

We are distributing this Official Statement to furnish information on our Series 2001A Bonds. This cover contains certain information for quick reference only. This cover is not a summary of the Series 2001A Bonds. Prospective investors should read the entire Official Statement, including all Appendices, to make an informed investment decision.



**\$75,000,000**  
**OKLAHOMA STUDENT LOAN AUTHORITY**  
**Oklahoma Student Loan Bonds and Notes**  
*consisting of*

**\$50,000,000 Senior Taxable Auction Rate Bonds**  
**Series 2001A-2**  
 (Reset Auction Mode Securities - RAMS™)  
 CUSIP 679110 CT 1  
 Price: 100%

**\$25,000,000 Senior Taxable Auction Rate Bonds**  
**Series 2001A-3**  
 (Reset Auction Mode Securities - RAMS™)  
 CUSIP 679110 CU 8  
 Price: 100%

**Each Issue Dated:**

Date of Issuance

**Each Issue Due:**

December 1, 2031

**Denominations:**

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

**Interest Rates and Payment:**

The interest rate on the Series 2001A-2 and Series 2001A-3 Bonds for the Initial Period will be determined pursuant to the initial offering and sale. The initial Auction Date will occur on June 24, 2002, and interest will be determined based on 28-day Auction Periods commencing June 25, 2002. Interest will be payable on June 25, 2002 and the first Business Day of each Auction Period thereafter. The Maximum Rate of interest will be 17% per annum.

**Limited Revenue Obligation:**

The Series 2001A Bonds are limited revenue obligations payable solely from the Financed Eligible Loans and other assets pledged therefor. Their payment will be on the same priority as other Senior Obligations, but ahead of Subordinate Obligations.

**The Series 2001A Bonds are not an obligation of the State of Oklahoma. The faith and credit or the taxing power of the State of Oklahoma is not pledged to the payment of the Series 2001A Bonds.**

**The Series 2001A Bonds 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.**

**Tax Status:**

Interest on the Series 2001A Bonds is includible in gross income for Federal income tax purposes. The Series 2001A Bonds, and the income therefrom, are exempt from taxation in the State of Oklahoma. See "TAX MATTERS" on page 39.

**Trustee:**

Bank of Oklahoma, N.A., Oklahoma City, Oklahoma

**Risk Factors:**

**Consider carefully the information under "RISK FACTORS" beginning on page 32.**

**Expected Ratings:**

Delivery is subject to assignment of the municipal bond ratings listed below. See "RATINGS" on page 42.  
 Moody's Investors Service, Inc.: Aaa                      Standard & Poor's Ratings (S&P): AAA

**Expected Delivery:**

On December 20, 2001 in Book-Entry form only through the facilities of The Depository Trust Company, New York, New York.

*The Series 2001A Bonds are offered when, as and if issued by the Authority, subject to prior sale and subject to the approval of legality by Kutak Rock LLP, Oklahoma City, Oklahoma, Bond Counsel. Certain legal matters will be passed upon for the Authority by its special counsel, Roderick W. Durrell, Esq., and for the Underwriters by their counsel, Greenberg Traurig, LLP, Phoenix, Arizona.*

**RBC Dain Rauscher Inc.**

**Banc of America Securities LLC**

December 12, 2001

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, nor shall there be any sale of, the Series 2001A 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 Underwriters do not, guarantee the accuracy or completeness of that 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 UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2001A 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 2001A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2001A 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, IF ANY, HAVE NOT GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 2001A BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON, OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.



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## INDEX OF PRINCIPAL TERMS

This Index provides an alphabetical listing of the definitions of principal terms used in this Official Statement. The terms in Appendix A are summaries or extracts of some of the definitions in the complete Master Bond Resolution, as Supplemented. **Reference is hereby 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 upon request to the Authority or the Trustee.

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## SUMMARY STATEMENT

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

**Issuer (We)** ..... Oklahoma Student Loan Authority, an express trust established for the benefit of the State of Oklahoma.

We participate in the Federal Family Education Loan Program. We are a loan servicer and secondary market for 33 eligible lenders of the OSLA Student Lending Network. Also, we are an Eligible Lender and a Lender of Last Resort.

Additional information about us and our business is provided 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.

The Obligations include Bonds, Notes, interest rate swap agreements and agreements we may enter into with corporations we may form in the future to share collateral.

The Series 2001A Bonds are Senior Obligations and will be paid at the same priority as other Senior Obligations, but ahead of Subordinate Obligations and Junior-Subordinate Obligations.

**The Bonds** ..... The Series 2001A Bonds are being issued as Reset Auction Mode Securities - RAMS™, maturing December 1, 2031, with the interest rates after the initial period to be reset generally every 28 days beginning June 25, 2002 pursuant to the Auction Procedures described in Appendix F of this Official Statement.

Interest on the Series 2001A Bonds outstanding as RAMS will be paid June 25, 2002 and on the first Business Day of each succeeding Auction Period thereafter until maturity.

**Sources of Revenue and Security**.....

(1) Student loans originated under the Federal Family Education Loan Program which we have already acquired and those we expect to acquire, either from bond proceeds or from principal payments 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 subsidy and special allowance payments paid with respect to the student loans under the Higher Education Act.

(3) Moneys on deposit in the funds and accounts established under the Master Bond Resolution, as Supplemented.

We are only obligated to pay debt service on the Series 2001A Bonds from the sources identified above. We have not pledged any other student loans or assets we own to the repayment of the Series 2001A Bonds. We cannot compel the State of Oklahoma to pay any amounts owed on the Series 2001A Bonds from any source of funds whatsoever.

**Policies Affecting Revenues** ..... Our borrowers can qualify for our TOP™ program and EZ Pay™-Discount Plan (1/3 of 1% for automatic debit payments) incentive savings.

The TOP program has two types of borrower savings:

- TOP 1-2-3 Principal Reduction of 1.00% if the first three payments of principal and interest are made on time; and
- TOP Interest Rate Discount 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.

**Debt Service Reserve Requirement** .....

The Debt Service Reserve Requirement for the Series 2001A Bonds and each of the Obligations outstanding on the day the Series 2001A Bonds are issued is 1% of the aggregate principal amount. A portion (\$750,000) of the proceeds of the Series 2001A Bonds will be deposited to the Taxable Debt Service Reserve Subaccount.

**Student Loan Insurance,**

**Guarantee and Reinsurance**..... All student loans we have acquired with proceeds of Obligations under the Master Bond Resolution, as Supplemented and those we intend to acquire with proceeds of the Series 2001A Bonds and any future Obligations are covered by a guaranty of at least 98% (or the highest percentage allowed by law) of principal and accrued interest by certain guarantors.

We must use due diligence in the servicing and collection of loans in order to maintain the guarantee of the loan.

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

Approximately 98% 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 2001A Bonds prior to maturity as a result of optional or mandatory redemption or acceleration as described herein.

**Additional Bonds and Other**

**Obligations**..... We may issue additional bonds to enable us to acquire additional student loans or to refinance previously issued obligations if we meet certain conditions described herein. The additional bonds may be issued on any of three priority levels.

Issuance of additional bonds may reduce the ratio of assets to bonds outstanding in differing priority classes, depending on the level of bonds issued and the amount of costs of issuance and other amounts paid from bond proceeds.

We also may enter into interest rate swaps which may require payment to the swap provider from the trust assets.

Based on current market conditions, we expect to issue \$50,000,000 of taxable Senior Obligations on a direct placement basis concurrently with issuing the Series 2001A Bonds.

**Loan Servicing**..... We currently service education loans using the remote servicing system of UNIPAC Service Corporation.

We expect to begin using in-house a student loan servicing system and software licensed by IFA Systems in mid-January 2002, and convert the existing loan portfolio on or about March 1, 2002.

**Tax Status** ..... Interest on the Series 2001A Bonds, in the opinion of Bond Counsel, is includible in gross income for federal income tax purposes, but is exempt from taxation in the State of Oklahoma.

**Auction Agent** ..... Bankers Trust Company, New York, New York has been appointed as the initial Auction Agent for the 2001A Bonds.

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**\$75,000,000**  
**OKLAHOMA STUDENT LOAN AUTHORITY**  
**Oklahoma Student Loan Bonds and Notes**  
*consisting of*

**\$50,000,000 Senior Taxable Auction Rate Bonds, Series 2001A-2**  
and  
**\$25,000,000 Senior Taxable Auction Rate Bonds, Series 2001A-3**  
**(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 Oklahoma Student Loan Bonds and Notes designated as:

- Senior Taxable Auction Rate Bonds, Series 2001A-2 (the “*Series 2001A-2 Bonds*”); and
- Senior Taxable Auction Rate Bonds, Series 2001A-3 (the “*Series 2001A-3 Bonds*”).

The Series 2001A-2 Bonds and the Series 2001A-3 Bonds are referred to herein as the “*Series 2001A Bonds*”.

The Series 2001A Bonds will be issued as Senior Obligations, either senior to, or on a parity with certain Obligations previously issued and Outstanding. Such issued and Outstanding Obligations are more particularly described under the caption “INTRODUCTION — Obligations to be Outstanding” herein. The currently Outstanding Obligations, the Series 2001A Bonds and any Additional Bonds and Notes are collectively referred to herein as the “*Bonds and Notes*” and obligations which may be issued in the future are referred to herein as “*Additional Obligations*”.

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

**Authorization**

The Series 2001A Bonds will be issued pursuant to the provisions of the Act as Additional Obligations pursuant to the Master Bond Resolution, as supplemented and amended, and as further supplemented and amended by a Series 2001A-2/A-3 Supplemental Bond Resolution to be adopted December 18, 2001 (the “*Series 2001A Bond Resolution*”). The

Master Bond Resolution, as supplemented and amended, is referred to herein as the "*Master Bond Resolution, as Supplemented.*"

For the SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED, see APPENDIX A herein.

For the complete definitions and provisions of the Master Bond Resolution, as Supplemented, reference is made to the Master Bond Resolution, as Supplemented. A copy of the Master Bond Resolution, as Supplemented is available upon request during the initial offering period to:

RBC Dain Rauscher Inc.  
 Three Times Square, 24<sup>th</sup> Floor  
 New York, New York 10036  
 Attention: Short-Term Desk; or

Banc of America Securities LLC  
 121 W. Trade Street, 12<sup>th</sup> Floor  
 Charlotte, North Carolina 28255  
 Attention: Public Finance

(collectively, the "*Underwriters*"), and thereafter to the Authority or the Trustee.

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

**Use of Proceeds**

We will use the proceeds of the Series 2001A Bonds to: (i) provide funds to finance Eligible Loans; (ii) make a deposit to the Taxable Debt Service Reserve Subaccount; and (iii) pay the costs of issuing the Series 2001A Bonds.

SOURCES

Series 2001A Bonds	<u>\$75,000,000</u>
Total	<u>\$75,000,000</u>

USES

Deposit to Series 2001A Loan Subaccount	\$73,846,000
Deposit to Taxable Debt Service Reserve Subaccount	750,000
Costs of Issuance	119,000
Underwriting Fee and Expenses	<u>285,000</u>
Total	<u>\$75,000,000</u>

**Obligations to be Outstanding**

Upon issuance and delivery of the Series 2001A Bonds, it is expected that Obligations will be Outstanding under the Master Bond Resolution, as Supplemented as follows:

<u>Priority Level</u>	<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>
Senior	2001A-2	Taxable	\$50,000,000 <sup>1</sup>	12-20-01	12-1-31	Auction
	2001A-3	Taxable	25,000,000 <sup>1</sup>	12-20-01	12-1-31	Auction
	2001A-4	Taxable	50,000,000 <sup>2</sup>	12-20-01	12-1-11	CP Indexed
	2001A-1	Tax-Exempt	15,625,000	6-7-01	6-1-31	Fixed
	1995A-1	Tax-Exempt	21,600,000	11-9-95	9-1-25	Auction
	1995A-2	Tax-Exempt	<u>7,000,000</u>	11-9-95	9-1-25	Auction
Total Senior Obligations			<u>\$169,225,000</u>			
Subordinate	2001B-1	Tax-Exempt	\$25,000,000	6-7-01	6-1-31	Auction
	1996B-1	Tax-Exempt	5,975,000	8-27-96	8-1-04	Fixed
	1996B-2	Tax-Exempt	6,230,000	8-27-96	8-1-08	Fixed
	1995B-1	Tax-Exempt	2,000,000	11-9-95	9-1-08	Fixed
	1995B-2	Tax-Exempt	<u>3,980,000</u>	11-9-95	9-1-25	Fixed
	Total Subordinate Obligations			<u>\$43,185,000</u>		
Total Obligations			<u>\$212,410,000</u>			

<sup>1</sup> Includes the Series 2001A Bonds offered hereby.

<sup>2</sup> Represents Additional 2001 Senior Obligations described below under "Initial Collateralization" which are not being offered pursuant to this Official Statement.

### Initial Collateralization

It is expected that upon issuance and delivery of the Series 2001A Bonds and the application of the proceeds of the Series 2001A Bonds as described herein, as well as application of the proceeds of \$50,000,000 additional taxable Senior Obligations (the "Additional 2001 Senior Obligations") being issued and delivered concurrently with the Series 2001A Bonds on a direct placement basis, the ratio of the Aggregate Market Value of the Trust Estate to the total accrued and unpaid principal of and interest on the Obligations Outstanding will be as follows:

Trust Assets to Senior Obligations	126.8%
Trust Assets to all Obligations	101.0%

The Master Bond Resolution, as Supplemented does not require that any particular level of collateral be maintained. However certain ratios are required for the redemption of Subordinate Obligations and for the withdrawal of Trust Assets. Issuance of Additional Obligations is subject to several conditions, including verification from each Rating Agency that the issuance of Obligations will not cause the existing rating on any of the Outstanding Obligations to be reduced or withdrawn.

## **Financed Eligible Loans**

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*”.

The Authority has acquired or originated a portfolio of Financed Eligible Loans in the Trust Estate and expects to deposit in the Trust Estate additional Financed Eligible Loans it has already acquired or originated. The Eligible Loans Financed by the remaining proceeds of the Series 2001A Bonds are expected to be deposited in the Trust Estate on or before April 1, 2002.

Substantially all Eligible Loans, except Federal Consolidation Loans which are not eligible for TOP, will be eligible for our Timely On Payments (“*TOP*™”) program. TOP is the identifying trademark for our behavioral incentive loan program for borrowers who can qualify for savings on their loans in repayment. TOP has two types of borrower savings -

- TOP 1-2-3 Principal Reduction is available under certain conditions if the eligible borrower makes their 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 Discount is available under certain conditions if the eligible borrower makes their 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 repayment borrowers our EZ Pay™-Discount Plan if they agree to recurring automatic debits to make their monthly loan payments. The EZ Pay-Discount Plan gives the borrower a 1/3 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. These programs have been accounted for in the cash flow projections prepared by RBC Dain Rauscher Inc., as Senior Managing Underwriter.

## **Guarantee of Eligible Loans**

Financed Eligible Loans will be guaranteed 98% to 100% as provided for in the Higher Education Act by:

- the Oklahoma State Regents for Higher Education (the “*State Regents*”), acting as the State Guarantee Agency;
- other guarantors of Eligible Loans qualified under the provisions of the Master Bond Resolution, as Supplemented to act in such capacity; or



- in rare instances, the Secretary of the U.S. Department of Education (the “USDE”).

We must use due diligence in the servicing and collection of loans in order to maintain the guarantee of the loan.

The respective Guarantee Agencies are reinsured, subject to various terms and conditions, by the Secretary for reimbursement from 75% to 100% of the amounts expended in payment of claims by eligible lenders (including the Authority). The reimbursement percentage for each Guarantee Agency depends upon its own claims rate. See the information under the caption "Federal Insurance and Reimbursement of Guarantors" in APPENDIX E – "SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" for a description of the Secretary's reimbursement of Guarantee Agencies.

As of September 30, 2001, approximately 98.0% of the Federal Family Education Loan Program (the “FFEL Program”) loans held by the Authority were guaranteed by the State Guarantee Agency, and approximately 2.0% were guaranteed by other Guarantee Agencies.

For a brief description of the State Guarantee Agency, see APPENDIX D — “GENERAL DESCRIPTION OF THE STATE GUARANTEE AGENCY” hereto.

## **Recycling**

As a general practice, we utilize Recoveries of Principal from the various funding sources to finance additional Eligible Loans instead of redeeming bond principal prior to its scheduled maturity (referred to herein as “*Recycling*”). We plan to continue this practice to the maximum extent possible with respect to the Obligations currently Outstanding and the Series 2001A Bonds. We may use Recycling in the Trust Estate through December 1, 2004, or through such later date acceptable to the Rating Agencies.

## **Loan Servicing**

We service our own loans and those of other eligible lenders. Pursuant to the Master Bond Resolution, as Supplemented, 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 on a remote servicing system database provided by UNIPAC Service Corporation, Aurora, Colorado. However, we licensed a system to perform comparable functions (the “*IFA System*”) from Idaho Financial Associates, Inc., Boise, Idaho through its IFA Systems division to replace the remote servicing system. We will operate the IFA System in-house using our own staff. We anticipate beginning origination of education loans using the IFA System in mid January, 2002; and converting and implementing servicing of the portfolio that we service remotely on or about March 1, 2002.

See APPENDIX B — “GENERAL DESCRIPTION OF THE OKLAHOMA STUDENT LOAN AUTHORITY — Loan Servicing” herein for additional information about our loan servicing activities.

The Authority also performs origination and pre-acquisition interim servicing for 33 other eligible lenders that are members of the OSLA Student Lending Network (the “*OSLA Network*”). Pursuant to such arrangements, the OSLA Network members are required to sell to us, and we are required to buy, such loans from time to time in connection with the commencement of the repayment status of the loans.

### **Security for the Bonds**

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

A. *Senior Obligations.* Payment of the principal of and interest on the Outstanding Senior Obligations and on the Series 2001A Bonds is secured by the pledge with respect to certain revenues and assets, as described herein, on a parity with any additional obligations issued as Senior Bonds and Notes, and with certain other payment obligations arising under the Master Bond Resolution, as Supplemented.

Rights as to payment and other remedies for holders of Senior Obligations are superior to the rights afforded to holders of Subordinate Obligations and Junior-Subordinate Obligations. However, current principal and interest may be paid on Subordinate Obligations and Junior-Subordinate Obligations, if all principal and interest payments due and owing on the Senior Obligations previously have been made or provided for.

See the caption “INTRODUCTION-Obligations to be Outstanding,” and “SECURITY AND SOURCES OF PAYMENT” herein, and see also APPENDIX A — “SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED.”

B. *Subordinate Obligations.* Payment of the principal of and interest on the Outstanding Subordinate Obligations, and any Subordinate Obligations issued in the future on a parity therewith, is secured by the pledged assets of the Trust Estate subordinate to the rights of payment and other remedies of the Senior Obligations, including the Series 2001A Bonds.

Subordinate Obligations are payable on a superior basis to payments on Junior-Subordinate Obligations. However, current principal and interest may be paid on the Junior-Subordinate Obligations if all principal and interest payments due and owing on the Senior Obligations and the Subordinate Obligations previously have been made or provided for.

See the caption “INTRODUCTION-Obligations to be Outstanding,” and “SECURITY AND SOURCES OF PAYMENT” herein, and see also APPENDIX A — “SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED.”

C. *Junior-Subordinate Obligations.* Junior-Subordinate Bonds and Notes that are subordinate in right of payment to both the Senior Obligations and the Subordinate Obligations may be issued from time to time in the future pursuant to the Master Bond Resolution, as Supplemented. Payment of the principal of and interest on the Junior-Subordinate Obligations will be secured by the pledged assets of the Trust Estate subordinate to the rights of payment and other remedies of the Senior Obligations and the Subordinate Obligations.

Payments of Junior-Subordinate Obligations, if any, may be on a parity with other Junior-Subordinate Obligations, or may be subject to separate preferences or priorities within such class of obligations.

Upon issuance of the Series 2001A Bonds, there will be no Junior-Subordinate Obligations outstanding.

**The Series 2001A Bonds, and the interest thereon, are limited revenue obligations of the Authority, secured by the assets specifically pledged therefor, as more particularly described herein and in the Master Bond Resolution, as Supplemented.**

**The Series 2001A Bonds, and the interest thereon, are not obligations of the State. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, or interest on, the Series 2001A Bonds.**

**The Series 2001A Bonds, and the interest thereon, are not personal obligations of the trustees of the Authority and are not a general obligation of the Authority. The Authority has no taxing power.**

#### **Availability of Documentation**

The descriptions of the Series 2001A Bonds and of the documents authorizing and securing the Series 2001A Bonds contained herein do not purport to be definitive or comprehensive. All references herein to such documents are qualified in their entirety by reference to the Series 2001A Bonds and such documents. Copies of the documents may be examined at:

Bank of Oklahoma, N.A., as Master Trustee, 9520 North May Avenue Suite 110 Oklahoma City, Oklahoma 73120 Attention: Corporate Trust Services; or	Oklahoma Student Loan Authority 4545 North Lincoln Boulevard Suite 66 Oklahoma City, Oklahoma 73105 Attention: President.
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#### **DESCRIPTION OF THE SERIES 2001A BONDS**

The Series 2001A Bonds are available in Book Entry form only. See the caption "SECURITIES DEPOSITORY" herein. As long as Cede & Co., as nominee of The Depository Trust Company (the "DTC"), New York, New York, is the Registered Owner of the Series 2001A

Bonds, references herein to the Registered Owners of the Series 2001A Bonds mean Cede & Co. and do not mean the Beneficial Owners (as defined herein) of the Series 2001A Bonds.

## **General**

The Master Bond Resolution, as Supplemented and the Series 2001A Bond Resolution will authorize, among other things: (i) the issuance of the Series 2001A Bonds; (ii) the transfer of fully disbursed Financed Eligible Loans and other assets to the Trust Estate; (iii) the creation and administration of various Funds and Accounts, including the Debt Service Reserve Account in its required amount; and (iv) the execution and delivery of the various related documents pertaining to the issuance of the Series 2001A Bonds.

The Series 2001A Bonds are being issued as Reset Auction Mode Securities (“RAMS”). The Auction Rate is to be established from time to time pursuant to the Auction Procedures described below under “Interest on Series 2001A Bonds” and APPENDIX F — “AUCTION PROCEDURES.” Interest on the Series 2001A Bonds will be paid by check or draft drawn upon the Trustee and mailed to registered owners (initially DTC) at the address shown on the register of the Registrar; provided that, at the written request of a registered owner of at least \$1,000,000 in aggregate principal amount of any series of Series 2001A Bonds and upon compliance with certain provisions of the Master Bond Resolution, as Supplemented, interest may be paid by wire transfer. The Series 2001A Bonds are subject to redemption and acceleration, as described below. DTC will act as Securities Depository for the Series 2001A Bonds. Individual purchases will be made in Book-entry form only as described herein under “SECURITIES DEPOSITORY”.

## **Redemption Provisions**

The Series 2001A Bonds are subject to redemption by or on behalf of the Authority upon notice as described under the caption “Notice of Redemption” below. If less than all of a series of Series 2001A Bonds that are outstanding are to be redeemed, the particular obligations to be redeemed will be selected (and redeemed only in Authorized Denominations) as described under the caption “Partial Redemption” below. Series 2001A-2 Bonds and Series 2001A-3 Bonds shall, in all cases, be redeemed on a pro rata basis.

*Optional Redemption.* The Series 2001A 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 2001A Bonds being redeemed (and without premium), plus interest accrued, if any, to the date of redemption (including any Carry-over Amount thereon and any accrued interest on any Carry-over Amount if such optional redemption is from proceeds of a refunding).

*Mandatory Redemption.* The Series 2001A 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 2001A-2/A-3 Principal Subaccount of the Taxable Repayment Account of the Student Loan Sinking Fund or in the

Series 2001A-2/A-3 Loan Subaccount of the Taxable Loan Account of the Student Loan Fund, subject to the conditions set forth in the first paragraph above under “Redemption Provisions”:

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 therein on the Date of Issuance of the Series 2001A Bonds which have not been used to acquire Eligible Loans by April 1, 2003 or such later date acceptable to the Rating Agencies, provided that the Authority and the Master Trustee receive written confirmation from each Rating Agency (presently, Moody’s and S&P, are the only Rating Agencies rating the Series 2001A Bonds at the request of the Authority) that its then-applicable Ratings on all Bonds and Notes issued and secured pursuant to the Master Bond Resolution, as Supplemented, will not be lowered or withdrawn because of such extension of the acquisition period; or

C. Which represent Recoveries of Principal from Eligible Loans acquired directly or indirectly with the proceeds of the Series 2001A Bonds, which Recoveries of Principal are received after December 1, 2004 or such later date acceptable to the Rating Agencies, provided that the Authority and the Master Trustee receive written confirmation from each Rating Agency (presently Moody’s and S&P) 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.

*Extraordinary Redemption.* In addition, the Series 2001A Bonds are subject to mandatory redemption, in whole or in part, in Authorized Denominations on any Business Day at the principal amount thereof, plus accrued interest to the date set for redemption, if the Authority suffers unreasonable burdens or excessive liabilities in connection with the operation of its Program or the redemption of the Series 2001A Bonds is required or necessary under applicable law or regulations of the Secretary to enable the Authority to continue to receive various federal benefits, all as evidenced by a certificate of the Authority addressed to the Master Trustee subject to the conditions set forth above under “Redemption Provisions”.

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

*Purchase of Bonds and Notes; Tenders.* If at any time moneys are held in any of the Funds and Accounts to be used to redeem Series 2001A Bonds, in lieu of such redemption the Authority may direct the Series 2001A Trustee to use part or all of such moneys to purchase Series 2001A Bonds that would otherwise be subject to redemption from such moneys.

The purchase price of such Series 2001A Bonds will not exceed the applicable principal amount of the Series 2001A 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 2001A Bonds. All Series 2001A Bonds so purchased will be cancelled by the Series 2001A Trustee and applied as a credit against the Authority's obligation to redeem such Series 2001A Bonds from such moneys. Savings resulting from the purchase of Series 2001A Bonds at less than their respective redemption prices: (i) may be used to purchase or redeem additional Bonds and Notes to the extent permitted by the provisions of the corresponding Supplemental Bond Resolutions; or, (ii) at the request of the Authority, may be transferred to the Taxable Repayment Account of the Student Loan Sinking Fund.

The Authority may direct the Series 2001A 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 2001A Bonds. The Authority will accept bids with the lowest price and in the event the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and if there are tenders at an equal price above the amount of moneys available for purchase, then the Authority will select randomly, or in such manner as it shall determine in its discretion, the Series 2001A Bonds tendered which shall be purchased.

### **Partial Redemption**

If less than all of the Series 2001A Bonds of a series 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 2001A Trustee, at random or in such manner as the Series 2001A Trustee in its discretion may deem fair and appropriate. The Series 2001A Trustee shall treat each Series 2001A Bond to be redeemed as representing that number of Series 2001A Bonds of the lowest Authorized Denomination as is obtained by dividing the principal amount of such Series 2001A Bonds by such Authorized Denomination, provided that after giving effect to such redemption, all Outstanding Series 2001A Bonds are in Authorized Denominations.

In case part but not all of an outstanding Series 2001A Bond shall be selected for redemption, upon presentation and surrender of such series of Series 2001A Bond by the Registered Owner or his attorney duly authorized in writing (with, if the Authority or the Series 2001A Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Authority and the Series 2001A Trustee duly executed by, the Registered Owner thereof or his attorney duly authorized in writing) to the Series 2001A Trustee, the Authority will execute and the Series 2001A 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 2001A Bond so surrendered, a Series 2001A Bond of the same series, at the option of such Registered Owner or such attorney, in any Authorized Denomination of like tenor.

## **Notice of Redemption**

When any Series 2001A Bonds are to be redeemed, the Series 2001A Trustee will give notice of the redemption in the name of the Authority specifying, among other things, the date, the principal amount of the Series 2001A Bonds being redeemed, the CUSIP numbers and other distinguishing marks of the Series 2001A Bonds to be redeemed, the place or places where amounts due upon such redemption will be payable, and in the case of Series 2001A Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed.

Such notice will further state that on such date the principal amount will become due and payable upon each Series 2001A Bond to be redeemed, together with interest accrued to the redemption date, and that, from and after such date, interest thereon will cease to accrue.

Such notice will be given by mailing a copy of such notice, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date to the Registered Owners of any Series 2001A Bonds, or portions of Series 2001A 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 2001A Bonds. In addition, the Series 2001A 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 2001A Bond for redemption within thirty (30) days subsequent to the redemption date.

The obligation of the Series 2001A Trustee to give the notice of redemption is not conditioned upon the prior payment to the Series 2001A Trustee of moneys or Investment Securities sufficient to pay the principal amount of the Series 2001A 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 2001A 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 2001A Bonds so called for redemption and subject to such conditional redemption notice will continue to remain Outstanding.

The Series 2001A 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 2001A 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 2001A Bonds will cease to bear interest, and such 2001A 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 2001A Trustee on the redemption date, such

Series 2001A 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 2001A Trustee or the Master Trustee that DTC will distribute to the Participants, or the Participants will distribute to the Beneficial Owners: (i) payments of principal and interest on the Series 2001A Bonds paid to DTC (or its nominee), as the Registered Owner; or (ii) any redemption or other notices; or (iii) that DTC or the Participants will serve and act on a timely basis or in the manner described herein.

### **Transfer and Exchange**

Notwithstanding the following, for so long as the Series 2001A Bonds are available only in the Book Entry System of DTC as the Securities Depository, transfers and exchanges of the Series 2001A Bonds by the Beneficial Owners thereof will occur as described under the caption "SECURITIES DEPOSITORY" herein.

Each Series 2001A 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 2001A 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 2001A Bonds, the Authority will execute and the applicable Series Registrar (if any) or the Series 2001A Trustee will authenticate and deliver, in the name of the transferee, one or more new fully registered Series 2001A Bonds of the same aggregate principal amount, series, maturity and rate of interest as the surrendered Series 2001A Bonds.

The Authority, the corresponding Series Registrar (if any) and the Series 2001A Trustee will deem and treat the person in whose name any Outstanding Series 2001A Bonds is registered upon the books of the Authority as the absolute owner thereof, whether such Series 2001A 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 2001A 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 2001A Bonds to the extent of the sum or sums so paid, and none of the Authority, any Series Registrar (if any) or the Series 2001A Trustee will be affected by any notice to the contrary.

For every such exchange or transfer of Series 2001A Bonds, the Authority, the corresponding Series Registrar (if any) or the Series 2001A Trustee may make a charge sufficient for reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Such sum or sums will be paid by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the corresponding Series Registrar (if any) or the Series 2001A Trustee will be obligated to: (i) issue, exchange or transfer any Series



2001A Bond of any Series after the Record Date next preceding a Bond Payment Date; (ii) issue, exchange or transfer any Series 2001A Bond during a period beginning at the opening of business fifteen (15) days next preceding any selection of Series 2001A Bonds to be redeemed and ending at the close of business on the date of the first mailing of notice of such redemption; or (iii) transfer or exchange any Series 2001A Bonds called or being called for redemption in whole or in part.

### **Mutilated, Destroyed, Lost and Stolen Series 2001A Bonds**

If any mutilated Series 2001A Bond is surrendered to the Series 2001A Trustee, or the Series 2001A Trustee and the Authority receive evidence to their satisfaction of the destruction, loss or theft of any Series 2001A Bond, and there is delivered to the Series 2001A 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 2001A Trustee will authenticate and deliver, in exchange for any such mutilated Series 2001A Bond, or in lieu of any such destroyed, lost or stolen Series 2001A Bond, a new Series 2001A Bond of like Series, tenor and principal amount, bearing a number not contemporaneously Outstanding. The Series 2001A Trustee will thereupon cancel any such mutilated Series 2001A Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Series 2001A Bond has become or is about to become due and payable, the Authority in its discretion may pay such Series 2001A Bond instead of issuing a new Series 2001A Bond.

Upon the issuance of any new Series 2001A 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 2001A Trustee, that may be connected therewith.

### **Interest on Series 2001A Bonds**

*Interest Payments.* Interest on the Series 2001A Bonds shall accrue for each Auction Period and shall be payable in arrears, on each succeeding Interest Payment Date. An “*Auction Period*” means, unless changed described below under “CHANGES IN AUCTION PERIODS OR AUCTION DATE — Changes in Auction Period or Periods”, as the period commencing on the date of issue through and including June 24, 2002 and each successive 28-day period thereafter.

An “*Interest Payment Date*” means June 25, 2002 and thereafter (a) for Auction Periods of 180 days or less, the first Business Day of each succeeding Auction Period until maturity or earlier redemption or (b) for Auction Periods of greater than 180 days, each June 1 and December 1 until maturity or earlier redemption. Interest Payment Dates may change in the event of a change in the length of one or more Auction Periods or in certain other events. Interest Payment Dates may change in the event of a change in the length of one or more Auction Periods or in certain other events. See “CHANGES IN AUCTION PERIODS OR AUCTION DATE — Changes in Auction Period or Periods” below.

The amount of interest distributable to holders of Series 2001A Bonds in respect of each \$100,000 in principal amount thereof for any Auction Period or part thereof shall be calculated by the Master Trustee by applying the Auction Rate for such Auction Period or part thereof, to the principal amount of \$100,000, multiplying such product by the actual number of days in the Auction Period or part thereof, divided by 360, and, if necessary, truncating the resultant figure to the nearest cent. Interest on Series 2001A Bonds shall be computed by the Master Trustee on the basis of a 360-day year for the number of days actually elapsed.

Interest payments on Series 2001A Bonds are to be made by the Trustee to DTC as the registered owner of the Series 2001A Bonds, as of the Record Date preceding each Interest Payment Date. The Series 2001A Bonds are to be registered in the name of Cede & Co., as nominee of DTC, which is acting as the Securities Depository for the Series 2001A Bonds. See "SECURITIES DEPOSITORY" for a description of how DTC, as owner, is expected to disburse such payments to the beneficial owners.

*Auction Rate.* The respective rates of interest for the initial Auction Period shall be the rate determined upon the initial sale thereof. Thereafter, the rate of interest on the Series 2001A Bonds for each subsequent Auction Period to, but not including, any Conversion Date shall be equal to the per annum rate of interest that results from implementation of the Auction Procedures described in Appendix F hereto (the "*Auction Rate*") unless the Auction Rate exceeds the Maximum Auction Rate, in which case the rate of interest on Series 2001A Bonds for such Auction Period shall be the Maximum Auction Rate; *provided* that if, on any Auction Date, an Auction is not held for any reason, then the rate of interest for the next succeeding Auction Period shall be equal to the Maximum Auction Rate for such Auction Period, subject to the Interest Rate Limitation established on such Auction Date.

Notwithstanding the foregoing, (a) if the ownership of Series 2001A Bonds is no longer maintained in book-entry form, the rate of interest on Series 2001A Bonds for any Auction Period commencing after the delivery of certificates representing Series 2001A 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 (b) if a Payment Default occurs and is continuing, Auctions will be suspended and the Auction Rate (as defined below) 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 2001A Bonds or portion thereof has been selected for redemption during the next succeeding Auction Period, such Series 2001A 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 Auction Period prior to said Auction.

*Carry-over Amount.* If the Auction Rate for any Auction Period is greater than the Maximum Auction Rate, then the interest rate applicable to such series of Series 2001A Bonds for that Auction Period will be the Maximum Auction Rate. If the interest rate applicable to a series of Series 2001A Bonds for any Auction Period is the Maximum Auction Rate, the Series

2001A Trustee shall determine the Carry-over Amount, if any, for such Auction Period. Such Carry-over Amount shall bear interest calculated at a rate equal to One-Month London Inter-Bank Offered Rate (“LIBOR”) (as determined by the Auction Agent, provided the Series 2001A Trustee has received notice of One-Month LIBOR from the Auction Agent, and if the Series 2001A Trustee shall not have received such notice from the Auction Agent, then as determined by the Series 2001A Trustee) from the Interest Payment Date for the Auction Period with respect to which such Carry-over Amount was calculated, until paid or extinguished. Any payment in respect of the Carry-over Amount shall be applied, first, to any accrued interest payable thereon and, second, in reduction of such Carry-over Amount. For purposes of the Master Bond Resolution, as Supplemented, any reference to “principal” or “interest” shall not include within the meaning of such words the Carry-over Amount or any interest accrued on any such Carry-over Amount. Such Carry-over Amount shall be separately calculated for each series of the Series 2001A Bonds by the Series 2001A Trustee during such Auction Period in sufficient time for the Series 2001A Trustee to give notice to each Registered Owner of such Carry-over Amount as required in the next succeeding sentence. On the Interest Payment Date for an Auction Period with respect to which such Carry-over Amount has been calculated by the Series 2001A Trustee, the Series 2001A Trustee shall give written notice to each Registered Owner of such Series 2001A Bonds of the Carry-over Amount applicable to such Registered Owner's Series 2001A Bonds which written notice may accompany the payment of interest by check made to each such Registered Owner on such Interest Payment Date or otherwise shall be mailed on such Interest Payment Date by first-class mail, postage prepaid, to each such Registered Owner at such Registered Owner's address as it appears on the registration records maintained by the Series 2001A Trustee. Such notice shall state, in addition to such Carry-over Amount, that, unless and until such Series 2001A Bonds have been redeemed or have been deemed no longer Outstanding under the Master Bond Resolution (after which all accrued Carry-over Amount, and all accrued interest thereon, that remains unpaid shall be cancelled and no Carry-over Amount, or interest accrued thereon, shall be paid with respect to such Series 2001A Bonds), (i) the Carry-over Amount (and interest accrued thereon calculated at a rate equal to One-Month LIBOR) shall be paid by the Series 2001A Trustee on Series 2001A Bonds on the first occurring Interest Payment Date for a subsequent Auction Period if and to the extent that (1) the Eligible Carry-over Make-Up Amount (as defined in Appendix F hereto) with respect to such Auction Period is greater than zero, and (2) moneys are available pursuant to the terms of the Master Bond Resolution, as Supplemented, in an amount sufficient to pay all or a portion of such Carry-over Amount (and interest accrued thereon), and (ii) interest shall accrue on the Carry-over Amount at a rate equal to One-Month LIBOR until such Carry-over Amount is paid in full or is cancelled.

The Carry-over Amount (and interest accrued thereon) for Series 2001A Bonds shall be paid by the Series 2001A Trustee, if ever, on the first occurring Interest Payment Date for a subsequent Auction Period if and to the extent that (i) the Eligible Carry-over Make-Up Amount with respect to such Auction Period is greater than zero, and (ii) on such Interest Payment Date there are sufficient moneys to pay, and available for payment of, all interest due on all Outstanding Bonds and Notes on such Interest Payment Date. Any Carry-over Amount (and any interest accrued thereon) on any of the Series 2001A Bonds which is due and payable on an Interest Payment Date, which Series 2001A Bonds are to be redeemed (other than by optional redemption from proceeds of a refunding) or deemed no longer Outstanding under the Master Bond Resolution on said Interest Payment Date, shall be paid to the Registered Owner thereof on

said Interest Payment Date to the extent that moneys are available therefor in accordance with the provisions of the Master Bond Resolution, as Supplemented; provided, however, that any Carry-over Amount (and any interest accrued thereon) which is not yet due and payable on said Interest Payment Date shall be cancelled with respect to such Series 2001A Bonds that are to be redeemed (other than by optional redemption from proceeds of a refunding) or deemed no longer Outstanding under the Indenture on said Interest Payment Date and shall not be paid on any succeeding Interest Payment Date. To the extent that any portion of the Carry-over Amount (and any interest accrued thereon) remains unpaid after payment of a portion thereof, such unpaid portion shall be paid in whole or in part as required under the Master Bond Resolution, as Supplemented until fully paid by the Series 2001A Trustee on the next occurring Interest Payment Date or Dates, as necessary, for a subsequent Auction Period or Periods, if and to the extent that the conditions in the second preceding sentence are satisfied. On any Interest Payment Date on which the Series 2001A Trustee pays only a portion of the Carry-over Amount (and any interest accrued thereon) on Series 2001A Bonds, the Series 2001A Trustee shall give written notice in the manner set forth in the immediately preceding paragraph to the Registered Owners of such Series 2001A Bonds receiving such partial payment of the Carry-over Amount remaining unpaid on such Series 2001A Bonds. The Interest Payment Date in such subsequent Auction Period on which such Carry-over Amount (or any interest accrued thereon) for Series 2001A Bonds shall be paid, shall be determined by the Series 2001A Trustee in accordance with the provisions of this paragraph, and the Series 2001A Trustee shall make payment of the Carry-over Amount (and any interest accrued thereon) in the same manner as, and from the same account from which, it pays interest on Series 2001A Bonds on an Interest Payment Date. Any Carry-over Amount which remains unpaid on the date of optional redemption of Series 2001A Bonds from proceeds of a refunding shall be paid on the date of such redemption.

ANY UNPAID CARRY-OVER AMOUNT WITH RESPECT TO SERIES 2001A BONDS NOT DUE AND PAYABLE ON THE REDEMPTION DATE WITH RESPECT TO SUCH SERIES 2001A BONDS WILL BE EXTINGUISHED UPON THE MATURITY OR REDEMPTION (OTHER THAN BY OPTIONAL REDEMPTION FROM PROCEEDS OF A REFUNDING) OF SUCH SERIES 2001A BONDS. THE CARRY-OVER AMOUNT WILL OTHERWISE CONTINUE TO ACCRUE ON OUTSTANDING SERIES 2001A BONDS. FURTHERMORE, THE MASTER BOND RESOLUTION, AS SUPPLEMENTED DOES NOT REQUIRE THAT UNPAID CARRYOVER AMOUNTS BE CONSIDERED A LIABILITY FOR PURPOSES OF TESTS APPLICABLE TO REDEMPTION OF BONDS OR REMOVAL OF PLEDGED ASSETS FROM THE MASTER BOND RESOLUTION, AS SUPPLEMENTED.

### **Mandatory Tender of the Series 2001A Bonds**

The Authority may, on the first Business Day immediately succeeding any Auction Period, convert either or both series of the Series 2001A Bonds outstanding as RAMS to bear interest at an Adjustable Rate or a at a fixed rate (a "*Conversion*"). Upon the effective date of a Conversion, Series 2001A Bonds being converted ("*Converted Bonds*") will no longer be outstanding as RAMS 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 (the "*Conversion Date*").

The Series 2001A Trustee is required to give at least 20 days advance notice of any such mandatory tender to the Registered Owners of such Converted Bonds subject to purchase. Converted Bonds to be purchased on any Conversion Date are required to be delivered to the designated office of the Series 2001A 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 2001A Trustee, or its designated agent for such purposes, for purchase on the purchase date, and if the Series 2001A 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.

If a proposed Conversion from an Auction Rate shall have failed, the Series 2001A Bonds subject to the failed Conversion shall remain outstanding as RAMS. Auctions for such Series 2001A 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 2001A 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.

### **Auction Participants**

*Existing Owners and Potential Owners.* Participants in each Auction will include (i) “Existing Owners,” which (for purposes of dealing with the Auction Agent in connection with an Auction) shall mean any Person who is a Broker-Dealer listed in the books of registry as the owner of record of Series 2001A Bonds prior to a Conversion Date at the close of business on the Business Day preceding each Auction; and (ii) “Potential Owners,” which shall mean any Person, including any Existing Owner, who shall have executed (and not withdrawn or terminated) a Master Purchaser’s Letter (in the form found in Appendix H) and who may be interested in acquiring Series 2001A Bonds (or, in the case of an Existing Owner, an additional principal amount of Series 2001A Bonds).

By purchasing Series 2001A Bonds, whether in an Auction or otherwise, each prospective purchaser of Series 2001A Bonds or its Broker-Dealer must agree and will be deemed to have agreed: (a) to participate in Auctions on the terms set forth in the Master Bond Resolution, as Supplemented and as described in Appendix F hereto, (b) so long as the beneficial ownership of Series 2001A Bonds is maintained in book-entry form by DTC, to sell, transfer or otherwise dispose of Series 2001A Bonds only pursuant to a Bid or a Sell Order (each as defined in Appendix F) in an Auction, or through a Broker-Dealer; *provided* that in the case of all transfers other than those pursuant to an Auction, the Existing Owner of Series 2001A Bonds so transferred, its agent member or its Broker-Dealer advises the Auction Agent of such transfer, and (c) to have its beneficial ownership of Series 2001A 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.* Bankers Trust Company, New York, New York has been appointed as the initial Auction Agent for the 2001A Bonds. The Series 2001A Trustee is directed to enter into the initial Auction Agency Agreement with Bankers Trust Company. Any substitute Auction Agent shall be (a) 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, The City of New York, and having a combined capital stock, surplus and undivided profits of at least \$15,000,000 or (b) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$15,000,000 and, in either case, authorized by law to perform all the duties imposed upon it under the Series 2001A Bond Resolution and under the Auction Agency Agreement. The Auction Agent may resign and be discharged of the duties and obligations created by the Series 2001A Bond Resolution by giving at least 90 days' written notice to the Authority, the Series 2001A Trustee, and the Market Agent (25 days' written notice if the Auction Agent has not been paid its fee after notice of such fact to the Authority and the Series 2001A Trustee). The Auction Agent may be removed at any time by the Series 2001A Trustee, acting at the direction of either (i) the Authority or (ii) the Registered Owners of 66-2/3% of the aggregate principal amount of the Series 2001A Bonds by an instrument signed by the Registered Owners or their attorneys and filed with the Auction Agent, the Authority and the Market Agent upon at least 30 days' notice; *provided* that, neither resignation nor removal of the Auction Agent shall be effective until and unless a successor Auction Agent has been appointed by the Series 2001A Trustee at the direction of the Authority and has accepted such appointment. If the Auction Agent shall resign or be removed or dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Authority shall use its best efforts to appoint a successor as Auction Agent, and the Series 2001A Trustee shall thereupon enter into an Auction Agency Agreement with such successor.

The Auction Agent is acting as agent for the Series 2001A Trustee and the Authority in connection with Auctions. In the absence of bad faith or negligence on its part, the Auction Agent shall 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 shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

*Broker-Dealer.* Existing Owners and Potential Owners may participate in Auctions only by submitting orders (in the manner described below) through a "Broker-Dealer," including RBC Dain Rauscher Inc. as the sole initial Broker-Dealer with respect to the Series 2001A-2 Bonds and Banc of America Securities LLC as the sole initial Broker-Dealer with respect to the Series 2001A-3 Bonds 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 2001A Bond Resolution which (a) is a "Participant" (*i.e.*, a member of, or participant in, the Securities Depository) or an affiliate of a Participant, (b) has a capital surplus of at least \$15,000,000, (c) has been selected by the Authority and (d) has 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.

*Market Agent.* The “Market Agent,” initially RBC Dain Rauscher Inc., is responsible under the terms of the Market Agent Agreement for the following duties: (i) assist the Series 2001A Trustee in the determination of the Maximum Auction Rate on the Business Day before each Interest Payment Date after the delivery of physical certificates representing the Series 2001A Bonds, (ii) assist the Series 2001A Trustee in calculating the Overdue Rate on the Determination Date for (A) each Interest Period commencing after the occurrence and during the continuance of a Payment Default and (B) any Interest Period commencing less than the Applicable Number of Business Days after the cure of any Payment Default, (iii) 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, (iv) make changes to the Auction Periods or Auction Dates as described below under the caption “Changes in Auction Periods or Auction Date,” and (v) 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 2001A Bonds, the Market Agent shall act solely as agent of the Series 2001A Trustee and shall not assume any obligation or relationship of agency or trust for or with any of the beneficial owners.

## **Auctions**

Auctions to establish the Auction Rate are to be held on each Auction Date, except as described above under “Interest on the Series 2001A Bonds — *Auction Rate*,” by application of the Auction Procedures described in Appendix F. “*Auction Date*” shall mean initially June 24, 2002 and thereafter, the Business Day immediately preceding the first day of each Auction Period, other than: (a) an Auction Period which commences on a Conversion Date; (b) each Auction Period commencing after the ownership of the Series 2001A Bonds is no longer maintained in book-entry form; (c) each Auction Period commencing after the occurrence and during the continuance of a Payment Default; or (d) any Auction Period commencing less than two Business Days after the cure or waiver of a Payment Default. Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed as described below under “Changes in Auction Periods or Auction Date — *Changes in Auction Period or Periods*.”

The Auction Agent shall determine the Maximum Auction Rate and the All-Hold Rate on each Auction Date. Upon receipt of notice from the Series 2001A Trustee of a failed Conversion Date and if the next succeeding Auction Date shall be two or fewer Business Days after (or on) the failed Conversion Date, the Auction Agent shall not hold an Auction on such Auction Date but shall 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 a series of Series 2001A Bonds is no longer maintained in book-entry form, the Trustee shall, 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 2001A Bonds. If a Payment Default shall have occurred, the Series 2001A Trustee shall, with the assistance of the Market Agent, calculate the Overdue Rate on the first day of (a) each Auction Period commencing after the occurrence and during the continuance of such Payment Default and (b) any Auction Period commencing less than the two Business Days after the cure of any

Payment Default. The determination by the Series 2001A Trustee or the Auction Agent, as the case may be, of the Maximum Auction Rate shall (in the absence of manifest error) be final and binding upon the owners and all other parties. If calculated or determined by the Auction Agent, the Auction Agent shall promptly advise the Series 2001A Trustee of the Maximum Auction Rate.

So long as ownership of a series of the Series 2001A Bonds is maintained in book-entry form, an Existing Owner may sell, transfer or otherwise dispose of such series of Series 2001A Bonds only pursuant to a Bid or Sell Order (as defined in Appendix F hereto) 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 shall be conducted on each Auction Date, if there is an Auction Agent on such Auction Date, in the manner described in Appendix F hereto. A description of the Settlement Procedures to be used with respect to Auctions for Series 2001A Bonds is contained in Appendix G hereto.

### **Changes in Auction Periods or Auction Date**

*Changes in Auction Period or Periods.* While any of the Series 2001A Bonds are outstanding as RAMS, the Authority may change, upon meeting certain conditions, the length of one or more Auction Periods for either or both series of the Series 2001A Bonds. In connection with any such change, the Market Agent may change Interest Payment Dates. Any such changed Auction Period shall not be less than 7 days nor more than 366 days.

The change in the length of one or more Auction Periods shall not be allowed unless Sufficient Clearing Bids (as defined in Appendix F hereto) 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. Such change shall take effect only if certain requirements are met as described in the Series 2001A Bond Resolution.

*Changes in the Auction Date.* While any of the Series 2001A Bonds are outstanding as Series 2001A Bonds, the Market Agent:

(a) in order to conform with then-current market practice with respect to similar securities, shall; or

(b) 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 shall 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 2001A Trustee, the Auction Agent, the Authority and the Rating Agencies.



In connection with any change in the Auction terms described above, the Auction Agent shall provide such further notice to such parties as is specified in the Auction Agency Agreement.

### **SECURITIES DEPOSITORY**

The information in this section concerning DTC and DTC's Book Entry system has been obtained from DTC and from other sources which the Authority believes to be reliable, but the Authority, the Underwriters, their respective counsel, Bond Counsel, the Series 2001A Trustee and the Master Trustee take no responsibility for the accuracy thereof. No representation is made by any of those as to the absence of material changes in such information subsequent to the date hereof.

DTC will act as Securities Depository for the Series 2001A Bonds. The Series 2001A 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 each maturity of each series of the Series 2001A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). The rules applicable to DTC and its Direct Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2001A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2001A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2001 Bond is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2001A 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 2001A Bonds, except in the event that use of the Book Entry system for the Series 2001A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2001A 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 2001A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee name do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2001A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2001A 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.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2001A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2001A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2001A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2001A 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 Trustee or the Authority on 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 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 Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner may tender through its Participant, to the Trustee, and shall effect delivery of the Series 2001A Bonds by causing the Direct Participant to transfer the Participant's

interest in the Series 2001A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2001A Bonds in connection with mandatory tender will be deemed satisfied when the ownership rights in the Series 2001A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2001A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2001A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2001 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of Book Entry transfers through DTC (or a successor securities depository). In that event, Series 2001 Bond certificates will be printed and delivered.

THE AUTHORITY, THE UNDERWRITERS, THEIR COUNSEL, BOND COUNSEL, THE SERIES 2001A TRUSTEE AND THE MASTER TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DTC PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2001A BONDS: (I) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2001A BONDS; (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2001A BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2001A BONDS; OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR ITS PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE UNDERWRITERS, THEIR COUNSEL, BOND COUNSEL, THE SERIES 2001A TRUSTEE OR THE MASTER TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS (DIRECT OR INDIRECT) OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO: (I) THE SERIES 2001A BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE SERIES 2001A BONDS; (IV) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE SERIES 2001 BOND RESOLUTION TO BE GIVEN TO REGISTERED OWNERS; (V) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2001A BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

In reading this Official Statement, it should be understood that while the Series 2001A 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 2001A Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and

(ii) notices that are to be given to Registered Owners by the Authority, the Series 2001A Trustee or the Master 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 issued thereunder, including the Series 2001A Bonds, and the principal of and interest thereon, as well as any Swap Agreement and any Trust Estate Collateral Investment Agreement are limited and special revenue obligations of the Authority secured by and payable solely from revenues, funds and other assets specifically pledged therefor, including among other things, all rights, title, interest and privileges of the Authority with respect to:

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

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

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

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

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

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

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

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

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

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

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

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

A. *Swap Agreements.* One or more written contracts 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) certain 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 — “SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED”.

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

Upon issuance of the Series 2001A Bonds there will be no Swap Agreements currently issued and outstanding.

B. *Trust Estate Collateral Investment Agreements.* One or more Trust Estate Collateral Investment Agreement with a Trust Estate Collateral Investment Counterparty which will permit the Trust Estate Collateral Investment Counterparty on any date to demand that the Master Trustee transfer an amount limited by the terms of the Trust Estate Collateral Investment Agreement, to the Trust Estate Collateral Investment Counterparty from any moneys or investments contained in the Trust Estate on a senior priority basis as provided in the Master Bond Resolution, 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 — “SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED”.

The Master Trustee is not permitted to enter into any Trust Estate Collateral Agreement unless it receives written confirmation from each Rating Agency that its then applicable ratings on all Bonds and Notes secured by the Master Bond Resolution, as

Supplemented will not be lowered or withdrawn because of the execution of such Trust Estate Collateral Investment Agreement and the Master Trustee receives a Favorable Opinion.

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

Upon issuance of the Series 2001A Bonds, there will be no Trust Estate Collateral Investment Agreements outstanding.

### **Certain Payment Priorities**

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

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

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

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

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

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

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

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

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

### **Cash Flow Projections**

The Authority does not expect to issue its Series 2001A Bonds unless it believes, based on its analysis of cash flow projections which will include various cash flow scenarios, that Revenues and Recoveries of Principal to be received pursuant to the Master Bond Resolution, as Supplemented will be sufficient to pay principal of and interest on the Series 2001A Bonds when due, and also to pay when due all Servicing Fees and Program Expenses until the final maturity of the Series 2001A Bonds.

The cash flow projections related to the issuance of the Series 2001A Bonds have been prepared for the Authority by RBC Dain Rauscher Inc., Phoenix, Arizona.

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

See APPENDIX C — "LOAN PORTFOLIO COMPOSITION" herein for certain information about the Eligible Loans financed under the Master Bond Resolution, as Supplemented, with the proceeds of the Obligations issued prior to the Series 2001A Bonds and the Additional Series 2001A Obligations.

There can be no assurance that interest and principal payments from the Financed Eligible Loans will be received as anticipated, that the reinvestment rates assumed on the amounts in various Funds and Accounts will be realized, or that Interest Benefit or Special Allowance Payments will be received in the amounts and at the times anticipated. Furthermore,

future events over which the Authority has no control may adversely affect the Authority's actual receipt of Revenues and Recoveries of Principal pursuant to the Master Bond Resolution, as Supplemented. See the caption "RISK FACTORS — Factors Outside the Authority's Control May Adversely Affect Cash Flow Sufficiency and May Cause Series 2001A Bonds to be Prepaid" and "-Future Changes in the Higher Education Act or Other Relevant Law" herein.

### **Flow of Funds**

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

- A. To pay any Servicing Fees which are due and payable;
- B. To pay any other Program Expenses which are due and payable;
- C. To pay interest on any Senior Bonds and Notes and to pay any Authority Swap Payments secured on a parity with Senior Bonds and Notes;
- D. To pay the principal on any Senior Bonds and Notes;
- E. To pay interest on any Subordinate Bonds and Notes and to pay any Authority Swap Payments secured on a parity with Taxable Subordinate Bonds and Notes;
- F. To pay the principal on any Subordinate Bonds and Notes;
- G. To pay any Administrative Expenses which are due and payable;
- H. To pay interest on any Junior-Subordinate Bonds and Notes and to pay any Authority Swap Payments secured on a parity with Junior-Subordinate Bonds and Notes;
- I. To pay the principal on any Junior-Subordinate Bonds and Notes;
- J. To fund any deficiency in the Debt Service Reserve Subaccount;
- 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 due and payable principal on any Senior Bonds and Notes, if any, and an amount sufficient to pay the interest accrued to such payment date on all Senior Bonds and Notes and any Authority Swap



Payments secured on a parity with the Senior Bonds and Notes and transfers to any Trust Estate Collateral Investment Counterparty pursuant to the Master Bond Resolution, 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 due and payable principal on any Subordinate Bonds and Notes, if any, and an amount sufficient to pay the interest accrued to such payment date on all Subordinate Bonds and Notes and any Authority Swap payments secured on a parity with the Subordinate Bonds and Notes.

For a more detailed description of the flow of funds under the Master Bond Resolution, as Supplemented, see the captions “REVENUES AND FUNDS — Student Loan Fund, “— Student Loan Sinking Fund” and “— Debt Service Reserve Account” in APPENDIX A — “SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED”.

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

### **Creation of Series 2001A Accounts**

The Master Bond Resolution and the Series 2001A Bond Resolution establish with the Master Trustee the following Subaccounts with respect to the Series 2001A Bonds:

A. Within the Taxable Loan Account of the Student Loan Fund, the “Series 2001A-2/A-3 Loan Subaccount” to be used to account for,

1. Original proceeds of the Series 2001A Bonds deposited thereto,
2. Eligible Loans financed by the proceeds of the Series 2001A Bonds, and
3. Recoveries of Principal on Eligible Loans financed by the Series 2001A Bonds; and

B. Within the Taxable Repayment Account of the Student Loan Sinking Fund, the following Subaccounts,

1. Series 2001A-2/A-3 Principal Subaccount, and
2. Taxable Interest Subaccount.

## **Debt Service Reserve Account**

The Master Bond Resolution established a Debt Service Reserve Account within the Student Loan Sinking Fund for the benefit of the Registered Owners of the Obligations, including the Series 2001A Bonds. Pursuant to the Master Bond Resolution, the Authority is required to maintain the Debt Service Reserve Account at an amount equal to the Debt Service Reserve Account Requirement, which is equal to the sum of the Series Debt Service Reserve Requirements for each Series of the Bonds and Notes issued pursuant to the Master Bond Resolution and the corresponding Supplemental Bond Resolutions.

The Debt Service Reserve Account Requirement for the Series 2001A Bonds is an amount equal to one percent (1%) of the principal amount of the Series 2001A Bonds outstanding under the Master Bond Resolution, as Supplemented. A deposit of \$750,000 from proceeds of the Series 2001A Bonds and a deposit of \$500,000 from proceeds of the Additional 2001 Senior Obligations will be made to the Debt Service Reserve Account, which will contain a total of \$2,124,100 after issuance of the Series 2001A Bonds and the Additional 2001 Senior Obligations.

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” herein, then, after any required transfer from the Student Loan Fund, the amount of such deficiency will be paid directly from the Debt Service Reserve Account.

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

The Debt Service Reserve Account secures all Obligations issued under the Master Bond Resolution. Consequently, the establishment of a Series Debt Service Reserve Account Requirement with respect to Additional Obligations at a level less than 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 2001A Bonds. However, additional Bonds and Notes may only be issued upon receipt by the Authority and the Master Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the issuance of such additional Obligations. See the caption “REVENUES AND FUNDS — Debt Service Reserve Account” in APPENDIX A — “SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED”.

## **Issuance of Additional Obligations**

The Master Bond Resolution provides that the Authority may issue additional Obligations upon satisfying certain conditions, including the receipt by the Authority and the Master Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the issuance of such Additional Bonds or Notes. See the caption “GENERAL TERMS OF THE BONDS AND NOTES — Provisions for the Issuance of Bonds and Notes” in APPENDIX A — “SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE MASTER BOND RESOLUTION, AS SUPPLEMENTED”.

Such Additional Bonds or Notes may be issued as Senior Bonds and Notes, Subordinate Bonds and Notes and/or Junior-Subordinate Bonds and Notes, as determined by the Authority in the applicable Supplemental Bond Resolutions providing for the issuance of such Additional Bonds or Notes. See the caption “SECURITY AND SOURCES OF PAYMENT — Certain Payment Priorities” herein.

## **Releases to the Authority**

The Master Bond Resolution, 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 and any Supplemental Bond Resolution; provided that no such transfer of assets to the Authority will be made unless:

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

B. The Master Trustee has received,

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

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

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

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 2001A Bonds. We have not obtained any insurance or other credit enhancement to pay scheduled payments of principal of and interest on the Series 2001A Bonds in the event we are unable to do so with assets in the Trust Estate.

#### **The Series 2001A Bonds are not Supported by a Liquidity Facility**

We are not obligated to purchase Series 2001A Bonds, nor have we made arrangements with any third party to do so if the Broker-Dealer is unable to locate a new purchaser on any Auction Date or between Auction Dates. The Broker-Dealers may sometimes purchase Series 2001A Bonds for their own accounts, but they are not legally obligated to do so. In the event there were insufficient orders for the Series 2001A Bonds and an auction failed, the rate would be the Maximum Auction Rate which may be a rate less than the prevailing market rate for similar bonds.

#### **The Series 2001A Bonds are Limited Obligations of the Authority**

We are only obligated to make payments on the Series 2001A Bonds from assets in the Trust Estate. We cannot compel the State of Oklahoma to make any payments on the Series 2001A Bonds from any source whatsoever. 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.

#### **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 2001A Bonds are qualified as to whether the Master Trustee can

exercise remedies in bankruptcy or insolvency proceedings or similar laws affecting creditors in general.

### **Factors Outside the Authority's Control May Adversely Affect Cash Flow Sufficiency and May Cause Series 2001A Bonds to be Prepaid**

We established the terms of the Series 2001A 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 or when expected for several reasons, including competition from other secondary markets or other lenders participating in the FFEL Program or potential borrowers obtaining loans originated under the USDE's William D. Ford Direct Student Loan Program.

To the extent we are able to use proceeds of the Series 2001A 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% reinsured 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 with another lender;
- borrowers may participate in our borrower savings plans, such as TOP and EZ Pay-Discount Plan at greater rates than projected reducing Revenues and Recoveries of Principal;
- the FFEL Program is subject to frequent amendments, 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.

If we prepay your Series 2001A 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 and applicable regulations, we may lose the guarantee if the borrower defaults. If a third party makes the error, we reserve the right to sell the defective loan to the party from whom we purchased it, but we cannot guarantee that that entity will be willing or able to honor its repurchase obligation.

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

### **Financial Status of Guarantee Agencies**

The Eligible Loans will be unsecured, and we are depending on the ability of the Guarantee Agencies, and the State Guarantee Agency in particular, to honor guaranty 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 in recent legislation. 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 Higher Education Act or Other Relevant Law**

The Higher Education Act and applicable regulations are the subject of frequent amendments. Many of the recent amendments have reduced the return available to us on Eligible Loans. It is possible that future amendments may further reduce the return on Eligible Loans, which may hurt the Authority's ability to pay debt service on the Series 2001A Bonds when due.

### **Limitations Imposed by the Soldiers' and Sailors' Civil Relief Act and Department of Education Administrative Announcements**

The Soldiers' and Sailors' Civil Relief Act of 1940 (the "*Relief Act*"), provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their student loan. The Relief Act provides generally that a borrower who is covered by the Relief Act may not be charged interest on a loan in excess of 6% per annum during the period of the borrower's active duty; however, this limitation does not apply to the loans originated pursuant to the Higher Education Act, such as the Eligible Loans.

The Relief Act also limits the ability of a lender 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. As a result, there may be delays in payment and increased losses on the Financed Eligible Loans.

The Secretary has issued guidelines recently that would extend the in-school status, in-school deferment status, grace period status or forbearance status of certain borrowers ordered to active duty. Further, if a borrower is in default on an Eligible Loan, the applicable Guarantee

Agency must, upon being notified that the borrower has been called to active duty, cease all collection activities for the expected period of the borrower's military service, through September 15, 2002, unless the Secretary provides guidance extending this period.

We do not know how many Eligible Loans have been or may be affected by the application of the Relief Act or the Secretary's recent guidelines.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements". When used in this Official Statement, the words "estimate," "intend," "assume" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. 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 material in this Section of the Official Statement is a brief overview and does not purport to be complete information on the Guarantee Agencies, including the State Guarantee Agency which is the primary guarantor of education loans held by the Authority.**

### **Guarantee of Loans**

Pursuant to a contract of guarantee with a guarantor, an eligible lender is 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. In servicing a portfolio of education loans, an eligible lender is 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.

Under the Higher Education Act, a guarantor deems default to mean the borrower's failure to make an installment payment when due or to comply with other terms of a note or agreement under circumstances in which the holder 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.

When a loan becomes 60 to 120 days past due, the holder is required to request preclaims assistance from the applicable Guarantee Agency in order to attempt to bring the delinquency

current. When a loan becomes 241 to 270 days past due, the holder is required to make a final demand for payment of the loan by the borrower. The holder must submit a claim for reimbursement within 90 days thereafter to the guarantor. At the time of payment of guarantee benefits, the holder, such as the Authority, must assign to such guarantor all rights accruing to the holder under the notes evidencing the loan.

### Reinsurance of Loans

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

The formula for reinsurance amounts is summarized below:

<b>Claims Rate</b>	<b>Guarantor Reinsurance Rate for Loans Made prior to <u>October 1, 1993</u></b>	<b>Guarantor Reinsurance Rate for Loans Made between <u>October 1, 1993</u> and <u>September 30, 1998</u></b>	<b>Guarantor Reinsurance Rate for Loans Made on or after <u>October 1, 1998</u></b>
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

### Federal Payment of Claims

Pursuant to the Higher Education Act, if the Secretary has determined that a Guarantee Agency is unable to meet its insurance obligations, the holder of loans insured by the Guarantee Agency may submit insurance claims directly to the Secretary and the Secretary will pay to the holder the full insurance obligation of the Guarantee Agency. Such arrangements will continue until the Secretary is satisfied that the insurance obligations have been transferred to another Guarantee Agency who can meet those obligations or a successor will assume the outstanding insurance obligations. There can be no assurance, however, that the Secretary will make such a determination or will do so in a timely manner.



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

### **Oklahoma Guaranteed Student Loan Program**

Substantially all of the Eligible Loans held by the Authority and its Network Members are guaranteed by the State Guarantee Agency. The State Guarantee Agency administers and utilizes the Guarantee Fund established in the State Treasury by Title 70 Oklahoma Statutes 1991, Sections 622 and 623, as amended (the “*Guarantee Fund*”), to guarantee FFEL Program loans.

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

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

For a description of the State Guarantee Agency, including statistical and financial statement information, see APPENDIX D – “GENERAL DESCRIPTION OF THE STATE GUARANTEE AGENCY” herein.

### **ABSENCE OF LITIGATION**

There is no litigation of any nature now pending or threatened, or in any way contesting or affecting the validity of the Series 2001A 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 Bonds and Notes, including the Series 2001A Bonds, or the existence or powers of the Authority.

### **LEGALITY OF INVESTMENT**

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

All bonds issued under the Oklahoma Student Loan Act are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, 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 2001A Bonds is subject to approval of validity by Kutak Rock LLP, Oklahoma City, Oklahoma, Bond Counsel, whose approving opinion will be addressed to the Authority and the Underwriters and will state, among other things, that under existing law:

A. The Authority is an express trust duly created and established for public purposes, and has full power and authority to issue the Series 2001A Bonds and to adopt the Master Bond Resolution, as Supplemented and enter into the Master Trust Agreement and the other documents contemplated thereby and perform its obligations thereunder;

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

C. The Series 2001A 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 and no inference should be drawn that they have expressed an opinion on matters relating to the financial ability of the Authority to perform its obligations under the Series 2001A Bonds and the documents described herein.

The opinions expressed above by Bond Counsel with respect to the enforceability of the Series 2001A 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 2001A Bonds.

In addition, Bond Counsel will deliver a supplemental opinion to the Authority and the Underwriters regarding the fair and accurate description of certain provisions of the bond documents in the Official Statement, the exemption from securities registration of the Series 2001A Bonds and the creation of a first perfected security interest in the Trust Estate which secures the Series 2001A Bonds, subject to certain standard exceptions.

Certain legal matters will be passed on for the Authority by its special counsel, Roderick W. Durrell, Esq.; and for the Underwriters by their counsel, Greenberg Traurig, LLP, Phoenix, Arizona. Certain legal matters also will be passed on by the Attorney General of the State of Oklahoma in approving the transcript of legal proceedings. See also, the caption “TAX MATTERS” below.

## **TAX MATTERS**

*General.* The following summary of certain United States federal income tax consequences with respect to the Series 2001A Bonds is based on current law and is for general information only. This summary is generally limited to owners who have acquired the Series 2001A Bonds in the original offering as “capital assets” (generally, property held for investment). The tax treatment of an owner of Series 2001A Bonds may vary depending upon such owner’s particular situation. Certain owners of Series 2001A Bonds (including insurance companies, tax-exempt organizations, financial institutions, brokers, dealers, foreign corporations or other entities and persons who are not citizens or residents of the United States) may be subject to special rules not discussed below. Prospective Registered Owners should consult their tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of the Series 2001A Bonds.

The Authority and the Registered Owners express in the Bond Resolution their intent that, for applicable tax purposes, the Series 2001A Bonds will be indebtedness of the Authority secured by the Financed Eligible Loans. The Authority and the Registered Owners, by accepting the Series 2001A Bonds, have agreed to treat the Series 2001A Bonds as indebtedness of the Authority for federal income tax purposes. The Authority intends to treat this transaction as a financing reflecting the Series 2001A Bonds as its indebtedness for tax and financial accounting purposes. Bond Counsel is of the opinion that the Series 2001A Bonds should be treated as indebtedness of the Authority and that interest on the Series 2001A Bonds is includible in gross income, each for federal income tax purposes.

In general, the characterization of a transaction as a sale of property rather than a secured loan, for federal income tax purposes, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized. While the Internal Revenue Service (the “*Service*”) and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or a secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form.

The Authority believes that it has retained the preponderance of the benefits and burdens associated with the Financed Eligible Loans. Therefore, the Authority believes that it should be treated as the owner of the Financed Eligible Loans for federal income tax purposes and the Series 2001A Bonds should be treated as its indebtedness for federal income tax purposes. If, however, the Service were to successfully assert that this transaction should not be treated as a

loan secured by the Financed Eligible Loans, the Service could further assert that the Bond Resolution created a separate entity for federal income tax purposes which would be the owner of the Financed Eligible Loans and would be deemed engaged in a business. Such entity, the Service could assert, should be characterized as an association or publicly traded partnership taxable as a corporation. In such event, the separate entity would be subject to corporate tax on income from the Financed Eligible Loans, reduced by interest on the Series 2001A Bonds. Any such tax could materially reduce cash available to make payment on the Series 2001A Bonds.

*Stated Interest.* In general, all interest payments on Series 2001A Bonds that are payable at the Auction Rate will be includible in the Registered Owner's gross income as ordinary interest income in accordance with such Registered Owner's regular method of accounting for tax purposes. For cash basis Registered Owners, such payments will be includible in income when received (or when made available for receipt, if earlier). For accrual basis Registered Owners, such payments have occurred. In the event that the Auction Rate exceeds the Maximum Auction Rate, the Carry-over Amount may also be includible in gross income in the year which the Carry-over Amount begins to accrue. In such event, an owner should consult its own tax advisor to determine the proper treatment of such Carry-over Amount. The interest on the Carry-over Amount will be includible in a Registered Owner's gross income as ordinary interest income in the same manner as interest at the Auction Rate.

*Backup Withholding.* Under Section 3406 of the Code, an owner of the Series 2001A Bonds may under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest on the Series 2001A Bonds. This withholding applies if the Registered Owner of the Series 2001A Bonds (a) fails to furnish to the Trustee such Registered Owner's social security number or other taxpayer identification number ("TIN"); (b) furnishes the Trustee an incorrect TIN; (c) fails to properly report interest or dividends; or (d) under certain circumstances, fails to provide the Trustee or such Registered Owner's securities broker with a certified statement signed under penalty of perjury that the TIN provided to the Trustee is correct and that such owner is not subject to backup withholding. The withholding rate is 30% for 2001 and 30% for 2002-2003 of the reportable payments, which include interest payments.

Backup withholding will not apply, however, with respect to payments made, to certain Registered Owners of the Series 2001A Bonds. REGISTERED OWNERS OF THE SERIES 2001A BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH AN EXEMPTION.

*Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations.* Under Section 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States business. Assuming the interest received by the beneficial owner of the Series 2001A Bonds (the "Owner") is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Assuming the Series 2001A Bonds are indebtedness of the Authority, interest will be treated as portfolio interest if (a) the Owner provides a statement to the Trustee certifying, under penalty of

perjury, that such Owner is not a United States person and providing the name and address of the Owner, (b) such interest is treated as not effectively connected with the Owner's United States trade or business, (c) interest payments are not made to a person within a foreign country which the Internal Revenue Service has included on a list of countries having provisions inadequate to prevent United States tax evasion, (d) interest payable with respect to the Series 2001A Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, and (e) the Owner claiming the portfolio interest exemption is not deemed to be a foreign bank that acquired the Series 2001A Bonds pursuant to an extension of credit entered into in the ordinary course of its banking business.

Assuming payments on the Series 2001A Bonds are treated as portfolio interest within the meaning of Section 871 and 881 of the Code, then no backup withholding is required with respect to owners who have furnished Form W-8 ( or a substitute form), provided neither the Authority nor the Trustee has actual knowledge that such person is a United States person.

*New Withholding Regulation.* In 1997, the Treasury Department issued new regulations (the "*New Regulations*") that make certain modifications to the withholding rules described in the preceding two sections as they generally relate to non-U.S. Registered Owners. The New Regulations attempt to unify certain requirements of payees and withholding agents and modify certain reliance standards. The New Regulations generally will be effective for payments made after December 31, 2000, subject to certain transition rules. Prospective non-U.S. Registered Owners should consult their tax advisors to determine the effect the New Regulations may have on their particular circumstance.

*Unrelated Business Taxable Income.* Entities otherwise exempt from federal income tax under Section 501 of the Code will be subject to tax on their income derived from an unrelated trade or business. Under Section 512(b) of the Code, in general, interest may be excluded from the calculation of unrelated business taxable income. Based upon the foregoing and assuming that a Registered Owner does not incur acquisition indebtedness within the meaning of Section 514(c) of the Code in connection with its purchase of the Series 2001A Bonds, the interest on such Series 2001A Bonds may be excluded from the calculation of unrelated business taxable income by tax-exempt Registered Owners.

*State Tax Treatment.* Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2001A Bonds and the income therefrom are exempt from taxation in the State.

THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, EACH PROSPECTIVE OWNER OF SERIES 2001A BONDS SHOULD CONSULT SUCH PROSPECTIVE OWNER'S OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES TO SUCH PROSPECTIVE OWNER, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS, OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF SERIES 2001A BONDS.

## **RATINGS**

The Underwriters' obligation to purchase the Series 2001A Bonds is subject to the condition that Moody's has assigned its municipal bond ratings of "Aaa" and that S&P has assigned its municipal bond ratings of "AAA" to the Series 2001A Bonds.

The ratings were applied for by the Authority. The Authority has furnished certain information and materials to the Rating Agencies concerning the Series 2001A 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 2001A Bonds and an explanation of the significance of the ratings may be obtained from Moody's and S&P, respectively.

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 2001A Bonds. Neither the Authority nor the Underwriters have undertaken any responsibility either to bring to the attention of the Registered Owners of the Series 2001A Bonds any proposed change in, or proposed withdrawal of, the Ratings on the Series 2001A Bonds or to oppose any such change or withdrawal.

## **UNDERWRITING**

The Series 2001A Bonds are to be purchased by the Underwriters pursuant to the terms and conditions of the bond purchase agreement (the "*Bond Purchase Agreement*"), entered into by and between the Authority and the Underwriters. The Bond Purchase Agreement requires the Underwriters to pay an aggregate purchase price of \$75,000,000 (representing the par amount of the Series 2001A Bonds).

The Bond Purchase Agreement provides that the Underwriters' obligation is subject to certain conditions and that the Underwriters will purchase all of the Series 2001A Bonds, if any are purchased. Upon delivery of, and payment for the Series 2001A Bonds, the Underwriters will be paid a fee of \$285,000, which is equal to 0.38% of the aggregate principal amount of the Series 2001A Bonds.

The initial public offering prices (as shown on the cover page hereof) may be changed from time to time by the Underwriters without notice. The Underwriters may offer and sell the Series 2001A Bonds to certain dealers (including dealers depositing Series 2001A Bonds into investment trusts) and others at prices lower than the public offering price shown on the cover page hereof.

## **CONTINUING SECONDARY MARKET DISCLOSURE**

The Authority will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the Beneficial Owners of the Series 2001A Bonds. The Undertaking requires

the Authority 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. The specific nature of the information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking are set forth below.

The Authority has represented that it is in compliance in all material respects with its existing undertakings pursuant to the Rule. A failure by the Authority to comply with the Undertaking will not constitute a default under the Master Bond Resolution, as Supplemented. Beneficial Owners of the Series 2001A Bonds are limited to the remedies described in the Undertaking. See “Consequences of Failure of the Authority to Provide Information” below.

A failure by the Authority 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 2001A Bonds in the secondary market. Consequently, such a failure may adversely affect the market price, transferability and liquidity of the Series 2001A Bonds.

The following is a brief summary of certain provisions of the Undertaking of the Authority and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the Authority.

### **Annual Financial Information Disclosure**

The Authority covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, (as described below) to each Nationally Recognized Municipal Securities Information Repository (a “NRMSIR”) then recognized by the Securities and Exchange Commission for purposes of the Rule. The Authority is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking. Should the State establish an information repository recognized by the Commission, the Authority will also deliver information to such state information repository.

“*Annual Financial Information*” means the information and operating data of the type contained under the caption “INTRODUCTION — Initial Collateralization” and in APPENDIX C – “LOAN PORTFOLIO COMPOSITION” (actual data for the most recently completed fiscal year only).

“*Audited Financial Statements*” means the audited financial statements of the Authority.

### **Material Events Disclosure**

The Authority covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the “MSRB”), if any, in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Series 2001A Bonds that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. 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 security
- Modifications to the rights of security holders
- Bond calls
- Defeasances
- Release, substitution or sale of property securing repayment of the securities
- Rating changes

### **Consequences of Failure of the Authority to Provide Information**

The Authority shall give notice in a timely manner to each NRMSIR or to the MSRB of any failure to provide disclosure of Annual Financial 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 2001A 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 Master Trust Agreement. The sole remedy under the Undertaking 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 beneficial owners of the Series 2001A Bonds, as determined either by parties unaffiliated with the Authority (such as the Trustee) or by an approving vote of the owners of the Series 2001A Bonds pursuant to the terms of the 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 2001A Bonds. 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 shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial 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 of a material Event in addition to that which is specifically required by the Undertaking, the Authority shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

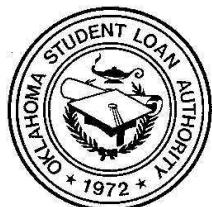
## **Dissemination Agent**

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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**APPROVAL**

This Official Statement has been approved by the Authority for distribution by the Underwriters to the prospective purchasers and the Registered and Beneficial Owners of the Series 2001A Bonds.



Oklahoma Student Loan Authority

/s/ Patrick Rooney  
Chairman

ATTEST:

/s/ Sylvia Weedman  
Secretary

## APPENDIX A

### OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2001A

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

Additional defined terms relating to Auction Procedures are contained in APPENDIX F — “AUCTION PROCEDURES.” Reference is hereby made to the Master Bond Resolution, as Supplemented, copies of which are on file with the Authority and the Master Trustee. A copy of the Master Bond Resolution, as Supplemented is available during the initial offering period from the Underwriters and thereafter upon request to the Authority.

Set forth below are abridged or summarized excerpts of certain sections of the Master Bond Resolution, as amended and supplemented by the various Supplemental Bond Resolutions, including the Series 2001A Bond Resolution, herein referred to as the “*Summary*”. These excerpts do not purport to be complete or to cover all sections of the Master Bond Resolution as amended and supplemented by the various Supplemental Bond Resolutions. Furthermore, section headings are not intended to be definitive.

#### DEFINITIONS

*"Accounts"* shall 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"* shall mean Title 70, Oklahoma Statutes 1991, Section 695.1 *et seq.*, as amended along with Oklahoma Trusts for Furtherance of Public Functions Act being Title 60, Oklahoma Statutes, 1991, Sections 176 to 180.3, inclusive, as amended.

*"Additional Bonds and Notes"* shall mean Bonds and Notes issued pursuant to a Supplemental Resolution in addition to those currently outstanding.

*"Administrative Expenses"* shall 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*" shall mean on any calculation date the sum of the Values of all assets of the Trust Estate.

"*Authority*" shall mean 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*" shall 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*" shall mean 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*" shall mean 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 2001A Bonds, "*Authorized Denominations*" shall mean, with respect to the 2001A Bonds bearing interest at an Auction Rate, \$100,000 and any integral multiple thereof.

"*Authorized Officer*", when used with reference to the Authority, shall mean 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*" shall mean one or more of the bonds authorized by the Act and authenticated and delivered pursuant to the Master Bond Resolution.

"*Bond Counsel*" shall mean 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*" shall mean, 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*" shall 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*" shall mean each calendar year commencing on September 1 and ending the following August 31, provided that the first Bond Year commenced on the Date of Issuance of

the Series 1995 Bonds and end on August 31, 1996 and the last Bond Year shall end on the last Maturity of any Tax-Exempt Bonds and Notes.

*"Bond Yield"* shall mean, 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"* shall mean 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"* shall 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"* shall mean 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 Fee's and Program Expenses payable under the Master Bond Resolution and the debt service on all Obligations during such period.

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

*"Claim Adjustment"* shall mean (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"* shall mean 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"* shall mean each date described as such in a Tax Regulatory Agreement.

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

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

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

*"Dated Date"* shall mean 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 2001A Bonds is their Date of Issuance.

*"Date of Issuance"* shall mean 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 2001A Bonds is December 20, 2001.

*"Debt Service Reserve Account"* shall mean 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"* shall mean, on any date, an amount equal to the sum of the Series Debt Service Reserve Requirements.

*"Eligible Lender"* shall mean 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"* shall mean (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"* shall mean 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"* shall mean, 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"* shall mean 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"* shall 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, shall mean or refer 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"* shall mean 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"* shall mean 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"* shall mean the funds continued or established by, or pursuant to, the Master Bond Resolution.

*"Governmental Obligations"* shall mean 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"* shall mean the chief executive officer of the State.

*"Guarantee"* or *"Guaranteed"* shall mean 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"* shall mean 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 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"* shall mean Title IV, Part B, of the Higher Education Act of 1965, as amended, and the regulations thereunder.

*"Highest Priority Bonds and Notes"* shall mean, (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,"* shall mean, 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"* shall mean 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"* shall mean, 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"* shall 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"* shall 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*" shall mean 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*" shall 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*" shall mean 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"* shall mean 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"* shall mean 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"* shall mean 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, shall mean 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"* shall mean 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"* shall mean 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"* shall mean one or more of the notes authorized by the Act and authenticated and delivered pursuant to the Master Bond Resolution.

*"Obligations"* shall mean, collectively, the Senior Obligations, the Subordinate Obligations and the Junior-Subordinate Obligations.

*"Outstanding"* shall mean, 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"* shall mean a financial institution for whom the Securities Depository effects book-entry transfers.

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

"*Portfolio Yield*" shall mean, 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*" shall mean the Authority's program for originating, purchasing or financing Student Loans with proceeds of the Bonds and Notes.

"*Program Expenses*" shall 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, Auction Agent Fees, Market Agent fees and Broker-Dealer Fees.

"*Rating*" shall mean 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*" shall 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*" shall mean the amount computed in accordance with a Tax Regulatory Agreement.

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

"*Record Date*" shall mean 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 2001A Bonds, the term "Record Date" shall mean: the fifteenth day of the calendar month preceding each Interest Payment Date. With respect to the Series 2001A Bonds, the term "Record Date" shall mean the Business Day before each Interest Payment Date during an Auction Rate Period.

"*Recoveries of Principal*" shall 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, shall mean 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.

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

"*Revenues*" shall 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*" shall mean 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*" shall mean The Depository Trust Company and its successors and assigns or if, (i) the then Securities Depository resigns from its functions as depository of the Bonds and Notes 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 Bonds and Notes and which is selected by the Authority with the consent of the corresponding Series Trustee.

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

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

"*Series Authenticating Agent*" shall mean, 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*" shall mean, 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. There are initially no Series Co-Paying Agents for the Series 2001A Bonds.

"*Series Debt Service Reserve Requirement*" shall mean, 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 (i) the Series 1995 Bonds and Notes, (ii) the Series 1996B Bonds, (iii) the Series 2001A/B Bonds, (iv) the Series 2001A Bonds and (v) the Additional 2001 Senior Obligations, the "Series Debt Service Reserve Requirement" is an

amount equal to 1% of the principal amount of such respective series of Bonds and Notes then Outstanding.

*"Series Loan Subaccount"* shall mean 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 1995 Bonds and Notes"* shall mean, collectively, the Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Senior Notes, Series 1995A-1, the Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Senior Notes, Series 1995A-2, the Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Subordinate Bonds, Series 1995B-1 and the Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Subordinate Bonds, Series 1995B-2.

*"Series 1996B Bonds"* shall mean, collectively, the Authority's Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Subordinate Bonds, Series 1996B-1 and Subordinate Bonds, Series 1996B-2.

*"Series 2001A Bonds"* shall mean, collectively, the Authority's Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Senior Taxable Auction Rate Bonds, Series 2001A-2 and Series 2001A-3.

*"Series 2001A/B Bonds"* shall mean, collectively, the Authority's Oklahoma Student Loan Authority, Oklahoma Student Loan Bonds and Notes, Senior Fixed Rate Bonds, Series 2001A-1 and Subordinate Auction Rate Obligations, Series 2001B-1.

*"Series 2001A Financed Eligible Loans"* shall mean the Eligible Loans originated or acquired with moneys on deposit in the Series 2001A Loan Subaccount of the Taxable Loan Account of the Student Loan Fund.

*"Series 2001A Loan Subaccount"* shall mean the Series Loan Subaccount established with the Master Trustee relating to the Series 2001A Bonds. See the caption "REVENUES AND FUNDS - Student Loan Fund" in this Summary.

*"Series 2001A Trust Agreement"* shall mean the Series 2001A-2/A-3 Trust Agreement, dated as of December 1, 2001, between the Series 2001A Trustee and the Authority, as amended and supplemented.

*"Series 2001A Trustee"* shall mean Bank of Oklahoma, N.A., which has been appointed the Series Trustee, the Series Registrar and the Series Authenticating Agent for the Series 2001A Bonds pursuant to the Supplemental Bond Resolutions corresponding to the Series 2001A Bonds and pursuant to the Series 2001A Trust Agreement.

*"Series Principal Subaccount"* shall mean 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"* shall mean, 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 each Series of the Series 2001A Bonds is initially the Series 2001A Trustee.

*"Series Trust Agreement"* shall mean 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"* shall mean, 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"* shall mean 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"* shall mean, 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"* shall mean any fees payable by the Authority to a Servicer (including the Authority) in respect of Financed Eligible Loans.

*"Sinking Fund Installment"* shall mean, 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"* shall mean 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"* shall 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"* shall mean 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"* shall mean the State of Oklahoma, which is in addition the beneficiary of the Authority.

*"State Guarantee Agency"* shall mean 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 1991, Sections 622 and 623, as amended.

*"Stated Maturity"* shall mean the date specified in the Bonds and Notes as the fixed date on which principal of such Bonds and Notes is due and payable.

*"Student Loan"* shall mean 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"* shall mean 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"* shall mean a loan purchase agreement entered into for the purchase of Eligible Loans.

*"Student Loan Sinking Fund"* shall mean 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"* shall mean any subaccount created and designated within an Account or Fund pursuant to the terms of the Master Bond Resolution.

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

"*Swap Agreement*" shall mean 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*" shall mean 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*" shall mean, 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*" shall mean 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*" shall mean, 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*" shall mean 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*" shall mean 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*" shall mean 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*" shall mean Junior-Subordinate Bonds and Notes which are Taxable Bonds and Notes.

"*Taxable Junior-Subordinate Interest Subaccount*" shall mean 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*" shall mean 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*" shall mean Senior Bonds and Notes which are Taxable Bonds and Notes.

"*Taxable Senior Interest Subaccount*" shall mean 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*" shall mean Subordinate Bonds and Notes which are Taxable Bonds and Notes.

*"Taxable Subordinate Interest Subaccount"* shall mean 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"* shall mean 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"* shall 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"* shall mean 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"* shall mean 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"* shall mean Junior-Subordinate Bonds and Notes which are Tax-Exempt Bonds and Notes.

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

*"Tax-Exempt Senior Interest Subaccount"* shall mean 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"* shall mean Subordinate Bonds and Notes which are Tax-Exempt Bonds and Notes.

*"Tax-Exempt Subordinate Interest Subaccount"* shall mean 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"* shall mean the Bonds or Notes of any Series so designated in a Supplemental Bond Resolution.

*"Trust Estate"* shall mean 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 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"* shall mean 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"* shall mean 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*" shall mean 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*" shall mean 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*" shall mean 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 shall mean 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.

## **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:

- (i) 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

(ii) 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.

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. The Series 2001A Bond Resolution establish the Series Loan Subaccount corresponding to the Series 2001A Bonds within the Taxable Loan Account of the Student Loan Fund.

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:

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

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

(ii) 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

II. A certificate signed by an Authorized Officer of the Authority to the effect that:

A. 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

B. 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 (I) 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.

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. 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.

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. The Series 2001A Bond Resolution establishes the Series Principal Subaccount corresponding to the Series 2001A Bonds.

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. Pursuant to the Series 2001A Bond Resolution, the Recoveries of Principal corresponding to the Series 2001A Financed Eligible Loans will be deposited to the Series 2001A Loan Subaccount until December 1, 2004, 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 such 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 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. Pursuant to the Series 2001A Bond Resolution, the Authority may, by Authority Order on any Bond Payment Date, require that amounts representing Capitalized Interest Payments on the Series 2001A Financed Eligible Loans be deducted from any subsequently received Recoveries of Principal corresponding to the Series 2001A Financed Eligible Loans deposited to the Taxable Repayment Account and treated as Revenues for purposes of the Taxable Repayment Account. The amount of the Recoveries of Principal corresponding to the Series 2001A Financed Eligible Loans which may be redesignated as Revenues shall not exceed, together with all previous redesignations of such Recoveries of Principal on Series 2001A Financed Eligible Loans, the amount of all Capitalized Interest Payments on the Series 2001A Financed Eligible Loans as of such date.

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, (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 TRUSTEES**

### **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 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.

#### **LIMITED OBLIGATION OF THE AUTHORITY AND STATE**

The Bonds and Notes and any other Obligations issued or entered into under the Master Bond Resolution, and the interest thereon, shall not be an indebtedness or obligation of the State, or of any political subdivision thereof (other than the Authority), or of the trustees of the Authority, and neither the faith and credit nor the taxing power of the State (or any political subdivision thereof) shall be obligated to pay the principal of, premium, if any, or interest on the Bonds and Notes. The Bonds and Notes and other Obligations shall be obligations of the Authority payable solely from the Trust Estate and other property or income pledged thereto as specified in the Master Bond Resolution. The Authority has no taxing power.

APPENDIX B

**OKLAHOMA STUDENT LOAN AUTHORITY  
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2001A**

**GENERAL DESCRIPTION OF THE  
OKLAHOMA STUDENT LOAN AUTHORITY**

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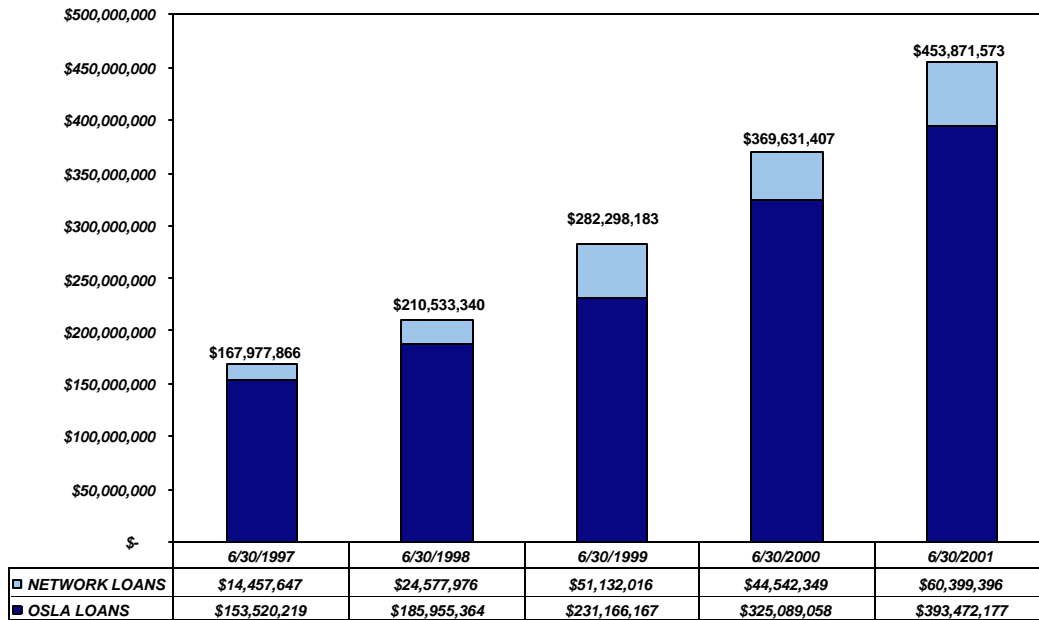
**OPERATING BUSINESS**

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

We also perform origination and pre-acquisition servicing for 33 other eligible lenders which are members of the OSLA Student Lending Network™. Each OSLA Network lender is required to sell, and we are required to purchase, the loans that we service before repayment of the loans begins. We maintain a revolving warehouse line of credit to fund these purchases.

At June 30 of the Fiscal Years indicated below, we managed FFEL Program loans, including uninsured loans and loans serviced for other eligible lenders, with current principal balances as shown in the following Graph and Table:

**FFEL PROGRAM LOANS MANAGED**  
Current Principal Balance



In our SHELF™ 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.

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

The bonds and notes issued by us to finance our loan activities 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 4545 North Lincoln Boulevard, Suite 66, Oklahoma City, OK 73105-3413. 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 on 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 1991, Sections 695.1 *et seq.*, as amended; and
- Public Trust Act at Title 60, Oklahoma Statutes 1991, Sections 176 to 183.3, inclusive, as amended.



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

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>	<u>Principal Occupation</u>
Patrick Rooney	Chairman	April 6, 2005	Civic Leader; Oklahoma City, OK
Tom McCasland, III	Vice Chairman	April 6, 2006	President, Mack Energy Company; Duncan, OK
Sylvia Weedman	Secretary	April 6, 2002	Retired – Former Instructor, Gordon Cooper Area Vo-Tech School; Shawnee, OK
Steven Bramlett	Assistant Secretary	April 6, 2004	Owner, McClure Insurance Agency; Alva, OK
Dr. T. Sterling Wetzel	Trustee	April 6, 2003	Professor, Oklahoma State University; Stillwater, OK

The Trust Indenture creating the Authority, and Oklahoma law, empower us to incur debt and to secure such debt by lien, pledge or otherwise. In addition, we 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 which 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, 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.

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## ADMINISTRATION

### Executive Management

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

*James T. Farha, Esq., President.* Mr. Farha became President and Chief Executive Officer of the Authority 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 also serves as Director of Guaranty Reassurance Corporation (GRC), Jacksonville, Florida; and 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 the Authority in his current position since July, 1990. Prior to that, 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 the Authority 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 the Authority 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 our loan servicing and information technology 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.

*Carole D. Lowe, Assistant Vice President – Finance.* Ms. Lowe has been employed by the Authority 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 the Authority 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**

Effective July 1, 2001, the full time equivalent limit on Authority employees was increased from 51 to 68. At September 30, 2001, we had approximately 55 full time equivalent employees, including the individuals listed above.

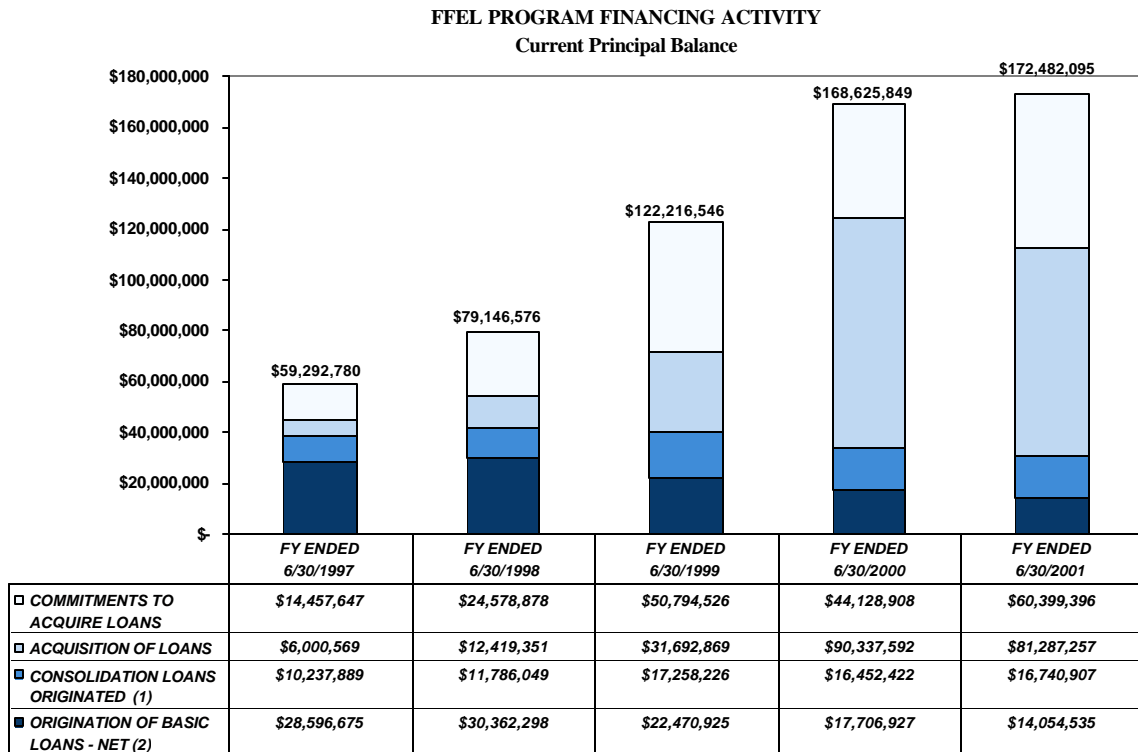
## **Properties**

Our offices, including the loan servicing center, are maintained under a lease agreement with an unaffiliated third party that expires January 31, 2002. The lease term may be extended for one year after that date, at our option, on the present terms and conditions.

## 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:



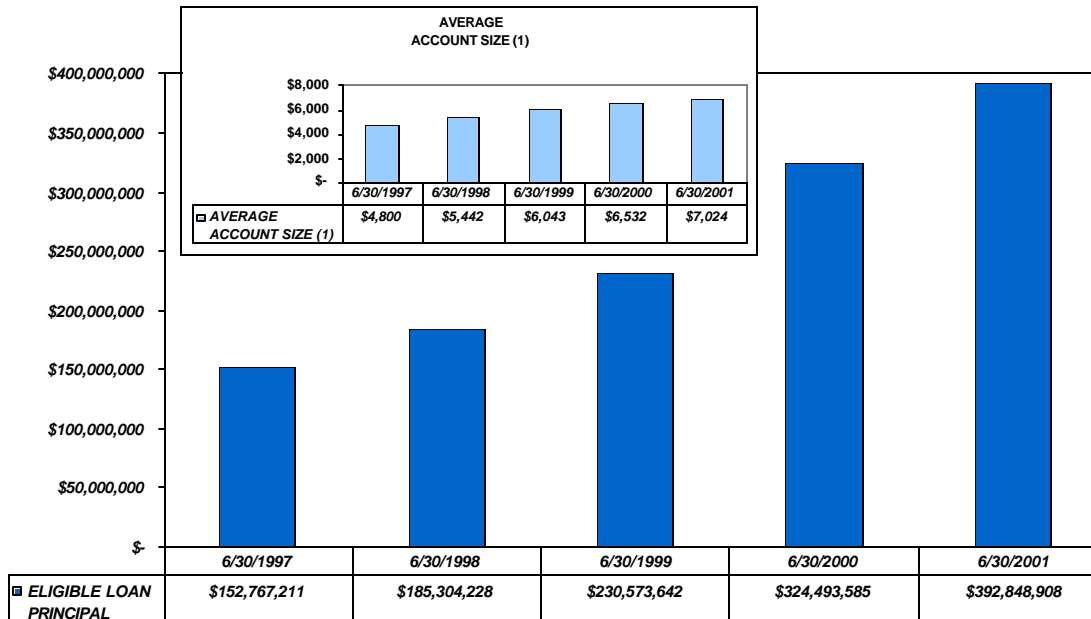
<sup>1</sup> In the Fiscal Year ended June 30, 2001, 69% (66% in 2000 and 60% in 1999) of Consolidation Loans that were originated paid off loans that were already owned by us.

<sup>2</sup> In April 1998, we announced a policy of not soliciting new borrowers, while continuing to originate loans for existing borrowers. New borrowers were intended to be served by the OSLA Network.

### Eligible Loan Principal Balances

At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loan principal (exclusive of uninsured status loans) receivable from borrowers and average borrower indebtedness was approximately as shown the following Graph and Table:

**ELIGIBLE LOANS  
Current Principal Balance**



<sup>1</sup>At June 30, 2001, Stafford Loans were an average account size of approximately \$6,390 (\$5,860 in 2000 and \$5,319 in 1999); Parent Loans for Undergraduate Students (PLUS) loans approximately \$4,096 (\$4,123 in 2000 and \$4,101 in 1999); and Consolidation Loans approximately \$17,216 (\$16,715 in 2000 and \$15,639 in 1999.)

**Guarantee of Loans**

At June 30, 2001, the current principal balance of our loans managed, including loans owned by OSLA Network members and required to be sold to us, were guaranteed and had loan guarantee eligibility (percentage of the principal amount of a default claim) approximately as shown in the following Table:

<u>Guarantor</u>	<u>Principal Location</u>	<u>100% Guaranteed<sup>1</sup></u>	<u>98% Guaranteed<sup>2</sup></u>	<u>Total</u>
Oklahoma State Regents Guaranteed Student Loan Program	Oklahoma City, OK	4.2%	93.7%	97.9%
USAF Incorporated	Indianapolis, IN	0.1	0.8	0.9
Student Loan Guarantee Foundation of Arkansas	Little Rock, AR	N/A	0.8	0.8
Texas Guaranteed Student Loan Corporation	Austin, TX	N/A	0.4	0.4
<b>Total</b>		<u><b>4.3%</b></u>	<u><b>95.7%</b></u>	<u><b>100.0%</b></u>

<sup>1</sup>Includes Lender of Last Resort Loans.

<sup>2</sup>Unless the claim is the result of death, permanent and total disability or discharge in bankruptcy.

## **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.

In addition, we maintain separate Forward Purchase Commitment Agreements with each participating lender. These agreements require the lender to sell, and require us to purchase, education loans held by the OSLA Network lenders before repayment of the loans begins. The purchases are made at agreed upon prices.

## **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, 2001, we held approximately \$473,961 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<sup>TM</sup> Loan Program**

In April 2000, we started our Supplemental Higher Education Loan Finance<sup>TM</sup> Program (SHELF<sup>TM</sup>) on a limited market basis. 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 by us and then serviced by UNIPAC Private Loan Servicing, St. Paul, MN.

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 by our General Funds and not by bond or note proceeds. Guarantee fees are withheld from SHELF loan disbursements and placed in the Guarantee Reserve Fund of the Authority's General Student Loan Trust as a reserve against loan defaults.

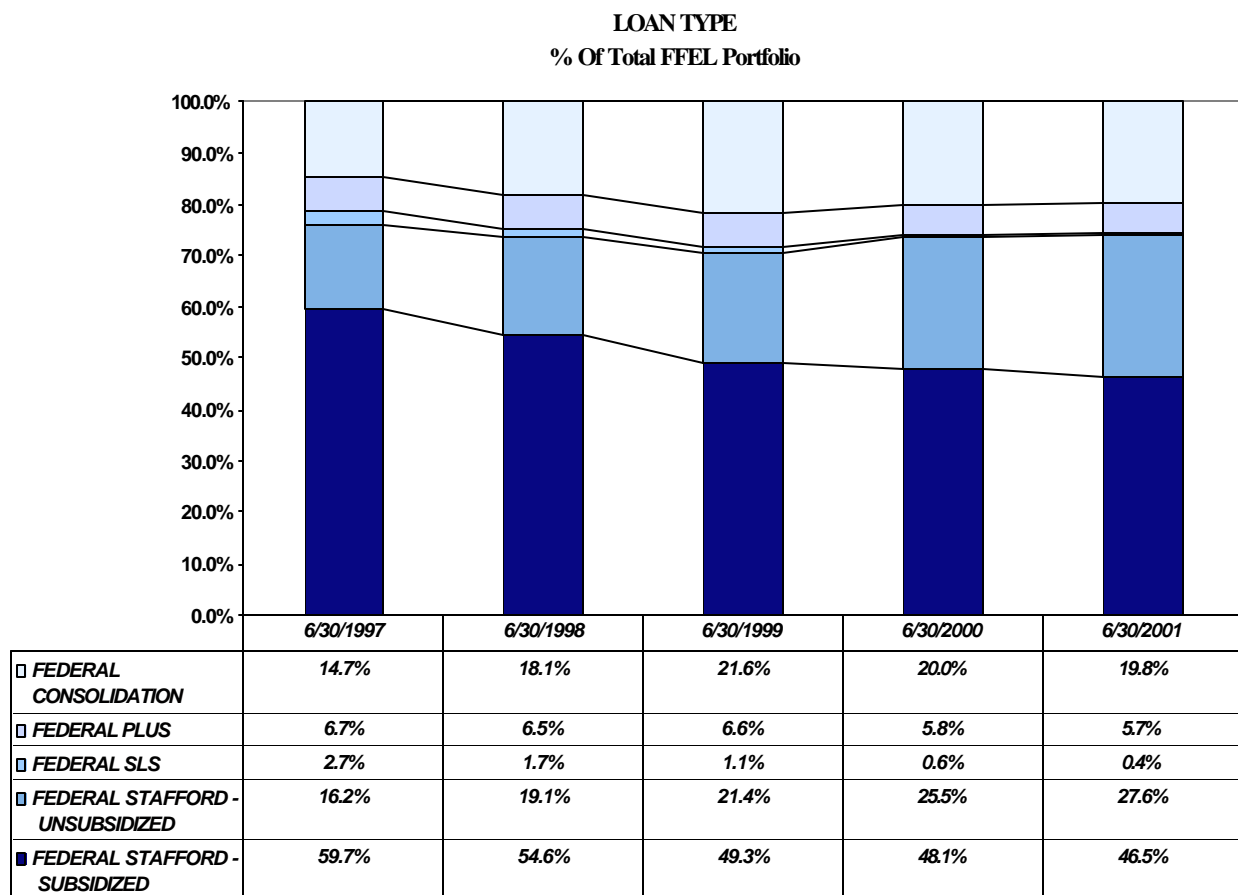
The intent of the SHELF Program is to supplement loan funds available in the FFEL Program, as determined by the financial aid staff at eligible schools. Loan disbursements are made through eligible school financial aid offices. As of June 30, 2001, the principal amount of SHELF Program loans held by us was not material.

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## LOAN PORTFOLIO DATA

### Loan Type

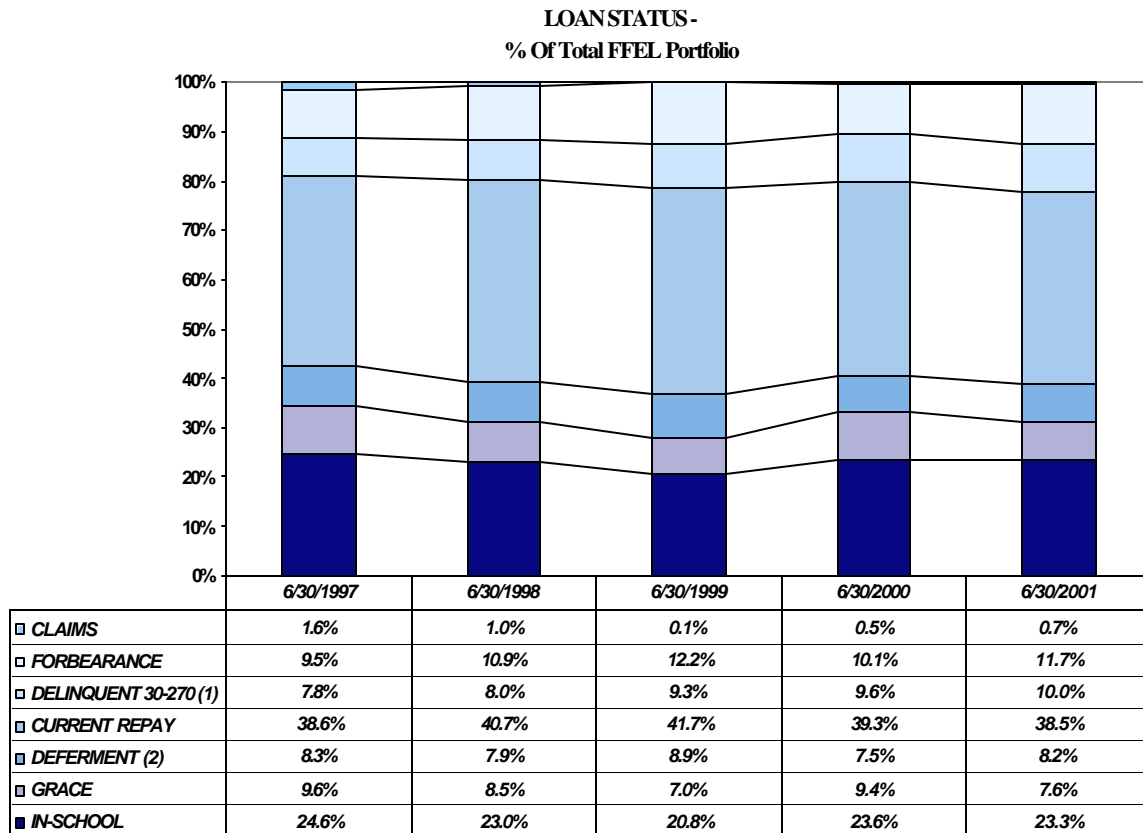
At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by loan type was approximately in the percentages shown in the following Graph and Table:



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## 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:



<sup>1</sup>Beginning in October 1998, loans that became delinquent required a 270 day delinquency period before a default claim could be filed. Prior to that the delinquency default period was 180 days.

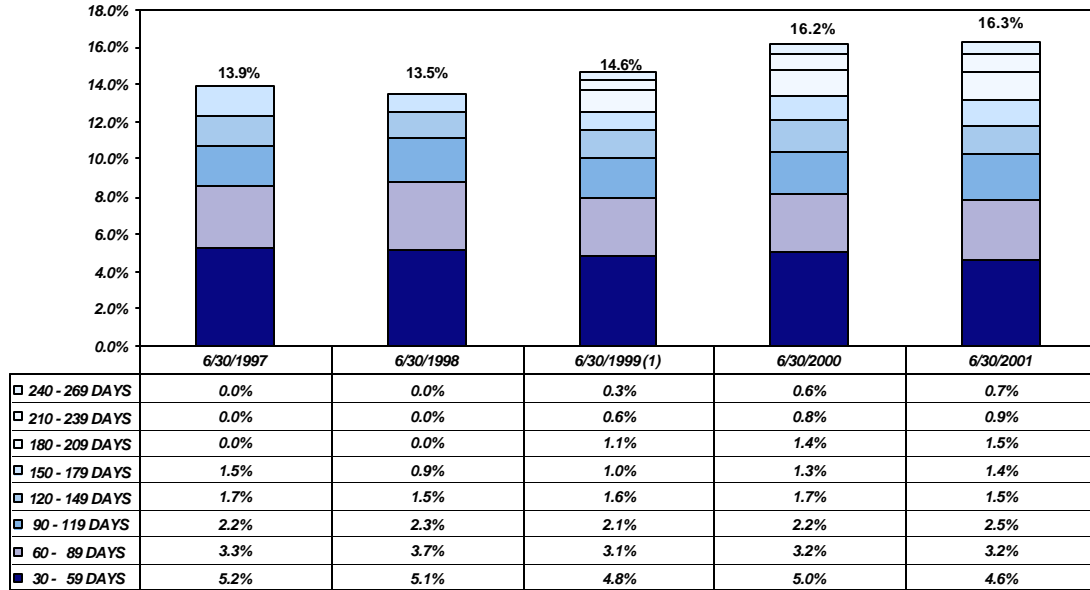
<sup>2</sup>At June 30, 2001, approximately 59% of this category were Subsidized Stafford loans or certain Consolidation loans on which the USDE pays interest during deferment.

## Repayment Loan Delinquency

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



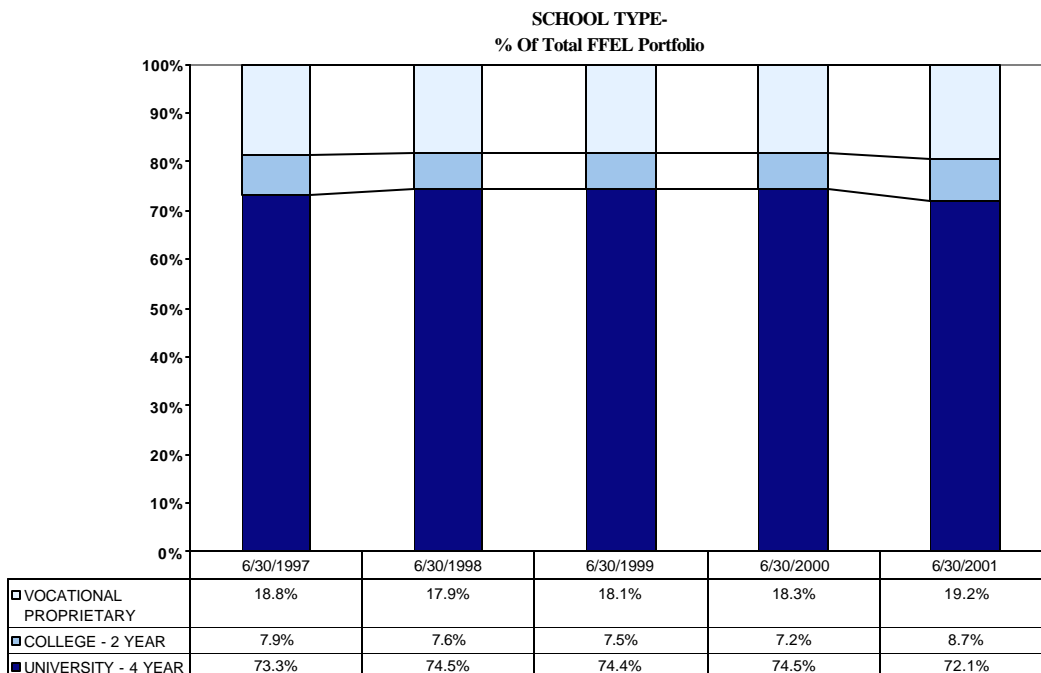
**REPAYMENT LOAN DELINQUENCY -  
% Of Total FFEL Portfolio**



<sup>1</sup>Beginning in October 1998, loans that became delinquent required a 270 day delinquency period before a default claim could be filed. Prior to that the delinquency default period was 180 days.

**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 which are not generally reported by school type, was approximately in the percentages shown in the following Graph and Table:



## LOAN SERVICING

### Standards and Activities

We are required to use due diligence in the origination, servicing and collection of 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.

Loan servicing functions 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 processing thereof; billings to the USDE for Interest Benefits and Special Allowance Payments; collections of principal and interest from borrowers; filing claims to collect guarantee payments on defaulted loans; and accounting. We are paid servicing fees from the revenues of the various Trust Estates for such servicing functions.

### Loan Servicing Systems

We originate and service loans on a remote servicing system database provided by UNIPAC Service Corporation (*UNIPAC*) of Aurora, Colorado, pursuant to an Electronic Data Processing Service Agreement dated as of November 1, 1993, as renewed and amended for a term ending April 1, 2002.

The remote servicing software is operated from terminals and a gateway computer file server controlled by us and connected to the UNIPAC data processing facilities by a data channel on a dedicated telecommunications line. UNIPAC provides us with a mainframe computer data base for storage of loan account data, the use of education loan servicing software and support thereof for us to perform our servicing functions, maintenance of the education loan servicing software, daily mainframe computer batch processing and reporting of loan data and information to us.

UNIPAC has announced that it plans to change its current proprietary loan servicing platform, which is used by us also. UNIPAC's new loan servicing system will be provided by Idaho Financial Associates, Inc. (*IFA*), Boise, Idaho through its IFA Systems division. IFA is a privately owned company that provides education loan servicing software to 12 other student loan secondary market clients that service loans and to one third party servicer client.

We licensed the IFA System and will operate the IFA System in-house using our own staff. We plan to begin originating education loans using the IFA System in mid-January 2002; and to convert and implement IFA System servicing of the portfolio that presently we service remotely on or about March 1, 2002.

Under the IFA System licensing arrangement, in addition to performing the servicing functions that we are responsible for currently, we will be responsible for services previously provided by UNIPAC, including, among other things: (i) providing, maintaining and operating the requisite computer system and its operating and database software; (ii) installing and testing the IFA System software; (iii) set-up and maintenance of tables and profiles on lenders, guarantors and post-secondary institutions that we work with; (iv) installing and testing new releases of the IFA System; (v) compliance of the IFA System, as operated by us, with the Higher Education Act and other applicable law; (vi) exchanges of data files with various third party trading partners; (vii) any necessary or desirable ancillary programming for loan

servicing functionality not provided by IFA Systems; and (viii) necessary or desirable internet functionality related to loan origination and servicing.

### **Cures of Rejected Claims**

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.

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

<u>Fiscal Year</u>	<u>Claims Filed</u>	<u>Rejected<sup>1</sup></u>	<u>Cured<sup>1</sup></u>	<u>Un-Resolved<sup>2</sup></u>
2001	\$15,134,549	\$ 79,324	\$ 43,664	\$ 35,660
2000	\$ 9,642,426	\$ 62,581	\$ 81,490	\$ (18,909)
1999	\$ 9,234,072	\$ 85,646	\$ 94,587	\$ (8,941)
1998	\$ 8,777,870	\$ 144,476	\$128,672	\$ 15,804
1997	\$ 7,585,061	\$ 114,152	\$ 35,513	\$ 78,639

<sup>1</sup>Annual amounts are adjusted due to the reconciliation and capitalized interest from the recovery process.

<sup>2</sup>More than the original amount may be recovered because of capitalized interest during the recovery process.

### **PROGRAM REVIEWS**

The USDE routinely conducts site program reviews or audits of secondary markets for compliance with various aspects of the Higher Education Act. In addition, the State Guarantee Agency routinely conducts site program reviews, or audits, of lenders, such as us and our OSLA Network members, for compliance with various aspects of the Higher Education Act.

We underwent a site program compliance review by the State Guarantee Agency in June 1999. In October 1999, we received the report on the compliance review presenting the State Guarantee Agency's findings and responded in November 1999, within the allotted time. The State Guarantee Agency closed the compliance review on June 23, 2000 after concluding that we had satisfactorily responded to all items of the report on the compliance review.

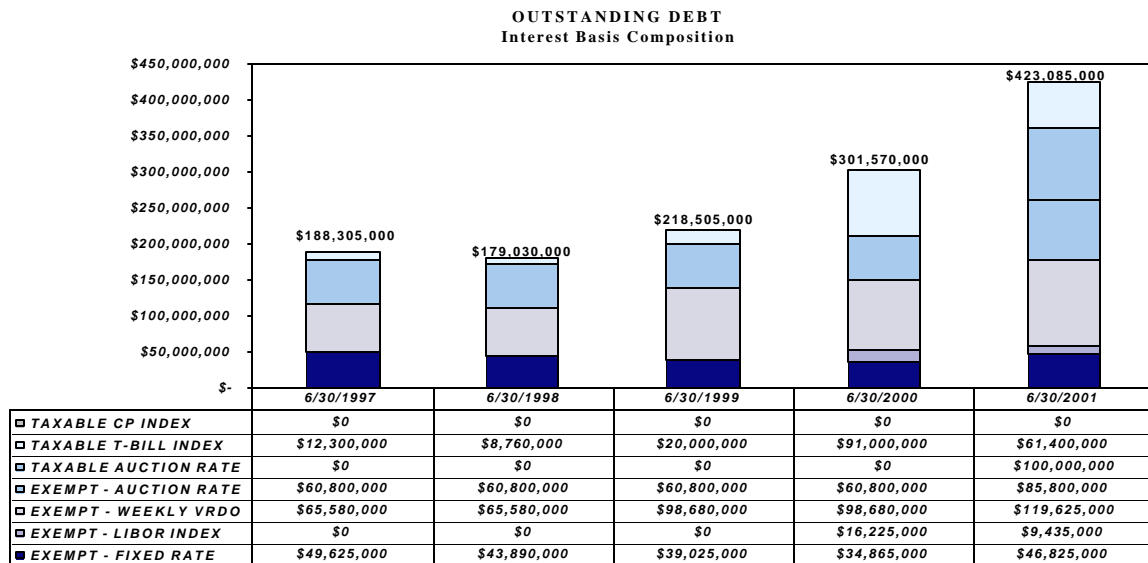
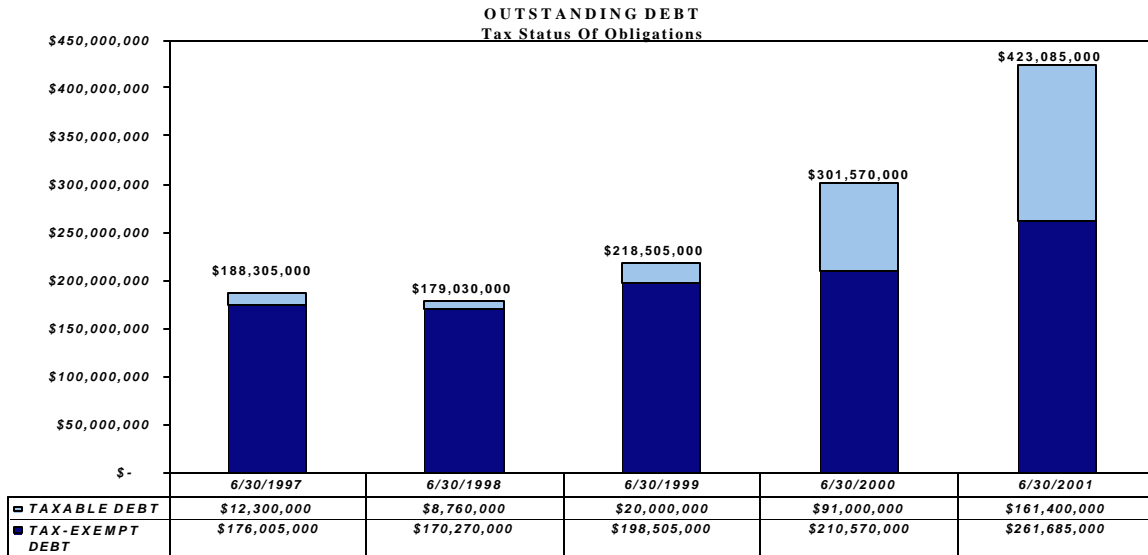
### **SUMMARY DEBT INFORMATION**

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, 2001, we had total outstanding debt of \$423,085,000 in our various financing systems.

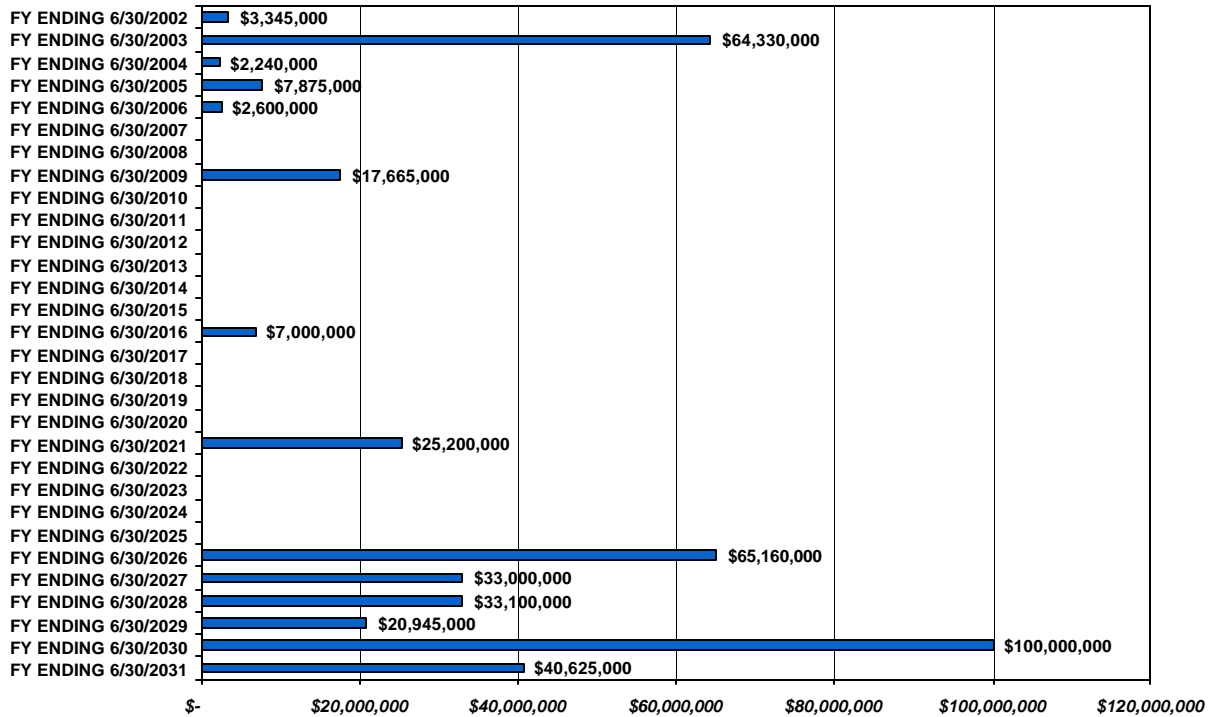
We meet our temporary funding requirements through a revolving warehouse line of credit provided by commercial banks. The commitment amount of the line of credit is \$125,000,000. Advances

on the commitment are available in multiple draws as needed by us. The commitment currently expires on November 30, 2002, subject to annual extensions with the approval of the credit providers.

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:



**SCHEDULED BOND MATURITIES AT JUNE 30, 2001 -  
Total Principal Amount Due \$423,085,000**



**FINANCIAL STATEMENTS**

Our financial statements are prepared in conformity with generally accepted accounting principles as applied on an accrual basis. The financial statements for the Fiscal Years ended June 30, 2001 and 2000 were audited and reported on by KPMG LLP, Oklahoma City, Oklahoma, independent certified public accountants.

Our financial statements for the Fiscal Years ended June 30, 2001 and 2000 were prepared to comply with Governmental Accounting Standards Board (GASB) Statement No. 34. In order to comply with GASB Statement No. 34, the various items in the financial statements for the Fiscal Year ended June 30, 2000 were reclassified.

The audited financial statements speak only as of their respective dates and KPMG LLP has not been requested, nor has it undertaken, to conduct any post-audit review.

A copy of the audited financial statements is available on the internet at the *website* address of "OSLAFinancial.com" and a copy has been filed with the various Nationally Recognized Municipal Securities Information Repositories.

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**APPENDIX C**

**OKLAHOMA STUDENT LOAN AUTHORITY  
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2001A**

**LOAN PORTFOLIO COMPOSITION**

Set forth herein is a description of the Authority's portfolio of Eligible Loans financed with proceeds of the Outstanding Obligations and expected to be financed with the proceeds of the Series 2001A Bonds and Additional 2001 Senior Obligations (collectively, the "Series 2001 Bonds"). See also, the captions "SECURITY AND SOURCES OF PAYMENT — Cash Flow Projections" and "RISK FACTORS — Factors Outside the Authority's Control May Adversely Affect Cash Flow Sufficiency and May Cause Series 2001A Bonds to be Prepaid" in the main body of the Official Statement.

**Existing Loan Portfolio**

A. *Existing Portfolio Principal Balance by Loan Type.* The Authority has fully expended the proceeds of the Outstanding Obligations, which were designated to acquire Eligible Loans, and has been recycling Recoveries of Principal in each series. As of October 1, 2001, \$84,566,152 in principal balance of such loans was outstanding with the following loan types:

<u>Loan Type</u>	<u>Amount</u>	<u>% of Total</u>
Subsidized Stafford	\$36,123,134	40.3%
Unsubsidized Stafford	23,371,821	29.4
Consolidation	18,028,593	23.3
PLUS/SLS	<u>6,443,992</u>	<u>7.0</u>
	<u>\$84,566,152</u>	<u>100.0%</u>

B. *Existing Portfolio Duration by Borrower Status.* The Eligible Loans financed with proceeds of the Outstanding Obligations and held in the Trust Estate as of October 1, 2001 are assumed to have average terms (in months) for each status:

Borrower Status as of October 1, 2001	1995	1995	1995	1995	1996	1996
	<u>Sub Stafford</u>	<u>Unsub Stafford</u>	<u>Consolidation</u>	<u>PLUS/SLS</u>	<u>Sub Stafford</u>	<u>Unsub Stafford</u>
School	28	30	N/A	N/A	28	29
Grace	4	4	N/A	N/A	4	4
Deferment	2	1	7	5	1	2
Forbearance	7	7	7	8	7	7
Repayment	71	82	151	60	68	82

Borrower Status as of October 1, 2001	2001AB <u>Sub Stafford</u>	2001AB <u>Unsub Stafford</u>	2001AB <u>Consolidation</u>	2001AB <u>PLUS/SLS</u>
School	28	30	N/A	N/A
Grace	4	4	N/A	N/A
Deferment	2	1	7	5
Forbearance	7	7	7	8
Repayment	71	82	151	60

### Portfolio to be Acquired

A. *Acquisition Portfolio by Loan Type and Duration.* The Authority expects to apply approximately \$123.3 million of the proceeds of the Series 2001 Bonds to acquire Eligible Loans. Such Eligible Loans are assumed to have average terms (in months) for each status as follows:

<u>Status at Acquisition</u>	<u>Stafford</u>	<u>Consolidation</u>	<u>PLUS</u>
School	36	N/A	N/A
Grace	3	N/A	N/A
Deferment	18	18	18
Forbearance	12	12	12
Repayment	120	180	120

B. *Acquisition Dates and Loan Types.* The Eligible Loans to be financed with the proceeds of the Series 2001 Bonds are expected to be acquired in the Trust Estate according to the following schedule:

<u>Date</u>	<u>Par Value</u>	<u>Comment</u>
1/1/2002	\$15,000,000	Consolidation Loans
1/1/2002	34,000,000	Stafford Loans
1/1/2002	3,000,000	PLUS Loans
4/1/2002	20,103,000	Stafford Loans
5/1/2002	11,650,485	Stafford Loans
6/1/2002	11,650,485	Stafford Loans
6/1/2002	2,884,615	PLUS Loans
7/1/2002	11,650,485	Stafford Loans
8/1/2002	10,116,505	Stafford Loans
Total	<u>\$120,055,575</u>	

The Authority estimates that approximately 60% of the Stafford loans to be acquired with proceeds of the Series 2001 Bonds will consist of Subsidized Stafford loans and that the remaining 40% of such loans will consist of Unsubsidized Stafford loans.



**Existing and Acquired Portfolio Combined**

The amounts and percentages set forth below represent the expected characteristics of the Eligible Loans to be held in the Trust Estate upon the full expenditure of the proceeds of the Series 2001 Bonds:

A. *Combined Portfolio by Loan Status.* The Eligible Loans acquired with proceeds of the Outstanding Obligations have, and the Eligible Loans initially financed with the Series 2001 Bond proceeds are expected to have, approximately the status composition as shown below:

<u>Loan Status</u>	<u>Percent of Outstanding Obligations Portfolio</u>	<u>Percent of Series 2001 Bond Portfolio</u>
In-School	18.5%	66.1%
Grace	10.3	16.5
Deferment	9.7	1.7
Forbearance	14.4	2.6
Repayment	<u>47.1</u>	<u>13.1</u>
Total	<u>100.0%</u>	<u>100.0%</u>

B. *Combined Portfolio by Delinquency Status.* The Financed Eligible Loans that are in Repayment status are expected to have the following delinquency rates:

<u>Delinquency</u>	<u>Percent of Repayment Loans</u>
30 - 59 days	5.0%
60 - 89 days	4.0
90 - 119 days	3.0
120 - 149 days	2.0
150 - 179 days	1.0
180 - 209 days	<u>3.0</u>
Total	<u>18.0%</u>

C. *Combined Portfolio by Loan Type.* The Eligible Loans acquired with proceeds of the Outstanding Obligations have, and the Eligible Loans financed with the Series 2001 Bond proceeds are expected to have, the loan type composition shown below:

<u>Loan Type</u>	Percent of Outstanding Obligations <u>Portfolio</u>	Percent of Series 2001 Bond <u>Portfolio</u>	<u>Average Account Size</u>	<u>Interest Rate</u>
Federal Stafford				
Subsidized	40.3%	49.6%	\$6,400	5.39% - 9.00%
Unsubsidized	<u>29.4</u>	<u>33.0</u>	6,400	5.39% - 7.19%
Total Stafford	<u>69.7%</u>	<u>82.6%</u>		
Federal Consolidation	23.3	12.5	17,500	5.00% - 10.00%
SLS	0.8	0.0	4,000	6.56% & 6.71%
PLUS	<u>99.2</u>	<u>4.9</u>	4,000	6.56% - 6.79%
Total	<u>100.0%</u>	<u>100.0%</u>		

D. *Portfolios by School Type.* The Eligible Loans acquired with proceeds of the Outstanding Obligations have, and the Eligible Loans financed with the Series 2001 Bond proceeds are expected to have, the school type compositions shown below:

<u>School Type</u>	Percent of Outstanding Obligations Portfolio *	Percent of Series 2001 Bond Portfolio *
University - 4 Year	80.4%	76.0%
College - 2 Year	6.0	8.0
Vocational/Proprietary	<u>13.6</u>	<u>16.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>

---

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

E. *Guarantee Eligibility.* The Eligible Loans acquired with proceeds of the Outstanding Obligations are, and the Eligible Loans financed with the Series 2001 Bond proceeds are expected to be eligible for at least a 98% guarantee of principal plus accrued interest payable on a default claim.

### **Other Financed Eligible Loan Characteristics**

*Borrower Incentive Loan Discount.* Approximately fifty-seven percent (57%) of Eligible Loans (except Consolidation Loans) financed with the Outstanding Obligations proceeds and one hundred percent (100%) of Eligible Loans (except Consolidation Loans) financed with the proceeds of the Series 2001 Bonds are expected to be eligible for the Authority's Interest Rate Discount offered through the TOP™ program ("TOP"). It is also anticipated that fifty-five percent (55%) of such eligible borrowers will qualify for (i.e., achieve) the TOP discount.

TOP is the identifying trademark name of the Authority's behavioral incentive loan program for 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, (i) an education loan must have been, with certain exceptions, first disbursed on or after July 1, 1996 and (ii) an eligible borrower must make their first twelve (12) consecutive timely payments of principal and interest. Once achieved, the TOP loan discount is permanent.

In addition, the Authority offers a TOP 1-2-3 Principal Reduction for borrowers making their first three payments of principal and interest on time. Once achieved, the borrower receives a non-recurring reduction of 1.0% of their eligible principal amount. It is anticipated that one hundred percent (100%) of all eligible borrowers who are current in their payments will be eligible for the principal reduction.

Recycling is available for moneys received until December 1, 2004 with respect to Eligible Loans acquired with proceeds of the Outstanding Obligations and the Series 2001 Bonds. It is expected that 100% of all Eligible Loans (except Consolidation Loans) financed with Recycling proceeds will be eligible for TOP.

B. *OSLA EZ-Pay*. The Authority reduces borrowers' interest rates by 1/3 of 1% if they arrange to make their loan payments through an automatic debit of their checking or savings accounts.

See APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" herein for a description of various terms and provisions relating to the guaranteed education loans that comprise the Eligible Loans expected to be held under the Bond Resolution following the application of the proceeds of the Series 2001 Bonds.

**A portion of the foregoing information relates to the characteristics of Eligible Loans expected to be financed with the proceeds of the Series 2001 Bonds. It should not be assumed that such expectations also apply to Eligible Loans that may be financed or acquired in the future by the Authority with the Revenues and Recoveries Principal on Financed Eligible Loans.**

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## **APPENDIX D**

### **OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2001A**

**The following information concerning the State Guarantee Agency has been obtained from the State Guarantee Agency for inclusion herein. The information contained in this material is not guaranteed as to accuracy or completeness by the Authority, the Underwriters, their counsel or Bond Counsel, and is not to be construed as a representation by any of those persons. None of the Authority, the Underwriters, their counsel or Bond Counsel have independently verified this information and no representation is made by any of those persons as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.**

#### **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, 2001 and 2000, FFEL Program loans made by various eligible lenders and guaranteed by the State Guarantee Agency were outstanding in the total principal amount of approximately \$2.4 billion and \$2.2 billion, respectively.

There are approximately 70 schools in Oklahoma and 88 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. Hans Brisch. Mary Mowdy is Interim Executive Director of the State Guarantee Agency. The State Guarantee Agency employs approximately 150 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 by USA Group Guarantee Services, Inc., a subsidiary of USA Education, Inc., 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, 2005.

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, preclaims assistance, claims processing, post claims operations (including reinsurance claims to the USDE) and reporting.

## Annual Guaranteed Loan Volume

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

### ANNUAL EDUCATION LOAN GUARANTEES

	<b>Federal Fiscal Year Ended <u>9/30/01</u></b>	<b>Federal Fiscal Year Ended <u>9/30/00</u></b>	<b>Federal Fiscal Year Ended <u>9/30/99</u></b>	<b>Federal Fiscal Year Ended <u>9/30/98</u></b>	<b>Federal Fiscal Year Ended <u>9/30/97</u></b>
<b>Principal Amount Guaranteed</b>	\$444,641,133	\$389,724,742	\$374,676,177	\$358,881,261	\$346,938,725
<b>Loan Type</b>					
Stafford (Sub.) Unsubsidized	42.9%	45.0%	47.9%	53.2%	53.9%
Stafford PLUS	32.3 5.1	32.3 5.2	33.1 5.4	33.5 5.6	31.0 4.2
SLS		0.0	0.0	0.0	0.0
Consolidation	<u>19.7</u>	<u>17.5</u>	<u>13.6</u>	<u>7.7</u>	<u>10.9</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

<b>Principal Amount Guaranteed*</b>	\$444,641,133	\$389,724,742	\$374,676,177	\$358,881,261	\$309,261,767
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**School Type\***

4 Year Univ	71.0%	71.5%	79.8%	80.8%	78.5%
2 Year College	15.3	14.3	13.7	13.1	13.9
Proprietary	<u>13.7</u>	<u>14.2</u>	<u>6.5</u>	<u>6.1</u>	<u>7.6</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.

**Outstanding Portfolio Composition**

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

**COMPOSITION OF OUTSTANDING EDUCATION LOAN GUARANTEES**

	<b>Federal Fiscal Year Ended <u>9/30/01</u></b>	<b>Federal Fiscal Year Ended <u>9/30/00</u></b>	<b>Federal Fiscal Year Ended <u>9/30/99</u></b>	<b>Federal Fiscal Year Ended <u>9/30/98</u></b>	<b>Federal Fiscal Year Ended <u>9/30/97</u></b>
<b>Principal Amount Guaranteed</b>	\$2,448,623,123	\$2,247,159,517	\$2,077,044,048	\$1,895,980,815	\$1,729,145,094
<b>Loan Status</b>					
Interim	28.1%	34.2%	34.4%	34.7%	34.6%
Deferred	8.4	3.7	3.6	3.8	3.9
Repayment	<u>63.5</u>	<u>62.1</u>	<u>62.0</u>	<u>61.5</u>	<u>61.5</u>
Total	<u>100%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Institution Type</b>					
4 Year Univ.	80.4%	85.4%	85.5%	85.3%	85.1%
2 Year College	12.4	10.1	10.2	10.1	10.0
Proprietary	<u>7.2</u>	<u>4.5</u>	<u>4.3</u>	<u>4.6</u>	<u>4.9</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**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%. USDE reimbursements can decrease to 75% to 90% if the rate is 5.0% or greater. During the past five federal fiscal years, the trigger rate for the State Guarantee Agency has been as shown on the following table:

**TRIGGER RATE OF THE STATE GUARANTEE AGENCY**

<b>Federal Fiscal Year Ended 9/30</b>	<b>Trigger Numerator</b>	<b>Trigger Denominator</b>	<b>Rate</b>
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	2.86%
1998	\$38,709,038	\$1,100,056,555	3.52%
1997	\$47,912,897	\$988,630,075	4.85%

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**

<b>Fiscal Year Ended June 30</b>	<b>Reserve Ratio</b>	<b>Required Reserve Ratio</b>
2001	0.64%	0.25%
2000	0.84%	0.25%
1999	1.18%	0.25%
1998	1.21%	0.25%
1997	1.24%	1.10%

**Default Rates and Collections**

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



**DEFAULT RATES REGARDING THE STATE GUARANTEE AGENCY**

	<b>Federal Fiscal Year Ended <u>9/30/01</u></b>	<b>Federal Fiscal Year Ended <u>9/30/00</u></b>	<b>Federal Fiscal Year Ended <u>9/30/99</u></b>	<b>Federal Fiscal Year Ended <u>9/30/98</u></b>	<b>Federal Fiscal Year Ended <u>9/30/97</u></b>
Gross Default Rate	19.2%	18.2%	19.0%	20.2%	21.1%
National Average	N/A	14.6%	15.0%	15.5%	15.4%
Net Default Rate after collections	8.2%	8.2%	9.7%	11.3%	12.5%
National Average	N/A	5.5%	6.8%	8.0%	8.5%

The Higher Education Amendments of 1998 reduced guarantee agencies' retention rate on collection recoveries from 27% to 24%. 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 which provide that a guarantee agency paying a claim more than 90 days after submission, cannot file with USDE for reinsurance. These regulations have had no adverse effect on the reserve fund status of the State Guarantee Agency.

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 financial review in May, 2001.

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## APPENDIX E

### OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2001A

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

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

The Higher Education Act provides for a program of (i) direct federal insurance of student loans and (ii) reinsurance of student loans guaranteed or insured by a state agency or private nonprofit corporation (collectively, "*Federal Family Education Loans*" and the "*Federal Family Education Loan Program*"). Several types of loans are currently authorized as Federal Family Education Loans pursuant to this program. These include: (i) loans to students with respect to which the federal government makes interest payments available to reduce student interest cost ("*Subsidized Federal Stafford Loans*"); (ii) loans to students with respect to which the federal government does not make such interest payments ("*Unsubsidized Federal Stafford Loans*"); (iii) supplemental loans to parents of dependent students ("*PLUS Loans*"); and (iv) loans to fund payment and consolidation of certain of the borrower's obligations ("*Consolidation Loans*"—and collectively with *Subsidized Federal Stafford Loans*, *Unsubsidized Federal Stafford Loans* and *PLUS Loans*, "*Student Loans*").

The Higher Education Act and the regulations promulgated thereunder have been extensively amended in recent years. There can be no assurance that further amendments or budgetary action will not materially change the provisions described herein or the effect thereof. From time to time, legislation is introduced in the United States Congress to amend the Higher Education Act.

The Higher Education Act was the subject of significant amendments as part of the 1993 Student Loan Reform Act, the Higher Education Amendments of 1998 (with certain temporary legislation enacted prior thereto, the "*1998 Amendments*") and the Ticket to Work and Work Incentives Improvement Act of 1998 (the "*CP Index Amendments*"). The 1993 Student Loan Reform Act established a Federal Direct Student Loan Program ("*FDSLPL*") that was intended to effectuate a transition from the Federal Family Educational Loan Program to a direct student loan program whereby educational loans are obtained by a student from the institution of higher education the student is attending. The 1998 Amendments deleted all references to a "transition" to full implementation of the FDSLPL. The Federal Direct Student Loan Program is described below.

Other provisions of the 1993 Student Loan Reform Act and the 1998 Amendments imposed higher costs and created lower yields on Student Loans, other than PLUS Loans, by decreasing interest rates on loans and reducing the amount of federal reinsurance payments on claims. Specific provisions of the Recent Amendments are discussed below in further detail as part of the discussion of various aspects of the overall Federal Family Education Loan Program.

This summary of the Federal Family Education Loan Program as established by the Higher Education Act does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the text of the Higher Education Act and the regulations thereunder.

### **SUBSIDIZED FEDERAL STAFFORD LOANS**

The Higher Education Act provides for federal (i) insurance or reinsurance of eligible Subsidized Federal Stafford Loans, (ii) interest subsidy payments (“*Interest Subsidy Payments*”) to eligible lenders with respect to certain eligible Subsidized Federal Stafford Loans, and (iii) special allowance payments (“*Special Allowance Payments*”) representing an additional subsidy paid by the Secretary to the holders of eligible Subsidized Federal Stafford Loans.

#### **REQUIREMENTS FOR ELIGIBLE LOANS**

*Qualified Student.* Generally, in order to be an eligible Subsidized Federal Student Loan, the loan may be made only to a United States citizen or national or otherwise eligible individual under federal regulations who (a) has been accepted for enrollment or is enrolled and is maintaining satisfactory progress at an eligible institution, (b) 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, (c) has agreed to notify promptly the owner of the loan of any address change, and (d) meets the applicable “need” requirements. Eligible institutions include higher educational institutions and vocational schools that comply with certain federal regulations. Each loan is to be evidenced by an unsecured note.

*Interest Rates.* Subsidized Federal Stafford Loans may bear interest at a rate not in excess of 7% per annum if made to a borrower to cover costs of instruction for any period beginning prior to January 1, 1981 or, subsequent to such date, if made to a borrower who, upon entering into a note for a loan, has outstanding student loans under the Federal Family Education Loan Program for which the interest rates do not exceed 7%. Such Loans made to new borrowers for periods of instruction between January 1, 1981 and September 13, 1983 bear interest at a rate of 9% per annum and for periods of instruction beginning on or after September 13, 1983 the rate is 8% per annum. Further, loans made to first time borrowers for periods of enrollment beginning on or after July 1, 1988 but made prior to July 23, 1992 pursuant to Section 427A of the Higher Education Act (“*427A Loans*”), bear interest at rates of 8% per annum beginning on disbursement and ending four years after commencement of repayment and 10% per annum thereafter. Such 427A Loans are subject to a provision requiring an annual credit of the excess interest to the reduction of principal to the extent that at the close of any calendar quarter, the sum of the average of the bond equivalent rates of 91-day T-Bills auctioned for that quarter and 3.25 % is less than 10%. For all new loans made to all existing borrowers after July

23, 1992, the provision that requires annual adjustment of principal for excess interest is effective immediately instead of after four years. The adjustment for excess interest on such a loan shall be made for any quarter during which the sum of the average of the bond equivalent 91-day T-Bill rate plus 3.10% is less than the applicable interest rate. Any excess with respect to a loan for a period during which the Secretary is making interest subsidy payments is credited to the Secretary, otherwise, the excess is credited to the reduction of principal.

Subsidized Federal Stafford Loans first disbursed on or after October 1, 1992 and prior to July 1, 1998, to new borrowers as of that date and subsequent loans to such borrowers, bear a rate of interest during any 12-month period beginning on July 1 and ending on June 30, determined on the preceding June 1, equal to the bond equivalent rate of 91-day T-Bills auctioned at the final auction held prior to such June 1 plus 3.10% not to exceed 9% . The annual interest rate on any Subsidized Federal Stafford Loans first disbursed to all borrowers on or after July 1, 1994 is determined in the same manner but may not exceed 8.25%. The annual interest rate on such loans first disbursed on or after July 1, 1995 prior to repayment and during any grace period or deferment period will be the bond equivalent 91-day T-Bill rate plus 2.5% (3.10% during repayment) not to exceed 8.25%. For loans first disbursed on or after July 1, 1998 and prior to July 1, 2003, prior to repayment and during any grace period or deferment period, the annual interest rate will be the bond equivalent 91-day T-Bill rate plus 1.70% (2.30% during repayment), not to exceed 8.25%.

*Limitations on Principal Amount.* The Higher Education Act requires that loans in excess of \$1,000 made to cover enrollment periods longer than six months be disbursed by eligible lenders in at least two separate disbursements. Prior to January 1, 1987, the maximum amount of the loan for an academic year could not exceed \$2,500 for undergraduate study and \$5,000 for graduate or professional study, subject to an aggregate limit of \$12,500 for undergraduate study and up to \$25,000 for graduate and professional study, inclusive of loans for undergraduate study. Subsidized Federal Stafford Loans, for which the first disbursement was made after January 1, 1987, but prior to July 1, 1993, were subject to annual limits of \$2,625 for the first two years of study and \$4,000 for the remainder of undergraduate study, with an aggregate limit of \$17,250 for undergraduate study. Graduate or professional students were authorized to borrow up to \$7,500 annually, subject to an aggregate limit of \$54,750, inclusive of loans for undergraduate study. After July 1, 1993 the maximum amount of a Subsidized Federal Stafford Loan for an academic year cannot exceed \$2,625 for the first year of undergraduate study, \$3,500 for the second academic year of undergraduate study, and \$5,500 for the remainder of undergraduate study with lower annual limits established for periods of enrollment less than a full academic year with an aggregate limit for undergraduate study of \$23,000 excluding PLUS loans. The maximum amount of the loans for periods of enrollment beginning on or after October 1, 1993, for an academic year, for graduate students is \$8,500 and \$65,500 in the aggregate including any such loans for undergraduate study, but excluding PLUS loans. In either case, the Secretary has discretion to raise these limits by regulation to accommodate highly specialized or exceptionally expensive courses of study.

Subject to these limits, Subsidized Federal Stafford Loans are available to borrowers in amounts not exceeding their unmet need determined 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 Federal Stafford Loan program 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 Federal Stafford Loan funding to borrowers or the availability of Subsidized Federal Stafford Loans for secondary market acquisition.

*Repayment.* Repayment of principal on a Subsidized Federal Stafford Loan does not commence while a student remains a qualified student, but generally begins upon expiration of the applicable Grace Period, as described below. Such Grace Periods may be waived by borrowers. In general, each such loan must be scheduled for repayment over a period of not more than ten years after the commencement of repayment. The Higher Education Act currently requires minimum annual payments of \$600 including principal and interest, unless the borrower and the lender agree to lesser payments per year. Effective July 1, 1993, lenders were required to offer graduated or income-sensitive repayment schedules to new borrowers in accordance with regulations of the Secretary.

The 1998 Amendments provide several changes to repayment provisions. First, graduated and income-sensitive repayment plans are exempt from minimum annual repayment requirements, but no plan may provide for payment amounts less than interest. Second, borrowers may change repayment plans annually. Third, first time Federal Stafford Loan borrowers on or after October 7, 1998, with loans outstanding in a principal amount of \$30,000 or more can elect to repay their loans over a period of not more than twenty-five (25) years after commencement of repayment.

*Grace Period, Deferment Periods, Forbearance.* Repayment of principal of an insured student loan must generally commence following a period of (a) not less than 9 months or more than 12 months (with respect to loans for which the applicable interest rate is 7% per annum) and (b) not more than 6 months (with respect to all other loans for which the applicable interest rate is 9% per annum or 8% per annum and for loans to first time borrowers on or after July 1, 1988) after the student borrower ceases to pursue at least a half-time course of study (a “*Grace Period*”).

However, during certain other periods and subject to certain conditions, no principal repayments need be made (“*Deferment Periods*”), but interest accrues and must be paid. For loans first disbursed prior to July 1, 1993, Deferment Periods include periods when the student has returned to an eligible educational institution on a half-time basis and received a new loan for the same period or is pursuing studies pursuant to an approved graduate fellowship program or a rehabilitation program for individuals with disabilities, or when the student is a member of the Armed Forces or a volunteer under the Peace Corps Act or the Domestic Volunteer Service Act of 1973, when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled. Other Deferment Periods for such loans include periods of unemployment and qualified internships. For loans to new borrowers disbursed on or after July 1, 1993, repayment of principal may be deferred while the borrower is at least a half time student or is pursuing a course of study pursuant to an approved graduate fellowship program or an approved rehabilitation training program. A maximum three year deferment is available to such borrowers

when the borrower is seeking but unable to find full-time employment, or when for any reason the lender determines that payment of principal will cause the borrower economic hardship. The Higher Education Act also requires mandatory forbearance of a loan for 12-month intervals for a period not to exceed three years, by a lender at the request of a borrower if the borrower's student loan debt burden equals or exceeds 20% of the borrower's gross income.

#### INTEREST SUBSIDY PAYMENTS

The Secretary pays interest on Subsidized Federal Stafford Loans while the student is a qualified student, during a grace period and during certain periods of deferment. Deferment of principal payments is available to borrowers under conditions established by the Higher Education Act. The Secretary makes interest subsidy payments to the holder of Subsidized Federal 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 Federal Stafford Loan shall be deemed to have a contractual right against the United States to receive interest subsidy payments in accordance with its provisions.

#### SPECIAL ALLOWANCE PAYMENTS

The Higher Education Act provides for Special Allowance Payments to be made by the Secretary to eligible lenders. The rates for Special Allowance Payments are based on formulas that differ according to the type of loan, the date the loan was first disbursed, the interest rate and the type of funds used to finance such loan (tax-exempt or taxable). The effective formulas for quarterly Special Allowance Payment rates for Subsidized Federal Stafford Loans which are funded with taxable bond proceeds are set forth in the following table:

<b>First Disbursement Date</b>	<b>SAP Formula</b>
01/01/00 to 07/01/03	In school, grace and deferment status: (3 Month Commercial Paper — Student Pay Rate + 1.74%) ÷ 4
	In repayment status: (3 Month Commercial Paper — Student Pay Rate + 2.34%) ÷ 4
7/01/98 to 12/31/99	In school, grace and deferment status: (91-day T-bill - Student Pay Rate + 2.20%) ÷ 4
	In repayment status: (91-day T-bill - Student Pay Rate + 2.80%) ÷ 4
7/01/95 to 6/30/98	In school, grace and deferment status: (91-day T-bill - Student Pay Rate + 2.50%) ÷ 4
	In repayment status: (91-day T-bill - Student Pay Rate + 3.10%) ÷ 4

10/01/92 to 6/30/95 (91-day T-bill - Student Pay Rate + 3.10%) ÷ 4

11/16/86 to 9/30/92 (91-day T-bill - Student Pay Rate + 3.25%) ÷ 4

For Federal Stafford Loans financed with tax-exempt funds obtained from bonds originally issued on or after October 1, 1993, the Special Allowance Payments are equal to those set forth above for student loans financed with taxable funds.

For Federal Stafford loans which are funded with tax-exempt bonds issued prior to October 1, 1993 Special Allowance Payments are generally payable at one half the rate it is paid for taxable funding sources subject to an aggregate 9.5% minimum total loan yield (Student Pay Rate plus SAP), referred to as “9.5% floor.”

**Student Pay Rate**

**SAP Formula for Tax-Exempt Securities Issued Prior to October 1, 1993**

Variable Rate [(91-day T-bill - Student Pay Rate + 3.50%) ÷ 2] ÷ 4, with a 9.5% floor.

8%/10% [(91-day T-bill - Student Pay Rate + 3.50%) ÷ 2] ÷ 4, with a 9.5% floor while Student Pay Rate is 8%\*.

7%, 8% and 9% [(91-day T-bill - Student Pay Rate + 3.50%) ÷ 2] ÷ 4, with a 9.5% floor.

\*No floor return when Student Pay Rate is other than 8%.

The SAP formulas also apply, with certain exceptions and modifications, to PLUS, SLS and Consolidation Loans. For example, the CP Index Amendments provide that the SAP rate for PLUS Loans and Consolidation Loans disbursed on or after January 1, 2000 and before July 1, 2003 is equal to the average of bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for the quarter as reported by the Federal Reserve (“3-Month Commercial Paper”) minus the Student Pay Rate plus 2.64%. In addition, for Consolidation Loans first disbursed on or after January 1, 2000 and before July 1, 2003, no SAP is payable during any 12-month period from July 1 to June 30 if the bond equivalent rate of 91-day Treasury bills auctioned at the final auction preceding June 1 plus 3.1% exceeds 9.0%.

The 1998 Amendments eliminated the requirement that the Authority have a Plan for Doing Business as a prerequisite to receipt of Special Allowance Payments. However, the Corporation may not engage in any pattern or practice which results in denial of a borrower’s access to loans.



## **UNSUBSIDIZED FEDERAL STAFFORD LOANS**

The Unsubsidized Federal Stafford Loan Program is designed for students who do not qualify for Subsidized Federal Stafford Loans due to parental and/or student income and assets in excess of permitted amounts and became effective for periods of enrollment beginning on or after October 1, 1992. In other respects, the general eligibility requirements for Unsubsidized Federal Stafford Loans are essentially the same as those for Subsidized Federal Stafford Loans. The interest rate, special allowance payment provisions and the loan fee requirements of the Subsidized Federal Stafford Loans are applicable to Unsubsidized Federal Stafford Loans.

The 1993 Student Loan Reform Act increased the loan limits for Unsubsidized Federal Stafford Loans to include amounts formerly disbursed under the SLS program. However, the terms of the Unsubsidized Federal Stafford Loans differ materially from Subsidized Federal Stafford Loans in that the federal government will not make interest subsidy payments and the loan limitations are determined without respect to the expected family contribution. The borrower is required to pay interest from the time such loan is disbursed or capitalize the interest until repayment begins.

Effective July 1, 1994, the amount of periodic payment and repayment schedule for an Unsubsidized Federal Stafford Loan is established by assuming an interest rate equal to the applicable rate of interest at the time the repayment of the loan principal commences. Effective July 1, 1995, at the option of the lender, the note or other written evidence of the loan may require that the amount of the periodic payment be adjusted annually or the period of repayment of principal be lengthened or shortened in order to reflect adjustments in interest rates. Additionally, the 10-year repayment period for such loans commences when the first payment of principal is due from the borrower. The 1998 Amendments provide that first time borrowers on or after October 7, 1998 with loans outstanding in a principal amount of \$30,000 or more can elect to repay loans over a period of not more than twenty-five (25) years.

## **PLUS AND SLS LOAN PROGRAMS**

The Higher Education Act authorizes Parental Loans for Undergraduate Students (“*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 that have a first disbursement date on or after July 1, 1993. Supplemental Loans to Students (“*SLS Loans*”) were available to certain categories of students until June 30, 1994. The 1993 Student Loan Reform Act repealed the SLS Program effective July 1, 1994 and consolidated it with the Unsubsidized Federal Stafford Loan Program. The basic provisions applicable to PLUS and SLS Loans are similar to those of Subsidized Federal Stafford Loans with respect to the involvement of guarantors and the Secretary providing federal reinsurance on the loans. However, PLUS and SLS Loans differ significantly from Subsidized Federal Stafford Loans, particularly because federal interest subsidy payments are not available under the PLUS and SLS Programs and Special Allowance Payments are more restricted.

## INTEREST RATES

The applicable interest rate depends upon the date of issuance of the loan and the period of enrollment for which the loan is to apply. For PLUS loans issued on or after October 1, 1981, but for periods of educational enrollment beginning prior to July 1, 1987, the applicable rate of interest is either 12 or 14% per annum. A variable interest rate reset annually applies to PLUS and SLS Loans made and disbursed on or after July 1, 1987 but prior to October 1, 1992 and is determined on the basis of any 12-month period beginning on July 1 and ending on the following June 30, such that the rate shall be the bond equivalent rate of 52-week T-Bills auctioned at the final auction held prior to the June 1 preceding the applicable 12-month period, plus 3.25%, with a maximum rate of 12% per annum. For any 12-month period beginning on or after July 1, 2001, the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to June 1 is the weekly average of one year constant maturing Treasury yield for the calendar week preceding such June 1, as published by the Federal Reserve. The variable interest rate for PLUS and SLS Loans first disbursed on or after October 1, 1992 is based on the same 12-month period as PLUS and SLS Loans disbursed prior to October 1, 1992 except that 3.10% is added to the bond equivalent rate of the 52-week T-Bills with a maximum of 10% per annum for PLUS Loans and a maximum of 11% per annum for SLS Loans. For PLUS Loans first disbursed on or after July 1, 1994, the interest rate is determined by the method applicable to PLUS Loans disbursed on or after October 1, 1992 subject to a maximum of 9% per annum. The Recent Amendments provide that PLUS Loans made on or after July 1, 1998 and prior to July 1, 2003 are to bear an interest rate equal to the bond equivalent rate of 91-day T-Bills at the final auction held prior to the June 1 preceding the applicable 12-month period plus 3.1%, subject to a maximum of 9.0%.

## SPECIAL ALLOWANCE PAYMENTS

Special Allowance Payments are available on variable rate PLUS and SLS Loans disbursed on or after July 1, 1987 but prior to October 1, 1992 and before July 1, 1998 only if the rate determined by the formula above applicable to such Loans would exceed 12%. Special Allowance Payments are available on variable rate PLUS and SLS Loans disbursed on or after October 1, 1992 only, if the rate determined by the formula above applicable to such Loans exceeds 10% and 11%, respectively. Special Allowance Payments are also available on variable rate PLUS Loans disbursed on or after July 1, 1998 only if the interest rate determined by the formula applicable to PLUS Loans disbursed on or after July 1, 1998 exceeds 9%.

## LIMITATIONS ON PRINCIPAL AMOUNTS

The annual loan limit for SLS Loans first disbursed on or after July 1, 1993 ranged from \$4,000 for first and second year undergraduate borrowers to \$10,000 for graduate borrowers, with a maximum aggregate amount of \$23,000 for undergraduate borrowers and \$73,000 for graduate and professional borrowers. The only limit on the annual and aggregate amount of PLUS Loans first disbursed on or after July 1, 1993 is the student's unmet financial need. PLUS and SLS Loans disbursed prior to July 1, 1993 are limited to \$4,000 per academic year with a maximum aggregate amount of \$20,000. Prior to October 17, 1986, the applicable loan limits were \$3,000 per academic year with a maximum aggregate amount of \$15,000. PLUS and SLS

loans are also limited, generally, to the cost of attendance minus other financial aid for which the student is eligible.

## REPAYMENT

SLS borrowers have the option to defer commencement of repayment of principal until the commencement of repayment of Subsidized Federal Stafford Loans. Otherwise, repayment of principal of PLUS and SLS Loans is required to commence no later than 60 days after the date of disbursement of such loan, subject to certain deferral provisions. In addition, a parent borrower who became such prior to July 1, 1993 may defer principal payments for periods during which the borrower has a dependent student for whom the parent borrowed a PLUS Loan, if such student is engaged in a qualifying educational program, graduate fellowship program or rehabilitation training program.

Repayment of interest, however, may be deferred only during certain periods of educational enrollments specified under the Higher Education Act. Further, whereas federal interest subsidy payments are not available for such deferments, the Higher Education Act provides an opportunity for the capitalization of interest during such periods upon agreement of the lender and borrower. The annual loan limit is not violated by any decision to capitalize interest.

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

## THE CONSOLIDATION LOAN PROGRAM

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 Federal Stafford Loans. Consolidation Loans may generally be made in an amount sufficient to pay outstanding principal, unpaid interest and late charges on all federally insured or reinsured student loans incurred under and pursuant to the Family Education Loan Program selected by the borrower, as well as Perkins loans (formally "*National Direct Student Loans*"), Health Professional Student Loans, Health Education Assistance Loans and during the period which commenced on November 13, 1997 and ended on October 1, 1998, loans made pursuant to the William D. Ford Federal Direct Loan Program (the "*Direct Loan Program*"). Pursuant to the Emergency Student Loan Consolidation Act of 1997, borrowers under the Direct Loan Program have the option of consolidating such loans into a Federal Family Education Loan Program Consolidation Loan.

## BORROWER ELIGIBILITY REQUIREMENTS

Consolidation Loans for applications received between January 1, 1993 and July 1, 1994, are available only to borrowers who have aggregate outstanding student loan balances of at least \$7,500 and, for applications received before January 1, 1993, are available only to borrowers who have aggregate outstanding student loan balances of at least \$5,000. The 1993 Student Loan Reform Act eliminated the minimum loan balance for Consolidation Loans effective July 1, 1994. The borrower must be either in repayment status or in a grace period, or is a delinquent or defaulted borrower who will 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 treated as one borrower for purposes of loan consolidation eligibility. A Consolidation Loan will be federally insured only if such loan is made in compliance with requirements of the Higher Education Act.

## INTEREST RATES

Consolidation Loans made prior to July 1, 1994 bear interest at an annual rate which equals the weighted average of interest rates on the unpaid principal balance of outstanding loans, rounded to the nearest whole percent, with a minimum rate of 9%. For Consolidation Loans made on or after July 1, 1994 to which the variable rate described below does not apply, the minimum rate of 9% is eliminated, and the weighted average is rounded upward to the nearest whole percent. For Consolidation Loans applied for during the period which commenced November 13, 1997 and ends July 1, 2003, the applicable rate of interest from November 13, 1997 through June 30, 1998 is 8.25%, and thereafter for each July 1 through June 30, a variable annual rate which will be equal to the bond equivalent rate of 91-day T-bills auctioned at the final auction held prior to the preceding June 1 plus 3.10% not to exceed 8.25%. Pursuant to the 1998 Amendments, the rate applicable to Consolidation Loans applied for on or after October 1, 1998 and prior to July 1, 2003 is fixed at the weighted average of interest rates on the unpaid principal balance of outstanding loans, rounded up to the nearest one-eighth of one percent, not to exceed 8.25%.

## REPAYMENT

Repayment of Consolidation Loans begins 60 days after discharge of all prior loans which are consolidated. Federal interest subsidy payments are not available with respect to Consolidation Loans except as described below. Repayment schedules structured by the lender must include, for applications received on or after January 1, 1994, the establishment of graduated and income sensitive repayment plans, subject to certain limits applicable to the sum of the Consolidation Loan and the amount of the borrower's other eligible student loans outstanding. Generally, depending on the total of loans outstanding, repayment may be scheduled over periods no shorter than ten (10) but not more than twenty-five (25) years in length. For applications received on or after January 1, 1993, the maximum maturity schedule is thirty years for Consolidation Loans of \$60,000 or more.

## DEFERMENT PERIODS

Borrowers may defer periodic payments of principal under the same circumstances authorized for deferments and for periods similar to those for Subsidized Federal Stafford Loans. Interest on Consolidation Loans accrues and, for applications received prior to January 1, 1993, is to be paid by the borrower without deferral. For applications received on or after January 1, 1993 the Secretary pays the interest during the deferral period. However, the Student Loan Reform Act provides that, effective upon enactment, during periods of deferral, interest shall accrue and must be paid by the Secretary in the case of a Consolidation Loan that consolidated only Subsidized Federal Stafford Loans. The Secretary must also pay the interest during periods of deferral with respect to the portion of a Consolidation Loan made between November 13, 1997 and October 1, 1998 which repays Subsidized Federal Stafford Loans or Subsidized Federal Direct Stafford Loans. Borrowers may elect to accelerate principal payments without penalty.

## CONSOLIDATION LOAN FEES

No insurance premium may be charged to a borrower and no insurance premium may be charged to a lender in connection with a Consolidation Loan. However, a fee in an amount not to exceed \$50.00 may be charged to the lender by the guarantor to cover the costs of increased or extended liability with respect to a Consolidation Loan. In addition, any holder of a Consolidation Loan first disbursed on or after October 1, 1993 is to pay to the Secretary an annual rebate fee (calculated and paid monthly) equal to 1.05% of the principal plus accrued unpaid interest on such loan (except for Consolidation Loans applied for from October 1, 1998 through January 31, 1999 for which the applicable percentage is 0.62%).

## DIRECT LOANS

On or after July 1, 1994, if 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 lender, the Student Loan Reform Act authorizes the Secretary to offer the borrower a Federal Direct Consolidation Loan with income contingent terms under the FDSLPL. Such Federal Direct Consolidation Loans shall be repaid either pursuant to income contingent repayment or any other repayment provisions under the Consolidation Loan provisions. If the Secretary determines that the Department of Education does not have the necessary origination and servicing arrangements in place for such loans, the Secretary shall not offer such loans.

The rate applicable to Federal Direct Consolidation Loans applied for on or after July 1, 1998 and before February 1, 1999 is the bond equivalent yield of 91-day T-bills auctioned at the final auction held prior to the preceding June 1 plus 2.30% during repayment (as opposed to the margin of 3.10% applied to FFELP Consolidation Loans during this period). For Federal Direct Consolidation Loans applied for after February 1, 1999 and prior to July 1, 2003, the applicable rate is the same as the rate applicable to FFELP Consolidation Loans.

## FEDERAL INSURANCE AND REIMBURSEMENT OF GUARANTORS

For loans made prior to October 1, 1993, the eligible lender is reimbursed by the guarantor for 100% 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. However, any holder of a loan in default that was first disbursed on or after October 1, 1993 is entitled to receive no more than 98% of the unpaid principal balance of the loan plus accrued and unpaid interest on such loan from the guarantor, except for a loan made by a lender-of-last resort or under any agreement resulting from a guarantor insolvency.

Under the Higher Education Act, the Secretary enters into a guaranty agreement with each guarantor which provides for federal reinsurance for amounts paid to eligible lenders by the guarantor with respect to defaulted loans. Pursuant to such agreements, the Secretary is to reimburse a guarantor for 100% of the amounts owed on a loan made prior to October 1, 1993 and 98% of the amounts owed on a loan made on or after October 1, 1993 for losses upon notice and determination of such amounts subject to reduction based on the guarantor's claims rate. The Secretary is also authorized to acquire the loans of borrowers who are at high risk of default and who request an alternative repayment option from the Secretary. The percentage paid to eligible lenders was not affected by the reduction in the reimbursement percentage paid to guarantors as a result of the 1998 Amendments, as set forth in the chart below.

The amount of such insurance or reinsurance payments is subject to reduction based upon the annual claims rate of the guarantor calculated to equal the amount of federal reinsurance received as a percentage of the original principal amount of guaranteed loans in repayment on the last day of the prior fiscal year. The original principal amount of loans guaranteed by a guarantor which are in repayment for purposes of computing reimbursement payments to a guarantor means the original principal amount of all loans guaranteed by a guarantor less: (1) guarantee payments on such loans, (2) the original principal amount of such loans that have been fully repaid, and (3) the original amount of such loans for which the first principal installment payment has not become due. Claims resulting from the death, bankruptcy, total and permanent disability of a borrower, the death of a student whose parent is the borrower of a PLUS Loan, or claims by borrowers who received loans on or after January 1, 1996 and who are unable to complete the programs in which they are enrolled due to school closure or borrowers whose borrowing eligibility was falsely certified by the eligible institution are not included in calculating a guarantor's claims rate experience for federal reinsurance purposes.

The claims experience is not accumulated from year to year, but is determined solely on the basis of claims paid 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 reinsurance amounts is summarized below:

<b>Claims Rate</b>	<b>Guarantor Reinsurance Rate for Loans Made prior to <u>October 1, 1993</u></b>	<b>Guarantor Reinsurance Rate for Loans Made between <u>October 1, 1993 and September 30, 1998</u></b>	<b>Guarantor Reinsurance Rate for Loans Made on or <u>after October 1, 1998</u></b>
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

The Higher Education Act provides that, subject to compliance with such act, the full faith and credit of the United States is pledged to the payment of insurance claims and such reinsurance is not subject to reduction. It further provides that guarantors shall be deemed to have a contractual right against the United States to receive reinsurance in accordance with its provisions.

In addition, if a guarantor is unable to meet its insurance obligations, holders of insured loans may submit insurance claims directly to the Secretary, who is obligated to pay the full insurance obligation of a guarantor 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 reinsurance 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.

A Federal Family Education Loan is generally considered to be in default upon 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 of the loan may reasonably conclude that the borrower no longer intends to honor the repayment obligation and for which the failure persists for 180 days (270 days for delinquencies first occurring on or after October 7, 1998) in the case of a loan payable in monthly installments or for 240 days (330 days for delinquencies first occurring on or after October 7, 1998) in the case of a loan payable in less frequent installments. When a loan becomes 60 to 90 days past due, the holder is required to request preclaims assistance from the applicable guarantor in order to attempt to bring the delinquency current. When a loan becomes 120 days (or 240 days, as applicable) past due, it becomes subject to supplemental preclaims assistance. When a loan becomes 150 days (or 240 days, as applicable) past due, the holder is required to make a final demand for payment of the loan by the student and to continue collection efforts until the loan is 180 days (or 270 days, as applicable) past due at which time the holder may submit a claim for reimbursement to the applicable guarantor. At the time of payment of insurance benefits, the holder must assign to the applicable guarantor all rights 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 (360 days for delinquencies first occurring on or after October 7, 1998) days after the loan becomes delinquent with respect to any installment thereon or later than 45 days after the guarantor's discharge of its insurance obligation on the loan.

A holder of a loan is required to exercise due care and diligence in the making, servicing and collecting of the loan as specified in federal regulations 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 of payments or requiring reimbursement of funds. The guarantor may also terminate the agreement for cause upon notice and hearing.

The Secretary may withhold reimbursement payments if a guaranty agency 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 termination for cause by the Secretary. All guaranty agencies are required to comply with certain due diligence requirements established pursuant to the Secretary's regulations regarding collection procedures to be exercised on loans for which the guaranty agency pays a default claim. The loan must thereafter be submitted to the Secretary for reinsurance. Since July 1, 1997, guaranty agencies have been prohibited from instituting civil litigation against borrowers.

#### REIMBURSEMENT

The original principal amount of loans guaranteed by a guaranty agency which are in repayment for purposes of computing reimbursement payments to a guaranty agency means the original principal amount of all loans guaranteed by a guaranty agency less: (1) guarantee payments on such loans, (2) the original principal amount of such loans that have been fully repaid, and (3) the original amount of such loans for which the first principal installment payment has not become due.

In addition, the Secretary may withhold reimbursement payments if a guaranty agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary or applicable federal law. A supplemental Guaranty Agreement is subject to annual negotiations and to termination for cause by the Secretary.

Under the Guaranty Agreements and the supplemental guaranty agreements, if a payment on an Eligible Loan guaranteed by a guaranty agency is received after reimbursement by the Secretary, the guaranty agency is entitled to receive an equitable share of the payment. Guaranty agency retention on such collections on consolidations of defaulted loans was reduced to 18.5% from 27% effective July 1, 1997 and for other loans was reduced from 27% to 24% (23% effective October 1, 2003).



## FEDERAL ADMINISTRATIVE COST ALLOWANCES, INSURANCE FEES AND REINSURANCE FEES

Under the 1998 Amendments, two new payments to guarantors will replace an administrative cost allowance up to 1% of the total principal amount of loans insured during the fiscal year. For fiscal years beginning on or after October 1, 1998 and before October 1, 2003, the Secretary is authorized to pay to guarantors a quarterly loan processing and issuance fee equal to 0.65% of the principal amount of loans originated each quarter. For fiscal years beginning after October 1, 2003, the percentage is reduced to 0.40%. The Secretary is also authorized to pay a quarterly account maintenance fee for fiscal years 1999 and 2000 equal to 0.12% of the total principal amount of outstanding loans. The percentage for fiscal years 2001, 2002 and 2003 is reduced to 0.10%.

Effective October 1, 1993, the 1993 Student Loan Reform Act repealed the requirement that guarantors with default rates below 5% pay the Secretary annual reinsurance fees equivalent to 0.25% of new loans guaranteed and all other guarantors pay a reinsurance fee of 0.50%.

Any originator of any student loan guaranteed by a guarantor is required to discount from the proceeds of the loan at the time of disbursement, and pay to the guarantor, an insurance premium which may not exceed that permitted under the Higher Education Act.

## GUARANTY AGENCIES

The 1998 Amendments contain significant provisions applicable to guaranty agencies. Each guaranty agency 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 guaranty agency 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 guaranty agency 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 guaranty agency is also required to establish an operating fund (the "*Operating Fund*") which, except for funds transferred from the Federal Fund, is the property of the guaranty agency. A guaranty agency may deposit into the Operating Fund loan processing and issuance fees equal to 0.65% 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 and the 24% retention of collections on defaulted loans and other receipts as specified in regulations. An Operating Fund must be used for application processing, loan disbursement, enrollment and repayment status management, default aversion, collection activities, compliance monitoring, and other student financial aid related activities.

The 1998 Amendments provide for 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 guaranty agencies 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 guaranty agency'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 the FDSLSP, or to ensure the proper maintenance of such agency's funds or assets or the orderly termination of the guaranty agency's operations and the liquidation of its assets. The Higher Education Act also authorizes the Secretary to direct a guaranty agency to: (1) return to the Secretary all or a portion of its reserve fund that the Secretary determines is not needed to pay for the agency's program expenses and contingent liabilities; and (2) cease any activities involving the expenditure, use or transfer of the guaranty agency'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 which the Secretary determines is not needed to pay for the guarantor's program expenses and contingent liabilities.

The Secretary may terminate a guaranty agency's agreement 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 agreement, the Secretary is authorized to provide the guaranty agency 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 guaranty agency, ensure the uninterrupted payment of claims, or ensure that the guaranty agency will make loans as the lender-of-last-resort.

If the Secretary has terminated or is seeking to terminate a guaranty agency's agreement, or has assumed a guaranty agency's functions, notwithstanding any other provision of law: (1) no state court may issue an order affecting the Secretary's actions with respect to that guaranty agency; (2) any contract entered into by the guaranty agency with respect to the administration of the agency'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 this law; and (3) no provision of state law shall apply to the actions of the Secretary in terminating the operations of the guaranty agency. Finally, notwithstanding any other provision of law, the Secretary's liability for any outstanding liabilities of a guaranty agency (other than outstanding student loan guarantees under Part B of Title IV of the Higher Education Act), the functions of which the Secretary has assumed, shall not exceed the fair market value of the reserves of the guaranty agency, minus any necessary liquidation or other administrative costs.

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## APPENDIX F

### OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2001A

#### AUCTION PROCEDURES

The Auction Procedures for Auction Rate Bonds are as set forth below. All of the terms used in this EXHIBIT F are defined herein or in other parts of this Official Statement.

#### DEFINITIONS

“*AA Composite Commercial Paper Rate*”, on any date of determination, shall mean (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 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.

“*Affiliate*” means any person known to the Auction Agent to be controlled by, in control of or under common control with the Authority, provided that no Broker-Dealer controlled by, in control of or under common control with the Authority shall be an Affiliate nor shall any corporation or any person controlled by, in control of or in common control with such corporation be an Affiliate solely because such director or executive officer is also a director of the Authority.

“*All-Hold Rate*” means, on any date of determination, the interest rate per annum equal to 90% of the Applicable LIBOR Rate, rounded 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 lowest rating assigned to the Auction Rate Bonds:

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

“*Applicable LIBOR Rate*” means, with respect to the Auction Rate Bonds (a) for Auction Periods of 28 days or less, One-Month LIBOR; (b) for Auction Periods of more than 28 days but less than 91 days, Three-Month LIBOR; (c) for Auction Periods of more than 90 days but less than 181 days, Six-Month LIBOR; and (d) for Auction Periods of more than 180 days, One-Year LIBOR. As used in this definition and otherwise herein, the terms “One-Month LIBOR,” “Three-Month LIBOR,” “Six-Month LIBOR” or “One-Year LIBOR” mean the rate of interest per annum equal to the rate per annum at which United States dollar deposits having a maturity of one month, three months, six months or one year, respectively, are offered to prime banks in the London interbank market which appear on the Reuters Screen LIBOR Page as of approximately 11:00 a.m., London time, on the Auction Date. If at least two such quotations appear, One-Month LIBOR, Three-Month LIBOR, Six-Month LIBOR or One-Year LIBOR, respectively, will be the arithmetic mean (rounded upwards, if necessary, to the nearest one hundredth of one percent) of such offered rates. If fewer than two such quotes appear, One-Month LIBOR, Three-Month LIBOR, Six-Month LIBOR or One-Year LIBOR, respectively, with respect to such Auction Period will be determined at approximately 11:00 a.m., London time, on such Auction Date on the basis of the rate at which deposits in United States dollars having a maturity of one month, three months, six months or one year, respectively, are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Auction Agent or the Series 2001A Trustee, as applicable, and in a principal amount of not less than U.S. \$1,000,000 and that is representative for a single transaction in such market at such time. The Auction Agent or the Series 2001A Trustee, as applicable, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two quotations are provided, One-Month LIBOR, Three-Month LIBOR, Six-Month LIBOR or One-Year LIBOR, respectively, will be the arithmetic mean (rounded upwards, if necessary, to the nearest one hundredth of one percent) of such offered rates. If fewer than two quotations are provided, One-Month LIBOR, Three-Month LIBOR, Six-Month LIBOR or One-Year LIBOR, respectively, with respect to such Auction Period will be the arithmetic mean (rounded upwards, if necessary, to the nearest one hundredth of one percent) of the rates quoted at approximately 11:00 a.m., New York City time on such Auction Date by three major banks in New York, New York selected by the Auction Agent or the Series 2001A Trustee, as applicable, for loans in United States dollars to leading European banks having a maturity of one month, three months, six months or one year, respectively, and in a principal amount equal to an amount of not less than U.S. \$1,000,000 and that is representative for a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid are not quoting as mentioned in this sentence, One-Month LIBOR, Three-Month

LIBOR, Six-Month LIBOR or One-Year LIBOR, respectively, in effect for the applicable Auction Period will be One-Month LIBOR, Three-Month LIBOR, Six-Month LIBOR or One-Year LIBOR, respectively, in effect for the immediately preceding Auction Period.

“*Applicable Number of Business Days*” means the greater of two (2) Business Days or one (1) Business Day plus the number of Business Days by which the Auction Date precedes the first day of the next succeeding Auction Period.

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

<b>Credit Rating</b>			<b>Applicable T-Bill Spread</b>
<b>Standard &amp; Poor’s</b>	<b>Moody’s Investors Service</b>	<b>Fitch, Inc.</b>	
“AAA”	“Aaa”	“AAA”	1.25%
“AA-” to “AA+”	“Aa3” to “Aa1”	“AA-” to “AA+”	1.25
“A-” to “A+”	“A3” to “A1”	“A-” to “A+”	1.25
“BBB-” to “BBB+”	“Baa3” to “Baa1”	“BBB-” to “BBB+”	1.50
Below “BBB-”	Below “Baa3”	Below “BBB-”	2.00

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

“*Auction Agent*” means initially, Bankers Trust Company, or any successor entity appointed as such pursuant to the Master Bond Resolution, as Supplemented.

“*Auction Agency Agreement*” means the Auction Agency Agreement dated as of December 1, 2001 between the Series 2001A Trustee and the 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 the date specified in the Indenture, and thereafter, the Business Day immediately preceding the first day of each Auction Period, other than;

- (a) each Auction Period commencing after the ownership of the related series of Auction Rate Bonds is no longer maintained in book-entry form by the Securities Depository;
- (b) each Auction Period commencing after the occurrence and during the continuance of a Payment Default; or
- (c) any Auction Period commencing less than two Business Days after the cure of waiver of a Payment Default.

Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed as described under the caption "DESCRIPTION OF THE SERIES 2001A BONDS – Changes in Auction Period or Auction Date" in the body of this Official Statement.

“*Auction Period*” means, with respect to any Auction Rate Bonds, the respective Interest Period applicable as the same may be changed "DESCRIPTION OF THE SERIES 2001A BONDS – Changes in Auction Period or Auction Date" in the body of this Official Statement.

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

“*Auction Rate Bonds*” means the Series 2001A-2 Bonds and the Series 2001A-3 Bonds bearing interest at an Auction Rate; provided, however, that unless otherwise indicated herein, the provisions of this Exhibit F shall apply separately to the Auction Rate Bonds designated as Series 2001A-2 Bonds and as Series 2001A-3 Bonds.

“*Bond Equivalent Yield*” means with respect to 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 Auction Rate 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 shall equal the Overdue Rate; and provided further that such Bond Interest Rate shall in no event exceed the Interest Rate Limitation.

“*Broker-Dealer*” means, initially, RBC Dain Rauscher Inc. (with respect to the Series 2001A-2 Bonds) and Banc of America Securities LLC (with respect to the 2001A-3 Bonds), and any other broker or dealer (as defined in the Securities Exchange Act), 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 Master Bond Resolution, as Supplemented 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 shall be substantially in the form of the Broker-Dealer Agreement between Bankers

Trust Company, as Auction Agent, and RBC Dain Rauscher Inc., as the sole initial Broker-Dealer with respect to the Series 2001A-2 Bonds and the form of Broker-Dealer Agreement between Bankers Trust Company as Auction Agent and Banc of America Securities LLC as the sole Broker-Dealer with respect to the 2001A-3 Bonds.

“*Business Day*” means any day other than a Saturday, Sunday, or other day on which banks located in the city of New York, New York, or the New York Stock Exchange, the Master Trustee or the Auction Agent, are authorized or permitted by law or executive order to close; 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.

“*Carry-over Amount*” means the excess, if any, of (a) the amount of interest on an Auction Rate Bond that would have accrued with respect to the related Auction Period at the Auction Rate over (b) the amount of interest on such Auction Rate Bond actually accrued with respect to such Auction Rate Bond with respect to such Auction Period based on the Maximum Auction Rate, together with the unpaid portion of any such excess from prior Auction Periods; provided that any reference to “principal” or “interest” herein, in the Master Bond Resolution, any Reimbursement Agreement, and in the Auction Rate Bonds shall not include within the meanings of such words any Carry-over Amount or any interest accrued on any Carry-over Amount. Any such amount shall not be treated as a liability under the Master Bond Resolution, as Supplemented.

“*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.

“*Date of Issuance*” means the date of issuance of the Auction Rate Bonds by the Authority.

“*Eligible Carry-over Make-Up Amount*” means, with respect to each Auction Period relating to the Auction Rate Bonds as to which, as of the first day of such Auction Period, there is any unpaid Carry-over Amount, an amount equal to the lesser of (a) interest computed on the principal balance of the Auction Rate Bonds in respect to such Auction Period at a per annum rate equal to the excess, if any, of the Maximum Auction Rate over the Auction Rate, together with the unreduced portion of any such excess from prior Auction Periods; and (b) the aggregate

Carry-over Amount remaining unpaid as of the first day of such Auction Period together with interest accrued and unpaid thereon through the end of such Auction Period.

*“Existing Owner”* means (a) 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 (b) 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 Auction Rate Bonds.

*“Interest Rate Limitation”* means, on any date of determination, the lesser of (a) the highest rate the Authority may legally pay from time to time as interest on the Auction Rate Bonds or (b) 17% per annum.

*“Market Agent”* means initially, RBC Dain Rauscher Inc., or any successor entity appointed as such pursuant to the Master Bond Resolution, as Supplemented.

*“Market Agent Agreement”* shall mean the Market Agent Agreement between the Series 2001A 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 LIBOR Rate plus 1%;
- (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 [federalreserve.gov/releases/cp](http://federalreserve.gov/releases/cp).<sup>1</sup>

*“Outstanding”* has the meaning set forth in the Master Bond Resolution; provided, however, that for the purposes of the Auction Procedures on any Auction Date, Auction Rate Bonds as to which the Authority or any Person known to the Auction Agent to be an Affiliate of the Authority shall be the Existing Owner thereof shall be disregarded and deemed not to be Outstanding.

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<sup>1</sup> The Internet addresses contained herein are provided as a matter of convenience for purchasers of the Series 2001A 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.



“*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) One-Month LIBOR and (ii) the AA Composite Commercial Paper Rate; or (b) the Interest Rate Limitation.

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

“*Payment Default*” means with respect to the Auction Rate Bonds, a failure by the Authority to make payment of interest on, or principal when due whether at maturity or upon redemption or acceleration.

“*Potential Owner*” means any person, including any Existing Owner, (a) who shall have executed a master purchaser’s letter in the form required by the Broker-Dealer and (b) who may be interested in acquiring Auction Rate Bonds bearing interest at an Auction Rate (or, in the case of an Existing Owner thereof, an additional principal amount of Auction Rate 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.

“*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.

“*Record Date*” means the Business Day prior to each Interest Payment Date.

“*Reuters Screen LIBOR Page*” means the display designated as page “LIBOR” on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBOR page for the purposes of displaying London interbank offered rates of major banks).

“*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*” shall have the meaning set forth below in subparagraph (c)(1)(C).

## AUCTIONS

Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding (i) each Auction Period commencing after the ownership of Series 2001A Bonds is no longer maintained in book-entry form; (ii) each Auction Period commencing after the occurrence and during the continuance of a Payment Default; or (iii) any Auction Period commencing less than two Business Days after the cure of a Payment Default). 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) Prior to the Submission Deadline on each Auction Date:

(A) each Existing Owner of Auction Rate Bonds may submit to a Broker-Dealer information as to: (1) the principal amount of Outstanding Series 2001A 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; (2) the principal amount of Outstanding Auction Rate 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; and/or (3) the principal amount of Outstanding Auction Rate 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; and

(B) one or more Broker-Dealers may contact Potential Owners to determine the principal amount of Auction Rate 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 such Potential Owner.

The communication to a Broker-Dealer of information referred to in clause (A) or (B) is hereinafter referred to as an “*Order*”. Each Existing Owner and each Potential Owner placing an Order is hereinafter referred to as a “*Bidder*”. An Order containing the information referred to in clause (A)(1) above is hereinafter referred to as a “*Hold Order*”. An Order containing the information referred to in clause (A)(2) or (B) above is hereinafter referred to as a “*Bid*”. An order containing the information referred to in clause (A)(3) above is hereinafter referred to as a “*Sell Order*”.

(ii) (A) Subject to the provisions of subsection (b) below, a Bid by an Existing Owner shall constitute an irrevocable offer to sell: (1) the principal amount of Outstanding Auction Rate 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 Auction Rate 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 Auction Rate 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, a Sell Order by an Existing Owner shall constitute an irrevocable offer to sell: (1) the principal amount of Outstanding Auction Rate Bonds specified in such Sell Order; or (2) such principal amount or a lesser principal amount of Outstanding Auction Rate 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 Auction Rate 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 Auction Rate 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 Auction Rate Bonds that are the subject of such Order,

(C) to the extent that such Bidder is an Existing Owner: (1) the principal amount of Auction Rate Bonds, if any, subject to any Hold Order placed by such Existing Owner; (2) the principal amount of Auction Rate 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 Auction Rate 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 Auction Rate 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 Auction Rate Bonds owned by such Existing Owner and not subject to an Order submitted to the Auction Agent.

(iv) None of the Authority, the Series 2001A Trustee nor 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 Auction Rate 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 Auction Rate Bonds owned by such Existing Owner, and if the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Owner Orders exceeds the aggregate principal amount of Auction Rate Bonds owned by such Existing Owner, the aggregate principal amount of Auction Rate Bonds subject to each such Hold Order shall be reduced pro rata so that the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Hold Order equals the aggregate principal amount of Outstanding Auction Rate 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 Auction Rate Bonds held by such Existing Owner over the aggregate principal amount of Auction Rate 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 Auction Rate 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 Auction Rate Bonds subject to each Bid with the same rate shall be reduced pro rata so that the aggregate principal amount of Outstanding Auction Rate 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 Auction Rate 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 Auction Rate Bonds owned by such Existing Owner over the aggregate principal amount of Outstanding Auction Rate Bonds subject to valid 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 Auction Rate 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 2001A 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 Auction Rate 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 Auction Rate 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 Auction Rate Bonds over the sum of the aggregate principal amount of Outstanding Auction Rate Bonds subject to Submitted Hold Orders (such excess being hereinafter referred to as the “Available RAMS”); and

(B) from such Submitted Orders whether (1) the aggregate principal amount of Outstanding Auction Rate 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 Auction Rate 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 Auction Rate Bonds subject to Submitted Sell Orders; (in the event such excess or such equality exists, other than because all of the Outstanding Auction Rate 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 have been made, the lowest rate specified in such Submitted Bids (which shall be the “Winning Bid Rate”) such that if: (1)(aa) each such Submitted Bid from Existing Owners specifying such lowest rate and (bb) 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 Auction Rate Bonds subject to such Submitted Bids; and (2)(aa) each such Submitted Bid from Potential Owners specifying such lowest rate and (bb) 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 2001A Bonds which, when added to the aggregate principal amount of Outstanding Series 2001A Bonds to be purchased by such Potential Owners described in subclause (2) above, would equal not less than the Available RAMS.

(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 have been made, 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 of all the Outstanding Auction Rate 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 Auction Rate 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 2001A 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, subject to the Interest Rate Limitation.

(d) *Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of RAMS.* Existing Owners shall continue to hold the principal amount of Auction Rate Bonds that are subject to Submitted Hold Orders and based on determination 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 Auction Rate 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 2001A 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 Auction Rate 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 Auction Rate Bonds subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Auction Rate Bonds subject to all such Submitted Bids shall be

greater than the principal amount of Auction Rate Bonds (the “remaining principal amount”) equal to the excess of the Available RAMS over the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clauses (B) and (C) of this paragraph (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 Auction Rate Bonds subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of Auction Rate Bonds obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding Auction Rate 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 Auction Rate 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 Auction Rate Bonds obtained by multiplying the excess of the aggregate principal amount of Available RAMS over the aggregate principal amount of Available RAMS subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Bonds subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Outstanding Auction Rate 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 Auction Rate 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 Maximum Auction Rate), or if the Interest Rate Limitation applies, 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 Auction Rate 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 2001A 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 Auction Rate 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 Auction Rate Bonds obtained by multiplying the aggregate principal amount of Auction Rate Bonds subject to Submitted Bids described in clause (B)(1) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate 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 Auction Rate Bonds subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding Auction Rate 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 Auction Rate 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 Auction Rate Bonds to be purchased or sold by any Existing Owner or Potential Owner so that the principal amount of Auction Rate 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 Auction Rate 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 Bonds, the Auction Agent shall, in such manner as in its sole discretion it shall determine, allocate Bonds for purchase among Potential Owners so that only 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 Bonds.

(e) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Auction Rate Bonds to be purchased and the aggregate principal amount of Auction Rate 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 Auction Rate Bonds to be sold differs from such aggregate principal amount of Auction Rate 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, Auction Rate Bonds.

(f) Any calculation by the Auction Agent or the Series 2001A 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) Notwithstanding anything in the Auction Procedures to the contrary, no Auction will be held on any Auction Date hereunder during a suspension of Auctions as a result of a Payment Default.

(h) Notwithstanding anything in the Auction Procedures to the contrary, if any Auction Rate Bonds or portion thereof have been selected for redemption during the next succeeding Auction Period, such Auction Rate 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 Auction Period prior to said Auction.

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## APPENDIX G

### OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2001A

#### SETTLEMENT PROCEDURES

Unless defined herein, capitalized terms used herein shall have the respective meanings specified in Appendix F of this Official Statement.

(a) By approximately 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date 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 Auction Rate 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 Auction Rate Bonds, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Auction Rate 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 Auction Rate 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 Broker-Dealers (and the Participant, if any, of each such other Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Bonds and the principal amount of Auction Rate 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 such other Broker-Dealers acted;

(vi) if the principal amount of Auction Rate Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate 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 Auction Rate Bonds and the principal amount of Auction Rate 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 Periods (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 Auction Rate Bonds to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate 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 Auction Rate 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 is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any RAMS received by it pursuant to 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 Auction Rate Bonds to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Bonds against receipt of such Auction Rate Bonds, and (B) deliver such Auction Rate 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 Auction Rate Bonds to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Bonds, and (B) deliver such Auction Rate 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 the 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 Auction Rate Bonds in an Auction fails to deliver such Auction Rate 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 Auction Rate Bonds that is less than the principal amount of Auction Rate Bonds that otherwise was to be purchased by such Potential Owner. In such

event, the principal amount of Auction Rate Bonds to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Bonds shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate 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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## APPENDIX H

### OKLAHOMA STUDENT LOAN AUTHORITY OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2001A

#### FORM OF MASTER PURCHASER'S LETTER

Relating to Reset Auction Mode Securities — RAMS™

To: The Company  
The Auction Agent  
A Broker-Dealer  
A Participant  
Other Persons

1. This letter is designed to apply to auctions for publicly or privately offered Reset Auction Mode Securities — RAMS™ (“RAMS”) of any issuer (the “Company”) which securities are described in any final prospectus or other offering materials relating to such RAMS as the same may be amended or supplemented (collectively, with respect to the particular RAMS concerned, the “Prospectus”) and which involve periodic rate settings through auctions (“Auctions”). This letter shall be for the benefit of the Company and any trust company or auction agent (collectively, “trust company”), broker-dealer, agent member, securities depository or other interested person in connection with RAMS and related Auctions (it being understood that such persons may be required to execute specified agreements and nothing herein shall alter such requirements). The terminology used herein is intended to be general in its application and not to exclude any RAMS in respect of which (in the Prospectus or otherwise) alternative terminology is used.

2. We may from time to time offer to purchase, purchase, offer to sell and/or sell RAMS of the Company as described in the Prospectus relating thereto. We agree that this letter shall apply to all such purchases, sales and offers and to RAMS owned by us. We understand that the interest rate on RAMS may be based from time to time on the results of Auctions as set forth in the Prospectus.

3. We agree that any bid or sell order placed by us shall constitute an irrevocable offer by us to purchase or sell RAMS subject to such bid or sell order, or such lesser amount of RAMS as we shall be required to sell or purchase as a result of such Auction, at the applicable price, all as set forth in the Prospectus, and that if we fail to place a bid or sell order with respect to RAMS owned by us with a broker-dealer on any auction date, or a broker-dealer to which we communicate a bid or sell order fails to submit such bid or sell order to the trust company concerned, we shall be deemed to have placed a hold order with respect to such RAMS as described in the Prospectus. We authorize any broker-dealer that submits a bid or sell order as our agent in Auctions to execute contracts for the sale of RAMS covered by such bid or sell order. We recognize that the payment by such broker-dealer for RAMS purchased on our behalf shall not relieve us of any liability to such broker-dealer for payment for such RAMS.

4. We agree that, during the applicable period as described in the Prospectus, dispositions of RAMS can be made only in the denominations set forth in the Prospectus and we will sell, transfer or otherwise dispose of any RAMS held by us from time to time only pursuant to a bid or sell order placed in an Auction, to or through a broker-dealer or, when permitted in the Prospectus, to a person that has signed and delivered, or caused to be delivered on its behalf, to the applicable trust company a letter substantially in the form of this letter (or other applicable purchaser's letter), provided that in the case of all transfers, other than pursuant to Auctions, we or our broker-dealer or our agent member shall advise such trust company of such transfer. We understand that a restrictive legend will be placed on certificates representing the RAMS and stop-transfer instructions will be issued to the transfer agent and/or registrar, all as set forth in the Prospectus. We agree to comply with any other transfer restrictions or other related procedures as described in the Prospectus.

5. We agree that, during the applicable period as described in the Prospectus, ownership of RAMS shall be represented by a global certificate registered in the name of the applicable securities depository or its nominee, that we will not be entitled to receive any certificate representing RAMS and that our ownership of any RAMS will be maintained in book-entry form by the securities depository for the account of our agent member which in turn will maintain records of our beneficial ownership. We authorize and instruct our agent member to disclose to the applicable trust company such information concerning our beneficial ownership of any RAMS as such trust company shall request.

6. We acknowledge that partial deliveries of RAMS purchased in Auctions may be made to us and such deliveries shall constitute good delivery as set forth in the Prospectus.

7. This letter is not a commitment by us to purchase any RAMS.

8. This letter supersedes any prior-dated version of this master purchaser's letter and supplements any prior or post-dated purchaser's letter specific to particular RAMS; any recipient of this letter may rely upon it until such recipient has received a signed writing amending or revoking this letter.

9. The descriptions of Auction procedures set forth in each applicable Prospectus are incorporated by reference herein and, in case of any conflict between this letter and any such description, such description shall control.

10. Any photocopy or other reproduction of this letter shall be deemed of equal effect as a signed original.

11. Our agent member of the securities depository currently is \_\_\_\_\_.

12. Our personnel authorized to place orders with broker-dealers for the purposes set forth in the Prospectus in Auctions currently is/are \_\_\_\_\_.