Master Trustee having the qualifications provided in the Master Bond Resolution. In no event may the resignation of the Master Trustee be effective until a qualified successor Master Trustee shall have been selected and appointed.

The Master Trustee or any successor Master Trustee may be removed (i) at any time by the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds and Notes then Outstanding, (ii) by the Authority for cause or upon the sale or other disposition of the Master Trustee or its trust functions or (iii) by

the Authority without cause so long as no Event of Default exists or has existed within the last 90 days, upon payment to the Master Trustee so removed of all money then due to it and appointment of a successor thereto by the Authority and acceptance thereof by said successor. One copy of any such instrument shall be filed with the Secretary of the Authority and the other with the Master Trustee so removed.

In the event the Master Trustee (or successor Master Trustee) is removed, by any person or for any reason, such removal shall 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 Master Trustee being removed have appointed a successor Master Trustee or otherwise the Authority shall have appointed a successor, and (b) the successor Master Trustee has accepted appointment as such.

Successor Master Trustee

In case at any time the Master Trustee or any successor Master Trustee shall resign, be dissolved, or otherwise shall be disqualified to act or be incapable of acting, or in case control of the Master Trustee or of any successor Master Trustee or of its officers shall be taken over by any public officer or officers, a successor Master 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 Master Trustee, the Authority shall 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 each Series Registrar.

Every successor Master Trustee appointed by the Registered Owners, by a court of competent jurisdiction, or by the Authority shall 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 \$25,000,000, 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.

Resignation and Removal of Any Series Trustee

Any Series Trustee and any successor to a Series Trustee may resign and be discharged from the trust created by the Master Bond Resolution and any Supplemental Bond Resolution by giving to the President of the Authority notice in writing which notice shall specify the date on which such resignation is to take effect; provided, however, that such resignation shall only take effect on the day specified in such notice if a successor Series Trustee shall have been appointed (and is qualified to be a Series Trustee under the requirements of the Master Bond Resolution). If no successor Series Trustee has been appointed by the date specified or within a period of 90 days from the receipt of the notice by the Authority, whichever period is the longer, the Series Trustee may (A) appoint a temporary successor Series Trustee having the qualifications provided

in the Master Bond Resolution or (B) request a court of competent jurisdiction to (1) require the Authority to appoint a successor, within three days of the receipt of citation or notice by the court, or (2) appoint a Series Trustee having the qualifications provided in the Master Bond Resolution. In no event may the resignation of a Series Trustee be effective until a qualified successor Series Trustee shall have been selected and appointed. In the event a temporary successor Series Trustee is appointed pursuant to (A) above, the Authority may remove such temporary successor Series Trustee and appoint a successor thereto.

Any Series Trustee or any successor Series Trustee may be removed (i) at any time by the Registered Owners of a majority of the collective aggregate principal amount of corresponding Series of Bonds or Notes then Outstanding, (ii) by the Authority for cause or upon the sale or other disposition of the Series Trustee or its trust functions or (iii) by the Authority without cause so long as no Event of Default exists or has existed within the last 90 days, upon payment to the Series Trustee so removed of all money then due to it and appointment of a successor thereto by the Authority and acceptance thereof by said successor.

In the event a Series Trustee (or successor Series Trustee) is removed, by any person or for any reason, such removal shall 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 Series Trustee being removed have appointed a successor Series Trustee or otherwise the Authority shall have appointed a successor, and (b) the successor Master Trustee has accepted appointment as such.

Successor Series Trustee

In case at any time any Series Trustee or any successor Series Trustee shall resign, be dissolved, or otherwise shall be disqualified to act or be incapable of acting, or in case control of any Series Trustee or of any successor Series Trustee or of its officers shall be taken over by any public officer or officers, a successor Series 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 any Series Trustee, the Authority shall forthwith cause notice thereof to be mailed to the Registered Owners of the corresponding Series of Bonds and Notes at the address of each Registered Owner appearing on the bond registration books maintained by the corresponding Series Registrar.

Every successor Series Trustee appointed by the Registered Owners, by a court of competent jurisdiction, or by the Authority shall 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 \$25,000,000, be authorized under the law to exercise corporate trust powers, and be subject to supervision or examination by a federal or state authority.

Special Circumstances Leading to Resignation of Master Trustee

Because the Master Trustee serves as trustee under the Master Bond Resolution for Obligations of different priorities, it is possible that circumstances may arise which will cause the Master Trustee to resign from its position as trustee for one or more of the Obligations. In the event that the Master Trustee makes a determination that it should so resign, due to the occurrence of an Event of Default or potential default, or otherwise, the Authority may permit such resignation as to one or more of the Obligations or request the Master Trustee's resignation as to all Obligations, as the Authority may elect. If the Authority should determine that a conflict of interest has arisen as to the trusteeship of any of the Obligations, it may authorize and execute a Master Trust Agreement or supplemental resolution with one or more successor Master Trustees, under which the administration of certain of the Obligations would be separated from the administration of the other Obligations.

SUPPLEMENTAL RESOLUTIONS

Supplemental Resolutions Not Requiring Consent of Registered Owners

The Authority may, with the consent of the Master Trustee and any affected Series Trustee but without the consent of or notice to any of the Registered Owners, 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 Master Trustee, any Series Trustee, any Series Co-Paying Agent, any Series Registrar or any Series Authenticating Agent 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, the Master Trustee or any Series Trustee, or to make any change which, in the judgment of the Master Trustee, is not to the material prejudice of the Registered Owners;
- 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 thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds and 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 thereto 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-Master Trustee, a co-Series Trustee or a co-registrar or transfer agent or the succession of a new Master Trustee, Series Trustee, Series Co-Paying Agent, Series Registrar or Series Authenticating Agent, or any additional or substitute Guarantee Agency or Servicer;
- F. To make any change which affects the Bonds and Notes only when they bear a type of interest rate other than the one borne at the time of delivery of the Master Bond Resolution or the supplemental resolution upon receipt by the Authority and the Master Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the 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, in Bond Counsel's opinion, be necessary or desirable to assure implementation of the Program in conformance with the Higher Education Act if along with such supplemental resolution there is filed a Bond Counsel's opinion to the effect that the addition or amendment of such provisions will in no way impair the existing security of the Registered Owners of any Outstanding Obligations;
- H. To make any change as shall be necessary in order to obtain for the Bonds and Notes an investment-grade rating from a nationally recognized rating service or to qualify them to be in book-entry form, which changes, in the opinion of the Master Trustee are not to the prejudice of the Registered Owner of any of the Obligations;
- I. To make any change as shall be necessary in order to maintain the exclusion of interest on the Tax-Exempt Bonds and Notes from gross income of the Registered Owners of the Tax-Exempt Bonds and Notes for federal income tax purposes;
- J. To enter into a Supplemental Bond Resolution for the purposes of issuing Bonds and Notes to acquire or refinance Eligible Loans or for any other purpose authorized under the Master Bond Resolution;
- K. To make the terms and provisions of the Master Bond Resolution, including the lien and security interest granted in the Master Bond Resolution, applicable to a Swap Agreement or a Trust Estate Collateral Investment Agreement;
- L. To create any additional Funds or Accounts or Subaccounts under the Master Bond Resolution deemed by the Master Trustee to be necessary or desirable; or
- M. To make any other change, except for any change described under the caption "Supplemental Resolutions Requiring Consent of Registered Owners" below which requires the consent of all the Registered Owners, upon receipt by the Authority and the Master Trustee of written

confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn because of such change;

provided, however, that no such supplement which adversely affects the rights or interests of the Swap Counterparty may be entered into without the prior consent of the Swap Counterparty.

Supplemental Resolutions Requiring Consent of Registered Owners

Exclusive of supplemental resolutions described under the caption "Supplemental Resolutions Not Requiring Consent of Registered Owners" above and subject to the terms and provisions contained 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 which in the opinion of the Master Trustee are affected shall have the right, from time to time, to consent to and approve the adoption by the Authority of such other resolution or resolutions supplemental thereto as shall be deemed necessary and desirable by the Master Trustee 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 resolution; provided, however, that nothing in this paragraph shall permit, or be construed as permitting (1) without the consent of the Registered Owners of all then Outstanding Obligations affected thereby, (a) an extension of the maturity date of the principal of or the interest on any Obligation, or (b) a reduction in the principal amount of any Obligation or the rate of interest thereon, or (c) a privilege or priority of any Obligation or Obligations over any other Obligation or Obligations except as otherwise provided therein, or (d) a reduction in the aggregate principal amount of the Obligations required for consent to such supplemental resolution, or (e) the creation of any lien other than a lien ratably securing all of the Obligations at any time Outstanding thereunder except as otherwise provided therein or (2) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Master Trustee or any Series Trustee without the prior written approval of the Master Trustee or Series Trustee affected thereby.

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APPENDIX B

**OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2004A-2**

**GENERAL DESCRIPTION OF THE
OKLAHOMA STUDENT LOAN AUTHORITY (OSLA)**

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OPERATING BUSINESS

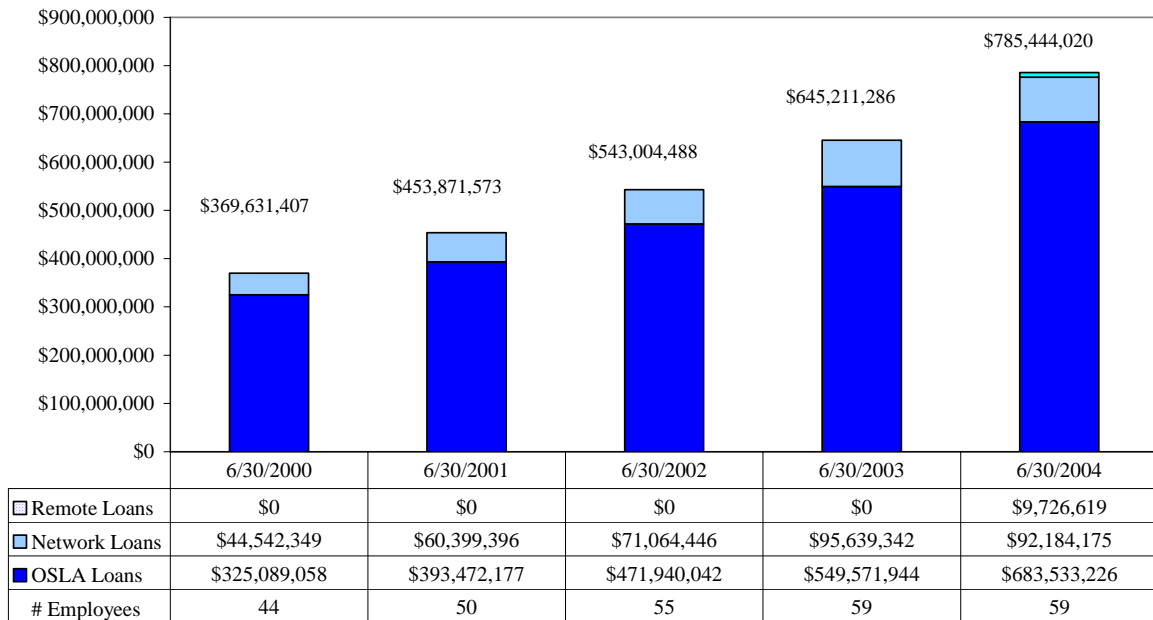
We are a secondary market, loan servicer and eligible lender in the guaranteed FFEL Program under the Higher Education Act. Loan origination and servicing functions are performed by us under the registered tradename “OSLA Student Loan Servicing™”.

We perform origination and pre-acquisition servicing for 35 other eligible lenders that are members of the OSLA Student Lending Network™. In addition, the OSLA Network includes Eligible Lenders that are responsible for originating and interim servicing their own loans using our loan servicing system on a remote basis from their premises. Each OSLA Network lender is required to sell, and we are required to purchase, the loans that we service. We maintain a revolving warehouse line of credit to fund these purchases.

At the dates indicated in the Table below, we managed FFEL Program loans that we owned, including both Eligible Loans and uninsured loans, plus loans serviced for other Eligible Lenders, with current principal balances as shown in the following Graph and Table:

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OSLA - FFEL PROGRAM LOANS MANAGED
Current Principal Balance



In our SHELFTM Program for private loans, we also originate and hold education loans that are not guaranteed under the Higher Education Act. SHELF loans are underwritten based on the borrower's credit to provide supplemental funds as determined by the financial aid staff at eligible schools.

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

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

Our Fiscal Year is from July 1 of each year through June 30 of the next year. We receive no appropriated funds from the State of Oklahoma for our operating expenses. All expenses are paid from revenues derived from the administration of our various education loan programs.

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

Our offices are located at 525 Central Park Drive, Suite 600, Oklahoma City, OK 73105-1706. The administrative telephone number is (405) 556-9210; and the facsimile transmission

number is (405) 556-9255. Our general internet e-mail address is *info@osla.org*. Certain financial information about us is available on the internet at our separate *website* located at “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, 2005	Chairman, First Bancorp of Oklahoma, Inc. ¹ ; Oklahoma City, OK
Tom McCasland, III	Vice Chairman	April 6, 2006	President, Mack Energy Company; Duncan, OK
Hilarie Blaney	Secretary	April 6, 2007	Senior Vice President, Arvest Bank ² ; Oklahoma City, OK
Dr. T. Sterling Wetzel	Trustee	April 6, 2008	Associate Professor of Accounting, Oklahoma State University; Stillwater, OK
James O. Waites	Assistant Secretary	April 6, 2009	Assistant to the President for Institutional Advancement, Southwestern Oklahoma State University; Weatherford, OK

¹A wholly owned subsidiary, First National Bank of Oklahoma, Ponca City, OK is an eligible lender in the OSLA Network. First National Bank of Oklahoma participates on terms and conditions available to OSLA Network lenders similarly situated.

²Arvest Bank is an eligible lender in the OSLA Network. Arvest Bank participates 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 of the Education Finance Council and the National Council of Higher Education Loan Programs. He has served 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.

Roderick W. Durrell, Esq., Vice President — Finance. Mr. Durrell has been employed by OSLA in his current position since July, 1990. Prior to joining OSLA, Mr. Durrell was in private practice specializing in public finance law in Oklahoma City and an officer of municipal securities broker-dealer firms in Oklahoma City. Mr. Durrell is a member of the Oklahoma Bar Association.

Mr. Durrell received his Bachelor of Science degree from the University of Vermont in 1967, his Master of Business Administration degree from the University of Hartford in 1972, and his Juris Doctor degree from the University of Oklahoma College of Law in 1975.

Graden Perry, Vice President — Loan Management. Mr. Perry has been employed by OSLA since July, 1991. Mr. Perry was employed by Continental Federal Savings & Loan Association, Oklahoma City, Oklahoma, from 1976 to June, 1991. He was Retail Banking Division Manager, Senior Vice President from 1984 to 1991; Chief Loan Officer, Senior Vice President from 1983 to 1984; Personal Lending Division Manager, Senior Vice President 1980 to 1983; and Branch Manager, Vice President from 1976 to 1980. While at Continental Federal, Mr. Perry's responsibilities included developing and managing its guaranteed student loan activities.

From 1959 to 1976, Mr. Perry was employed by Transamerica Financial Corporation in Oklahoma City. Mr. Perry attended the University of Tulsa and the University of Central Oklahoma.

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.

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.

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

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

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

Employees

At June 30, 2004, we had approximately 59 full time equivalent employees, including the individuals listed above. The statutory full time equivalent limit on OSLA employees presently is 68. We may hire additional employees in the Fiscal Year beginning July 1, 2004 because of the growth in our business.

Properties

Our offices, including the loan servicing center, are maintained under a lease agreement with an unaffiliated third party that expires November 30, 2007, with a renewal option. For possible future growth, the lease includes a right of first offer on the adjacent floor.

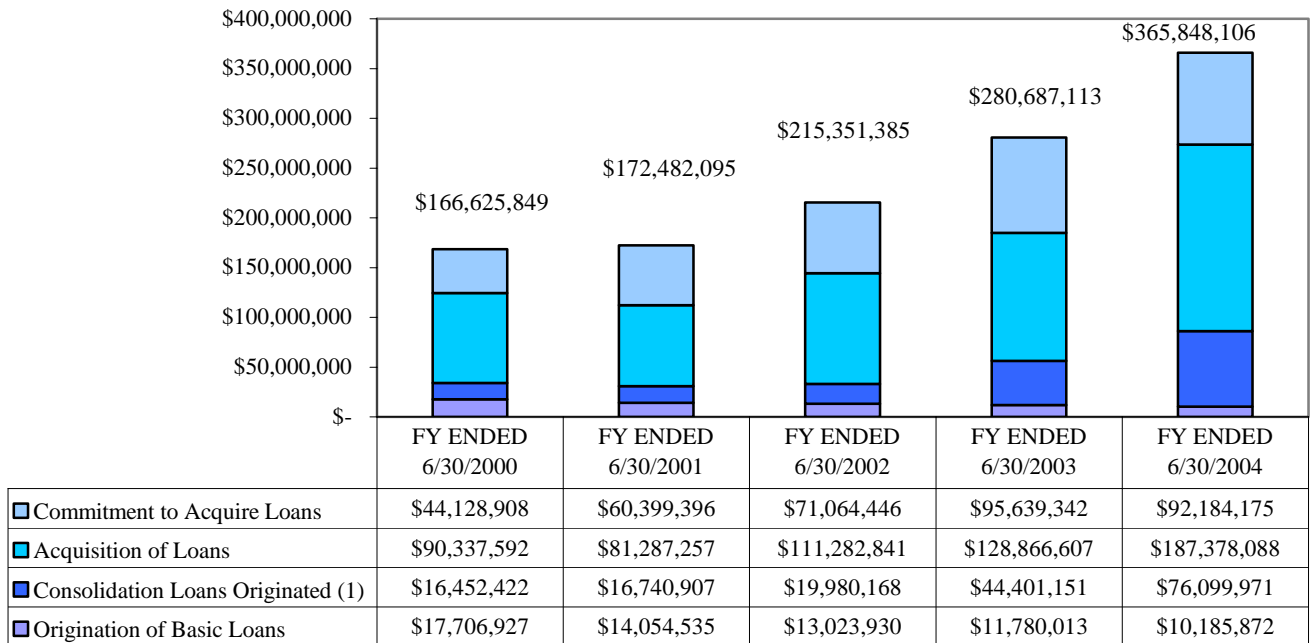
LOAN FINANCE PROGRAMS

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:

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

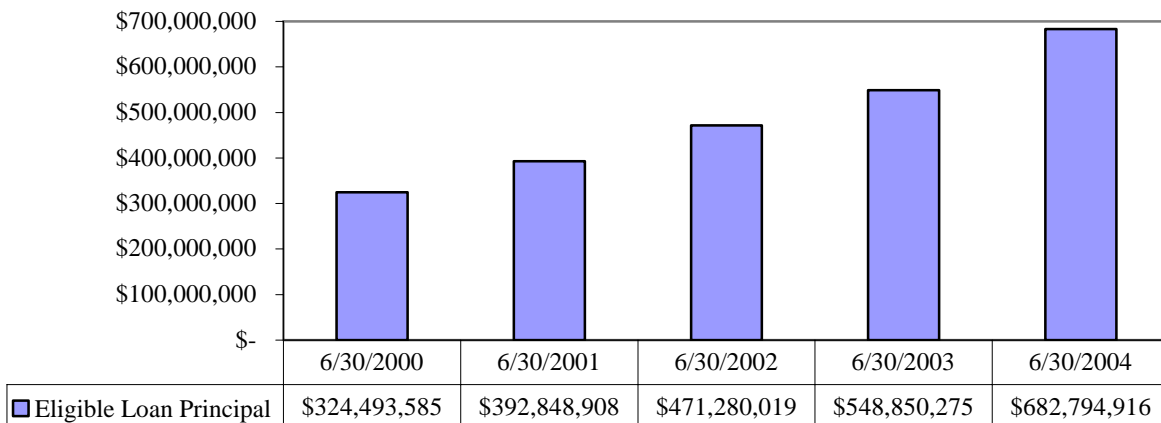


¹ In the Fiscal Year ended June 30, 2004, 85% (84% in 2003 and 71% in 2002) of Consolidation Loans that were originated paid off loans that were already owned by OSLA.

Eligible Loan Principal Balances

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

OSLA - FFEL PROGRAM ELIGIBLE LOANS
Current Principal Balance



At June 30, 2004, Stafford Subsidized Loans had an average borrower indebtedness of approximately \$5,400; Stafford Unsubsidized Loans approximately \$6,200; Parent Loans for Undergraduate Students (PLUS) loans approximately \$6,800; and Consolidation Loans approximately \$20,450.

Guarantee of 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% 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.

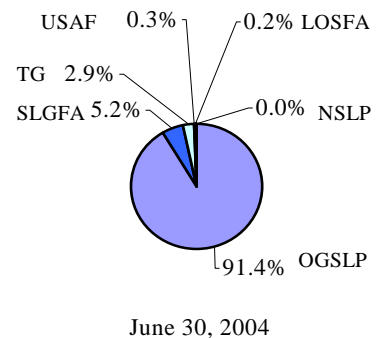
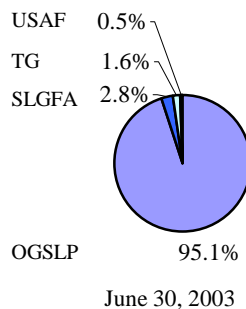
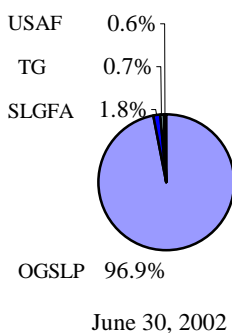
Loans financed by us are guaranteed to the extent provided for in the Higher Education Act by the:

- Oklahoma State Regents for Higher Education, Guaranteed Student Loan Program (*OGSLP*), Oklahoma City, OK, acting as the State Guarantee Agency;
- 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; and
- National Student Loan Program (*NSLP*), Lincoln, NE.

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.

At June 30, 2004, substantially all of the current principal balance of our loans had loan guarantee eligibility (percentage of the principal amount of a claim) of 98%. At the dates indicated below, the Guarantor composition of our guaranteed loans was approximately as shown in the following Graphs:

OSLA - FFEL PROGRAM GUARANTEE COMPOSITION



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

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 education loans for the OSLA Network lenders pursuant to separate education loan servicing agreements between us and each participating lender. We indemnify each of the OSLA Network lenders against any servicing errors made by us in the performance of this work.

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

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

Lender of Last Resort

In February 1994, we began offering loans to certain students, primarily those attending high default rate schools, under a Lender of Last Resort Loan Program with the State Guarantee Agency. At June 30, 2004, we held approximately \$203,241 principal amount of such loans.

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

SHELF™ Loan Program

In April 2000, we started our Supplemental Higher Education Loan Finance™ Program (*SHELF*™). SHELF is a private loan program that is self insured and is *not* guaranteed by the federal government or a third party. SHELF Program loans are originated and serviced by us.

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

Guarantee fees are withheld from SHELF loan disbursements and placed in the Guarantee Reserve Fund of our General Student Loan Trust as a reserve against loan defaults. At June 30, 2004, the Guarantee Reserve Fund had a balance of approximately \$127,695.

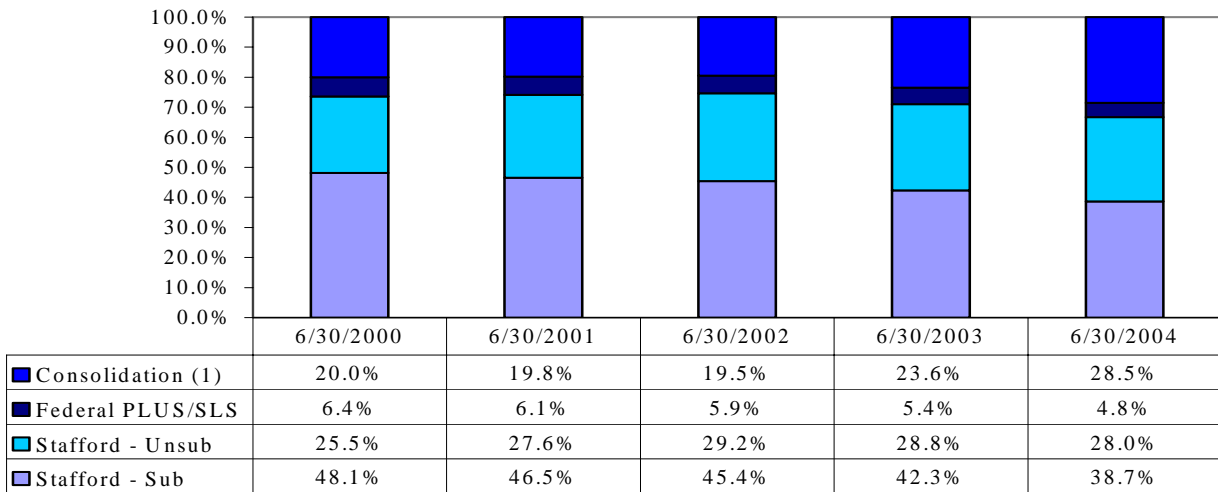
The intent of the SHELF Program is to supplement loan funds available in the FFEL Program, as determined by the financial aid staff at eligible schools. Loan disbursements are made through eligible school financial aid offices. At June 30, 2004, we held approximately \$2,875,396 principal amount of SHELF Program loans.

FFEL PORTFOLIO DATA

Loan Type

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:

LOAN TYPE
% of Total OSLA FFEL Portfolio

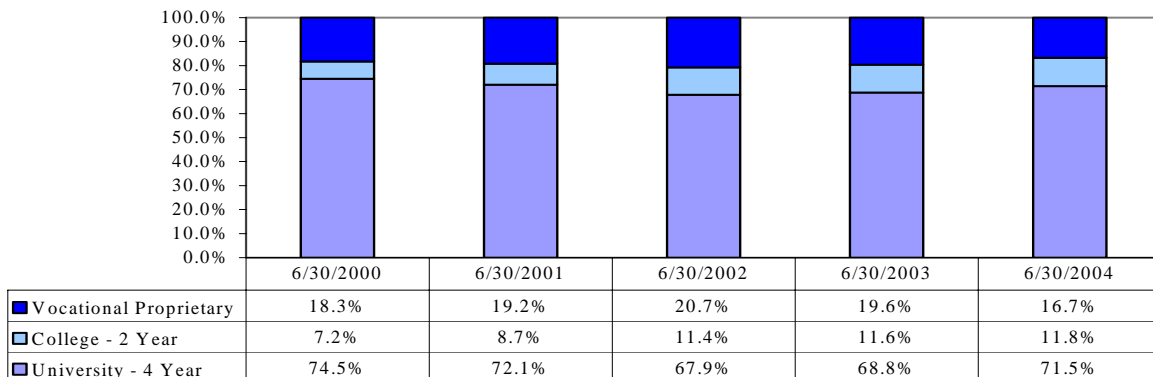


¹Consolidation Loans require us to pay a rebate to USDE at an annual rate of 1.05% of principal and accrued borrower interest. At June 30, 2004, Consolidation Loans constituted approximately 43.5% of our Repayment status portfolio, including loans in Forbearance.

School Type

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

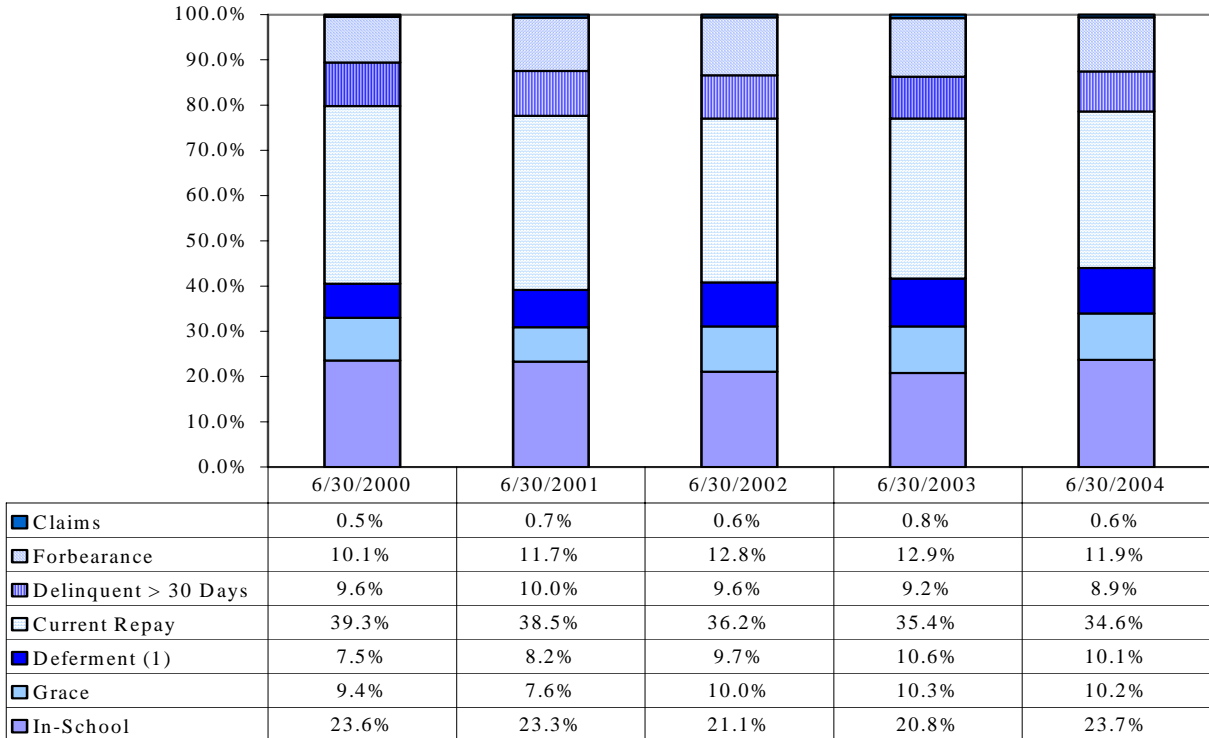
SCHOOL TYPE
% of Total OSLA FFEL Portfolio



Loan Status

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

LOAN STATUS
% of Total OSLA FFEL Portfolio



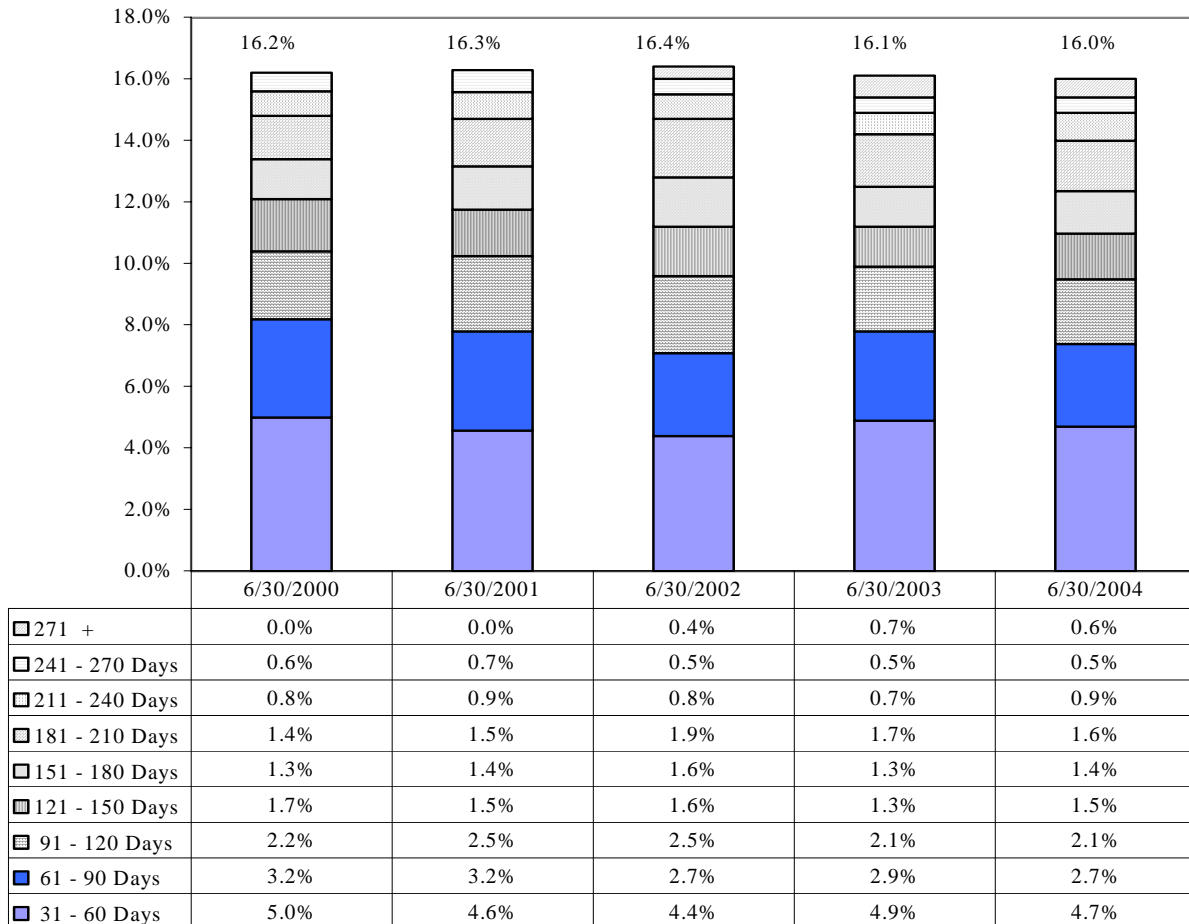
¹At June 30, 2004, approximately 57% of this category (57% also at June 30, 2003) were Subsidized Stafford loans or certain Consolidation Loans on which the USDE pays interest during deferment.

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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, delinquency rates at June 30, 2004 varied widely by loan type, with a rate of approximately 21.1% for Stafford Loans; 12.7% for Consolidation Loans; and 8.8% for PLUS Loans.

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

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

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

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

OSLA Student Loan Servicing System

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

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

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

Together, the IFA ADS and SLSS systems are referred to herein as the *IFA System*. IFA provides ADS to one other student loan user and provides the SLSS education loan servicing software to 13 other student loan users that service loans, including Nelnet, Inc. In addition to licensing the IFA System software, IFA provides software maintenance and enhancement at the direction of the users, as well as support. IFA is a wholly owned subsidiary of Nelnet, Inc., Lincoln, Nebraska. Nelnet, Inc. also is a competitor as a loan servicer and secondary market.

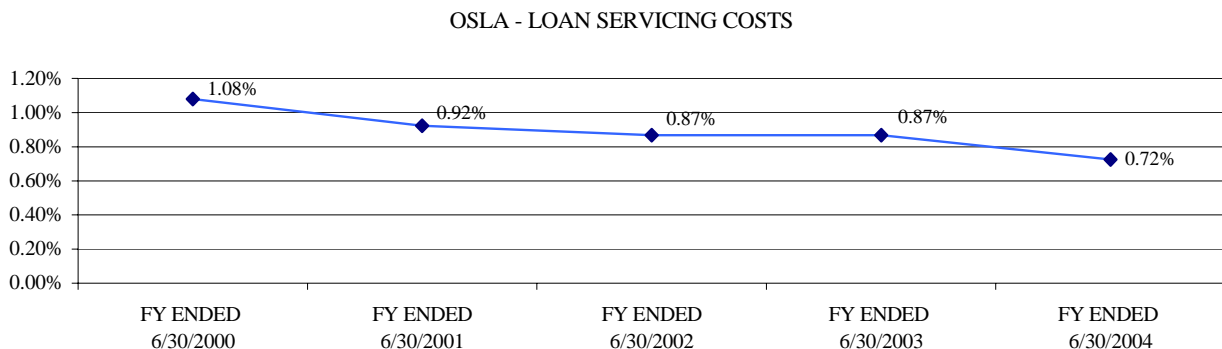
In operating the OSLA Student Loan Servicing System, also we are responsible for:

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

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

Servicing Costs

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



Note: For Fiscal Years 2001-2004, the percentage is the Annual Operating Cost divided by the average outstanding Current Principal Balance of loans. Fiscal Year 2000 is based on the Current Principal Balance outstanding at year end.

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</u>	<u>Claims Filed</u>	<u>Rejected¹</u>	<u>Rejection Rate</u>	<u>Cured¹</u>	<u>Un-Resolved²</u>
2004	\$23,581,512	\$ 152,746	0.65%	\$ 70,581	\$ 82,165
2003	\$21,172,322	\$ 90,370	0.43%	\$ 37,436	\$ 52,934
2002	\$21,498,003	\$ 136,332	0.63%	\$ 21,423	\$114,909
2001	\$15,134,549	\$ 79,324	0.52%	\$ 43,664	\$ 35,660
2000	\$ 9,642,426	\$ 62,581	0.65%	\$ 81,490	\$ (18,909)

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

²More than the original amount may be recovered because of capitalized interest during recovery.

PROGRAM 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.

In addition, the State Guarantee Agency routinely conducts site program reviews, or audits, of lenders, such as us, and our OLSA Network members, for compliance with various aspects of the Higher Education Act. We underwent a site program compliance review by the State Guarantee Agency and SLGFA, the Arkansas state guarantee agency, in June 2004 as part

of a Common Review Initiative (CRI). No report on the CRI presenting any findings had been received as of June 30, 2004, but no items of material concern were indicated in the review's exit meeting.

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, 2004, we had total outstanding debt of \$658,410,000 in our various financing systems.

At June 30, 2004, \$586,110,000 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. The credit ratings have been maintained and periodically the ratings have been confirmed in connection with new parity debt issues or extensions of recycling periods.

<u>Credit Rating(s)</u>	<u>Principal Amount</u>	<u>Type of Security</u>
Aaa Moody's/AAA S&P	\$ 510,725,000	Senior Lien or Insured
Aaa Moody's	\$ 32,200,000	Over Collateralized
A2 Moody's/A S&P	\$ 43,185,000	Subordinate Bonds

\$191,205,000 of the Authority debt listed above bears a Weekly Rate and, in addition to the long-term ratings, also has short-term ratings by Moody's (VMIG-1) and S&P (A-1+ or A-1).

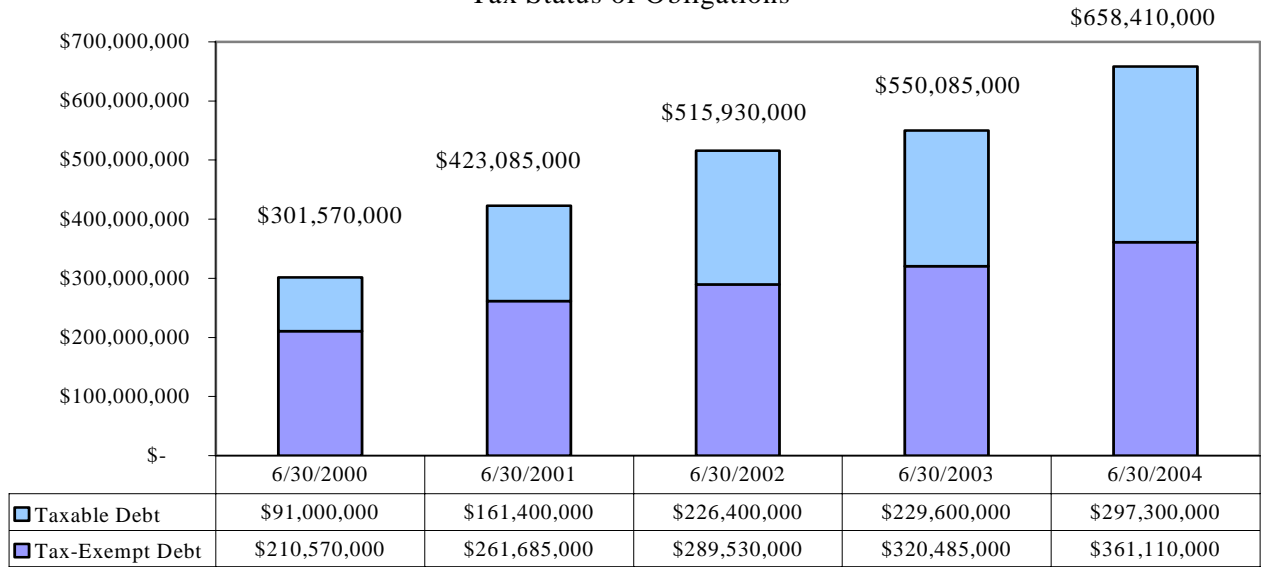
We meet our temporary funding requirements through a revolving warehouse line of credit provided by commercial banks. The commitment amount of the line of credit is \$85,000,000, of which \$72,300,000 was outstanding at June 30, 2004. Advances on the commitment are available in multiple draws as needed by us. The commitment currently expires on November 30, 2005, subject to annual extensions with the approval of the credit providers. The line of credit is not rated by a credit rating agency

We lease certain facilities and equipment under non-cancelable operating leases that expire at various dates through Calendar Year 2007. The future minimum rental payments under these leases for the next five Fiscal Years after June 30, 2004 totaled approximately \$896,800. There have been no new non-cancelable leases entered into since June 30, 2004.

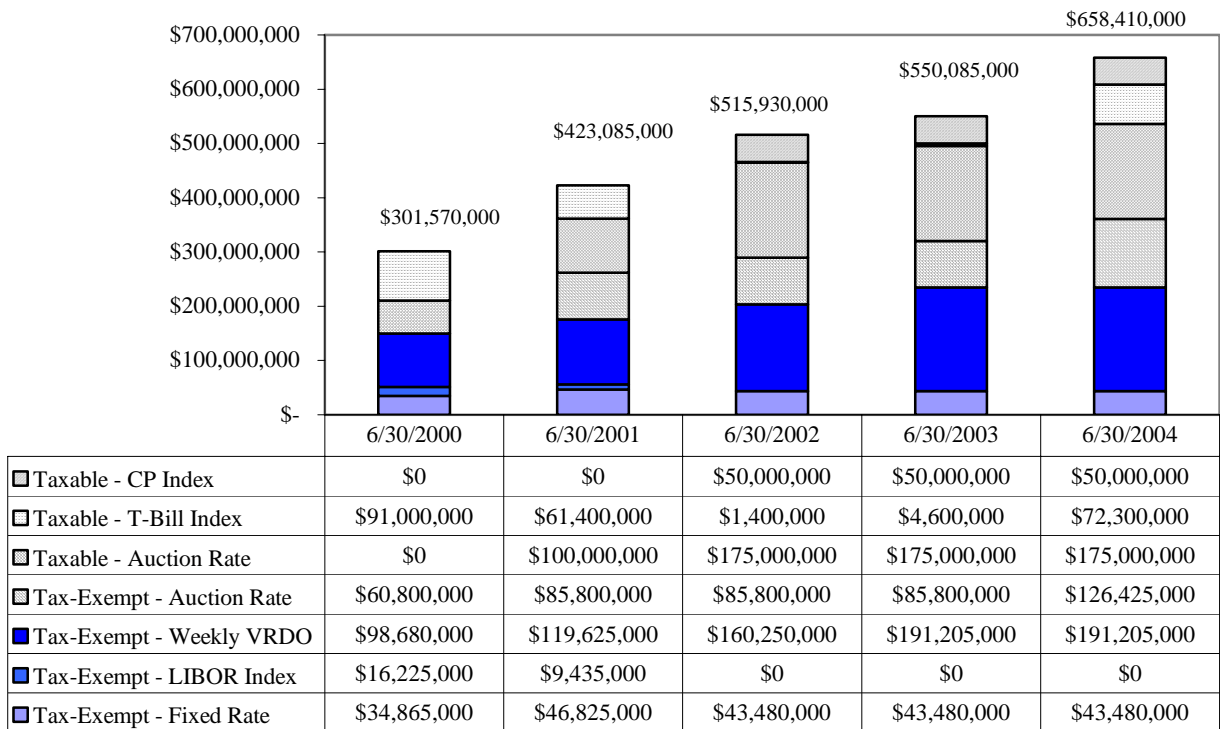
We have no capitalized lease obligations. In addition, we have no off-balance sheet financings.

The characteristics of the various outstanding taxable and tax-exempt debt obligations at June 30 of the Fiscal Years indicated below are itemized in the following Graphs and Tables. The Graphs and Tables do *not* include the tax-exempt \$40,625,000 Senior Auction Rate Bonds, Series 2004A-2 due June 1, 2034 that are offered by this Official Statement.

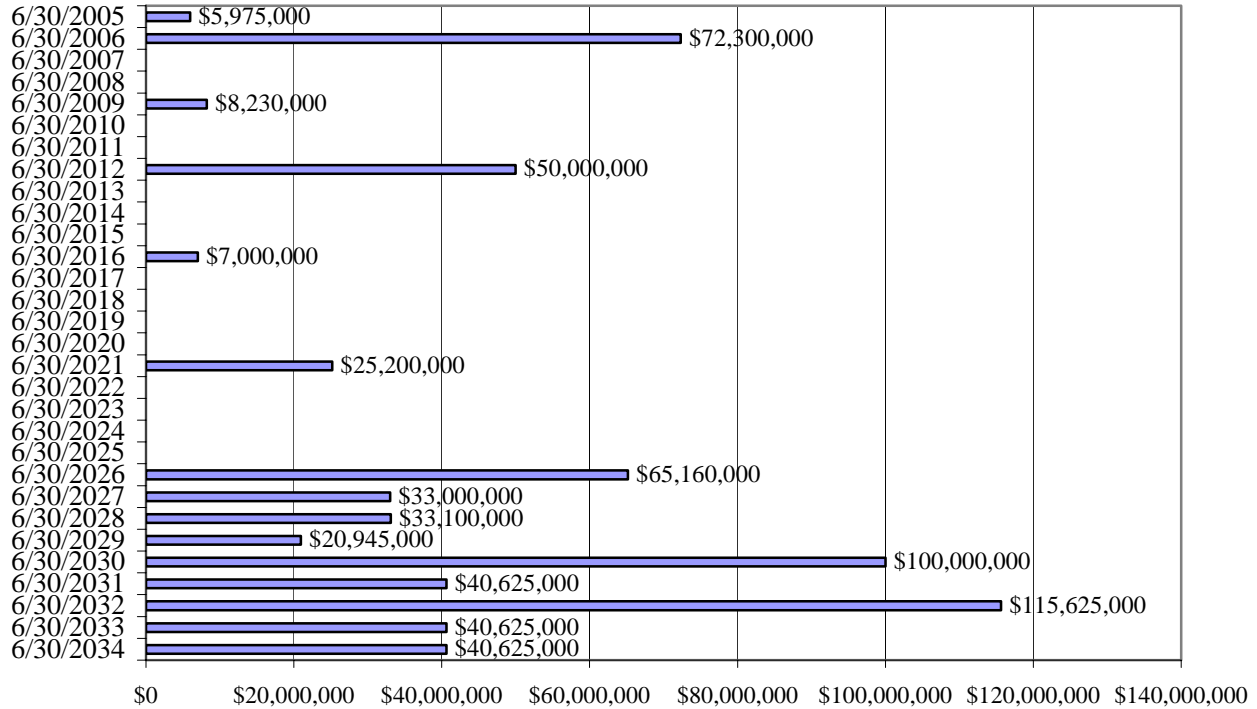
OSLA - OUTSTANDING DEBT
Tax Status of Obligations



OSLA - OUTSTANDING DEBT
Interest Basis Composition



OSLA - SCHEDULED BOND MATURITIES AT JUNE 30, 2004
Total Principal Amount Due \$658,410,000



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 Year ended June 30, 2003 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, 2003 and 2002 is available on the internet at the *website* address of “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, 2004 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.

APPENDIX C

**OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2004A-2**

LOAN PORTFOLIO COMPOSITION

This Appendix contains a description of the Authority’s portfolio of Eligible Loans financed with proceeds of the Previously Issued Bonds and Notes. 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.

Existing Loan Portfolio

A. *Existing Portfolio Principal Balance by Loan Type.* As of July 31, 2004, \$238,158,941 in principal balance of Eligible Loans was outstanding with the following loan type distribution:

<u>Loan Type</u>	<u>Amount</u>	<u>% of Total</u>
Subsidized Stafford	\$ 94,628,128	39.7%
Unsubsidized Stafford	<u>70,866,322</u>	<u>29.8</u>
Total Stafford	\$ 165,494,450	69.5%
PLUS/SLS	11,279,134	4.7
Consolidation	<u>61,385,357</u>	<u>25.8</u>
Total	<u>\$ 238,158,941</u>	<u>100.0%</u>

B. *Existing Portfolio Duration by Borrower Status.* The Eligible Loans financed with proceeds of the Previously Issued Bonds and Notes and held in the Trust Estate as of July 31, 2004 are assumed to have an average term to maturity as follows:

<u>Borrower Status</u>	<u>Term to Maturity, in Months</u>		
	<u>Stafford</u>	<u>PLUS</u>	<u>Consolidation</u>
School	24	N/A	N/A
Grace	3	N/A	N/A
Deferment	23	16	11
Forbearance	4	4	5
Repayment	116	102	232

C. *Existing Portfolio by Loan Status.* The Eligible Loans financed with proceeds of Previously Issued Bonds and Notes as of July 31, 2004 had the status composition as shown below:

<u>Borrower Status</u>	<u>% of Total</u>
School	25.4%
Grace	10.0
Deferment	10.2
Forbearance	12.7
Repayment	41.0
Claim	<u>0.7</u>
Total	<u>100.0%</u>

D. **Existing Portfolio by Delinquency Status.** The Eligible Loans financed with the proceeds of Previously Issued Bonds and Notes as of July 31, 2004 had the following delinquency rates:

<u>Delinquency</u>	<u>% of Repayment & Forbearance Loans</u>
30 to 59 days	4.7%
60 to 89 days	3.2
90 to 119 days	1.5
120 to 149 days	1.5
150 to 179 days	1.1
180 to 209 days	1.0
210 to 239 days	1.2
240 to 269 days	0.7
Greater than 270 days	<u>0.7</u>
Total	<u>15.6%</u>

E. **Existing Portfolio by School Type.** The Eligible Loans financed with the proceeds of Previously Issued Bonds and Notes as of July 31, 2004 had the following school type composition:

<u>School Type</u>	<u>% of Total*</u>
University - 4 Year	73.7%
College - 2 Year	10.2
Vocational/Proprietary	<u>16.1</u>
Total	<u>100.0%</u>

*Excludes Consolidation Loans that are not reported by school type.

Other Financed Eligible Loan Characteristics

- A. ***Borrower Incentive Loan Programs.*** Substantially all of the Eligible Loans (except Consolidation Loans) financed with the proceeds of the Previously Issued Bonds and Notes and the Series 2004A-2 Bonds 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 will be eligible for the Authority's TOP Principal Reduction program.

TOP is the identifying trademark name of the Authority's behavioral incentive loan program for Stafford and PLUS loan borrowers in repayment. The TOP Interest Rate Reduction applies to Stafford and PLUS borrowers that 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 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 (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.

TOP Principal Reduction is a further enhancement to the Authority's behavioral incentive loan program for Stafford and PLUS borrowers in repayment. 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 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 (2) an eligible borrower must make timely their first three consecutive payments of principal and interest.

Borrowers of certain Consolidation Loans 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 (2) an eligible borrower must make timely their first six consecutive payments of principal and interest. It is expected that substantially all of the Eligible Loans financed with the proceeds of the Series 2004A-2 Bonds will be eligible for REAP.

- B. ***Recycling.*** Recycling is available for moneys received until July 1, 2006 with respect to Eligible Loans acquired with the proceeds of the Previously Issued Bonds and Notes and the Series 2004A-2 Bonds. The date of the end of the Recycling Period may be extended with a confirmation of the Ratings.
- C. ***OSLA EZ-Pay.*** The Authority reduces borrowers' interest rates by 0.33% if they arrange to make their loan payments through an automatic debit of their checking or savings accounts.
- D. ***Premiums.*** Generally, we paid, or will pay, premiums for the Eligible Loans in the Trust Estate that are:
- in the existing portfolio;

- to be acquired with the proceeds of the Series 2004A-2 Bonds; and
- to be acquired through Recycling.

The premiums paid vary according to the type of loan, the loan status, the average borrower indebtedness and the source of acquisition.

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.

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 Master Bond Resolution, as Supplemented.

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APPENDIX D

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2004A-2

The information concerning the State Guarantee Agency was obtained from them. The information is not guaranteed as to accuracy or completeness by the Authority, the Underwriter, the Master and Series 2004A-2 Trustee or Bond Counsel. It is not to be construed as a representation by any of those persons.

The Authority, the Underwriter, the Master and Series 2004A-2 Trustee or Bond Counsel 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 STATE GUARANTEE AGENCY

General

The State Regents, acting as the State Guarantee Agency, operate the Oklahoma Guaranteed Student Loan Program. The State Guarantee Agency 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, 2004 and 2003, FFEL Program loans made by various eligible lenders and guaranteed by the State Guarantee Agency were outstanding in the total principal amount of approximately \$3.0 billion and \$2.8 billion, respectively.

There are approximately 78 schools in Oklahoma and 104 eligible lenders actively participating in the State Guarantee Agency program.

State Guarantee Agency Administration

The State Regents appoint a chief executive officer, the Chancellor of Higher Education. The present Chancellor is Dr. Paul G. Risser. Mary Mowdy is the Executive Director of the State Guarantee Agency. The State Guarantee Agency employs approximately 141 full time equivalent employees.

The offices of the State Guarantee Agency are located at 421 N.W. 13th Street, Oklahoma City, Oklahoma 73103; Telephone (405) 234-4300.

Electronic Data Processing Support

The State Guarantee Agency 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 the State Guarantee Agency 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 the State Guarantee Agency was as shown on the following table:

	<u>Annual Education Loan Guarantees</u>				
	Federal Fiscal Year Ended <u>9/30/2003</u>	Federal Fiscal Year Ended <u>9/30/2002</u>	Federal Fiscal Year Ended <u>9/30/2001</u>	Federal Fiscal Year Ended <u>9/30/2000</u>	Federal Fiscal Year Ended <u>9/30/1999</u>
Amount (000)	\$739,201	\$570,264	\$444,641	\$389,725	\$374,676
Loan Type					
Stafford (Sub)	33.4%	37.2%	42.9%	45.0%	47.9%
Unsubsidized					
Stafford	28.0	30.4	32.3	32.3	33.1
PLUS	4.3	4.7	5.1	5.2	5.4
SLS			0.0	0.0	0.0
Consolidation	<u>34.4</u>	<u>27.7</u>	<u>19.7</u>	<u>17.5</u>	<u>13.6</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Amount (000)*	\$739,201	\$570,264	\$444,641	\$389,725	\$374,676
School Type*					
4 Year Univ	76.1%	79.2%	71.0%	71.5%	79.8%
2 Year College	14.7	9.1	15.3	14.3	13.7
Proprietary	<u>9.2</u>	<u>11.8</u>	<u>13.7</u>	<u>14.2</u>	<u>6.5</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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

For the Federal Fiscal Year Ended September 30, 2004, the Stafford (Sub & Unsub) and PLUS volume guaranteed is estimated at \$517 million and the Consolidation volume guaranteed is estimated at \$227 million for a total estimate of \$744 million.

Outstanding Portfolio Composition

The composition of the State Guarantee Agency'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>9/30/2003</u>	Federal Fiscal Year Ended <u>9/30/2002</u>	Federal Fiscal Year Ended <u>9/30/2001</u>	Federal Fiscal Year Ended <u>9/30/2000</u>	Federal Fiscal Year Ended <u>9/30/1999</u>
Amount (000)	\$2,788,938	\$2,624,079	\$2,448,623	\$2,247,159	\$2,077,044
Loan Status					
Interim	30.6%	28.7%	28.1%	34.2%	34.4%
Deferred	7.1	6.6	8.4	3.7	3.6
Repayment	<u>62.3</u>	<u>64.7</u>	<u>63.5</u>	<u>62.1</u>	<u>62.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Institution Type					
4 Year Univ.	77.0%	79.0%	80.4%	85.4%	85.5%
2 Year College	15.1	13.3	12.4	10.1	10.2
Proprietary	<u>7.9</u>	<u>7.7</u>	<u>7.2</u>	<u>4.5</u>	<u>4.3</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The estimated outstanding portfolio for the Federal Fiscal Year Ended September 30, 2004 is \$2.985 billion.

Trigger Rate

Reimbursements by USDE of claims paid by the State Guarantee Agency are subject to a sliding scale from 95% to 100%, depending on the date of first disbursement, if the State Guarantee Agency'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 the State Guarantee Agency has been as shown on the following table:

Trigger Rate of the State Guarantee Agency

<u>Federal Fiscal Year Ended 9/30</u>	<u>Trigger Numerator</u>	<u>Trigger Denominator</u>	<u>Rate</u>
2003	\$58,090,002	\$1,819,009,603	3.19%
2002	59,416,998	1,718,637,559	3.46
2001	45,760,709	1,559,846,640	2.93
2000	32,172,868	1,401,087,544	2.30
1999	35,776,314	1,228,540,686	2.91

The estimated trigger rate for the Federal Fiscal Year Ended September 30, 2004 is 2.89%.

The State Guarantee Agency 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

On an accrual basis of accounting, based on the balance sheet items of allowance for default claims, deferred guarantee fees and restricted fund balance, the reserve ratio for the State Guarantee Agency for the past five Fiscal Years ended June 30 was as shown in the Table below:

Reserve Ratio of the State Guarantee Agency

<u>Fiscal Year Ended June 30</u>	<u>Reserve Ratio</u>	<u>Required Reserve Ratio</u>
2004	0.43%	0.25%
2003	0.43	0.25
2002	0.66	0.25
2001	0.83	0.25
2000	0.84	0.25

Waiver of Guarantee Fees

Guarantee Agencies are allowed to collect a Guarantee fee from borrowers for up to one per cent of the student loan amount disbursed by Eligible Lenders. Generally, Guarantee Agencies have waived this fee for the past several years. The State Guarantee Agency began waiving the fee for loans disbursed on or after July 1, 2001.

The effect of these fee waivers generally is to reduce the amounts in the Federal Reserve Fund and lower the Reserve Ratio. Recently, some Guarantee Agencies reinstated the Guarantee

fee charged beginning in April 2004. The State Guarantee Agency announced in June 2004 that it will continue to waive the fee through June 30, 2005.

Default Rates and Collections

The gross and net (after collections) default rates for the State Guarantee Agency during the federal fiscal years indicated below have been as shown in the following table:

Default Rates Regarding the State Guarantee Agency

	Federal Fiscal Year Ended <u>9/30/2003</u>	Federal Fiscal Year Ended <u>9/30/2002</u>	Federal Fiscal Year Ended <u>9/30/2001</u>	Federal Fiscal Year Ended <u>9/30/2000</u>	Federal Fiscal Year Ended <u>9/30/1999</u>
Gross Default Rate	21.3%	20.3%	19.2%	18.2%	19.0%
Net Default Rate after Collections	8.1%	8.2%	8.2%	8.2%	9.7%

The estimated cumulative Gross Default Rate for the Federal Fiscal Year Ended September 30, 2004 is 21.8%.

The estimated cumulative Net Default Rate after Collections for the Federal Fiscal Year Ended September 30, 2004 is 7.9%.

The Higher Education Amendments of 1998 reduced guarantee agencies' retention rate on collection recoveries from 27% to 24%. A further reduction to a 23% retention on collection recoveries became effective October 1, 2003. In addition, pursuant to the Secretary's interpretation of the Higher Education Act, the retention rate paid by the Secretary on defaulted loans that are paid by the making of a Federal Consolidation Loan is 18.5%.

Pending State Legislation and Litigation

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

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

Status of Federal 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 the State Guarantee Agency.

Certain Federal Reserve Fund amounts were subject to recall by the Secretary on September 1, 2002. These amounts had been provided for by the State Guarantee Agency over a four-year period. As of September 1, 2002, the State Guarantee Agency met its combined recall obligation of approximately \$5,050,000.

No further recall is due until September 1, 2006, but the State Guarantee Agency is making ongoing annual provisions to meet the recall amount that would be due on September 1, 2006.

The USDE routinely conducts regular guarantor reviews or audits of guarantee agencies, such as the State Guarantee Agency, for compliance with various aspects of the Higher Education Act. The State Guarantee Agency underwent a comprehensive review in September, 2003. The State Guarantee Agency has not received a written report on this review from USDE yet. However, no material issues were expressed in the exit conference.

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APPENDIX E

**OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2004A-2**

**SUMMARY OF CERTAIN PROVISIONS OF THE
FEDERAL FAMILY EDUCATION LOAN PROGRAM**

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

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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 in connection with FFEL Program loans. In addition, holders of certain loans made under the FFEL Program are paid subsidies for owning such loans.

The Higher Education Act has been subject to frequent amendments, including several amendments that have changed the terms of, and eligibility requirements for, FFEL Program loans and is scheduled for Reauthorization in calendar year 2004. However, it is possible that no legislation to reauthorize the Higher Education Act will be enacted and that a temporary extension of that act may be necessary.

Generally, this Official Statement describes only the provisions of the FFEL Program that apply to loans made on or after July 1, 1998.

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 EFC 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 certain 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.

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;
- “*Parent Loans for Undergraduate Students*”, or “*PLUS*” loans made to parents of dependent students; 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*”.

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;
- has agreed to notify promptly the holder of the loan of any address change; and
- meets the applicable “need” requirements.

Subsidized Stafford Loans

The Higher Education Act provides for federal (a) insurance or reinsurance of eligible Subsidized Stafford Loans, (b) Interest Benefit Payments to eligible lenders with respect to certain eligible Subsidized Stafford Loans, and (c) 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 higher education or vocational school and is carrying at least one-half the normal full-time workload at that institution. 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 annual loan limits, 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. However, 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 parents 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.

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 PLUS Loans made to “parent borrowers”) selected by the borrower, as well as loans made pursuant to the Perkins (formally, the National Direct Student Loan) Loan Program, the Health Professional Student Loan Programs and the William D. Ford Federal Direct Loan Program (the “*Direct Loan Program*”).

The 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 during the 180-day period following origination of the Consolidation Loan. Further, a married couple who agrees to be jointly and severally liable is to be treated as one borrower for purposes of loan consolidation eligibility. A Consolidation Loan will be federally insured or reinsured only if such loan is made in compliance with requirements of the Higher Education Act.

In the event that a borrower is unable to obtain a Consolidation Loan with income sensitive repayment terms acceptable to the borrower from the holders of the borrower’s outstanding loans (that are selected for consolidation), or from any other eligible lender, the Higher Education Act authorizes the Secretary to offer the borrower a Direct Consolidation Loan with income contingent terms under the Direct Loan Program. Such Direct Consolidation Loans must be repaid either pursuant to income contingent repayment or any other repayment provision under the authorizing section of the Higher Education Act.

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. The MPN permits a borrower to obtain future loans without the necessity of executing a new promissory note.

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 executed 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 purchases, such as the Authority.

LOAN FINANCING PROVISIONS

Loan Interest Rates

Subsidized and Unsubsidized Stafford Loans made after October 1, 1998 which are in in-school, grace and deferment periods bear interest at a rate equivalent to the 91-day T-Bill rate plus 1.7%, with a maximum rate of 8.25%. The Higher Education Act currently provides that for Subsidized and Unsubsidized Stafford Loans made on or after July 1, 2006, the interest rate will be equal to 6.8% per annum and for PLUS Loans made on or after July 1, 2006, the interest rate will be equal to 7.9% per annum. Subsidized Stafford Loans and Unsubsidized Stafford Loans in all other periods bear interest at a rate equivalent to the 91-day T-Bill rate plus 2.3%, with a maximum rate of 8.25%. The rate is adjusted annually on July 1.

PLUS Loans bear interest at a rate equivalent to the 91-day T-Bill rate plus 3.1%, with a maximum rate of 9%.

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>	<u>Maximum Loan Amount</u>
<i>First Year Undergraduate</i>	
Base Stafford Eligibility	\$ 2,625
Additional Unsubsidized Stafford Eligibility	\$ 4,000
 <i>Second Year Undergraduate</i>	
Base Stafford Eligibility (Subsidized and Unsubsidized)	\$ 3,500
Additional Unsubsidized Stafford Eligibility	\$ 4,000

<i>Third, Fourth, and Fifth Year</i>	
Base Stafford Eligibility (Subsidized and Unsubsidized)	\$ 5,500
Additional Unsubsidized Stafford Eligibility	\$ 5,000
<i>Graduate & Professional Students</i>	
Subsidized Stafford Eligibility	\$ 8,500
Unsubsidized Stafford Eligibility	\$10,000

Generally, the total debt a student borrower can have outstanding from all Stafford Loans combined is:

- \$23,000 as a dependent undergraduate student
- \$46,000 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 parents may borrow on behalf of each dependent student for any academic year may not exceed the student’s COA minus other estimated financial assistance for that student.

Repayment

Repayment of principal on a Stafford Loan does not commence while a student remains a qualified student, but 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*”. Grace Periods may be waived by borrowers.

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. 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 for up to five years.

PLUS Loans enter repayment on the date the last disbursement is made on the loan. 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. Repayment plans are the same as in the Subsidized and Unsubsidized Stafford Loan Program.

Consolidation Loans enter repayment on the date the loan is disbursed. The first payment is due within 60 days after that date. Consolidation Loans must be repaid during a period agreed to by the borrower and lender, subject to maximum repayment periods which 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

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.

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 rehabilitation training program;
- not exceeding three years while the borrower is seeking and unable to find full-time employment; 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.

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.

Other mandatory periods include periods during which the borrower is (i) participating in a medical or dental residency and is not eligible for deferment; (ii) serving in a qualified medical or dental internship program or certain national service programs; or (iii) 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 student 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 Direct 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 formulae that differ according to the type of loan, the date the loan was first disbursed, the interest rate and the type of funds used to finance such loan (tax-exempt or taxable). Loans made or purchased with funds obtained by the holder from the issuance of tax-exempt obligations issued prior to October 1, 1993 have an effective minimum rate of return of 9.5%. The Special Allowance Payments payable with respect to eligible loans acquired or funded with the proceeds of tax-exempt obligations issued after September 30, 1993 are equal to those paid to other lenders.

Subject to the foregoing, the formulae for special allowance payment rates for Stafford and Unsubsidized Stafford Loans are summarized in the following chart. The term “T-Bill” as used in this table and the following table, means the average 91-day Treasury bill rate calculated as a “bond equivalent rate” in the manner applied by the Secretary as referred to in Section 438 of the Higher Education Act. The term “3 Month Commercial Paper 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.

<u>Date of Loans</u>	<u>Annualized SAP Rate</u>
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.1%
On or after July 1, 1995	T-Bill Rate less Applicable Interest Rate + 3.1% ¹
On or after July 1, 1998	T-Bill Rate less Applicable Interest Rate + 2.8% ²
On or after January 1, 2000	3 Month Commercial Paper Rate less Applicable Interest Rate + 2.34% ³

¹ Substitute 2.5% in this formula while such loans are in the In-School or Grace period.

² Substitute 2.2% in this formula while such loans are in the In-School or Grace period.

³ Substitute 1.74% in this formula while such loans are in the In-School or Grace period.

The formula for Special Allowance Payment rates for PLUS and Consolidation Loans are as follows:

<u>Date of Loans</u>	<u>Annualized SAP Rate</u>
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.1%
On or after January 1, 2000	3 Month Commercial Paper Rate less Applicable Interest Rate + 2.64%

However, if PLUS loans bearing an annual variable rate have an interest rate that is less than the maximum, or “cap”, rate that can be charged to the borrower, *no* Special Allowance is paid during that annual period.

Special Allowance Payments are generally payable, with respect to variable rate FFELP 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.

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 Premium. A guarantee agency is authorized to charge a premium, or guarantee fee, of up to 1% of the principal amount of the loan. The guarantee fee may be deducted proportionately from each installment of the loan. Generally, guarantee agencies have waived this fee since 1999.

Origination Fee. The lender is required to pay to the Secretary an origination fee equal to 3% of the principal amount of each Subsidized and Unsubsidized Stafford and PLUS Loan. The lender may charge these fees to the borrower by deducting them proportionately from each disbursement of the loan proceeds.

Lender Loan Fee. The lender of any FFEL Loan is required to pay to the Secretary an additional origination fee equal to 0.5% of the principal amount of the loan. The lender may *not* charge the lender loan fee to the borrower.

The Secretary collects from the lender or subsequent holder the maximum origination fee authorized (regardless of whether the lender actually charges the borrower) and 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 to the Secretary a monthly fee equal to .0875% (1.05% 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 such 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 (98%) 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. Under the Higher Education Act, the Secretary enters into a guarantee agreement and a reinsurance agreement (the “*Federal Agreements*”) with each guarantor which 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. Generally, educational 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. 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.

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: (a) no state court may issue an order affecting the Secretary's actions with respect to that guarantor; (b) 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 (c) 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>Claims Rate</u>	<u>Guarantor Reinsurance Rate for Loans made prior to October 1, 1993</u>	<u>Guarantor Reinsurance Rate for Loans made between October 1, 1993 and September 30, 1998</u>	<u>Guarantor Reinsurance Rate for Loans made on or after October 1, 1998¹</u>
0% up to 5%	100%	98%	95%
5% up to 9%	100% of claims up to 5%; and 90% of claims 5% and over	98% of claims up to 5%; and 88% of claims 5% and over	95% of claims up to 5%; and 85% of claims 5% and over
9% and over	100% of claims up to 5%; 90% of claims 5% up to 9%; 80% of claims 9% and over	98% of claims up to 5%; 88% of claims 5% up to 9%; 78% of claims 9% and over	95% of claims up to 5%; 85% of claims 5% up to 9%; 75% of claims 9% and over

¹ Other than student loans made pursuant to the Lender of Last Resort program or student loans transferred by an insolvent guarantor as to which the amount of reinsurance is equal 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: (a) guarantee payments on such loans, (b) the original principal amount of such loans that have been fully repaid, and (c) 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 Federal Family Education 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 consolidations of defaulted loans were reduced to 18.5% from 27% effective July 1, 1997 and for other loans were reduced from 27% to 24% (23% effective October 1, 2003).

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 of any proven loss incurred by the holder of the loan resulting from default, death, permanent and total disability or bankruptcy of the student borrower at the rate of 98% of such loss (or, subject to certain limitations, 100% for loans made before October 1, 1993 that are in default). 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 is required to establish a Federal Student Loan Reserve Fund (the “*Federal Fund*”) 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, default collections, insurance premiums, 70% of payments received as administrative cost allowance and other receipts as specified in regulations.

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. The Federal Fund may be used to pay lender claims and to pay default aversion fees into the Operating Fund.

A guarantor is also required to establish an Operating Fund (the “*Operating Fund*”), which, except for funds transferred from the Federal Fund to meet operating expenses during the first three years after fund establishment, 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;
- 30% of payments received after October 7, 1998 for the administrative cost allowance for loans insured prior to that date;
- up to 23% retention of collections on defaulted loans, which percentage varies depending on the type of loan collection;
- an Account Maintenance Fee, currently 0.10% of the original principal amount of outstanding loans based on quarterly billings to USDE; 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, 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 provide 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. 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.

Under current law, but commencing September 30, 2002, the Secretary will also be authorized 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.

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APPENDIX F

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2004A-2

CONTINUING DISCLOSURE UNDERTAKING

The following is a brief summary of certain provisions of the Continuing Disclosure Undertaking of the Authority. It does not purport to be complete. The statements made in this Appendix are subject to the detailed provisions of the *Continuing Disclosure Undertaking*, dated as of October 1, 2004, by the Authority.

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 (a “NRMSIR”). The Authority is required to deliver such information so that each NRMSIR receives the information by the dates specified in the Undertaking. Instead of sending these documents to each NRMSIR, the Authority may make a central filing with the web site “*DisclosureUSA.org*”, commonly called the “central post office”.

“*Audited Financial Statements*” means annual 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 independent certified public accountants.

“*Annual Financial and Operating Information*” means the Audited Financial Statements and financial and operating data regarding the Authority and its Program of the type set forth in Appendix B about the Authority 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.

Material Events Disclosure

The Authority covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the “MSRB”), in a timely manner, the disclosure of the occurrence of an event (as described below) with respect to the Series 2004A-2 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 2004A-2 Bonds
- Modifications to the rights of Series 2004A-2 Bond holders
- Bond calls (other than mandatory sinking fund redemptions)
- Defeasances
- Release, substitution or sale of property securing repayment of the Series 2004A-2 Bonds
- Rating changes

Consequences of Failure of the Authority to Provide Information

The Authority will give notice in a timely manner to each NRMSIR or to the MSRB and to the State Information Depository, if any, of any failure to provide disclosure of Financial and Operating Information and Audited Financial Statements 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 2004A-2 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 Master Bond Resolution, as Supplemented, or the Master 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, nature, 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 Registered Owners of the Series 2004A-2 Bonds, as determined either by parties unaffiliated with the Authority (such as the Master Trustee) or by an approving vote of the Owners of the Series 2004A-2 Bonds pursuant to the terms of the Master Bond Resolution, as Supplemented, 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 2004A-2 Bonds under the Master Bond Resolution, as Supplemented. The Authority will give notice to each NRMSIR or to the MSRB 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 Financial and Operating Information or Audited Financial Statements 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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APPENDIX G

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2004A-2

AUCTION PROCEDURES

The Auction Procedures for the Series 2004A-2 Bonds are set forth in this Appendix. The terms used in this Appendix are defined herein or in other parts of this Official Statement.

Definitions

“*AA Composite Commercial Paper Rate*”, means on any date of determination, means (i) the interest equivalent of the 30-day rate on commercial paper placed on behalf of issuers whose corporate bonds are rated “AA” by S&P or the equivalent of such rating by a nationally recognized rating agency, as such 30-day rate is made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination; or (ii) if the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of the interest equivalent of the 30-day rate on commercial paper placed on behalf of such issuers, as quoted to the Auction Agent on a discount basis or otherwise, by at least three dealers of commercial paper, or such fewer entities as may then be dealers of commercial paper, as of the close of business on the Business Day immediately preceding such date of determination. For purposes of this definition, the “interest equivalent” of a rate stated on a discount basis (a “*discount rate*”) for commercial paper of a given days' maturity shall be equal to the product of (A) 100 times (B) the quotient (rounded upwards to the next higher one-thousandth (.001) of 1%) of (x) the discount rate (expressed in decimals) divided by (y) the difference between (1) 1.00 and (2) a fraction the numerator of which shall be the product of the discount rate (expressed in decimals) times the number of days in which such commercial paper matures and the denominator of which shall be 360.

“*Adjustable Rate*” means an Auction Rate or any other rate of interest that may change from time to time.

“*After-Tax Equivalent Rate*” means, on any Auction Date, the interest rate per annum equal to the product of (i) the AA Composite Commercial Paper Rate on such date and (ii) 1.00 minus the lower of the Statutory Corporate Tax Rate and the Statutory Personal Tax Rate on such date. For purposes of this definition, the term “Statutory Corporate Tax Rate” means, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 11 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during the taxable year, which on the date here of is 0.39; and “Statutory Personal Tax Rate” means, as of any date of determination the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable

income of a natural person as set forth in Section 1 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date hereof is 0.35.

“*All-Hold Rate*” means, on any date of determination, the interest rate per annum equal to 90% (as such percentage may be adjusted as described herein) of the lesser of: (i) the After-Tax Equivalent Rate on such date; or, (ii) the Kenny Index on such date, rounded down to the nearest one thousandth of one percent; provided that in no event shall the All-Hold Rate be more than the Interest Rate Limitation or less than zero.

“*Applicable CP Spread*,” on any date of determination, means the following percentages, based on the lower of such ratings assigned to the Series 2004A-2 Bonds:

Credit Rating		
<u>Moody's</u>	<u>S&P</u>	<u>Applicable CP Spread</u>
“Aaa”	“AAA”	0.75%
“Aa3” to “Aa1”	“AA-” to “AA+”	0.75
“A3” to “A1”	“A-” to “A+”	0.75
“Baa3” to “Baa1”	“BBB-” to “BBB+”	1.00
Below “Baa3”	Below “BBB-”	1.50

“*Applicable Percentage*” on any date of determination, means the percentage determined based on the rating of the Series 2004A-2 Bonds in effect at the close of business on the Business Day immediately preceding such date, or, if the Series 2004A-2 Bonds are then rated by more than one Rating Agency, based on the lower of such ratings on such Business Day, as set forth below:

Credit Rating		
<u>Moody's</u>	<u>S&P</u>	<u>Applicable Percentage</u>
“Aaa”	“AAA”	175%
“Aa3” to “Aa1”	“AA-” to “AA+”	175
“A3” to “A1”	“A-” to “A+”	175
“Baa3” to “Baa1”	“BBB-” to “BBB+”	200
Below “Baa3”	Below “BBB-”	225

as such percentages may be adjusted; provided, that if the Series 2004A-2 Bonds are not then rated by a Rating Agency, or if a Payment Default shall have occurred and be continuing, the Applicable Percentage shall be 200%, as such percentage may be adjusted. For purposes of this definition, the rating categories listed above refer to and include the respective rating categories correlative thereto if any Rating Agency has changed or modified its generic rating categories or no longer rates the Series 2004A-2 Bonds or has been replaced.

“*Applicable T-Bill Spread*” means, on any date of determination, the following percentages, based on the lowest rating assigned to the Series 2004A-2 Bonds as of such date:

<u>Moody's</u>	<u>Credit Rating</u> <u>S & P</u>	<u>Applicable</u> <u>T-Bill Spread</u>
“Aaa”	“AAA”	1.25%
“Aa3” to “Aa1”	“AA-” to “AA+”	1.25
“A3” to “A1”	“A-” to “A+”	1.25
“Baa3” to “Baa1”	“BBB-” to “BBB+”	1.50
Below “Baa3”	Below “BBB-”	2.00

“*Auction*” means each periodic implementation of the Auction Procedures.

“*Auction Agency Agreement*” means the Auction Agency Agreement dated as of October 1, 2004 between the Series 2004A-2 Trustee and the initial Auction Agent and any similar agreement with a successor Auction Agent, in each case as from time to time amended or supplemented.

“*Auction Date*” means initially November 15, 2004 , and thereafter, the Business Day immediately preceding the first day of each Auction Period, other than;

- (a) an Auction Period that commences on a Conversion Date;
- (b) each Auction Period commencing after the ownership of the Series 2004A-2 Bonds is no longer maintained in book-entry form by the Securities Depository;
- (c) each Auction Period commencing after the occurrence and during the continuance of a Payment Default; or
- (d) each Auction Period commencing less than two Business Days after the cure or waiver of a Payment Default.

The term “Auction Date” excludes December 30 and 31 and April 14 and 15 and such other dates as may be agreed to in writing by the Market Agent, the Auction Agent, the Broker-Dealer and the Authority.

Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed as described under the caption "DESCRIPTION OF THE SERIES 2004A-2 BONDS – Changes in Auction Periods or Auction Dates" in the body of this Official Statement.

“*Auction Period*” means the Interest Period which Auction Period (after the initial period until the first Auction) will generally consist of 35 days, as the same may be changed as described under the caption "DESCRIPTION OF THE SERIES 2004A-2 BONDS – Changes in Auction Periods or Auction Dates" in the body of this Official Statement.

“*Auction Procedures*” means the procedures set forth below in this Appendix under the caption “Auctions”.

“*Auction Rate*” means the rate of interest per annum determined pursuant to the implementation of the Auction Procedures, but in no event will the Auction Rate be more than the Interest Rate Limitation.

“*Auction Rate Bonds*” means the Series 2004A-2 Bonds bearing interest at an Auction Rate.

“*Available Bonds*” means the Series 2004A-2 Bonds which are not subject to Submitted Hold Orders.

“*Bond Equivalent Yield*” means with respect of any security with a maturity of six months or less the rate for which is quoted in *The Wall Street Journal* on a bank discount basis, a yield (expressed as a percentage) calculated in accordance with the following formula and rounded up to the nearest one-hundredth of one percent:

$$\text{Bond Equivalent Yield} = \frac{Q \times N}{360 - (T \times Q)} \times 100$$

where “Q” refers to the per annum interest rate for the security quoted on a bank discount basis and expressed as a decimal, “N” refers to 365 or 366 (days), as the case may be, and “T” refers to the number of days to maturity.

“*Bond Interest Rate*” means each variable rate of interest per annum borne by the Series 2004A-2 Bonds for each Auction Period and determined in accordance with the Auction Procedures; provided, however, that in the event of a Payment Default, the Bond Interest Rate will equal the Overdue Rate; and provided further that the Bond Interest Rate will in no event exceed the Interest Rate Limitation.

“*Broker-Dealer*” means, initially, RBC Dain Rauscher Inc., and any other broker or dealer (as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that is a Participant (or an affiliate of a Participant), has been selected by the Authority pursuant to the Series 2004A-2 Supplemental Resolution and has entered into a Broker-Dealer Agreement that remains effective.

“*Broker-Dealer Agreement*” means each agreement between the Auction Agent and a Broker-Dealer pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented. Each Broker-Dealer Agreement will be substantially in the form of the Broker-Dealer Agreement related to the Series 2004A-2 Bonds between Deutsche Bank Trust Company Americas, as Auction Agent, and RBC Dain Rauscher Inc., as the initial Broker-Dealer.

“*Business Day*” means any day other than a Saturday, Sunday, legal holiday or other day on which banks or the New York Stock Exchange are authorized or obligated

by law or executive order to close in New York, New York, or as notified to the Auction Agent in writing in any city in which is located the principal corporate trust office of the Series 2004A-2 Trustee; provided that with respect to Auction Dates, such term shall also exclude December 30, December 31, April 14 and April 15 and any date on which banks in the city in which is located the principal office of the Auction Agent as provided in the Auction Agency Agreement, or, as notified to the Auction Agent in writing, are authorized or obligated by law or executive order to close.

“*Change in the Interest Rate Mode*” means any change in the Calculation Period for the Adjustable Rate borne by the Series 2004A-2 Bonds pursuant to the Series 2004A-2 Supplemental Resolution.

“*Change of Preference Law*” means any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury after the Date of Issuance which (a) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (b) imposes or would impose or reduces or would reduce or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of Series 2004A-2 Bonds.

“*Conversion*” means any Change in the Interest Rate Mode or any conversion to a Fixed Rate.

“*Conversion Date*” means the effective date of any Change in the Interest Rate Mode or the Fixed Rate Conversion Date.

“*Conversion Supplement*” means any Supplemental Bond Resolution providing for the conversion of the interest rate on the Series 2004A-2 Bonds to a different Adjustable Rate or a Fixed Rate.

“*CP Cap*” means, for any Auction Date, the rate (for the then current Auction) at which the Quarterly Average Auction Rate equals the Quarterly Average CP Rate plus the Applicable CP Spread, such rate to be determined by the formula:

$$N \times (C + S) - R,$$

where N is the number of Auction Dates which precede the current Auction Date by 91 days or less, including the current Auction Date; C is the Quarterly Average CP Rate; S is the Applicable CP Spread; and, R is the sum of the Auction Rates for Auction Dates preceding the current Auction Date by 91 days or less, excluding the current Auction.

“*Existing Owner*” means (i) with respect to and for the purpose of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the books of registry at the close of business on the Business Day immediately preceding such Auction and (ii) with respect to and for the purpose of dealing with the Broker-Dealer in connection with an Auction, a Person who is a beneficial owner of Series 2004A-2 Bonds.

“*Fixed Rate*” means the rate of interest on the Series 2004A-2 Bonds determined pursuant to the Series 2004A-2 Supplemental Resolution.

“*Fixed Rate Conversion Date*” means the date on which the Fixed Rate takes effect as provided in the Series 2004A-2 Supplemental Resolution.

“*Fixed Rate Period*” means the period, if any, during which all or a portion of the Series 2004A-2 Bonds bear interest at a Fixed Rate, which period shall commence on the Fixed Rate Conversion Date and extend through the Stated Maturity Date of the Series 2004A-2 Bonds.

“*Initial Period*” means, with respect to the Series 2004A-2 Bonds, the period beginning on the Date of Issuance and ending on November 15, 2004.

“*Interest Period*” means any Auction Period.

“*Interest Rate Limitation*” means the lesser of (a) the highest rate the Authority may legally pay from time to time as interest on the Series 2004A-2 Bonds or (b) 12% per annum.

“*Kenny Index*” means the index most recently made available by Kenny S&P Evaluation Services (“Kenny”) or any successor thereto (the “Indexing Agent”) based upon 30-day yield evaluations at par of securities, the interest on which is excluded from gross income for federal income tax purposes under the Code, of not less than five “Intermediate Grade” component issuers selected by the Indexing Agent which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Indexing Agent in its discretion. The securities on which the Kenny Index is based shall not include any securities the interest on which is subject to a “minimum tax” or similar tax under the Code, unless all such securities are subject to such tax. In the event that Kenny no longer publishes an index satisfying the above definition of the Kenny Index or the Market Agent reasonably concludes that the Kenny Index will not be announced in a timely manner, then the Market Agent shall announce a rate based upon the same criteria used by Kenny to determine the Kenny Index and the rate announced by the Market Agent for each Auction Date thereafter shall be used in lieu of the Kenny Index for each Auction Date, and such rate announced by the Market Agent shall for all purposes be deemed to be the “Kenny Index” under the Series 2004A-2 Supplemental Resolution.

“*Market Agent Agreement*” means the Market Agent Agreement between the Series 2004A-2 Trustee and the initial Market Agent, and any similar agreement with a successor Market Agent, in each case as from time to time amended or supplemented.

“*Maximum Auction Rate*” on any date of determination means the lesser of:

- (a) the Applicable Percentage of the greater of (i) the After-Tax Equivalent Rate on such date, or (ii) the Kenny Index on such date;
- (b) the Interest Rate Limitation;

- (c) for Auctions after the initial Auction Date, the T-Bill Cap; or
- (d) for Auctions after the initial Auction Date, the CP Cap.

“*90-Day Financial Commercial Paper*” means the 90-Day AA Financial Commercial Paper rate posted on the Federal Reserve Release entitled “Commercial Paper Rates and Outstandings,” which rate may be available on the Internet at the web site: www.federalreserve.gov/releases/cp.¹

“*Outstanding*” has the meaning set forth in the Master Bond Resolution, as Supplemented; provided, however, that for the purposes of the Auction Procedures on any Auction Date, Series 2004A-2 Bonds as to which the Authority will be the Existing Owner thereof will be disregarded and deemed not to be Outstanding.

“*Overdue Rate*” means, on any date of determination, an interest rate per annum equal to the lesser of: (a) 200% of the greater of (i) the After-Tax Equivalent Rate and (ii) the Kenny Index; or (b) the Interest Rate Limitation.

“*Participant*” means a member of, or participant in, the Securities Depository.

“*Payment Default*” means: (i) a default by the Authority in the due and punctual payment of any installment of interest of any Series 2004A-2 Bonds; or (ii) a default by the Authority in the due and punctual payment of the principal of any Series 2004A-2 Bonds whether at maturity or upon redemption or acceleration.

“*Potential Owner*” means any person, including any Existing Owner, who may be interested in acquiring Series 2004A-2 Bonds bearing interest at an Auction Rate (or, in the case of an Existing Owner thereof, an additional principal amount of Series 2004A-2 Bonds bearing interest at an Auction Rate).

“*Quarterly Average Auction Rate*” means the simple average of the Auction Rates for Auction Dates preceding the current Auction Date by 91 days or less, including the current Auction Date.

“*Quarterly Average CP Rate*” means the simple average of the Bond Equivalent Yield of 90-Day Financial Commercial Paper Rates for the 91 days preceding (but not including) the current Auction Date.

“*Quarterly Average T-Bill Rate*” means the simple average of the Bond Equivalent Yield of 91-day Treasury bills auctioned in the 91 days preceding (but not including) the current Auction Date.

¹ The Internet addresses contained herein are provided as a matter of convenience for purchasers of the Series 2004A-2 Bonds in order to assist such purchasers in ascertaining commercial paper rates. The Authority does not adopt any information that may be provided at such address and disclaims any responsibility for any such information. The information at such address is not to be construed as part of this Official Statement.

“*Rating Category*” means one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier, plus or minus sign, or otherwise.

“*Submission Deadline*” means 1:00 p.m. Eastern Time on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent.

“*T-Bill Cap*” means, for any Auction Date, the rate (for the then current auction) at which the Quarterly Average Auction Rate equals the Quarterly Average T-Bill Rate plus the Applicable T-Bill Spread, such rate to be determined by the formula:

$$N \times (T+S) - R,$$

where N is the number of Auction Dates which precede the current Auction Date by 91 days or less, including the current Auction Date; T is the Quarterly Average T-Bill Rate; S is the Applicable T-Bill Spread; and R is the sum of the Auction Rates for Auction Dates preceding the current Auction Date by 91 days or less, excluding the current Auction.

“*Winning Bid Rate*” has the meaning set forth below in subparagraph (c)(i)(C).

Auctions

Auctions shall be conducted on each Auction Date. If there is an Auction Agent on such Auction Date, Auctions shall be conducted in the following manner.

(a) *Orders By Existing Owners and Potential Owners.*

(i) The communication to a Broker-Dealer of information referred to in clause (A) or (B) below is referred to as an “*Order*”. Prior to the Submission Deadline on each Auction Date:

(A) each Existing Owner of Series 2004A-2 Bonds may submit to a Broker-Dealer information as to:

(1) the principal amount of Outstanding Series 2004A-2 Bonds, if any, owned by such Existing Owner which such Existing Owner desires to continue to own without regard to the Auction Rate for the next succeeding Auction Period (an Order containing the information referred to in this clause (A) (1) is referred to as a “*Hold Order*”),

(2) the principal amount of Outstanding Series 2004A-2 Bonds, if any, which such Existing Owner offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Existing Owner (an

Order containing the information referred to in this clause (A)(2) is referred to as a “*Bid*”), and/or

(3) the principal amount of Outstanding Series 2004A-2 Bonds, if any, owned by such Existing Owner which such Existing Owner offers to sell without regard to the Auction Rate for the next succeeding Auction Period (an Order containing the information referred to in this clause (A)(3) is referred to as a “*Sell Order*”), and

(B) one or more Broker-Dealers may contact Potential Owners to determine the principal amount of Series 2004A-2 Bonds which each such Potential Owner offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the rate per annum specified by the Potential Owner (an Order containing this information is a Bid).

Each Existing Owner and each Potential Owner placing an Order is hereinafter referred to as a “*Bidder*”.

(ii) (A) Subject to the provisions of subsection (b) below on submission by Broker-Dealers to the Auction Agent, a Bid by an Existing Owner shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Series 2004A-2 Bonds specified in such Bid if the Auction Rate determined shall be less than the rate specified in such Bid; or

(2) such principal amount, or a lesser principal amount, of Outstanding Series 2004A-2 Bonds to be determined as set forth in clause (D) of paragraph (i) of subsection (d) below, if the Auction Rate determined shall be equal to the rate specified in such Bid; or

(3) such principal amount, or a lesser principal amount, of Outstanding Series 2004A-2 Bonds to be determined as set forth in clause (C) of paragraph (ii) of subsection (d) below if the rate specified shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids have not been made.

(B) Subject to the provisions of subsection (b) below on submission by Broker-Dealers to the Auction Agent, a Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Series 2004A-2 Bonds specified in such Sell Order; or

(2) such principal amount, or a lesser principal amount of, Outstanding Series 2004A-2 Bonds as set forth in clause (C) of paragraph (ii) of subsection (d) below if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of subsection (b) below, a Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding Series 2004A-2 Bonds specified in such Bid if the Auction Rate determined shall be higher than the rate specified in such Bid; or

(2) such principal amount, or a lesser principal amount, of Outstanding Series 2004A-2 Bonds as set forth in clause (E) of paragraph (i) of subsection (d) below if the Auction Rate determined shall be equal to the rate specified in such Bid.

(b) *Submission by Broker-Dealers to the Auction Agent.*

(i) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

(A) the name of the Bidder placing such Order,

(B) the aggregate principal amount of Series 2004A-2 Bonds that are the subject of such Order,

(C) to the extent that such Bidder is an Existing Owner:

(1) the principal amount of Series 2004A-2 Bonds, if any, subject to any Hold Order placed by such Existing Owner;

(2) the principal amount of Series 2004A-2 Bonds, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(3) the principal amount of Series 2004A-2 Bonds, if any, subject to any Sell Order placed by such Existing Owner; and

(D) to the extent such Bidder is a Potential Owner, the rate and amount specified in such Potential Owner's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next higher one-thousandth (.001) of 1%.

(iii) If an Order or Orders covering all Outstanding Series 2004A-2 Bonds held by an Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of Outstanding Series 2004A-2 Bonds owned by such Existing Owner and not subject to an Order submitted to the Auction Agent.

(iv) None of the Authority, the Series 2004A-2 Trustee or the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

(v) If any Existing Owner submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding Series 2004A-2 Bonds owned by such Existing Owner, such Order shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including the aggregate principal amount of Series 2004A-2 Bonds owned by such Existing Owner, and if the aggregate principal amount of Series 2004A-2 Bonds subject to such Hold Orders exceeds the aggregate principal amount of Outstanding Series 2004A-2 Bonds owned by such Existing Owner, the aggregate principal amount of Series 2004A-2 Bonds subject to each such Hold Order shall be reduced pro rata so that the aggregate principal amount of Series 2004A-2 Bonds subject to such Hold Order equals the aggregate principal amount of Outstanding Series 2004A-2 Bonds owned by such Existing Owner.

(B) (1) any Bid shall be considered valid up to and including an amount equal to the excess of the principal amount of Outstanding Series 2004A-2 Bonds owned by such Existing Owner over the aggregate principal amount of Series 2004A-2 Bonds subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(2) subject to subclause (1) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Owner, and the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the principal amount of Outstanding Series 2004A-2 Bonds subject to each Bid with the same rate shall be reduced pro rata so that the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to such Bids is equal to such excess;

(3) subject to subclauses (1) and (2) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids shall be considered valid first in the ascending

order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding Series 2004A-2 Bonds, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Owner at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to an amount equal to the excess of the principal amount of Outstanding Series 2004A-2 Bonds owned by such Existing Owner over the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for Series 2004A-2 Bonds is submitted on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) An Existing Owner that offers to purchase additional Series 2004A-2 Bonds is, for purposes of such offer, treated as a Potential Owner.

(viii) Any Bid or Sell Order submitted by an Existing Owner covering an aggregate principal amount of Series 2004A-2 Bonds not equal to an Authorized Denomination shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Owner covering an aggregate principal amount of Series 2004A-2 Bonds not equal to an Authorized Denomination shall be rejected.

(ix) Any Bid specifying a rate higher than the Maximum Auction Rate will (A) be treated as a Sell Order if submitted by an Existing Owner and (B) not be accepted if submitted by a Potential Owner.

(x) Any Bid submitted by an Existing Owner or a Potential Owner specifying a rate lower than the All-Hold Rate shall be treated as a bid specifying the All-Hold Rate and any such bid shall be considered as valid and shall be selected in the ascending order of their respective rates in the Submitted Bids.

(xi) Any Order submitted in an Auction by a Broker-Dealer to the Auction Agent before the Submission Deadline on any Auction Date shall be irrevocable.

(c) *Determination of Sufficient Clearing Bids, Auction Rate and Winning Bid Rate.*

(i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by

a Broker-Dealer being hereinafter referred to individually as a “*Submitted Hold Order*,” a “*Submitted Bid*” or “*Submitted Sell Order*,” as the case may be, or as a “*Submitted Order*” and a collectively as “*Submitted Hold Orders*,” “*Submitted Bids*” or “*Submitted Sell Orders*,” as the case may be, or as “*Submitted Orders*”) and shall determine:

(A) the excess of the total principal amount of Outstanding Series 2004A-2 Bonds over the sum of the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to Submitted Hold Orders (such excess being herein referred to as the Available Bonds); and

(B) from the Submitted Orders whether:

(1) the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to Submitted Bids by Potential Owners specifying one or more rates equal to or lower than the Maximum Auction Rate; exceeds or is equal to the sum of:

(2) the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to Submitted Bids by Existing Owners specifying one or more rates higher than the Maximum Auction Rate; and

(3) the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to Submitted Sell Orders;

(in the event such excess or such equality exists, other than because all of the Outstanding Series 2004A-2 Bonds are subject to Submitted Hold Orders, such Submitted Bids in subclause (1) above being hereinafter referred to collectively as “*Sufficient Clearing Bids*”); and

(C) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (which shall be the “*Winning Bid Rate*”) such that if:

(1) each such Submitted Bid from Existing Owners specifying such lowest rate and all other Submitted Bids from Existing Owners specifying lower rates, were rejected, thus entitling such Existing Owners to continue to own the principal amount of Series 2004A-2 Bonds subject to such Submitted Bids; and

(2) each such Submitted Bid from Potential Owners specifying such lowest rate and all other Submitted Bids from Potential Owners specifying lower rates were accepted,

the result would be that such Existing Owners described in subclause (1) above would continue to own an aggregate principal amount of Outstanding Series 2004A-2 Bonds which, when added to the aggregate principal amount of Outstanding Series 2004A-2 Bonds to be purchased by such Potential Owners described in subclause (2) above, would equal not less than the Available Bonds.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall determine the Auction Rate for the next succeeding Auction Period as follows:

(A) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding Auction Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids have not been made (other than because all of the Outstanding Series 2004A-2 Bonds are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Auction Period shall be equal to the Maximum Auction Rate; or

(C) if all Outstanding Series 2004A-2 Bonds are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Auction Period shall be equal to the All-Hold Rate.

(iii) Promptly after the Auction Agent has determined the Auction Rate, the Auction Agent shall determine and advise the Series 2004A-2 Trustee of the Bond Interest Rate, which rate shall be the Auction Rate; provided, however, that in no event shall the Bond Interest Rate exceed the Maximum Auction Rate.

(d) *Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Series 2004A-2 Bonds.*

Existing Owners shall continue to hold the principal amount of Series 2004A-2 Bonds that are subject to Submitted Hold Orders and based on the determinations made as described in paragraph (c)(i) above, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made and the Maximum Auction Rate is equal to or greater than the Winning Bid Rate (in which case the Bond Interest Rate shall be the Winning Bid Rate), all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (iv) and (v) of this subsection (d), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Owners' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each

such Existing Owner to sell the aggregate principal amount of Series 2004A-2 Bonds subject to such Submitted Bids;

(B) Existing Owners' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Owner to continue to own the aggregate principal amount of Series 2004A-2 Bonds subject to such Submitted Bids;

(C) Potential Owners' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Owners to purchase the aggregate principal amount of Series 2004A-2 Bonds subject to such Submitted Bids;

(D) Each Existing Owners' Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Owner to continue to hold the aggregate principal amount of Series 2004A-2 Bonds subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to all such Submitted Bids shall be greater than the principal amount of Series 2004A-2 Bonds (the "remaining principal amount") equal to the excess of the Available Bonds over the aggregate principal amount of Series 2004A-2 Bonds subject to Submitted Bids described in clauses (B) and (C) of this paragraph (d)(i), in which event such Submitted Bid of such Existing Owner shall be rejected in part, and such Existing Owner shall be entitled to continue to own the principal amount of Series 2004A-2 Bonds subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of Series 2004A-2 Bonds obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding Series 2004A-2 Bonds owned by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding Series 2004A-2 Bonds subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate; and

(E) each Potential Owner's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Series 2004A-2 Bonds obtained by multiplying the excess of the aggregate principal amount of Available Bonds over the aggregate principal amount of Available Bonds subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph (d)(i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Outstanding Series 2004A-2 Bonds subject to Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding Series 2004A-2 Bonds are subject to Submitted Hold Orders), or if the Maximum Auction Rate is less than the Winning Bid Rate (in which case the Bond Interest Rate shall be the Maximum Auction Rate), subject to the provisions of paragraphs (iv) and (v) of this subsection (d), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Owners' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling such Existing Owners to continue to own the aggregate principal amount of Series 2004A-2 Bonds subject to such Submitted Bids;

(B) Potential Owners' Submitted Bids specifying,

(1) any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring each Potential Owner to purchase the aggregate principal amount of Series 2004A-2 Bonds subject to such Submitted Bids, and

(2) any rate that is higher than the Maximum Auction Rate shall be rejected; and

(C) Each Existing Owner's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Owner shall be accepted, thus entitling each Existing Owner that submitted any such Submitted Bid or Submitted Sell Order to sell the Series 2004A-2 Bonds subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Series 2004A-2 Bonds obtained by multiplying the aggregate principal amount of Series 2004A-2 Bonds subject to Submitted Bids described in clause (B)(1) of this paragraph (d) (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Series 2004A-2 Bonds owned by such Existing Owner subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Series 2004A-2 Bonds subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding Series 2004A-2 Bonds are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraph (i) or (ii) of this subsection (d), any Existing Owner would be entitled or required to sell, or any Potential Owner would be entitled or required to purchase, a principal amount of Series 2004A-2 Bonds that is not equal to an Authorized Denomination, the Auction Agent shall, in such manner as it shall, in its sole discretion, determine,

round up or down the principal amount of Series 2004A-2 Bonds to be purchased or sold by any Existing Owner or Potential Owner so that the principal amount of Series 2004A-2 Bonds purchased or sold by each Existing Owner or Potential Owner shall be equal to an Authorized Denomination, even if such allocation results in one or more of such Potential Owners not purchasing any Series 2004A-2 Bonds.

(v) If, as a result of the procedures described in paragraph (i) or (ii) of this subsection (d), any Potential Owner would be entitled or required to purchase less than an Authorized Denomination of Series 2004A-2 Bonds, the Auction Agent shall, in such manner as in its sole discretion it shall determine, allocate Series 2004A-2 Bonds for purchase among Potential Owners so that only Series 2004A-2 Bonds in Authorized Denominations are purchased by any Potential Owner, even if such allocation results in one or more of such Potential Owners not purchasing any Series 2004A-2 Bonds.

(e) *Determination of Purchases and Sales.* Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Series 2004A-2 Bonds to be purchased and the aggregate principal amount of Series 2004A-2 Bonds to be sold by Potential Owners and Existing Owners on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of Series 2004A-2 Bonds to be sold differs from such aggregate principal amount of Series 2004A-2 Bonds to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, Series 2004A-2 Bonds.

(f) *Calculations Binding.* Any calculation by the Auction Agent or the Series 2004A-2 Trustee, as applicable, of the Bond Interest Rate, Maximum Auction Rate, All Hold Rate and Overdue Rate shall, in the absence of manifest error, be binding on all other parties.

(g) *Series 2004A-2 Bonds Selected for Redemption.* Notwithstanding anything in the Auction Procedures to the contrary, if any Series 2004A-2 Bonds or portion thereof have been selected for redemption during the next succeeding Interest Period, such Series 2004A-2 Bonds or portion thereof will not be included in the Auction preceding such Redemption Date, and will continue to bear interest until the Redemption Date at the rate established for the Interest Period prior to said Auction.

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APPENDIX H

OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2004A-2

SETTLEMENT PROCEDURES

Unless defined in this Appendix H, capitalized terms have the respective meanings specified in Appendix A or in Appendix G of this Official Statement.

(a) By approximately 3:00 p.m. on each Auction Date, the Auction Agent is required to notify (by electronic means acceptable to all parties, the Broker-Dealers that participated in that Auction and submitted an Order on behalf of any Existing Owner or Potential Owner of:

(i) the Auction Rate fixed for the next Auction Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "*Seller's Broker-Dealer*") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Series 2004A-2 Bonds, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "*Buyer's Broker-Dealer*") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Series 2004A-2 Bonds, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Series 2004A-2 Bonds to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Series 2004A-2 Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Series 2004A-2 Bonds and the principal amount of Series 2004A-2 Bonds to be purchased from one or more Existing Owners on whose behalf such Broker-Dealers acted by one or more Potential Owners on whose behalf each of such other Buyer's Broker-Dealers acted;

(vi) if the principal amount of Series 2004A-2 Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Series 2004A-2 Bonds to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Participant, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such

excess principal amount of Series 2004A-2 Bonds and the principal amount of Series 2004A-2 Bonds to be sold to one or more Potential Owners on whose behalf such Broker-Dealer acted by one or more Existing Owners on whose behalf of each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Auction Rates and related Auction Period (or portions thereof) since the last Interest Payment Date; and

(viii) the scheduled Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) Advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through the Securities Depository the amount necessary, including accrued interest, if any, to purchase the principal amount of Series 2004A-2 Bonds to be purchased pursuant to such Bid against receipt of such principal amount of Series 2004A-2 Bonds;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Broker-Dealer (or its Participant) through the Securities Depository the principal amount of Series 2004A-2 Bonds to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Auction Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next scheduled Auction Date; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next scheduled Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Series 2004A-2 Bonds received by it pursuant paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in

such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to (A) pay through the Securities Depository to the Participant of the Existing Owner delivering Series 2004A-2 Bonds to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Series 2004A-2 Bonds against receipt of such Series 2004A-2 Bonds, and (B) deliver such Series 2004A-2 Bonds through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to (A) pay through the Securities Depository to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Series 2004A-2 Bonds to be purchased pursuant to (b)(ii) above against receipt of such Series 2004A-2 Bonds, and (B) deliver such Series 2004A-2 Bonds through the Securities Depository to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Auction Period next succeeding each Auction Date:

(i) each Participant for a Bidder in a Auction on such Auction Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(ii) above for such Auction, and the Securities Depository shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(iii) above for such Auction, and the Securities Depository shall execute such transactions.

(f) If an Existing Owner selling Series 2004A-2 Bonds in an Auction fails to deliver such Series 2004A-2 Bonds (by authorized book-entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of Series 2004A-2 Bonds that is less than the principal amount of Series 2004A-2 Bonds that otherwise was to be purchased by such Potential Owner. In such event, the principal

amount of Series 2004A-2 Bonds to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Series 2004A-2 Bonds shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Series 2004A-2 Bonds which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

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