

**MISSOURI HIGHER EDUCATION
LOAN AUTHORITY**

**FIRST SUPPLEMENTAL RESOLUTION
OF THE TWELFTH GENERAL
STUDENT LOAN PROGRAM
BOND RESOLUTION**

Relating To

**\$20,000,000
STUDENT LOAN REVENUE BONDS
SERIES 1995A**

**\$55,000,000
STUDENT LOAN REVENUE BONDS
SERIES 1995B**

Adopted May 1, 1995

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RELATING TO THE TWELFTH GENERAL
STUDENT LOAN PROGRAM BOND RESOLUTION**

**ARTICLE I
SHORT TITLE, DEFINITIONS AND AUTHORITY**

Section 1.1.	Short Title	1
Section 1.2.	Definitions	1

**ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE
OF SERIES A AND B BONDS**

Section 2.1.	Principal Amount, Designation and Series	3
Section 2.2.	Purposes	3
Section 2.3.	Date, Maturities and Interest Rates	4
Section 2.4.	Form, Denomination, Numbers and Letters	4
Section 2.5.	Trustee to Act as Paying Agent and Registrar	4
Section 2.6.	Book Entry	4

**ARTICLE III
ESTABLISHMENT OF SUBACCOUNTS, APPLICATION OF
PROCEEDS OF THE SALE OF SERIES A AND B BONDS;
AND USE AND DISBURSEMENTS OF ACCOUNTS**

Section 3.1.	Establishment of Accounts and Subaccounts	5
Section 3.2.	Application of Series A and Series B Bond Proceeds and Use of 1995A/1995B Subaccounts	5
Section 3.3.	Reserved	6
Section 3.4.	Reserved	6
Section 3.5.	Instructions to Trustee Concerning Costs of Issuance	6
Section 3.6.	1995A/1995B Reserve Account Requirement	7
Section 3.7.	Provisions Regarding Flow of Funds	8
Section 3.8.	Payment of Program Expenses	8
Section 3.9.	Initial Acquisition Period and Recycling Limitations	8

**ARTICLE IV
PARTICULAR COVENANTS**

Section 4.1.	Removal of Servicer.	9
Section 4.2.	Reports to the Bond Insurer.	10
Section 4.3.	Consent of Bond Insurer Required for Premium Redemption.	11

Section 4.4.	Material Adverse Change in Loan Program.	12
Section 4.5.	Servicing Audit.	12
Section 4.6.	Deposit by Authority.	12

ARTICLE V
SPECIAL PROVISIONS RELATING TO THE BOND INSURER

Section 5.1.	Consent of Bond Insurer.	12
Section 5.2.	Acceleration Rights.	13
Section 5.3.	Notices to be Given to Bond Insurer.	13
Section 5.4.	No Discharge of Lien Upon Payment Pursuant to Municipal Bond Insurance Policy.	14
Section 5.5.	Payment Procedure Pursuant to the Municipal Bond Insurance Policy.	14
Section 5.6.	Provisions Relating to the Trustee.	15
Section 5.7.	Interested Parties.	16

ARTICLE VI
MISCELLANEOUS

Section 6.1.	First Supplemental Resolution Construed with General Resolution	16
Section 6.2.	General Resolution as Supplemented to Remain in Effect	16
Section 6.3.	Execution in Counterparts	17
Section 6.4.	Severability	17
Section 6.5.	Confirmation of Actions	17
Section 6.6.	Governing Law	17
Section 6.7.	Notices	17
Section 6.8.	Security Instrument	18
Section 6.9.	Effective Date	18

ATTACHMENT I	20
ATTACHMENT II	23

EXHIBIT A	A-1
EXHIBIT B	B-1
EXHIBIT C	C-1
EXHIBIT D	D-1
EXHIBIT E	E-1
EXHIBIT F	F-1
EXHIBIT G	G-1

**FIRST SUPPLEMENTAL RESOLUTION OF THE
TWELFTH GENERAL STUDENT LOAN PROGRAM
BOND RESOLUTION**

BE IT RESOLVED by the members of the Missouri Higher Education Loan Authority as follows:

ARTICLE I

SHORT TITLE, DEFINITIONS AND AUTHORITY

Section 1.1. Short Title. This Supplemental Resolution shall be known as and may be designated by the short title "First Supplemental Resolution" (this "Supplemental Resolution").

Section 1.2. Definitions. All words and phrases defined in Article I of the General Resolution shall have the same meaning in this Supplemental Resolution, except as otherwise appears in this Section. In addition, the following terms shall have the following meanings, unless the context otherwise requires:

"Acquisition Period" means a period commencing on the Issue Date and ending on the date that the Authority no longer reasonably expects to acquire or originate Loans from amounts deposited in the Student Loan Fund pursuant to Section 3.2 but not later than July 1, 1998, provided that this period may be extended with the written consent of the Bond Insurer and notice to S&P.

"Authorized Denominations" means (i) with respect to the Series A and B Bonds bearing interest at an Auction Rate (as defined in Schedule A hereto) \$50,000 or any integral multiple thereof and (ii) with respect to such Bonds (when other than in Auction Rate) \$5,000 or any integral multiple thereof.

"Bond Insurance Trustee" means United States Trust Company, New York, New York.

"Bond Insurer" means AMBAC Indemnity Corporation, a Wisconsin-domiciled stock company, or any successor thereto.

"Bond Insurer Fee" means a fee payable to the Bond Insurer on the Issue Date and annually thereafter on each February 15, commencing February 15, 1996, in an amount equal to .14% per annum of the principal amount of the outstanding Series A and B Bonds.

"Eligible Loans" for purposes of this First Supplemental Resolution shall mean Eligible Loans as defined in the General Resolution provided that at the time of any acquisition thereof, unless the Trustee and the Authority shall have received the written consent of the Bond Insurer to increase such amounts, (i) the outstanding principal amount of HEAL Loans held hereunder and to be acquired at such time shall not exceed \$10,000,000; (ii) the outstanding principal amount of Supplemental Loans held hereunder and to be acquired at such time shall not exceed

\$2,500,000; and (iii) the outstanding principal amount of loans made pursuant to Section 428(c) of the Higher Education Act held hereunder and to be acquired at such time shall not exceed \$7,500,000; provided, however, that if the Authority shall, pursuant to a Supplemental Resolution, issue not less than an additional \$75,000,000 principal amount of Bonds, the amounts specified in (i), (ii) and (iii) above shall be increased to \$20,000,000, \$5,000,000 and \$15,000,000, respectively.

"First Supplemental Resolution" means this First Supplemental Resolution and any amendments hereto in accordance with its terms.

"General Resolution" means the Authority's Twelfth General Student Loan Program Bond Resolution, adopted May 1, 1995, as supplemented and amended.

"Guaranty Agreement" means the Guaranty Agreement dated as of April 1, 1995 between the Authority and the Bond Insurer, providing for reimbursement of the Bond Insurer by the Authority of any amounts drawn under the Surety Bond.

"HEAL Loans" means loans insured by the Secretary of Health and Human Services pursuant to the Public Health Service Act.

"Interest Payment Date" means (i) with respect to Series A and B Bonds that date or those dates set forth or provided for in Schedule A.

"Issue Date" means the date of delivery of the Series A and B Bonds.

"Loan Account 1995A/1995B Subaccount" means the account in the Student Loan Fund by that name established pursuant to Section 3.1.

"1995A/1995B Bond Insurance Policy" means the municipal bond insurance policy or policies of the Bond Insurer which insures the payment when due of the principal of and interest on the Series A Bonds and the Series B Bonds, as provided in such policy or policies, including, without limitation, any rider or endorsements thereto.

"1995A and 1995B Loans" means Loans financed with amounts in the Loan Account 1995A/1995B Subaccount.

"1995A/1995B Reserve Account Requirement" means the amount specified in Section 3.6 hereof.

"Rating Confirmation" means a letter from a Rating Agency then providing a rating for the Series A or B Bonds, as the case may be, confirming that the action proposed to be taken by the Authority will not, in and of itself, have the effect of reducing the rating then applicable to such Bonds.

"Rebate Account 1995A/1995B Subaccount" means the account in the Rebate Fund established pursuant to Section 3.2(D).

"Record Date," with respect to the Series A and Series B Bonds, shall have the meaning set forth in Schedule A.

"Recycling Period" means a period commencing on the Issue Date and ending on July 1, 1998, subject to suspension or termination as provided in Section 3.9(B) hereof, except that such period may be extended with the written consent of the Bond Insurer and notice to S&P, as provided in Section 3.9 hereof.

"Reserve Account 1995A/1995B Subaccount" means the account in the Debt Service Reserve Fund established pursuant to Section 3.1.

"Revenue Account 1995A/1995B Subaccount" means the account in the Revenue Fund established pursuant to Section 3.1.

"Series A Bonds" means the Bonds authorized pursuant to Section 2.1 hereof and titled "Student Loan Revenue Bonds, Series 1995A".

"Series B Bonds" means the Bonds authorized pursuant to Section 2.1 hereof and titled "Student Loan Revenue Bonds, Series 1995B".

"Supplemental Loan" means a loan meeting the criteria set forth in Attachment I hereto as such criteria may be amended from time to time at the written direction of the Authority with the written approval of the Bond Insurer.

"Surety Bond" means the surety bond issued by the Bond Insurer guaranteeing certain payments into the Reserve Account 1995A/1995B Subaccount with respect to the Series A Bonds and the Series B Bonds, as provided in Section 3.5 hereof.

"Surety Bond Coverage" means Surety Bond Coverage as defined in the Surety Bond.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES A AND B BONDS

Section 2.1. Principal Amount, Designation and Series. Pursuant to the provisions of the General Resolution, two Series of Bonds entitled to the benefit, protection and security of the General Resolution are hereby authorized in the respective principal amounts of \$20,000,000 and \$55,000,000. Each such Series of Bonds shall be designated as and shall be distinguished from the Bonds of all other Series, respectively, by the following titles: "Student Loan Revenue Bonds, Series 1995A" and "Student Loan Revenue Bonds, Series 1995B."

Section 2.2. Purposes. The Series A and Series B Bonds are issued for the purpose of (i) making a deposit into the Loan Account 1995A/1995B Subaccount established pursuant to the General Resolution and Article III hereof, and (ii) making deposits into other special trust accounts established pursuant to the General Resolution and Article III hereof as required by and in the amounts required by Article III hereof.

Section 2.3. Date, Maturities and Interest Rates. The Series A and B Bonds shall consist of Term Bonds which shall be dated, shall bear interest, shall mature, shall be payable and shall be subject to redemption as described in Exhibit A attached hereto.

Section 2.4. Form, Denomination, Numbers and Letters. The Series A Bonds and Series B Bonds shall be issued in the form of fully registered bonds, in substantially the form set forth in Exhibit B while bearing an Auction Rate and substantially in the form set forth in Exhibit C while bearing a Fixed Rate. The Series A Bonds and Series B Bonds shall be issued in Authorized Denominations and shall be numbered separately from 1 upward and may be preceded by a letter or letters.

Section 2.5. Trustee to Act as Paying Agent and Registrar. The Trustee has been appointed as Paying Agent and as Registrar under the General Resolution and will so act with respect to the Series A and B Bonds.

Section 2.6. Book Entry. The Series A and B Bonds shall each be issued in book-entry only form and shall be issued initially in the name of Cede & Co., as nominee for DTC, as registered owner of such Bonds, and held in the custody of DTC. The actual purchasers of the Bonds (the "Beneficial Owners") will not receive physical delivery of Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Bond acquired. For so long as DTC shall continue to serve as securities depository for such Bonds, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond certificate.

For every transfer and exchange of Series A and Series B Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee or other governmental charge that may be imposed in relation thereto. Bond certificates are required to be delivered to and registered in the name of the Beneficial Owner, under the following circumstances:

(a) DTC determines to discontinue providing its service with respect to such Bonds, such a determination may be made at any time by the giving of notice to the Authority and the Trustee discharging its responsibilities with respect thereto under applicable law;

(b) the Authority determines that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners.

The Authority and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting.

Whenever, during the term of such Bonds, the beneficial ownership thereof is determined by a book-entry at DTC, the requirements in the Resolution for holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book-entry to produce the same effect.

If at any time, DTC ceases to hold such Bonds, all references to DTC with respect to such Bonds shall be of no further force or effect except that, if the Authority shall appoint a successor depository company, such references shall be deemed to refer to such successor depository company.

ARTICLE III

ESTABLISHMENT OF SUBACCOUNTS, APPLICATION OF PROCEEDS OF THE SALE OF SERIES A AND B BONDS; AND USE AND DISBURSEMENTS OF ACCOUNTS

Section 3.1. Establishment of Accounts and Subaccounts. In addition to the Accounts and Subaccounts previously established under the Resolution, the Trustee is directed to establish the following Accounts and Subaccounts: the Loan Account 1995A/1995B Subaccount; the Revenue Account 1995A/1995B Subaccount; the Reserve Account 1995A/1995B Subaccount; the Rebate Account 1995A/1995B Subaccount; and the Excess Yield Account 1995A/1995B Subaccount.

Section 3.2. Application of Series A and Series B Bond Proceeds and Use of 1995A/1995B Subaccounts.

(A) There shall be credited to the Loan Account 1995A/1995B Subaccount the following:

(i) the proceeds of the sale of the Series A Bonds and Series B Bonds other than as deposited in accordance with B(i) or C(i) of this Section 3.2;

(ii) all Recoveries of Principal with respect to 1995A and 1995B Loans during the Recycling Period; and

(iii) all moneys required to be transferred to the Loan Account 1995A/1995B Subaccount pursuant to the General Resolution.

(B) Except to the extent hereinafter provided with respect to the replenishment of the Reserve Account 1995A/1995B Subaccount, there shall be credited to the Revenue Account 1995A/1995B Subaccount, as received, the following:

(i) accrued interest, if any, received on sale of the Series A and Series B Bonds;

(ii) all payments of interest or late payment fees representing interest on 1995A and 1995B Loans, from whatever source (including any guaranteed interest payments, interest subsidy payments, Special Allowance Payments, and any accrued interest received on any 1995A and 1995B Loans sold, transferred, assigned or otherwise disposed of by the Authority);

(iii) in the event the lien of the Trustee on the Trust Estate is foreclosed, all remaining money in the Loan Account 1995A/1995B Subaccount;

(iv) any amounts transferred from the Reserve Account 1995A/1995B Subaccount pursuant to Section 5.4(B) of the General Resolution;

(v) the income and earnings relating to the Loan Account 1995A/1995B Subaccount, Revenue Account 1995A/1995B Subaccount, and Reserve Account 1995A/1995B Subaccount;

(vi) after the Recycling Period, Recoveries of Principal with respect to 1995A and 1995B Loans;

(vii) any amounts transferred from the Loan Account 1995A/1995B Subaccount pursuant to Section 5.4(B) of the General Resolution; and

(viii) any guaranty fees collected with respect to Supplemental Loans.

(C) There shall be credited to or held in the Reserve Account 1995A/1995B Subaccount the following:

(i) the Surety Bond in the initial face amount of \$2,250,000 issued by the Bond Insurer, representing the 1995A/1995B Reserve Account Requirement;

(ii) to the extent the amount on deposit in the Reserve Account 1995A/1995B Subaccount is less than the 1995A/1995B Reserve Account Requirement, or to the extent there has been a draw on the Surety Bond which reduces the Surety Bond Coverage, funds shall be deposited therein, pursuant to Section 5.4 of the General Resolution to the extent of any deficiency from the next available Revenues received by the Authority to the extent necessary, consistent with the provisions of Section 3.6(C)(iv) hereof, to cause the amount on deposit therein to equal the 1995A/1995B Reserve Account Requirement; and

(iii) amounts from the Revenue Account 1995A/1995B Subaccount pursuant to Section 5.4(A)(iv) and 5.4(B) and from the Loan Account 1995A/1995B Subaccount pursuant to Section 5.3(A)(iv) and 5.4(B) of the General Resolution.

(D) There shall be credited to the Rebate Account 1995A/1995B Subaccount and the Excess Yield Account 1995A/1995B Subaccount the amounts for disbursements in respect of the Series 1995A and 1995B Bonds pursuant to the General Resolution.

Section 3.3. Reserved.

Section 3.4. Reserved.

Section 3.5. Instructions to Trustee Concerning Costs of Issuance. The Trustee is hereby instructed to pay, from the moneys deposited into the Loan Account 1995A/1995B

Subaccount, pursuant to this First Supplemental Resolution, such Costs of Issuance as may be indicated in a writing which shall be delivered to the Trustee by an Authorized Officer at the time of or subsequent to the issuance of the Series A and Series B Bonds.

Section 3.6. 1995A/1995B Reserve Account Requirement.

(A) The 1995A/1995B Reserve Account Requirement at any time shall be an amount equal to three percent (3 %) of the principal amount of the then Outstanding Series A and Series B Bonds.

(B) In lieu of cash deposits in the Reserve Account 1995A/1995B Subaccount, the Authority shall cause the Bond Insurer to issue and deliver on the Issue Date a Surety Bond in an amount equal to the 1995A/1995B Reserve Account Requirement to be held in the Reserve Account 1995A/1995B Subaccount.

(C) As long as the Surety Bond shall be in full force and effect, the Authority and the Trustee agree to comply with the following provisions:

(i) In the event and to the extent that moneys on deposit in the Revenue Account 1995A/1995B Subaccount, plus all amounts on deposit in and credited to the Reserve Account 1995A/1995B Subaccount in excess of the amount of the Surety Bond Coverage, are insufficient to pay the amount of principal and interest coming due with respect to such Series, then upon the later of (a) one (1) day after receipt by the Bond Insurer of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Trustee certifying that payment due under the Resolution has not been made to the Trustee; or (b) the payment date of the Series A Bonds or Series B Bonds as specified in the Demand for Payment presented by the Trustee to the Bond Insurer, the Bond Insurer will make a deposit of funds with the Trustee, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee under the Resolution (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond.

(ii) The Trustee shall, after submitting to the Bond Insurer the Demand for Payment as provided in (i) above, make available to the Bond Insurer all records relating to the Accounts maintained under the Resolution with respect to such Series A Bonds and Series B Bonds.

(iii) The Trustee shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Reserve Account 1995A/1995B Subaccount to the extent of moneys received pursuant to such Demand.

(iv) The Reserve Account 1995A/1995B Subaccount shall be replenished in the following priority: (a) principal and interest on the Surety Bond shall be paid from first available Revenues as provided in Section 3.2(C)(ii) hereof; (b) after all such amounts are paid in full, amounts necessary to fund the Reserve Account 1995A/1995B Subaccount to the required level, after taking into account the amounts available under the Surety Bond shall be deposited from next available Revenues.

Section 3.7. Provisions Regarding Flow of Funds. In applying the flow of funds provisions of Section 5.4 of the General Resolution, and except as elsewhere limited by the terms hereof or of the General Resolution, the Authority may transfer funds from the Revenue Account 1995A/1995B Subaccount to the Loan Account 1995A/1995B Subaccount for the purposes thereof.

Section 3.8. Payment of Program Expenses. Anything in the General Resolution to the contrary notwithstanding and exclusive of amounts paid to pay Costs of Issuance, without the written consent of the Bond Insurer, in no event shall the annual amount expended from the Trust Estate to pay Program Expenses (i) of the type set forth in clause (a) of the definition thereof in the General Resolution relating to the 1995A Loans and 1995B Loans exceed a total dollar amount determined by applying the percentages shown on Attachment II hereto to the average amount of the related loans shown on said Schedule II constituting 1995A Loans and 1995B Loans Outstanding during such year and (ii) of the type set forth in clause (b) of the definition thereof in the General Resolution exceed that dollar amount determined (x) by multiplying those percentages for each type of expense item as set forth in the assumptions to the most recent set of cash flows delivered to the Bond Insurer times the average principal amount of Series A and Series B Bonds Outstanding during such year and by (y) including any other dollar expense amounts so included in such assumptions, all as determined by the Authority.

Section 3.9. Initial Acquisition Period and Recycling Limitations.

(A) The Authority covenants and agrees that all moneys deposited into the Loan Account 1995A/1995B Subaccount pursuant to Section 3.2(A)(i) shall be applied to the payment of Costs of Issuance and, on or before the end of the Acquisition Period, to the acquisition of Eligible Loans. Recoveries of Principal shall not be deposited in the Loan Account 1995A/1995B Subaccount after the end of the Recycling Period.

(B) Notwithstanding anything in the Supplemental Resolution to the contrary, except with the written consent of the Bond Insurer, recycling shall be suspended, and no further Eligible Loans shall be acquired from Recoveries of Principal deposited in the Loan Account 1995A/1995B Subaccount, upon the occurrence and continuation of the following events (each a "Recycling Suspension Event"):

(i) if the Bond Insurer has notified the Authority in writing of its determination that there exists a material and continuing servicing problem which has not been cured as provided in Section 4.1 hereof;

(ii) if the Parity Percentage drops for two consecutive quarters, unless the Parity Percentage is not less than 102%; and

(iii) if the Series A Bonds or the Series B Bonds bear interest at the Maximum Rate (as defined in Schedule A) for two consecutive Auction Periods (as defined in Schedule A) or for three Auction Periods within any 12-month period;

provided, however, that if the Recycling Suspension Event is cured within 90 days of its occurrence, then recycling may be resumed. If the Recycling Suspension Event is not so cured, Recoveries of Principal deposited in the Loan Account 1995A/1995B Subaccount shall be transferred to the Revenue Fund 1995A/1995B Subaccount and applied as soon as practicable to the redemption of the Series A Bonds or the Series B Bonds. S&P shall be notified of the occurrence of any Recycling Suspension Event.

(C) Notwithstanding anything in this Supplemental Resolution to the contrary, except with the written consent of the Bond Insurer, no Supplemental Loans will be acquired if at any time:

- (i) the principal amount of Supplemental Loans that are 60 days or more delinquent equals or exceeds 10 percent of all Supplemental Loans;
- (ii) the principal amount of Supplemental Loans that are 90 days or more delinquent equals or exceed 6 percent of all Supplemental Loans;
- (iii) the principal amount of Supplemental Loans that are 120 days or more delinquent equals or exceed 4 percent of all Supplemental Loans; or
- (iv) a servicing audit determines that a material deficiency exists with respect to the servicing of Supplemental Loans and the Bond Insurer so notifies the Authority.

ARTICLE IV

PARTICULAR COVENANTS

Section 4.1. Removal of Servicer. If at any time any Servicer fails in any material respect to perform its obligations under its Servicing Agreement or under the Higher Education Act, including without limitation the failure of the Servicer to comply in all material respects with the due diligence requirements of the Higher Education Act, or if any servicing audit, as required in Section 4.5, shows any material deficiency in the servicing of Student Loans by any Servicer, the Authority shall notify the Bond Insurer, of if the Bond Insurer becomes aware thereof, the Bond Insurer shall notify the Authority, immediately upon becoming aware of such failure to perform or material deficiency. Within 60 days of becoming aware of or receiving notice of any failure to perform or a material deficiency the Authority shall (a) cure or cause to be cured the failure to perform or the material deficiency to the satisfaction of the Bond Insurer, (b) present a written plan to cure or cause to be cured the failure to perform or the material deficiency in such detail as may be reasonably requested by the Bond Insurer, which plan shall be acceptable to the Bond Insurer, (c) request additional time to prepare a written plan to cure or cause to be cured the failure to perform or the material deficiency, which request shall not be unreasonably denied by the Bond Insurer or (d) to the extent applicable remove such Servicer and appoint another Servicer reasonably acceptable to the Bond Insurer. In the event that the failure to perform or the material deficiency is not cured to the satisfaction of the Bond Insurer within the time constraints set forth above, the Authority shall appoint another Servicer reasonably acceptable to the Bond Insurer. Any replacement Servicer shall agree to cooperate

with the Servicer being replaced during the period of Servicer conversion. The Authority shall notify the Rating Agencies of any removal of a Servicer pursuant to this Section.

Section 4.2. Reports to the Bond Insurer. The Authority shall furnish to the Bond Insurer all of the following reports and to S&P the annual reports listed in paragraph (A) below:

(A) Reports Required Annually

(i) a due diligence servicing audit, as required in Section 4.5, conducted by a firm acceptable to the Bond Insurer, within 120 days of the end of the Authority's Fiscal Year;

(ii) audited financial statements for the Authority within 120 days of the end of the Authority's Fiscal Year and, to the extent and when available, for each guarantor of at least 5 % of the Student Loans constituting the Pledged Assets and for any Servicer other than the Authority;

(iii) a report on the composition of the Student Loan portfolio constituting any portion of the Pledged Assets by type of loan, type of educational institution and the repayment status of such Student Loans, within 120 days of the end of the Authority's Fiscal Year;

(iv) Bond Insurer surveillance forms for the Servicer and for each guarantor of at least 5 % of the loans included in the Pledged Assets, within 120 days of the end of the Authority's Fiscal Year; and

(v) any other information reasonably requested by the Bond Insurer or S&P; provided, however, that failure by the Authority to comply with this subparagraph (v) shall not constitute an Event of Default under the Resolution.

(B) Reports Required Quarterly

(i) unaudited balance sheet and income statement for the Authority and for each Series of bonds insured by the Bond Insurer, within 30 calendar days following the end of the quarter;

(ii) Form 1130 for each guarantor of at least 5 % of the loans included in the Pledged Assets, within 90 calendar days following the end of the quarter, but only if and to the extent the same is available to the Authority;

(iii) dollar amount and number of Supplemental Loans, HEAL Loans and loans made pursuant to Section 428(c) of the Higher Education Act constituting a part of the Pledged Assets;

(iv) the principal amount of Supplemental Loans constituting a portion of the Pledged Assets for which any payment thereon is delinquent by more than 60, 90 and

120 days, and the percentage of such Supplemental Loans financed with the proceeds of the Series A and B Bonds;

(v) the aggregate amount of any Deferred Servicing Fees constituting a portion of the Pledged Assets; and

(vi) any other information reasonably requested by the Bond Insurer; provided, however, that any failure by the Authority to comply with this subparagraph (vi) shall not constitute an Event of Default under the Resolution.

(C) Reports Required When Applicable

(i) any DOE reviews of the Authority as lender or servicer or of any guarantor of at least 5% of the loans constituting a part of the Pledged Assets.

(D) A Cash Flow Statement will be required to be submitted to the Bond Insurer in the following circumstances:

(i) prior to any withdrawal of funds from the Trust Estate pursuant to Section 5.4(A)(vii) of the General Resolution;

(ii) upon request for an extension of the Recycling Period pursuant to Section 3.9 of this First Supplemental Resolution;

(iii) if the Parity Percentage drops for two consecutive quarters, unless the Parity Percentage is at or above 102%;

(iv) if the Series A Bonds or the Series B Bonds bear interest at the Maximum Rate (as defined in Schedule A) for two consecutive Auction Periods (as defined in Schedule A) or for three Auction Periods within any 12-month period;

(v) to increase the maximum percentage of HEAL Loans, Supplemental Loans or loans made pursuant to Section 428(c) of the Higher Education Act allowed hereunder;

(vi) to increase the amount of Program Expenses that may be withdrawn from the Pledged Assets in accordance with Section 3.8 hereof;

(vii) to optionally redeem any Series A or B Bonds at a premium (unless premium is paid from funds not held as part of the Pledged Assets); and

(viii) to convert the Series A Bonds or the Series B Bonds to a Fixed Rate.

Section 4.3. Consent of Bond Insurer Required for Premium Redemption. Notwithstanding any other provision of the Resolution to the contrary, unless all the Series 1995A and B Bonds will be redeemed, any redemption of Series A Bonds or Series B Bonds by the Authority requiring the payment of a premium can be made only after the Authority has

submitted to the Bond Insurer a Cash Flow Statement acceptable to the Bond Insurer and has received the consent of the Bond Insurer to such redemption with notice to S&P.

Section 4.4. Material Adverse Change in Loan Finance Program. Notwithstanding anything in the Resolution to the contrary, following notification from the Bond Insurer to the Authority of the occurrence of a Material Adverse Change in the Loan Finance Program, no further disbursements shall be made from the Loan Account 1995A/1995B Subaccount to purchase any Eligible Loans that are subject to such Material Adverse Change in the Loan Finance Program, except with the written consent of the Bond Insurer.

Section 4.5. Servicing Audit. The Authority shall have an annual audit of the Servicer in a format acceptable to the Bond Insurer prepared by a firm acceptable to the Bond Insurer unless otherwise waived by the Bond Insurer and shall provide the Bond Insurer with a copy thereof within 30 days of completion thereof. The Authority covenants to cause the Servicer to comply with the standards set forth herein to the extent that the Bond Insurer indicates noncompliance as a result of any such audit.

Section 4.6. Deposit by Authority. The Authority covenants and agrees that on or about July 1, 1995, but in no event later than July 15, 1995, the Authority shall deposit into the Student Loan Fund cash or Eligible Loans in an amount which, together with all other Accrued Assets, will equal or exceed Accrued Liabilities.

ARTICLE V

SPECIAL PROVISIONS RELATING TO THE BOND INSURER

Section 5.1. Consent of Bond Insurer.

(A) Any provision of the General Resolution or this First Supplemental Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

(B) Any reorganization or liquidation plan with respect to the Authority must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Bondholders who hold Bond Insurer-insured bonds absent a default by the Bond Insurer under the Bond Insurance Policy insuring such Bonds.

(C) Anything in the Resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined in the General Resolution, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Series A Bonds or Series B Bonds or the Trustee for the benefit of the Owners of the Series A Bonds or Series B Bonds under the Resolution, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in the Resolution, and (ii) the right

to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of events of default.

Section 5.2. Acceleration Rights. Upon the occurrence of an Event of Default, the Trustee may, with the consent of the Bond Insurer, and shall, at the direction of the Bond Insurer or 25 % of the Owners of all Outstanding Series A Bonds and Series B Bonds with the consent of the Bond Insurer, by written notice to the Authority, the Bond Insurer and the Rating Agencies, declare the principal of the Series A Bonds and Series B Bonds to be immediately due and payable, whereupon that portion of the principal of the Series A Bonds and Series B Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Resolution or in such Bonds to the contrary notwithstanding.

Section 5.3. Notices to be Given to Bond Insurer.

(A) While the 1995A/1995B Bond Insurance Policy is in effect, the Trustee shall furnish to the Bond Insurer:

(i) a copy of any notice to be given to the registered Owners of the Series A Bonds or Series B Bonds, including, without limitation, notice of any redemption of or defeasance of Series A Bonds or Series B Bonds, and any certificate rendered pursuant to the General Resolution or this First Supplemental Resolution relating to the security for the Series A Bonds or Series B Bonds; and

(ii) such additional information it may reasonably request.

(B) The Trustee shall notify the Bond Insurer of any failure of the Authority to provide relevant notices or certificates.

(C) The Authority will permit the Bond Insurer to discuss the affairs, finances and accounts of the Authority or any information the Bond Insurer may reasonably request regarding the security for the Series A Bonds or Series B Bonds with appropriate officers of the Authority. The Trustee will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series A Bonds or Series B Bonds at any reasonable time.

(D) The Bond Insurer shall, for good cause shown, have the right to direct an accounting at the Authority's expense, and the Authority's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall, at the direction of the Bond Insurer be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series A Bonds and Series B Bonds.

(E) Notwithstanding any other provision of the Resolution, the Trustee shall immediately notify the Bond Insurer and the Rating Agencies if at any time there are insufficient

moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default under the Resolution.

Section 5.4. No Discharge of Lien Upon Payment Pursuant to Municipal Bond Insurance Policy. Notwithstanding anything herein or in the General Resolution to the contrary, in the event that the principal and/or interest due on the Series A Bonds or Series B Bonds shall be paid by the Bond Insurer pursuant to the 1995A/1995B Bond Insurance Policy, the Series A Bonds or Series B Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Pledged Assets and all covenants, agreements and other obligations of the Authority to the registered Owners of the Series A Bonds or Series B Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered Owners.

Section 5.5. Payment Procedure Pursuant to the Municipal Bond Insurance Policy. As long as the 1995A/1995B Bond Insurance Policy shall be in full force and effect, the Authority, the Trustee and any Paying Agent agree to comply with the following provisions:

(A) At least five (5) days prior to all Interest Payment Dates the Trustee will determine whether there will be sufficient funds in the Accounts or Subaccounts to pay the principal of or interest on the Series A Bonds and Series B Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such Accounts or Subaccounts, the Trustee shall so notify the Bond Insurer at least one (1) day prior to the Interest Payment Date. Such notice shall specify the amount of the anticipated deficiency, the Series A Bonds and Series B Bonds to which such deficiency is applicable and whether such Series A Bonds and Series B Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Series A Bonds and Series B Bonds on or before the first (1st) day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee.

(B) The Trustee shall, after giving notice to the Bond Insurer as provided in (A) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the United States Trust Company of New York, as insurance trustee for the Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Authority maintained by the Trustee and all records relating to the Accounts or Subaccounts maintained under the Resolution.

(C) The Trustee shall provide the Bond Insurer and the Insurance Trustee with a list of registered Owners of Series A Bonds and Series B Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the 1995A/1995B Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered Owners of Series A Bonds and Series B Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon Series A Bonds and Series B Bonds surrendered to the Insurance Trustee by the registered Owners of Series A Bonds and Series B Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(D) The Trustee shall, at the time it provides notice to the Bond Insurer pursuant to (A) above, notify registered Owners of Series A Bonds and Series B Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee, who shall note on such Bonds the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(E) In the event that the Trustee has notice that any payment of principal of or interest on a Series A Bonds or Series B Bonds which has become Due for Payment (as defined in the 1995A/1995B Bond Insurance Policy) and which is made to a Bondholder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Bond Insurer is notified pursuant to (A) above, notify all registered Owners that in the event that any registered Owner's payment is so recovered, such registered Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series A Bonds or Series B Bonds which have been made by the Trustee or Paying Agent, if any, and subsequently recovered from registered Owners and the dates on which such payments were made.

(F) In addition to the rights granted the Bond Insurer under the Resolution, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Series A Bonds or Series B Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 1995A/1995B Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered Owners, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon surrender of such Bonds by the registered Owners thereof together with proof of the payment of principal thereof.

Section 5.6. Provisions Relating to the Trustee.

(A) The Trustee (or Paying Agent) may be removed at any time, at the request of the Bond Insurer, for any breach of the Trust set forth in the Resolution.

(B) The Bond Insurer shall receive written notice of any Trustee (or Paying Agent) resignation prior to such resignation.

(C) Every successor Trustee appointed under the Resolution shall be a trust company or bank in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000 and acceptable to the Bond Insurer. Any successor Paying Agent, if applicable, shall not be appointed unless the Bond Insurer approves such successor in writing.

(D) Notwithstanding any other provision of the Resolution, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of the Resolution, the Trustee (or Paying Agent) shall consider the effect on the Bondholders as if there were no 1995A/1995B Bond Insurance Policy.

(E) Notwithstanding any other provision of the Resolution, no removal, resignation or termination of the Trustee (or Paying Agent) shall take effect until a successor, acceptable to the Bond Insurer, shall be appointed.

Section 5.7. Interested Parties.

(A) To the extent that the Resolution confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Resolution, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(B) Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Bond Insurer, the Paying Agent, if any, and the registered Owners of the Series A Bonds and the Series B Bonds, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Bond Insurer, the Paying Agent, if any, and the registered Owners of the Series A Bonds and the Series B Bonds.

ARTICLE VI

MISCELLANEOUS

Section 6.1. First Supplemental Resolution Construed with General Resolution. All of the provisions of this Supplemental Resolution shall be deemed to be and construed as part of the General Resolution to the same extent as if fully set forth therein.

Section 6.2. General Resolution as Supplemented to Remain in Effect. Save and except as herein supplemented by this Supplemental Resolution, the General Resolution shall remain in full force and effect.

Section 6.3. Execution in Counterparts. This Supplemental Resolution may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 6.4. Severability. If any section, paragraph, clause or provision of this Supplemental Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Supplemental Resolution.

Section 6.5. Confirmation of Actions. All action (not inconsistent with the provisions of this Supplemental Resolution) heretofore taken by the Authority, directed toward the issuance and sale of the Series A and B Bonds is hereby ratified, approved and confirmed.

Section 6.6. Governing Law. This Supplemental Resolution shall be construed in accordance with the laws of the State.

Section 6.7. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Supplemental Resolution to be given or filed with the Authority, the Trustee or the Bond Insurer shall be deemed to have been sufficiently given or filed for all purposes, if any, when delivered or sent by registered or certified mail, return receipt requested, postage prepaid, and if given by telex or telegraphic means shall be deemed given when transmitted (answer back confirmed):

If to the Authority:

Missouri Higher Education Loan Authority
14528 South Outer Forty Road
Suite 300, Corporate Plaza Building
Chesterfield, Missouri 63017
Telephone: (314) 469-0600
Telecopier (CFO): (314) 469-0849
Telecopier (CEO): (314) 579-9380

If to the Trustee:

Mercantile Bank of St. Louis N.A.
Corporate Trust Administration
Mercantile Tower
7th & Washington
St. Louis, Missouri 63101
Telephone: (314) 425-2911
Telecopier: (314) 425-3872

If to the Bond Insurer:

AMBAC Indemnity Corporation
One State Street Plaza

New York, New York 10004
Attention: Municipal Structured Finance Group
Telephone: (212) 668-0340
Telecopier: (212) 363-1459

The Authority, the Trustee and the Bond Insurer, by like notice to each other person, may designate any further or different addresses to which subsequent notices shall be sent.

Section 6.8. Security Instrument. A certified copy of this Resolution, when delivered to and accepted by the Trustee, shall constitute a security agreement pursuant to and for all purposes of the Uniform Commercial Code of the State of Missouri.

The Trustee shall file UCC continuation statements as required to maintain the effectiveness of the UCC Financing Statements filed at the time of the issuance of the Series A and B Bonds.

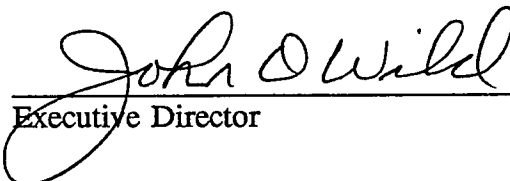
Section 6.9. Effective Date. This Resolution shall take effect immediately upon the filing of a certified copy hereof with the Trustee and upon the satisfaction of the requirements of Article VIII of the General Resolution.

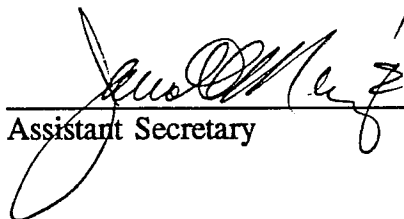
CERTIFICATE

The undersigned, the Executive Director and the undersigned Assistant Secretary of the Missouri Higher Education Loan Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the members of said Authority on May 1, 1995 and that said resolution has been compared by us with the copy thereof recorded in the minute book of said Authority and that it is a correct transcript therefrom and of the whole of said copy and that said resolution is in full force and effect.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of said Authority this 4th day of May, 1995.

(SEAL)


Executive Director

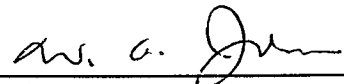

Assistant Secretary

TRUSTEE'S ACCEPTANCE

The undersigned VICE PRESIDENT of Mercantile Bank of St. Louis NA does, pursuant to Section 11.1 of the General Resolution, hereby acknowledge and accept the duties and obligations of this Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of May, 1995.

MERCANTILE BANK OF ST. LOUIS NA,
as Trustee

By: 
Title: VICE PRESIDENT

ATTACHMENT I

SUPPLEMENTAL LOAN PROGRAM CHARACTERISTICS

MEDCASH

LAWCASH

BARCASH

Servicer - In house servicing to be provided by the Authority. Computer system to be determined by Authority and approved by Bond Insurer.

Insurer - The Authority.

Eligible Lenders - Generally defined as lenders offering the Authority the right of first refusal for all Stafford loans sold to secondary markets. Written contract (to be developed) required for participation. Final approval subject to the approval of the Executive Director or Chief Financial Officer of the Authority.

Eligible Schools - Initially defined as Washington University and Saint Louis University.

Eligible Borrowers - A citizen or national of the United States or a permanent resident without conditions. This definition may be expanded to allow for non-citizens to borrow if the co-signer is a citizen.

Co-signers - Not required, however, borrowers with a credit worthy co-signer, other than their spouse, are eligible for a 1% guarantee fee reduction.

Minimum Loan Amount - \$1,000

Maximum Loan Amount - In addition to the annual and aggregate loan limits listed below, loan amounts shall be limited to the cost of attendance for the loan period minus all other aid.

MEDCASH - \$20,000 annually, \$80,000 aggregate

LAWCASH - \$15,000 annually, \$50,000 aggregate (with \$5,000 BARCASH)

BARCASH - \$5,000 one time loan for Law School graduates studying for the Bar

Total Educational Debt Limits - MEDCASH borrowers shall not have total educational debt in excess of \$128,500. LAW/BARCASH borrowers shall not have total educational debt in excess of \$90,000.

Origination Fee - 1% deducted from the disbursement proceeds and retained by the original lender.

Guarantee Fee -

	MEDCASH	LAWCASH/BARCASH
initial guarantee fee	5%	7.5%
repayment guarantee fee	2%	2%

note: repayment guarantee fee based on outstanding principal balance and interest at the time of repayment, and will be added to the principal balance. At the decision of the borrower, the initial guarantee fee can be deducted from the proceeds at the time of disbursement or added to the principal balance of the loan.

Index - The index shall be the 91-day T-bill.

Interest Rate Spread -

	MEDCASH	LAWCASH/BARCASH
in-school status	2.50%	3.25%
repayment status	2.85%	3.40%

Interest Rate Adjustment Frequency - Quarterly

Interest Capitalization - At repayment

Repayment Term - 20 year amortization with \$50 minimum payments

Repayment Start Date - LAW/BARCASH borrowers shall enter repayment 9 months after graduation or withdrawal to less than half time enrollment. MEDCASH borrowers shall enter repayment six months after withdrawing to less than half time, or upon graduation. MEDCASH borrowers shall be eligible for up to a 36 month deferment of repayment while participating in medical residency program.

Underwriter - Underwriting will be performed by a designated underwriter in the Contract Services Department. Secondary review and approval authority will be granted to members of the Senior Management Team of the Authority.

Qualifying Ratios - None

Credit Criteria - At the time of application, the underwriter shall obtain a credit report and determine that none of the following conditions exists:

- no more than two accounts currently rated 60 days or more delinquent at the time of the credit report
- no more than two accounts that have been 60 or more days delinquent in the past two years
- no account that has been 90 or more days delinquent in the past five years
- no record of collection or charged off accounts in the past two years
- no record of foreclosure, repossession, open judgment or suit, unpaid prior education loan default or other negative public credit record items in the past six years.

Ownership - Eligible lenders may retain ownership for up to 3 months after the loan has been fully disbursed. The Authority will purchase all Supplemental Loans previously underwritten by the Authority and originated by lender in accordance with the Lender Participation Contract. The purchase price will be 100% of the principal balance plus accrued interest, if any.

ATTACHMENT II

Types of 1995A Loans and 1995B Loans and the percentages which may be applied to each such type in determining the maximum Program Expenses described in (a) of the definition of Program Expenses payable in any year:

	<u>Year 1 and 2</u>	<u>Thereafter</u>
FFELP Loans	1.60%	1.70%
Consolidation Loans	1.50%	1.50%
HEAL Loans	0.70%	0.70%
Supplemnental Loans	1.175%	1.175%

EXHIBIT A

TERMS OF SERIES 1995A AND SERIES 1995B BONDS

The Series A Bonds shall be issued in the principal amount of \$20,000,000, shall be dated the date of their original issuance and delivery, shall mature on February 15, 2025, shall be subject to redemption prior to maturity as set forth in the forms of Bonds attached as Exhibit B and Exhibit C, and shall have the terms described in Schedule A hereto.

The Series B Bonds shall be issued in the principal amount of \$55,000,000, shall be dated the date of their original issuance and delivery, shall mature on February 15, 2025, shall be subject to redemption prior to maturity as set forth in the forms of Bonds attached as Exhibit B and Exhibit C, and shall have the terms described in Schedule A hereto.

SCHEDULE A

PROVISIONS RELATING TO SERIES A AND SERIES B BONDS OUTSTANDING AS AUCTION RATE CERTIFICATES

[Unless otherwise provided herein, the provisions of this Schedule A shall apply separately to the ARCs designated as Series A Bonds and the ARCs designated as Series B Bonds]

Section 1.1. **Certain Definitions.** In addition to the terms defined elsewhere in the General Resolution and the First Supplemental Resolution (together, the "Resolution"), the following terms shall have the following meanings with respect to the Series A and Series B Bonds, unless the context otherwise requires (terms defined herein and in the Resolution shall, unless the context requires otherwise, have the meaning given herein with respect to the Series A and Series B Bonds outstanding as ARCs):

"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 S&P, 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 such rates, as quoted on a discount basis or otherwise, by the commercial paper dealers, to the Auction Agent as of the close of business on the Business Day immediately preceding such date of determination; provided that if any commercial paper dealer does not quote a commercial paper rate required to determine the "AA" Composite Commercial Paper Rate, the "AA" Composite Commercial Paper Rate shall be determined on the basis of such quotation or quotations furnished by the remaining commercial paper dealer or commercial paper dealers and any substitute commercial paper dealer or substitute commercial paper dealers selected by the Authority to provide such quotation or quotations not being supplied by any commercial paper dealer or commercial paper dealers, as the case may be, or if the Authority does not select any such substitute commercial paper dealer or substitute commercial paper dealers, by the remaining commercial paper dealer or commercial paper dealers. 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 day's 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.

"*All Hold Rate*," on any date of determination, shall mean the interest rate per annum equal to 90% (as such percentage may be adjusted pursuant to Section 1.12 of this Schedule A) of the lesser on such date of:

(a) the After-Tax Equivalent Rate on such date; and

(b) the Kenny Index on such date;

rounded to the nearest one thousandth (.001) of 1%; provided that in no event shall the All Hold Rate be more than the Maximum Rate or less than zero.

"*After-Tax Equivalent Rate*," on any date of determination, shall mean the interest rate per annum equal to the product of:

(a) the "AA" Composite Commercial Paper Rate on such date; and

(b) 1.00 minus the lower of the Statutory Corporate Tax Rate and the Statutory Personal Tax Rate on such date.

"*Applicable ARCs Rate*" shall have the meaning set forth in Section 1.4(b) of this Schedule A.

"*Applicable Number of Business Days*" means the greater of two Business Days or one Business Day plus the number of Business Days by which the Auction Date precedes the first day of the next succeeding Interest Period.

"*Applicable Percentage*," on any date of determination, shall mean the percentage determined (as such percentage may be adjusted pursuant to Section 1.12 of this Schedule A) based on the lower of the prevailing credit ratings on the ARCs in effect at the close of business on the Business Day immediately preceding such date, as set forth below:

<u>Credit Ratings</u>		
<u>Moody's</u>	<u>S&P</u>	<u>Applicable Percentage</u>
"Aaa"	"AAA"	175 %
"Aa" to "Aa1"	"AA-" to "AA+"	175 %
"A" to "A1"	"A-" to "A+"	175 %
"Baa" to "Baa1"	"BBB-" to "BBB+"	200 %
Below "Baa"	Below "BBB-"	265 %

provided, that, in the event that the ARCs are not rated by any Rating Agency, the Applicable Percentage shall be 265 %, and, provided further, that if a Payment Default shall have occurred and be continuing, the Applicable Percentage shall be 265 %. For purposes of this definition,

S&P's rating categories of "AAA," "AA," "A" and "BBB," and Moody's rating categories of "Aaa," "Aa," "A" and "Baa," refer to and include the respective rating categories correlative thereto if either or both of such rating agencies have changed or modified their generic rating categories or if Moody's or S&P no longer rates the ARCs and have been replaced.

"ARCs" shall mean the Series A and Series B Bonds outstanding as Auction Rate Certificates prior to their conversion to bear interest at a Fixed Rate.

"Auction" shall mean each periodic implementation of the Auction Procedures.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of May 4, 1995 between the 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 Agent" shall mean any person appointed as such pursuant to Section 1.14 of this Schedule A.

"Auction Agent Fee" shall mean the fee to be paid to the Auction Agent for the services rendered by it under the Auction Agency Agreement and the Broker-Dealer Agreement.

"Auction Agent Fee Rate," on any Auction Date, shall mean the rate per annum at which the fee to be paid to the Auction Agent for the services rendered by it under the Auction Agency Agreement and the Broker-Dealer Agreement with respect to such Auction Date accrues, which shall equal .025 of 1% per annum until changed by the Market Agent and the Auction Agent pursuant to the Auction Agency Agreement and, thereafter, shall equal the rate per annum most recently agreed to by the Market Agent and the Auction Agent pursuant to the Auction Agency Agreement.

"Auction Date" shall mean for the Series A Bonds outstanding as ARCs, May 30, 1995, and for the Series B Bonds outstanding as ARCs, June 6, 1995, and thereafter, in each instance, the Business Day immediately preceding the first day of each Interest Period, other than:

- (a) each Interest Period commencing after the ownership of the ARCs of such series is no longer maintained in book entry form by the Depository;
- (b) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or
- (c) any Interest Period commencing less than the Applicable Number of 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 pursuant to Section 1.22 of this Schedule A.

"Auction Period" means, with respect to any ARCs, the Interest Period applicable thereto as the same may be changed pursuant to Section 1.22 of this Schedule A.

"Auction Procedures" shall mean the procedures set forth in Section 1.6 of this Schedule A.

"Auction Rate" shall mean the rate of interest per annum on any Auction Date that results from the implementation of the Auction Procedures, and determined as described in Section 1.6(c)(ii) of this Schedule A.

"Authorized Denominations" shall mean with respect to the Series A and Series B Bonds Outstanding as ARCs \$50,000 and any multiple thereof.

"Available ARCs" shall have the meaning set forth in Section 1.6(c)(i)(A) of this Schedule A.

"Bid" shall have the meaning set forth in Section 1.6(a)(i) of this Schedule A.

"Bidder" shall have the meaning set forth in Section 1.6(a)(i) of this Schedule A.

"Broker-Dealer" shall mean, with respect to the Series A Bonds, A.G. Edwards & Sons, Inc., and with respect to the Series B Bonds, PaineWebber Incorporated or any other broker or dealer (each 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 (i) is a Participant (or an affiliate of a Participant), (ii) has a capital surplus of at least \$50,000,000, (iii) has been selected by the Authority with the approval of the Market Agent, (which approval shall not be unreasonably withheld), and (iv) has entered into a Broker-Dealer Agreement that remains effective.

"Broker-Dealer Agreement" shall mean the Broker-Dealer Agreement dated as of May 4, 1995 between the Auction Agent and the Broker-Dealer and each other 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.

"Broker-Dealer Fee" shall mean the fee to be paid to the Broker-Dealers for the services rendered by them under the Broker-Dealer Agreement.

"Broker-Dealer Fee Rate," on any Auction Date, shall mean the rate per annum at which the service charge to be paid to the Broker-Dealer for the services rendered by it with respect to such Auction Date accrues, which shall equal .25 of 1% per annum until changed by the Trustee pursuant to the Auction Agency Agreement and, thereafter, shall equal the rate per annum most recently determined by the Trustee pursuant to the Auction Agency Agreement.

"Business Day" shall mean any day other than April 14 and 15, December 30 and 31, a Saturday, Sunday, holiday or day on which banks located in the city of New York, New York, or the New York Stock Exchange, the Trustee or the Auction Agent, are authorized or permitted by law or executive order to close.

"Change of Preference Law" shall mean, with respect to any Holder of ARCs, any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury after the date hereof which (i) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (ii) imposes or would impose or reduces or would reduce or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of bonds the interest on which is excluded from federal gross income under Section 103 of the Code.

"Default Rate" on any date of determination shall mean the interest rate per annum equal to the lesser of (i) the Applicable Percentage of the Kenny Index and (2) the Maximum Interest Rate.

"Depository" shall mean Cede & Co., as the nominee of DTC or any successor securities depository selected or approved by the Authority.

"Existing Holder" shall mean a person who has signed a Master Purchaser's Letter and is listed as the owner of ARCs in the records of the Auction Agent.

"Fixed Rate" means the fixed rate or rates of interest on any Series A or Series B Bonds determined pursuant to Section 1.16 of this Schedule A.

"Fixed Rate Conversion Date" means a date on which any Series A or Series B Bonds begin to bear interest at a Fixed Rate as provided in Section 1.16 of this Schedule A.

"Hold Order" shall have the meaning set forth in Section 1.6(a)(i) of this Schedule A.

"Holder" as used in this Schedule A shall mean the beneficial owner of any bonds.

"Initial Interest Payment Date" shall mean August 15, 1995.

"Initial Interest Period" shall mean the period from and including the date of delivery of the Series A and Series B Bonds and ending on May 30, 1995 with respect to the Series A Bonds and ending on June 6, 1995 with respect to the Series B Bonds.

"Interest Amount" shall mean the amount of interest distributable in respect of each \$1,000 in principal amount (taken, without rounding, to .0001 of one cent) of ARCs for any Interest Period or part thereof, as calculated in accordance with Section 1.10 of this Schedule A.

"Interest Payment Date" means (i) with respect to the Series A and Series B Bonds (a) while outstanding as ARCs, each February 15 and August 15, commencing August 15, 1995, except as changed as described in Section 1.22(a) of this Schedule A, and on the maturity date thereof, or if any such date is not a Business Day, the next succeeding Business Day (but only for interest accrued through the preceding February 14 or August 14, as the case may be), and (b) after the Fixed Rate Conversion Date, each February 15 and August 15 commencing with

the February 15 or August 15 that occurs no sooner than three months after the Fixed Rate Conversion Date.

"Interest Period" means with respect to ARCs, (i) so long as interest is payable on February 15 and August 15 with respect thereto and unless otherwise changed as described in Section 1.22(a) of this Schedule A, the Initial Interest Period and each successive 35-day period thereafter, respectively, commencing on a Wednesday and ending on (and including) a Tuesday (or such other changed period), and (ii) if, and for so long as, Interest Payment Dates are specified to occur at the end of each Auction Period as described in Section 1.22 of this Schedule A, each period commencing on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

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

"Market Agent" shall mean the market agent or market agents appointed pursuant to Section 1.13 of this Schedule A, and its or their successors or assigns.

"Market Agent Agreement" shall mean the Market Agent Agreement dated as of May 4, 1995, between the Trustee and the Market Agent, and any similar agreement with a successor Market Agent, in each case as from time to time amended or supplemented.

"Master Purchaser's Letter" means a letter in the form of Exhibit C to the Auction Agency Agreement, addressed to, among others, the Authority, the Auction Agent, a Broker-Dealer and a Participant.

"Maximum Interest Rate" shall mean the lesser of (a) 14% per annum or (b) the maximum rate of interest permitted under the Act.

"Maximum Rate," on any date of determination, shall mean the interest rate per annum equal to the lesser of:

- (a) the Applicable Percentage of the higher of (i) the After-Tax Equivalent Rate on such date and (ii) the Kenny Index on such date; and

(b) the Maximum Interest Rate;

rounded to the nearest one thousandth (.001) of 1%.

"Order" shall have the meaning set forth in Section 1.6(a) of this Schedule A.

"Participant" shall mean a member of or participant in, the Depository.

"Payment Default" shall mean failure to make payment of interest on, premium, if any, and principal of the ARCs when due, by the Authority, followed by a default by the 1995A/1995B Bond Insurer under the Bond Insurance Policy.

"Person" means and includes, unless otherwise specified, an individual, corporation, company, trust, estate, partnership or association.

"Potential Holder" shall mean any Person, including any Existing Holder, (1) who shall have executed a Master Purchaser's Letter and (2) who may be interested in acquiring ARCs (or, in the case of an Existing Holder thereof, an additional principal amount of ARCs).

"Prevailing Market Conditions" shall mean, to the extent relevant (in the professional judgment of the Remarketing Agent) at the time of establishment of the Fixed Rate for the Series A or Series B Bonds as provided in Section 1.16 of this Schedule A, (a) interest rates on comparable securities then being issued and traded; (b) other financial market rates and indices that may have a bearing on rates of interest; (c) general financial market conditions (including then current forward supply figures) that may have a bearing on rates of interest; and (d) the financial condition, results of operation and credit standing of the Authority to the extent such standing has a bearing on rates of interest.

"Record Date" shall mean, with respect to Series A and Series B Bonds outstanding as ARCs, (a) so long as interest is payable with respect thereto on each February 15 and August 15, one Business Day prior to each Interest Payment Date and (b) if, and for so long as, Interest Payment Dates are specified to occur at the end of each Auction Period, as provided in Section 1.22 of this Schedule A, the Applicable Number of Business Days immediately preceding each Interest Payment Date.

"Redemption Date," when used with respect to any ARCs to be redeemed, shall mean the date fixed for such redemption.

"Registrar" shall mean the Trustee or any separate registrar appointed under the Resolution with respect to the Series A and Series B Bonds.

"Remarketing Agent" means PaineWebber Incorporated, or such other remarketing agent appointed by the Authority pursuant to Section 1.16(a) of this Schedule A.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Sell Order" shall have the meaning set forth in Section 1.6(a) of this Schedule A.

"Statutory Corporate Tax Rate" shall mean, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 1 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date hereof is 35%.

"Statutory Personal Tax Rate" shall mean, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable income of a natural person as set forth in Section 1 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date hereof is 39.6%.

"Submission Deadline" shall mean 1:00 p.m., New York City time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent, as specified by the Auction Agent from time to time.

"Submitted Bid" shall have the meaning set forth in Section 1.6(c)(i) of this Schedule A.

"Submitted Hold Order" shall have the meaning set forth in Section 1.6(c)(i) of this Schedule A.

"Submitted Order" shall have the meaning set forth in Section 1.6(c)(i) of this Schedule A.

"Submitted Sell Order" shall have the meaning set forth in Section 1.6(c)(i) of this Schedule A.

"Sufficient Clearing Bids" shall have the meaning set forth in Section 1.6(c)(i)(B) of this Schedule A.

"Undelivered Bonds" means the Bonds of the applicable Series described in Section 1.20 of this Schedule A.

"Winning Bid Rate" shall have the meaning set forth in Section 1.6(c)(i)(C) of this Schedule A.

Section 1.2. *Description of Series; Global Form; Depository.*

(a) As provided in this First Supplemental Resolution, the Series A and Series B Bonds shall be initially issued as ARCs subject to conversion to a Fixed Rate.

(b) Except as otherwise provided in this Section 1.2, the ARCs, in the form of one or more securities, shall be registered in the name of the Depository, and ownership thereof shall be maintained in book-entry form by the Depository for the account of the Participants thereof. Initially, the ARCs shall be registered in the name of Cede & Co., as the nominee of DTC. Except as provided in subsection (c) of this Section 1.2, the ARCs may be transferred, in whole but not in part, only to the Depository, or to a successor to DTC selected or approved by the Authority or to a nominee of such successor Depository.

(i) Neither the Authority, the Registrar nor any of their respective affiliates shall have any responsibility or obligation with respect to:

(A) the accuracy of the records of the Depository or any Participant with respect to any beneficial ownership interest in the ARCs;

(B) the delivery to any Participant, any beneficial owner of the ARCs or any other person, other than the Depository, of any notice with respect to the ARCs; or

(C) the payment to any Participant, any beneficial owner of the ARCs or any other person, other than the Depository, of any amount with respect to the principal, premium, if any, or interest on the ARCs.

So long as the certificates for the ARCs are not issued pursuant to subsection (c) of this Section 1.2, the Authority and the Registrar may treat the Depository as, and deem the Depository to be, the absolute owner of the ARCs for all purposes whatsoever, including without limitation:

- (i) the payment of principal, premium, if any, and interest on the ARCs;
- (ii) giving notices of redemption and other matters with respect to the ARCs;
- (iii) registering transfer with respect to the ARCs; and
- (iv) the selection of ARCs for redemption.

(c) If at any time the Market Agent has notified the Authority that the ARCs should not be maintained in book entry form or the Depository notifies the Authority that it is unwilling or unable to continue as Depository with respect to the ARCs, or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, then this Section 1.2 shall no longer be applicable and the Authority shall execute and the Registrar shall authenticate and deliver certificates representing the ARCs as provided below. Certificates for the ARCs issued in exchange for a global certificate pursuant to this subsection (c) shall be registered in such names and authorized denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Authority and the Registrar. The Registrar shall deliver such certificates representing the ARCs to the persons in

whose names such ARCs are so registered on the Business Day immediately preceding the first day of an Interest Period.

Section 1.3. *Limitations on Transfer.* So long as the ownership of the ARCs is maintained in book-entry form by the Depository, an Existing Holder may sell, transfer or otherwise dispose of its beneficial interest in ARCs only pursuant to a Bid or Sell Order placed in any Auction or to or through a Broker-Dealer or to a person who has signed and delivered to the Auction Agent a Master Purchaser's Letter; provided that in the case of all transfers other than pursuant to Auctions or mandatory tenders such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

Section 1.4. *Interest on ARCs.*

(a) Interest on the ARCs shall accrue for each Interest Period and shall be payable in arrears, on each Interest Payment Date.

(b) The rate of interest on the ARCs for the Initial Interest Period shall be 4.25 % per annum for the ARCs designated as Series A Bonds and 4.25 % per annum for the ARCs designated as Series B Bonds. The rate of interest on the ARCs for each subsequent Interest Period, to but not including the Fixed Rate Conversion Date, shall be the 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 Interest Period shall equal the Maximum Rate on such Auction Date. Notwithstanding the foregoing, if:

(i) the ownership of the ARCs is no longer maintained in book-entry form by the Depository, the rate of interest on the ARCs for any Interest Period commencing after the delivery of certificates representing ARCs pursuant to Section 1.2(c) of this Schedule A shall equal the Maximum Rate on the Business Day immediately preceding the first day of such Interest Period;

(ii) if a Payment Default occurs, Auctions will be suspended and the Applicable ARCs Rate (as defined below) for the Interest Period commencing on or after such Payment Default and for each Interest Period thereafter to and including the Interest Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured will equal the Default Rate; or

(iii) if a proposed conversion to a Fixed Rate under Section 1.16 of this Schedule A shall have failed, as provided in Sections 1.16(e)(ii) and 1.18 of this Schedule A, and the next succeeding Auction Date shall be two or fewer Business Days after (or on) any such failed Fixed Rate Conversion Date, then an Auction shall not be held on such Auction Date and the rate of interest on the ARCs subject to the failed conversion for the next succeeding Interest Period shall be equal to the Maximum Rate calculated as of the first Business Day of such Interest Period.

The rate per annum at which interest is payable on the ARCs for any Interest Period is herein referred to as the "Applicable ARCs Rate." Notwithstanding anything herein to the

contrary, the Applicable ARCs Rate cannot exceed the maximum rate permitted by the laws of the State.

(c) Notwithstanding anything herein to the contrary, if any ARC or portion thereof has been selected for redemption during the next succeeding Interest Period, said ARC or portion thereof, will not be included in the Auction preceding such Redemption Date, and said ARC or portion thereof, will continue to bear interest until the Redemption Date at the rate established for the Interest Period prior to said Auction.

Section 1.5. *Payments.* So long as the ARCs are registered in the name of the Depository or the nominee thereof, payment of interest (other than at maturity) and premium, if any, on, and of principal at redemption of, the ARCs shall be made to the Depository by wire transfer provided proper wire instructions are received. Each holder of ARCs, by such Holder's purchase of ARCs, appoints the Trustee as its agent in connection with the payment by such Holder of its share, if any, of the amounts payable to the Auction Agent and the Broker-Dealers pursuant to Section 1.8(a) of this Schedule A.

Section 1.6. *Auction Procedures.* Prior to a Fixed Rate Conversion Date, Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding (i) each Interest Period commencing after the ownership of the ARCs is no longer maintained in book-entry form by the Depository; (ii) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or (iii) any Interest 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 (such procedures to apply separately to the ARCs designated as Series A Bonds and the ARCs designated as Series B Bonds):

(a) (i) Prior to the Submission Deadline on each Auction Date:

(A) each Existing Holder of ARCs may submit to a Broker-Dealer information as to:

(1) the principal amount of Outstanding ARCs, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Interest Period;

(2) the principal amount of Outstanding ARCs, if any, which such Existing Holder offers to sell if the Auction Rate for the next succeeding Interest Period shall be less than the rate per annum specified by such Existing Holder; and/or

(3) the principal amount of Outstanding ARCs, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Interest Period; and

(B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of ARCs which each such Potential Holder offers to purchase if the Auction Rate for the next succeeding Interest Period shall not be less than the rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (A)(1), (A)(2), (A)(3) or (B) of this paragraph (i) is hereinafter referred to as an "Order" and collectively as "Orders" and each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a "Bidder" and collectively as "Bidders"; an Order containing the information referred to in (x) clause (A)(1) of this paragraph (i) is hereinafter referred to as a "Hold Order" and collectively as "Hold Orders," (y) clause (A)(2) or (B) of this paragraph (i) is hereinafter referred to as a "Bid" and collectively as "Bids" and (z) clause (A)(3) of this paragraph (i) is hereinafter referred to as a "Sell Order" and collectively as "Sell Orders."

(ii) (A) Subject to the provisions of Section 1.6(b) of this Schedule A, a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding ARCs specified in such Bid if the Auction Rate determined as provided in this Section 1.6 of this Schedule A shall be less than the rate specified in such Bid; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs to be determined as set forth in Section 1.6(d)(i)(D) of this Schedule A, if the Auction Rate determined as provided in this Section 1.6 shall be equal to the rate specified in such Bid; or

(3) such principal amount or a lesser principal amount of Outstanding ARCs to be determined as set forth in Section 1.6(d)(ii)(C) of this Schedule A if the rate specified shall be higher than the Maximum Rate and Sufficient Clearing Bids have not been made.

(B) Subject to the provisions of Section 1.6(b) of this Schedule A, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding ARCs specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs as set forth in Section 1.6(d)(ii)(C) of this Schedule A if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of Section 1.6(b) of this Schedule A, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding ARCs specified in such Bid if the Auction Rate determined as provided in this Section 1.6 of this Schedule A shall be higher than the rate specified in such Bid; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs as set forth in Section 1.6(d)(i)(E) of this Schedule A if the Auction Rate determined as provided in this Section 1.6 of this Schedule A shall be equal to the rate specified in such Bid.

(b) (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 ARCs that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of ARCs, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of ARCs, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of ARCs, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate and amount specified in such Potential Holder'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 highest one thousandth (.001) of 1 %.

(iii) If an Order or Orders covering all Outstanding ARCs held by any Existing Holder 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 Holder covering the principal amount of Outstanding ARCs held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) None of the Authority, the 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 Holder or Potential Holder.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding ARCs held by such Existing Holder, such Orders 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 in the aggregate the principal amount of ARCs held by such Existing Holder, and if the aggregate principal amount of ARCs subject to such Hold Orders exceeds the aggregate principal amount of ARCs held by such Existing Holder, the aggregate principal amount of ARCs subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding ARCs held by such Existing Holder;

(B) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding ARCs held by such Existing Holder over the aggregate principal amount of ARCs 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 Holder and the aggregate principal amount of Outstanding ARCs 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 stated amount of ARCs subject to each Bid with the same rate shall be reduced pro rata to cover the stated amount of ARCs equal to such excess;

(3) subject to subclause (1) and (2) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Holder, 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 ARCs, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding ARCs held by such Existing Holder over the aggregate principal amount of ARCs 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 ARCs is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of ARCs not equal to an Authorized Denomination therefor shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of ARCs not equal to an Authorized Denomination therefor shall be rejected.

(viii) Any Bid submitted by an Existing Holder or a Potential Holder 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 the respective rates in the Submitted Bids.

(c) (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 a "Submitted Sell Order," as the case may be, or as a "Submitted Order" and 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 ARCs over the sum of the aggregate principal amount of Outstanding ARCs subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available ARCs"); and

(B) from such Submitted Orders whether:

(1) the aggregate principal amount of Outstanding ARCs subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Rate, exceeds or is equal to the sum of:

(2) the aggregate principal amount of Outstanding ARCs subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Rate; and

(3) the aggregate principal amount of Outstanding ARCs subject to Submitted Sell Orders;

(in the event such excess or such equality exists, other than because the sum of the principal amounts of ARCs in subclauses (1) and (3) above is zero because all of the Outstanding ARCs 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 Holders specifying such lowest rate and (bb) all other Submitted Bids from Existing Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of ARCs subject to such Submitted Bids; and

(2) (aa) each such Submitted Bid from Potential Holders specifying such lowest rate and (bb) all other Submitted Bids from Potential Holders specifying lower rates were accepted;

the result would be that such Existing Holders described in subclause (1) above would continue to hold an aggregate principal amount of Outstanding ARCs which, when added to the aggregate principal amount of Outstanding ARCs to be purchased by such Potential Holders described in subclause (2) above, would equal not less than the Available ARCs.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall advise the Trustee of the Maximum Rate and the All Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Interest Period (the "Auction Rate") as follows:

(A) if Sufficient Clearing Bids have been made, that the Auction Rate for the next succeeding Interest Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids have not been made (other than because all of the Outstanding ARCs are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Interest Period shall be equal to the Maximum Rate; or

(C) if all outstanding ARCs are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Interest period shall be equal to the All Hold Rate.

(d) Existing Holders shall continue to hold the principal amount of ARCs that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to Section 1.6(c)(i) of this Schedule A, 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, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraph (iv) 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 Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing

Holder to sell the aggregate principal amount of ARCs subject to such Submitted Bids;

(B) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Holder to purchase the aggregate principal amount of ARCs subject to such Submitted Bids;

(D) each Existing Holders' Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bid, unless the aggregate principal amount of Outstanding ARCs subject to all such Submitted Bids shall be greater than the principal amount of ARCs (the "remaining principal amount") equal to the excess of the Available ARCs over the aggregate principal amount of ARCs subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of ARCs subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of ARCs obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding ARCs held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding ARCs subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) each Potential Holder'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 ARCs obtained by multiplying the excess of the aggregate principal amount of Available ARCs over the aggregate principal amount of ARCs 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 ARCs subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Outstanding ARCs subject to Submitted Bids made by all such Potential Holders 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 ARCs are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) 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 Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus requiring each Potential Holder to purchase the aggregate principal amount of ARCs subject to such Submitted Bids; and

(C) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the ARCs subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of ARCs obtained by multiplying the aggregate principal amount of ARCs subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARCs held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding ARCs subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding ARCs 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 Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of ARCs that is not equal to an Authorized Denomination therefor the Auction Agent shall, in such manner as it shall, in its sole discretion, determine, round up or down the principal amount of ARCs to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of ARCs purchased or sold by each Existing Holder or Potential Holder shall be equal to an Authorized Denomination, even if such allocation results in one or more of such Potential Owners not purchasing any ARCs.

(e) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of ARCs to be purchased and the aggregate principal amount of ARCs to be sold by Potential Holders and Existing Holders 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 ARCs to be sold differs from such aggregate principal amount of ARCs 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, ARCs.

Section 1.7. *Certain Orders Not Permitted.* The Authority may not submit an Order in any Auction. The Auction Agent shall have no duty or liability in monitoring or enforcing compliance with this Section 1.7.

Section 1.8. *Notice of Payment Defaults and Cures; Payment of Service Charges.*

(a) The Authority shall pay to the Auction Agent, on behalf of the Holders of the ARCs in same day funds out of amounts in the Revenue Fund, (i) on the first Business Day on or following the first day of March, June, September and December commencing September 1, 1995, an amount equal to the Auction Agent Fee as calculated in the Auction Agency Agreement and (ii) on the first Business Day on or following the first day of March, June, September and December commencing September 1, 1995, an amount equal to the Broker-Dealer Fee as calculated in the Broker-Dealer Agreement.

(b) By 12:30 p.m. on the Business Day immediately succeeding each Interest Payment Date, the Trustee will determine if a Payment Default has occurred. If a Payment Default has occurred, the Trustee shall notify the Auction Agent and Broker-Dealer by 1:00 p.m. of such Payment Default. If a Payment Default has been cured, the Trustee shall so notify the Auction Agent and the Broker-Dealer by 5:00 p.m. on the day such Payment Default is cured.

Section 1.9. *Calculation of Maximum Rate, All Hold Rate and Default Rate.* The Auction Agent shall calculate the Maximum Rate and the All Hold Rate on each Auction Date. Upon receipt of notice from the Trustee of a failed Fixed Rate conversion as described in Sections 1.16(e)(ii) and 1.18 of this Schedule A, 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 Rate as of the first Business Day of the next succeeding Interest Period and give notice thereof as provided and to the parties specified in Section 2.3(c) of the Auction Agency Agreement. If the ownership of the ARCs is no longer maintained in book-entry form by the Depository, the Trustee shall calculate the Maximum Rate on the Business Day immediately preceding the first day of each Interest Period commencing after the delivery of certificates representing the ARCs pursuant to Subsection 1.2(c) of this Schedule A. If a Payment Default shall have occurred, the Trustee shall calculate the Default Rate on the first day of (i) each Interest Period commencing after the occurrence and during the continuance of such Payment Default and (ii) any Interest Period commencing less than two Business Days after the cure of any Payment Default. The Auction Agent shall determine the "AA" Composite Commercial Paper Rate for each Interest Period other than the first Interest Period; provided, that if the ownership of the ARCs is no longer maintained in book-entry form, or if a Payment Default has occurred, then the Trustee shall determine the "AA" Composite Commercial Paper Rate for each such Interest Period. The determination by the Trustee or the Auction Agent, as the case may be, of the "AA" Composite Commercial Paper Rate shall (in the absence of manifest error) be final and binding upon all parties. If calculated or determined by the Auction Agent, the Auction Agent shall promptly advise the Trustee of the "AA" Composite Commercial Paper Rate.

Section 1.10. *Computation of Interest.* The amount of interest distributable to Holders of ARCs in respect of each \$50,000 in principal amount thereof for any Interest Period or part thereof shall be calculated by applying the Applicable ARCs Rate for such Interest Period or part

thereof to the principal amount of \$50,000, multiplying such product by the actual number of days in the Interest Period or part thereof concerned divided by 365 or 366, as applicable, and truncating the resultant figure to the nearest one cent. Interest on the ARCs shall be computed by the Trustee on the basis of a 365-day year for the number of days actually elapsed; except that for any such calculation with respect to an Interest Payment Date occurring after February 15 of a leap year through February 15 of the next succeeding year, such interest shall be computed on the basis of a 366-day year period. In the event an Interest Payment Date occurs in any Interest Period on a date other than the first day of such Interest Period, the Trustee, after confirming the calculation required above, shall calculate the portion of the Interest Amount payable on such Interest Payment Date and the portion payable on the next succeeding Interest Payment Date. The Trustee shall make the calculation required in this Section 1.10 not later than the close of business on each Auction Date.

Section 1.11. *Notification of Rates, Amounts and Payment Dates.*

(a) The Trustee shall determine the aggregate amount of interest distributable on the next succeeding Interest Payment Date to the Holders of the ARCs. So long as the ownership of the ARCs is maintained in book-entry form by the Depository, the Trustee shall advise the Depository of each Record Date for the ARCs at least two Business Days prior thereto.

(b) Promptly after the date of original issuance of the Series A and Series B Bonds and each Interest Payment Date, and in any event at least 10 days prior to each Interest Payment Date, the Trustee shall:

(i) so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, confirm the Auction Agent's determination of (A) the date of such next Interest Payment Date and (B) the amount payable to the Auction Agent on each Interest Payment Date pursuant to Section 1.8 hereof and notify the Auction Agent of any discrepancy therein; and

(ii) advise the Depository, so long as the ownership of the ARCs is maintained in book-entry form by the Depository, of the Applicable ARCs Rate and the Interest Amount in respect of the next succeeding Interest Period.

In the event that any day that is scheduled to be an Interest Payment Date shall be changed after the Trustee shall have given the notice referred to in clause (i) of the preceding sentence, not later than 9:15 a.m., New York City time, on the Business Day next preceding the earlier of the new Interest Payment Date or the old Interest Payment Date, the Trustee shall, by such means as the Trustee deems practicable, give notice of such change to the Auction Agent, so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository.

Section 1.12. *Adjustment in Percentages.*

(a) The Market Agent shall adjust the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the Applicable Percentage of the Kenny Index used in determining the Default Rate, if any such adjustment is

necessary, in the judgment of the Market Agent, to reflect any Change of Preference Law such that ARCs paying the Maximum Rate, ARCs paying the All Hold Rate and ARCs paying the Default Rate shall have, respectively, equal market values before and after such Change of Preference Law. Prior to any such adjustment, the Authority shall give notice thereof to the Rating Agency, and no such adjustment shall be made unless such adjustment will not adversely affect the rating on any of the Bonds. In making any such adjustment, the Market Agent shall take the following factors, as in existence both before and after such Change of Preference Law, into account:

- (i) short-term taxable and tax-exempt market rates and indices of such short-term rates;
- (ii) the market supply and demand for short-term tax-exempt securities;
- (iii) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the ARCs;
- (iv) general economic conditions; and
- (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the ARCs.

(b) The Market Agent shall effectuate an adjustment in the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the Applicable Percentage of the Kenny Index used to determine the Default Rate pursuant to subsection (a) of this Section 1.12 by delivering to the Authority, the Trustee and the Auction Agent at least 10 days prior to the Auction Date on which the Market Agent desires to effect such change a Favorable Opinion and a certificate in substantially the form attached hereto as Exhibit D, authorizing the adjustment of the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the Applicable Percentage of the Kenny Index used to determine the Default Rate, which shall be specified in such certificate.

Section 1.13. Market Agent. The Trustee shall enter into a Market Agent Agreement with PaineWebber Incorporated, as the initial Market Agent. The Market Agent shall serve as such under the terms and provisions hereof and of the Market Agent Agreement. The Market Agent, including any successor appointed pursuant hereto, shall be a member of the National Association of Securities Dealers, Inc. having capitalization of at least \$25,000,000, and be authorized by law to perform all the duties imposed upon it by this First Supplemental Resolution and the Market Agent Agreement. The Market Agent may be removed at any time by the Trustee, acting at the direction of (a) the Authority, or (b) the holders of 66-2/3% of the aggregate principal amount of the ARCs, provided that such removal shall not take effect until the appointment of a successor Market Agent. The Market Agent may resign upon 30 days' written notice delivered to the Authority and the Trustee. The Authority shall use its best efforts to appoint a successor Market Agent that is a qualified institution, effective as of the effectiveness of any such resignation or removal. Notwithstanding that the Market Agent is the agent of the Trustee under the Market Agent Agreement, the Trustee shall not be liable in any

way for any action taken, suffered, or omitted, or for any error of judgment made by the Market Agent, whether in the performance of its duties under the Market Agent Agreement or otherwise.

Section 1.14. *Auction Agent.*

(a) Bankers Trust Company, New York, New York, shall serve as the initial Auction Agent for the ARCs. The Trustee is hereby directed to enter into an agreement with the Auction Agent which shall provide as follows: The Auction Agent shall be (i) 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 (ii) 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 hereunder and under the Auction Agency Agreement. The Auction Agent may resign and be discharged of the duties and obligations created by this First Supplemental Resolution by giving at least 90 days' written notice to the Authority, the Trustee and the Market Agent (30 days' written notice if the Auction Agent has not been paid its fee for more than 30 days). The Auction Agent may be removed at any time by the Trustee if the Auction Agent is an entity other than the Trustee, acting at the direction of (i) the Authority or (ii) the holders of 66-2/3% of the aggregate principal amount of the ARCs, by an instrument signed by the Trustee and filed with the Auction Agent, the Authority and the Market Agent upon at least 90 days' notice; provided that, if required by the Market Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent. If the Auction Agent and the Trustee are the same entity, the Auction Agent may be removed as described above, with the Authority acting in lieu of the Trustee.

(b) In the event that 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 Trustee shall thereupon enter into an Auction Agency Agreement with such successor.

(c) The Auction Agent shall be acting as agent for the 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 necessary to make such judgment.

(d) Notwithstanding that the Auction Agent is the agent of the Trustee hereunder and under the Auction Agency Agreement, the Trustee shall not be liable in any way for any action taken, suffered or omitted, or for any error of judgment made by the Auction Agent, whether in the performance of its duties under the Auction Agency Agreement or otherwise, subject to Section 3.4(b) of the Auction Agency Agreement.

Section 1.15. *Broker-Dealers.*

(a) The Auction Agent shall enter into a Broker Dealer Agreement with A.G. Edwards & Sons, Inc., as the initial Broker-Dealer with respect to the Series A Bonds and with PaineWebber Incorporated, as the initial Broker-Dealer with respect to the Series B Bonds. The Market Agent may from time to time approve one or more additional persons to serve as Broker-Dealer under Broker-Dealer Agreements.

(b) Any Broker-Dealer may be removed at any time at the request of an Authorized Officer of the Authority, but there shall, at all times, be at least one Broker-Dealer appointed and acting as such.

Section 1.16. *Fixed Rate Conversion at Option of Authority.* The ARCs may be converted to bear interest at a Fixed Rate to their final maturity upon the delivery by the Authority to the Trustee of a Favorable Opinion. The conversion shall, as determined by the Authority, apply to the ARCs designated as Series A Bonds, the ARCs designated as Series B Bonds, or to both such series of ARCs (in which case a Fixed Rate Conversion Date for each of the Series A Bonds and Series B Bonds shall be specified). Any such conversion shall be made as follows:

(a) The Authority shall confirm the appointment of PaineWebber Incorporated as Remarketing Agent, or shall otherwise select and appoint a qualified Remarketing Agent.

(b) The Authority shall give written notice of any such conversion and shall specify the proposed Fixed Rate Conversion Date to the Trustee, the Auction Agent, the Broker-Dealer, the Remarketing Agent, Moody's (if the ARCs are then rated by Moody's) and S&P (if the ARCs are then rated by S&P) not fewer than 20 days prior to the proposed Fixed Rate Conversion Date. The Fixed Rate Conversion Date shall be the Business Day next succeeding the last day of the applicable Interest Period. No such conversion shall occur unless the Authority has received a Rating Confirmation with respect to the rating on any of the Bonds (other than the Bonds being converted).

(c) Simultaneously with the notice given pursuant to (b) above, an Authorized Officer of the Authority shall deliver a schedule of projected receipts into the Student Loan Fund or the Revenue Fund, as applicable, through the final maturity of the ARCs subject to the conversion, a schedule of projected payments to be made from such Account during such period and a cash flow statement. Such schedule and cash flow statement shall be based upon the assumptions an Authorized Officer of the Authority determines to be most reasonable and maximum interest rates and maximum annual principal payments for the series of Bonds being so converted which maximum will not be exceeded without delivery of a new cash flow statement. The ARCs shall be converted to a term maturity due February 15, 2025, subject to extraordinary and optional redemption as provided in the form of Series A and Series B Bonds following Fixed Rate Conversion attached as Exhibit C hereto. Notwithstanding the foregoing, but subject to subsection (g) of this Section 1.16, the Authority may, upon receipt of a Favorable Opinion relating to all Bonds Outstanding under the General Resolution, establish a different principal repayment schedule for the ARCs subject to the conversion following conversion. A projected repayment schedule shall be communicated by an Authorized Officer of the Authority to the

Trustee and the Remarketing Agent not later than 15 days prior to the Fixed Rate Conversion Date. A final repayment schedule shall be communicated by an Authorized Officer of the Authority to the Trustee and the Remarketing Agent not later than 4:00 P.M. on the date the Fixed Rate or Rates are determined as provided in subsection (g) of this Section 1.16.

Upon provision of a Favorable Opinion the Remarketing Agent may establish more than one Fixed Rate to apply to the ARCs, in accordance with the provisions of this Section 1.16, taking into account the scheduled maturity date or dates to be assigned to such Bonds being converted.

(d) Not later than the 15th day preceding the Fixed Rate Conversion Date, notice of the conversion shall be given by first class mail by the Trustee to the Auction Agent and the Registered Owners of all such Bonds being converted. Such notice shall inform the Auction Agent and the Holders of:

(i) the proposed Fixed Rate Conversion Date;

(ii) the conditions to the conversion pursuant to Section 1.16(e)(ii) of this Schedule A; and

(iii) the matters required to be stated pursuant to Section 1.17(b) of this Schedule A with respect to mandatory tender and purchases of Bonds being converted governed by such Section.

(e) (i) Not later than seven days immediately preceding the Fixed Rate Conversion Date, the Remarketing Agent shall preliminarily determine the Fixed Rate or Rates for the series of Bonds subject to the conversion and shall, not later than 2:00 P.M., notify the Trustee and the Authority of such rate or rates by telephone (promptly confirmed in writing), telegram, telecopy, telex or other similar means of communication, but such Fixed Rate or Rates shall not be considered to be conclusively determined unless approved in writing by an Authorized Officer of the Authority and unless an Authorized Officer of the Authority has determined and communicated a final repayment schedule for the series of Bonds subject to the conversion as provided in subsection (c) of this Section 1.16 of this Schedule A and such repayment schedule has been approved in writing by the Remarketing Agent. The Fixed Rate or Rates for the series of Bonds subject to the conversion shall be the minimum rate or rates of interest to be borne by such Bonds to their respective maturities which, in the judgment of the Remarketing Agent as of the date of determination and under Prevailing Market Conditions, would cause the series of Bonds subject to the conversion to have a market value equal to the principal amount thereof on the Fixed Rate Conversion Date and shall not exceed the then applicable Maximum Interest Rate for such Bonds set forth herein. Promptly after the date of determination, the Trustee shall give notice of the Fixed Rate or Rates for the ARCs subject to conversion to the Authority, the Auction Agent, Moody's (if such Bonds are then rated by Moody's) and S&P (if such Bonds are then rated by S&P).

(ii) As of the Fixed Rate Conversion Date applicable to the ARCs, sufficient funds shall, not later than 12:00 Noon, be available to purchase all Bonds which are then required to be purchased pursuant to Section 1.17 of this Schedule A. If (I) this condition is not met for any reason, or (II) if the Favorable Opinion is not received by the Authority, or (III) the cash flow statement required by (c) above is not delivered or (IV) the Fixed Rate or Rates exceed the maximums used in the cash flow statement provided under (c) above, the conversion shall not be effective, the series of Bonds so being converted shall continue to be outstanding as ARCs, the Trustee shall, not later than 4:00 P.M., provide notice of the failed conversion to the Auction Agent, the Paying Agent, and the Holders of such Bonds. The ARCs that were the subject of the failed conversion shall bear interest at the Applicable ARCs Rate for the balance of the Interest Period then applicable thereto (without regard to the attempted conversion), if any, and shall bear interest for the next succeeding Interest Period at (A) the Applicable ARCs Rate determined in accordance with the Auction Procedures (subject to Section 1.4 hereof) if the next succeeding Auction Date occurs more than two Business Days after the failed Conversion Date or (B) the Maximum Rate, determined by the Auction Agent as provided in Section 1.9 of this Schedule A, if the next succeeding Auction Date occurs two or fewer Business Days after (or on) such failed Conversion Date.

(f) The determination of the Fixed Rate or Rates for the ARCs subject to conversion pursuant to this Section 1.16 of this Schedule A shall be conclusive and binding upon the Authority, the Trustee, the Paying Agent and the respective Holders of such ARCs. The Authority, the Trustee, the Auction Agent and the Remarketing Agent shall not be liable to any Holders for failure to give any notice required above or for failure of any Holders to receive any such notice.

(g) The Authority, upon the advice of the Remarketing Agent and delivery of a Favorable Opinion, may by resolution of the Authority amend this First Supplemental Resolution and the Series A and Series B Bonds to modify the provisions for optional redemption of Series A and Series B Bonds subject to conversion set forth in Section 1.21 of this Schedule A which would be otherwise applicable to the Series A and Series B Bonds after the Fixed Rate Conversion Date.

(h) In the event that the Authority determines that the conversion to a Fixed Rate will not occur on a scheduled Fixed Rate Conversion Date the Market Agent may schedule a new Auction Date as provided in Section 1.22.

Section 1.17. *Mandatory Tender Upon Conversion; Certain Notices.*

(a) ***Mandatory Tender Upon Conversion.*** Any Series A and Series B Bonds to be converted to bear interest at a Fixed Rate pursuant to Section 1.16 of this Schedule A shall be subject to mandatory tender for purchase on the Fixed Rate Conversion Date, at a price equal to the principal amount thereof plus accrued interest, if any, to the Fixed Rate Conversion Date.

(b) ***Notice to Registered Owners.*** Any notice of conversion given to Holders pursuant to Section 1.16(d) of this Schedule A shall, in addition to the requirements of such Section,

specify that all Outstanding Series A and Series B Bonds subject to such conversion are subject to mandatory tender pursuant to the provisions thereof and of this First Supplemental Resolution and will be purchased on the Fixed Rate Conversion Date by payment of a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Fixed Rate Conversion Date.

(c) *Remarketing.* Upon receipt of notice of the Fixed Rate Conversion Date from the Authority pursuant to Section 1.16(b) of this Schedule A, the Trustee shall notify the Remarketing Agent, the Authority and the Paying Agent of the principal amount of Bonds of the applicable series required to be tendered for purchase on the Fixed Rate Conversion Date. Upon receipt of such notice, the Remarketing Agent shall use its best efforts to find purchasers for and arrange for the sale of all such Bonds required to be tendered for purchase. The terms of any sale arranged by the Remarketing Agent shall provide for the payment of the purchase price of the Bonds to the Trustee, or its designated agent, in immediately available funds at or before 10:00 A.M. on the purchase date.

(d) *Certain Notices by Trustee, Remarketing Agent and Tender Agent.* Subject to the provisions of subsection (c) of this Section 1.17, the following notices shall be given in connection with a conversion to Fixed Rates pursuant to Section 1.16 of this Schedule A:

(i) *Notices by Remarketing Agent and Trustee of Bonds not Remarketed.* Not later than 12:00 Noon on the third day immediately preceding the Fixed Rate Conversion Date, the Remarketing Agent shall give notice by telephone, telegram, telecopy or other similar communication to the Trustee of the principal amount of Bonds required to be tendered for purchase which have not been remarketed as of such date.

Not later than the close of business on the date of receipt of such notice the Trustee shall give notice thereof by telephone, telegram, telecopy or other similar communication to the Authority.

(ii) *Notice by Trustee of Bonds Subject to Mandatory Tender.* Before 11:00 A.M. on the Business Day next preceding the Fixed Rate Conversion Date, the Trustee shall give notice to the Paying Agent, the Authority and the Remarketing Agent as to the aggregate purchase price of Bonds required to be tendered for purchase which is required to be deposited by the Remarketing Agent into a special account to be established with the Trustee entitled "Remarketing Fund" pursuant to subsection (e) of this Section 1.17 in the event all such Bonds are successfully remarketed by the Remarketing Agent.

(iii) *Notices by Remarketing Agent and Trustee of Remarketed Bonds.* At or before 12:00 Noon on the Business Day immediately preceding the Fixed Rate Conversion Date, the Remarketing Agent shall give notice by telephone, telegram, telecopy, telex or other similar communication to the Trustee, of the names, addresses and taxpayer identification numbers of the purchasers, and the principal amounts and denominations, of Bonds to be sold on the Fixed Rate Conversion Date, the purchase price at which the Bonds are to be sold and their date of sale and the principal amount of Bonds, if any, which have not been remarketed.

Upon receipt of any notice pursuant to the preceding paragraph, the Trustee shall on or prior to 2:30 P.M. on the date of receipt of such notice, give notice thereof by telephone, telegram, telecopy, telex or other similar communication to the Paying Agent and the Registrar.

(iv) *Trustee's Notice of Insufficiency of Payments Required for Conversion.* If, by 12:00 Noon on the Fixed Rate Conversion Date, the Trustee shall not have received sufficient moneys from the Remarketing Agent which, together with any other available funds, would be sufficient to purchase all Bonds which are required to be purchased pursuant to subsection (f) of this Section 1.17, the conversion shall not be effective and the Trustee and Auction Agent shall provide such notices and take such actions as are required in Sections 1.16(e)(ii) and 1.18 of this Schedule A.

(e) *Payments of Remarketing Proceeds.* The Remarketing Agent shall cause to be paid to the Trustee by 12:00 Noon on any Fixed Rate Conversion Date, all amounts then held by the Remarketing Agent representing proceeds of the remarketing of such Bonds, such payment to be made in the manner specified in subsection (c) of this Section 1.17. All such remarketing proceeds received by the Trustee shall be deposited in the Remarketing Fund.

(f) *Payments of Purchase Price by Trustee.* On any Fixed Rate Conversion Date, the Trustee shall pay the purchase price of the Bonds required to be tendered for purchase, surrendered as provided in subsection (h) of this Section 1.17 hereof properly endorsed for transfer in blank with all signatures guaranteed, to the selling Holders thereof on or before 3:00 P.M. Such payments shall be made in immediately available funds, but solely from moneys in the Remarketing Fund representing proceeds of the remarketing of the Bonds, pursuant to subsection (c) of this Section 1.17, to any Person other than the Authority, and neither the Authority, the Trustee, the Paying Agent nor the Remarketing Agent shall have any obligation to use funds from any other source.

(g) *Registration and Delivery of Tendered or Purchased Bonds.* Upon receipt of notice from the Trustee pursuant to subsection (d)(iii) of this Section 1.17, the Registrar shall register and authenticate and as promptly thereafter as practicable the Registrar shall deliver Series A and Series B Bonds remarketed by the Remarketing Agent to the Remarketing Agent or the purchasers thereof in accordance with the instructions of the Remarketing Agent.

(h) *Delivery of Bonds; Effect of Failure to Surrender Bonds.* All Bonds to be purchased on any Fixed Rate Conversion Date shall be required to be delivered to the designated office of the Trustee, or its designated agent for such purposes, at or before 12:00 Noon on such date. If the Holder of any Bonds that is subject to purchase pursuant to this Section 1.17 fails to deliver such Bonds to the Trustee, or its designated agent for such purposes, for purchase on the purchase date, and if the Trustee, or its designated agent for such purposes, is in receipt of the purchase price therefor, such Bonds shall nevertheless be deemed tendered and purchased on the Fixed Rate Conversion Date and shall be Undelivered Bonds pursuant to Section 1.20 of this Schedule A and registration of the ownership of such Bond shall be transferred to the purchaser thereof as provided in subsection (g) of this Section 1.17 and Section 1.20 of this Schedule A. The Trustee shall, as to any Undelivered Bonds, (i) promptly notify the Remarketing Agent, the Auction Agent, the Paying Agent and the Registrar of such non-delivery

and (ii) the Registrar shall place a stop transfer against an appropriate amount of Bonds registered in the name of the Holder(s) on the Bond Register. The Registrar shall place such stop transfer(s) commencing with the lowest serial number Bonds registered in the name of such holder(s) (until stop transfers have been placed against an appropriate amount of Bonds) until the appropriate tendered Bonds are delivered to the Trustee, or its designated agent. Upon such delivery, the Registrar shall make any necessary adjustments to the Bond Register. Pending delivery of such tendered Bonds, the Trustee, or its designated agent, shall hold the purchase price therefor uninvested in a segregated subaccount for the benefit of such Holders.

Section 1.18. *Inadequate Funds for Tenders; Failed Conversion.* If the funds available for purchases of Bonds are inadequate for the purchase of all Bonds tendered on any Fixed Rate Conversion Date, or if a proposed conversion to a Fixed Rate otherwise fails as provided in Section 1.16(e)(ii) of this Schedule A, the Trustee shall: (a) return all tendered Bonds to the Holders thereof; (b) return all moneys received for the purchase of such Bonds to the persons providing such moneys; and (c) notify the Authority, the Auction Agent, the Remarketing Agent and the Paying Agent of the return of such Bonds and moneys and the failure to make payment for tendered Bonds. After any such failed conversion the Bonds subject to the failed conversion shall remain outstanding as ARCs, Auctions shall be conducted beginning on the first Auction Date occurring more than two Business Days after the failed Fixed Rate Conversion Date, and interest payable thereon shall be determined and paid according to this Resolution.

Section 1.19. *No Tender Purchases On Redemption Date.* Series A and Series B Bonds (or portions thereof) called for redemption shall not be subject to tender and purchase on the redemption date thereof.

Section 1.20. *Undelivered Bonds.* Any Bonds which are required to be tendered on a Fixed Rate Conversion Date and that are not delivered on the Fixed Rate Conversion Date, and for the payment of which there has been irrevocably held in trust in a segregated subaccount for the benefit of such Holder an amount of money sufficient to pay the purchase price, including any accrued interest due to (but not after) such purchase date with respect to such Bonds, shall be deemed to have been purchased pursuant to this Section 1.20, and shall be Undelivered Bonds. In the event of a failure by a Bondholder to tender its Bonds on or prior to the required date, said Holder of such Undelivered Bonds shall not be entitled to any payment other than the purchase price due on the purchase date and Undelivered Bonds in the hands of such non-delivering Bondholder shall no longer accrue interest or be entitled to the benefits of the Resolution, except for the payment of the purchase price due on the purchase date; *provided, however*, that the indebtedness represented by such Bonds shall not be extinguished, and the Paying Agent and Registrar shall transfer, authenticate and deliver such Bonds as provided below. The Paying Agent shall give telephonic notice to the Trustee and the Registrar, promptly confirmed by mail, of all Undelivered Bonds.

With the respect to any Undelivered Bond, the Paying Agent, acting hereunder and pursuant to the power of attorney granted by such Bondholder in the Bonds, shall do or cause the Registrar to do the following:

(a) Assign, endorse, and register the transfer of such Bonds to the purchaser or purchasers thereof;

(b) Authenticate and deliver a new Bond or Bonds, as appropriate, to the purchaser or purchasers thereof;

(c) Execute an acknowledgement that the Holder of Undelivered Bonds holds such Undelivered Bond for the benefit of the new purchaser or purchasers thereof, who shall be identified in such acknowledgement;

(d) Promptly notify by first class mail the Holder of such Undelivered Bond that:

(i) the Paying Agent has acted pursuant to such power of attorney to transfer the Undelivered Bond and to perform the other acts set forth in this Section;

(ii) the Undelivered Bond is no longer Outstanding; and

(iii) funds equal to the applicable purchase price for such Bond are being held on behalf of such Holder, without interest, in the segregated subaccount established for such purpose by and with the Trustee or Paying Agent.

(e) Enter on the Bond Register that the Undelivered Bond is no longer Outstanding;
and

(f) Subject to the other provisions of the Resolution, hold the purchase price for such Bond in the subaccount established for such purpose, without interest, and pay such purchase price and any unpaid interest due on the purchase date to such Holder upon presentation of the certificate representing the Undelivered Bond. Bonds presented on or before 12:00 Noon on any Business Day are to be paid on or before the close of business on that day.

Prior Holders of Bonds purchased or deemed purchased pursuant to this First Supplemental Resolution shall not be entitled to interest thereon which accrues on and after the related purchase date, provided moneys are on hand in the subaccount established therefor to pay the purchase price and any unpaid interest due on the purchase date.

Section 1.21. *Redemption of Series A and Series B Bonds.* While outstanding as ARCs the Series A and Series B Bonds shall be subject to redemption prior to maturity as provided in the form of ARCs Bonds attached as Exhibit B hereto and after the Fixed Rate Conversion Date, the Series A and Series B Bonds shall be subject to redemption prior to maturity as provided in the form of the Series A and Series B Bonds following a Fixed Rate Conversion attached as Exhibit C hereto.

Section 1.22. *Changes in Auction Periods or Auction Date.*

(a) Changes in Auction Period or Periods.

(i) While any of the Series A or Series B Bonds are outstanding as ARCs, 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 length of the Auction Period and the interest rate borne by the ARCs and upon receipt of a Favorable Opinion and with the written consent of an Authorized Officer of the Authority, may

change, from time to time, the length of one or more Auction Periods. In connection with any such change, or otherwise, but for the same stated purpose, the Market Agent:

(A) in order to conform with then current market practice with respect to similar securities, shall; and

(B) upon receipt of a Favorable Opinion and with the written consent of an Authorized Officer, may

change Interest Payment Dates to or from semi-annual payments on February 15 and August 15 of each year or to or from Interest Payment Dates specified in the notice described below corresponding to the end of each Interest Period and Auction Period; any such change shall be considered a "change in the length of one or more Auction Periods" for the purposes of this First Supplemental Resolution. The Authorized Officer of the Authority shall not consent to such change in the length of the Auction Period, if such consent is required above, unless he or she shall have received from the Market Agent not less than three days nor more than 20 days prior to the effective date of such change a written request for consent together with a certificate demonstrating the need for change in reliance on such factors. The Market Agent shall initiate the change in the length of one or more Auction Periods by giving written notice to the Trustee, the Auction Agent, the Authority and the Depository in substantially the form of, or contain substantially the information contained in, Exhibit E to this First Supplemental Resolution at least 10 days prior to the Auction Date for such Auction Period.

(ii) Any such changed Auction Period shall not be less than 21 days nor more than 270 days. If any such changed Auction Period will be less than 28 days, the notice described above will be effective only if it is accompanied by a written statement of the Trustee, the Auction Agent and the Depository to the effect that they are capable of performing their duties, if any, under this First Supplemental Resolution, the Auction Agency Agreement and any Broker-Dealer Agreement with respect to such changed Auction Period.

(iii) The change in the length of one or more Auction Periods shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this Section 1.22(a) and the Auction immediately preceding the proposed change.

(iv) The change in length of one or more Auction Periods shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 A.M. on the Business Day

before the Auction Date for the first such Auction Period, a certificate from the Market Agent in substantially the form attached as, or containing substantially the same information contained in, Exhibit F to this First Supplemental Resolution, authorizing the change in the length of one or more Auction Periods specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. If the condition referred to in (A) above is not met, the applicable ARCs Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Applicable ARCs Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be the Auction Period determined without reference to the proposed change.

(b) Changes in the Auction Date. While any of the Series A or Series B Bonds are outstanding as ARCs, the Market Agent:

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

(ii) 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 the interest rate borne on the ARCs and upon receipt of a Favorable Opinion and with the written consent of an Authorized Officer 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" in Section 1.1 of this Schedule A with respect to one or more specified Auction Periods. The Authorized Officer of the Authority shall not consent to such change in the Auction Date, if such consent is required in subparagraph (b)(ii) above, unless he or she shall have received from the Market Agent not less than three days nor more than 20 days prior to the effective date of such change a written request for consent together within a certificate demonstrating the need for change in reliance on such factors. The Market Agent shall provide notice of any determination to specify an earlier Auction Date for one or more Action Periods by means of a written notice delivered at least 10 days prior to the proposed changed Auction Date to the Trustee, the Auction Agent, the Authority and the Depository. Such notice shall be substantially in the form of, or contain substantially the information contained in, Exhibit G to this First Supplemental Resolution.

(c) Any change described in this Section 1.22 may be made with respect to the ARCs designated as Series 1995A Bonds or the ARCs designated as Series 1995B Bonds or both such Series (but in each case separate notices shall be prepared and delivered as provided above and, with respect to changes in the length of Auction Periods, the conditions specified in this Section 1.22(a)(iv) shall be applied to each Series separately).

(d) In connection with any change described in this Section 1.22, the Auction Agent shall provide such further notice to such parties as is specified in Section 2.5 of the Auction Agency Agreement.

(e) No change shall be made to the Auction Period or Auction Date unless the Authority shall have received confirmation from the Rating Agency that the rating on any of the Bonds will not be adversely affected.

Section 1.23. *Credit Ratings.* The Authority shall take all reasonable action necessary to enable at least one nationally recognized statistical rating organization (as that term is used in the rules and regulations of the SEC under the Securities Exchange Act) to provide credit ratings for the ARCs.

Section 1.24. *Notices.*

(a) The Market Agent shall provide the Trustee and, so long as no default under the Resolution has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, the Auction Agent with notice of any change in the Statutory Corporate Tax Rate or the Statutory Personal Tax Rate.

(b) The Authority shall use its best efforts to provide the Trustee and, so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, the Auction Agent with notice of any change in the Maximum Interest Rate.

Section 1.25. *Purchases of ARCs.* The Authority shall not purchase or otherwise acquire ARCs unless the Authority redeems or otherwise cancels such ARCs on the day of any purchase.

Section 1.26. *Notice of Payment Default.*

(a) If the Authority determines that a Payment Default has occurred the Authority shall promptly notify the Trustee thereof.

(b) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, upon the occurrence of a Payment Default the Trustee shall immediately send a notice thereof to the Auction Agent and Market Agent by telecopy or similar means.

(c) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, the Trustee shall immediately send notice to the Auction Agent by telecopy or similar means if a Payment Default is cured.

EXHIBIT B

(FORM OF ARCS SERIES A AND B BOND)

MISSOURI HIGHER EDUCATION LOAN AUTHORITY
STUDENT LOAN REVENUE BOND
SERIES [1995A][1995B]

No. _____

<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Dated</u> <u>Date</u>	<u>CUSIP</u>
Variable	February 15, 2025	May 4, 1995	

Registered Owner:

Principal Amount

Dollars

Missouri Higher Education Loan Authority (the "Authority") a public instrumentality and body corporate and politic of the State of Missouri, for value received, hereby promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner specified above, or registered assigns, the Principal Amount shown above in lawful money of the United States of America on the Date of Maturity shown above, unless prepaid prior thereto with interest thereon from the interest payment date next preceding the date of authentication hereof, unless such date of authentication is prior to the first interest payment date, in which case this Bond shall bear interest from the Dated Date specified above or unless such date of authentication is an interest payment date, in which case this Bond shall bear interest from such interest payment date; provided, however, that if as shown by the records of the Trustee (defined herein) interest on the Series [A][B] Bonds (defined herein) shall be in default, Series [A][B] Bonds issued in lieu of such Series [A][B] Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the Series [A][B] Bonds surrendered until payment of the principal hereof has been made or duly provided for. Principal of this Bond is payable upon the presentation and surrender hereof at the principal corporate trust office of Mercantile Bank of St. Louis N.A., St. Louis, Missouri, as trustee (the "Trustee"). Interest on this Bond is payable to the Registered Owner of record as of the close of business on the applicable record date as shown on the registration books of the Authority maintained by the Trustee in its capacity as bond registrar, or its successor in such capacity, by check or draft mailed to the registered owner at the registered address.

Any capitalized words and terms used as defined words and terms in this bond and not otherwise defined herein shall have the meanings given them in the Resolution (hereinafter defined).

This bond shall initially bear interest at the rate of interest per annum established by the Broker-Dealer for the initial Auction Period pursuant to the Broker-Dealer Agreement, written notice of which shall be given to the Trustee. For each Auction Period thereafter, until the Fixed Rate Conversion Date, if any, respecting conversion of the Auction Rate on this bond to a Fixed Rate, the unpaid principal amount hereof from time to time outstanding shall bear interest at the Auction Rate determined in accordance with the provisions of Schedule A of the First Supplemental Resolution, payable on each Interest Payment Date and on the date of payment or redemption of principal hereof to the extent of interest accrued on the principal then being paid or redeemed, such interest to accrue from the later of the date hereof or the date through which interest has been paid or duly provided for. Interest at the Auction Rate established from time to time pursuant to Schedule A of the First Supplemental Resolution shall be computed for the actual number of days elapsed on the basis of a year consisting of 365 or 366 days, as applicable.

Until the Fixed Rate Conversion Date, this bond shall bear interest at an Auction Rate based on an Auction Period that shall, until adjusted pursuant to Schedule A of the First Supplemental Resolution, generally consist of 35 days, all as determined in Schedule A of the First Supplemental Resolution.

In no event shall the Auction Rate on this bond exceed 14% per annum.

The Auction Period, the Auction Rate, the method of determining the Auction Rate on this bond and the Auction Procedures related thereto, a change in the Auction Date and the Interest Payment Dates will be determined in accordance with the terms, conditions and provisions of, including, without limitation, required notices thereof to the Existing Holders of the Series [A][B] Bonds, the Resolution and the Auction Agency Agreement, to which terms, conditions and provisions specific reference is hereby made, and all of which terms, conditions and provisions are hereby specifically incorporated herein by reference.

The rate of interest on this Bond may, at the option of the Authority, be established at a Fixed Rate on any Fixed Rate Conversion Date in accordance with the procedures set forth in Schedule A to the First Supplemental Resolution. The Trustee shall give notice to the Existing Holders of this bond at least 15 days before the Fixed Rate Conversion Date.

This Bond shall be subject to mandatory tender to the Trustee, as appropriate, for purchase pursuant to Schedule A to the First Supplemental Resolution prior to maturity on the Fixed Rate Conversion Date applicable to this bond (each a "Mandatory Tender Date") at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to such Mandatory Tender Date, as applicable.

In connection with any mandatory tender for purchase of this bond upon a Mandatory Tender Date pursuant to the Resolution, the Trustee shall include in the notice mailed to the Holders of this bond further notice of mandatory tender for purchase which in substance shall state, among other things, that the Registered Owner of this bond has no right to retain this bond on and after the Mandatory Tender Date, but that such Registered Owner shall be required to tender or be deemed to have tendered this bond for payment on the Mandatory Tender Date.

If on such Mandatory Tender Date for which there has been irrevocably deposited with the Trustee amounts sufficient to pay the purchase price of this bond, this bond shall be deemed to have been tendered in accordance with the provisions of Schedule A of the First Supplemental Resolution. The Registered Owner of this Bond, whether or not delivered to the Trustee, shall not be entitled to any payment (including any interest to accrue on and subsequent to the Mandatory Tender Date) other than the purchase price for this bond, and this bond shall no longer be entitled to the benefits of the Resolution, except for the purpose of payment of the purchase price therefor.

This Bond is one of a duly authorized series of revenue bonds of the Authority designated Student Loan Revenue Bonds, [Series 1995A (the "Series A Bonds")] [Series 1995B (the "Series B Bonds")], limited in aggregate principal amount to [\$20,000,000] [\$55,000,000] issued pursuant to the Twelfth General Student Loan Program Resolution adopted May 1, 1995 (the "General Resolution"), as amended by a First Supplemental Resolution adopted May 1, 1995 (the "First Supplemental Resolution" and, together with the General Resolution, the "Resolution"). Concurrently with the issuance of the Series [A][B] Bonds, the Authority is issuing, also under the First Supplemental Resolution [\$20,000,000 of its Student Loan Revenue Bonds, Series 1995A (the "Series A Bonds")] [\$55,000,000 of its Student Loan Revenue Bonds, Series 1995B (the "Series B Bonds")].

This Bond is a limited obligation of the Authority, payable solely from the principal and interest on Loans financed pursuant to the Resolution, any guaranty payments thereon received by the Authority, payments received by the Authority from the United States Government on account of any such Loans, and certain other revenues and earnings to be held pursuant to the Resolution, all in an amount and in the manner provided in the Resolution. Additional Bonds and other obligations may be issued or entered into under the Resolution the right to payment of which is equal with the Series [A][B] Bonds. Any additional Bonds together with the Series A Bonds and Series B Bonds are referred to herein as "Bonds". Reference is made to the Resolution for a complete statement of the terms and conditions upon which the Series [A][B] Bonds have been issued and provisions made for their security and for the rights, duties and obligations of the Authority, the Trustee and the owners of the Series [A][B] Bonds.

Municipal Bond Insurance Policy No. 11410BE (the "Policy") with respect to payments due for principal of and interest on this Series [A][B] Bond has been issued by AMBAC Indemnity Corporation ("Bond Insurer"). The Policy has been delivered to the United States Trust Company of New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Bond Insurer or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Series [A][B] Bond acknowledges and consents to the subrogation rights of Bond Insurer as more fully set forth in the Policy.

The Resolution pledges for the payment of the Bonds the student loans identified in the Resolution (the "Loans") and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds and accounts of the Authority set forth in the Resolution, including a Debt Service Reserve Fund (collectively, the "Trust Estate").

Reference is hereby made to the Resolution for the provisions, among other things, with respect to the nature and extent of the Trust Estate securing payment of the Series [A][B] Bonds, the manner of enforcement of such security, the custody and application of the proceeds of such Bonds, the terms and conditions upon which such Bonds are issued, the rights, duties and obligations of the Authority and the Trustee, and the rights and priorities of the holders of such Bonds. Copies of the Resolution are on file in the office of the Authority and at the principal corporate trust office of the Trustee. To the extent and in the manner permitted by its terms, the Resolution may be amended by the Authority in certain instances without consent of the Bondholders, and in certain circumstances with the consent of the holders of at least 51% in principal amount of the Bonds Outstanding thereunder.

Reference is made to the Resolution for a description of the rights of the owners of the Series [A][B] Bonds; the rights and obligations of the Authority; the rights, duties and obligations of the Trustee, and the Trustee in its capacity as Paying Agent and Registrar, or its successor in such capacity and the provisions relating to amendments and modifications thereof. The acceptance of the terms and conditions of such documents (including amplifications and qualifications of the provisions hereof), copies of which are on file at the corporate trust office of the Trustee, is an explicit and material part of the consideration of the Authority's issuance hereof and each owner hereof by acceptance of this Bond accepts and assents to all such terms and conditions as if fully set forth herein.

OPTIONAL REDEMPTION

The Series [A][B] Bonds bearing interest at an Auction Rate shall be subject to redemption prior to maturity at the option of the Authority from any source of funds in whole or in part on any date at a redemption price equal to 100% of the principal amount of such Bonds or portions thereof redeemed, together with accrued interest thereon to the date of redemption.

EXTRAORDINARY REDEMPTION FROM EXCESS REVENUES AND RECOVERIES OF PRINCIPAL

At the option of the Authority, the Series [A][B] Bonds are subject to redemption prior to maturity, in whole or in part, at any time, upon notice as hereinafter provided without premium, at a redemption price equal to 100% of the principal amount of such Bonds or portions thereof redeemed, together with accrued interest thereon to the date of redemption, from excess Revenues or Recoveries of Principal (each as defined in the Resolution and other than from the voluntary sale of Loans) which the Authority determines will not be applied to finance Loans. Loans may be sold and the proceeds applied for allowable purposes if, in the opinion of the Authority, such sale and application is likely to prevent the occurrence of an Event of Default. In such circumstances, the sale of Loans is not deemed to be voluntary.

EXTRAORDINARY REDEMPTION FROM UNEXPENDED PROCEEDS

The Series [A][B] Bonds are subject to redemption prior to maturity at the option of the Authority in whole or in part, at any time, at the principal amount thereof plus accrued interest to the redemption date, without premium, to the extent that unexpended Series [A][B] Bond proceeds are not expected to be applied to finance the acquisition of Eligible Loans within the Acquisition Period, as defined in the First Supplemental Resolution.

EXTRAORDINARY REDEMPTION UPON CERTAIN EVENTS

The Series [A][B] Bonds shall be subject to redemption in whole or in part at any time upon the direction of the Authority and notice to the Trustee at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption if (i) the Authority shall suffer unreasonable burdens or excessive liabilities in connection with the operation of its Loan Purchase Program to the extent financed with proceeds of Bonds, including without limitation, material increases in the cost of maintaining or obtaining any liquidity facility pursuant to the terms thereof or (ii) the redemption of Bonds shall be required or necessary under applicable law or regulations of the United States Secretary of Education to enable the Authority to continue to receive Special Allowance Payments on Loans at the levels in effect at the time the Series [A][B] Bonds were issued.

REDEMPTION NOTICE AND EFFECT OF REDEMPTION OR ACCELERATION

Notice of redemption is to be given by mail not less than ten (10) days prior to the date fixed for redemption to the registered owner of each Series [A][B] Bond to be redeemed at the address of the registered owner, as shown on the registration books of the Authority maintained by the Trustee as Registrar. The notice of redemption of Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed, a new Bond or Bonds in the same aggregate principal amount equal to the unredeemed portion of the Bond surrendered, shall be issued to the registered owner thereof with the same interest rate, Series and maturity. Failure to give such notice to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the Resolution, this Bond if so called for redemption, shall become due and payable at the stated redemption price and to the extent moneys are available therefor, interest shall cease to accrue on this Bond and this Bond shall no longer be entitled to any benefit or security under the Resolution. Bonds to be redeemed in part shall be selected by lot.

Upon any declaration of acceleration after an Event of Default under the Resolution, the Trustee shall give notice of such declaration to registered owners of Series [A][B] Bonds and if funds in an amount sufficient to pay the principal of and interest on such Bonds have been deposited with the Trustee, interest shall cease to accrue on such Bonds.

No recourse shall be had for the payment of principal or redemption price of, or interest on, this Bond, or for any claim based hereon or on the Resolution, against any member, officer or employee, past, present or future, of the Authority or of any successor body, as such

successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

The Series [A][B] Bonds bearing interest at an Auction Rate are issuable as registered bonds in the denomination of \$50,000 or any integral multiple thereof. Subject to the limitations provided in the Resolution and upon payment of any tax or governmental charge, Series [A][B] Bonds may be exchanged for a like aggregate principal amount of Series [A][B] Bonds of other authorized denominations.

The owner of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution. If an Event of Default under the Resolution occurs, the principal of all Bonds then Outstanding issued under the Resolution may be declared due and payable upon the conditions and in the manner and with the effect provided in the Resolution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding obligation of the Authority according to its terms have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

The Authority and the Trustee may deem and treat the person in whose name this Bond is registered upon the registration books as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment of or on account of the principal or interest and for all other purposes, and all such payments so made to the registered owner or upon such owner's order shall be valid and effectual to satisfy and discharge the liability on this Bond to the extent of the sum or sums so paid, and neither the Authority nor Trustee nor any Registrar shall be affected by any notice to the contrary.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Trustee.

IN WITNESS WHEREOF, the Missouri Higher Education Loan Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairman and a facsimile of its seal to be hereto imprinted, and to be signed and attested with the manual or facsimile signature of its Assistant Secretary.

MISSOURI HIGHER EDUCATION LOAN AUTHORITY

(FACSIMILE SEAL)

By: _____

Attest

Assistant Secretary

TRUSTEE'S CERTIFICATE
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series [A][B] Bonds of the series so designated and described in the provisions of the within-mentioned Resolution.

Date of Authentication:

_____,
_____, Trustee

By _____
Authorized Officer

ASSIGNMENT

For Value Received _____ hereby sell(s), assign(s) and transfer(s) unto

(Please print or type an address
including postal zip code of transferee)

(Social Security number
of transferee)

the within Bond, together with accrued interest thereon and all right, title and interest thereto, and hereby irrevocably authorize(s) and appoint(s) _____ attorney to transfer said Bond on the books of the within named Authority with full power of substitution in the premises.

Dated _____ L.S.

Guaranteed by:

EXHIBIT C

**(FORM OF SERIES A AND B BOND
FOLLOWING FIXED RATE CONVERSION)**

**MISSOURI HIGHER EDUCATION LOAN AUTHORITY
STUDENT LOAN REVENUE BOND
SERIES [1995A][1995B]**

No. _____

<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Dated</u> <u>Date</u>	<u>CUSIP</u>
	February 15, 2025	_____, ____	

Registered Owner:

Principal Amount _____ Dollars

Missouri Higher Education Loan Authority (the "Authority") a public instrumentality and body corporate and politic of the State of Missouri, for value received, hereby promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner specified above, or registered assigns, the Principal Amount shown above in lawful money of the United States of America on the Date of Maturity shown above, unless prepaid prior thereto with interest thereon from the interest payment date next preceding the date of authentication hereof, unless such date of authentication is prior to the first interest payment date, in which case this Bond shall bear interest from the Dated Date specified above or unless such date of authentication is an interest payment date, in which case this Bond shall bear interest from such interest payment date; provided, however, that if as shown by the records of the Trustee (defined herein) interest on the Series [A][B] Bonds (defined herein) shall be in default, Series [A][B] Bonds issued in lieu of such Series [A][B] Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the Series [A][B] Bonds surrendered at the Interest Rate per annum specified above, payable on February 15 and August 15 (each an "Interest Payment Date") of each year commencing _____, until payment of the principal hereof has been made or duly provided for. Principal of this Bond is payable upon the presentation and surrender hereof at the principal corporate trust office of Mercantile Bank of St. Louis N.A., St. Louis, Missouri, as trustee (the "Trustee"). Interest on this Bond is payable to the Registered Owner of record as of the close of business on the last day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by the Trustee in its capacity as bond registrar, or its successor in such capacity, by check or draft mailed to the registered owner at the registered address. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Any capitalized words and terms used as defined words and terms in this bond and not otherwise defined herein shall have the meanings given them in the Resolution (hereinafter defined).

This Bond is one of a duly authorized series of revenue bonds of the Authority designated Student Loan Revenue Bonds, [Series 1995A (the "Series A Bonds")] [Series 1995B (the "Series B Bonds")], limited in aggregate principal amount to [\$20,000,000] [\$55,000,000] issued pursuant to the Twelfth General Student Loan Program Resolution adopted May 1, 1995 (the "General Resolution"), as amended by a First Supplemental Resolution adopted May 1, 1995 (the "First Supplemental Resolution" and, together with the General Resolution, the "Resolution"). Concurrently with the issuance of the Series [A][B] Bonds, the Authority is issuing, also under the First Supplemental Resolution [\$20,000,000 of its Student Loan Revenue Bonds, Series 1995A (the "Series A Bonds")] [\$55,000,000 of its Student Loan Revenue Bonds, Series 1995B (the "Series B Bonds")].

This Bond is a limited obligation of the Authority, payable solely from the principal and interest on Loans financed pursuant to the Resolution, any guaranty payments thereon received by the Authority, payments received by the Authority from the United States Government on account of any such Loans, and certain other revenues and earnings to be held pursuant to the Resolution, all in an amount and in the manner provided in the Resolution. Additional Bonds and other obligations may be issued or entered into under the Resolution the right to payment of which is equal with the Series [A][B] Bonds. Any additional Bonds together with the Series A Bonds and Series B Bonds are referred to herein as "Bonds". Reference is made to the Resolution for a complete statement of the terms and conditions upon which the Series [A][B] Bonds have been issued and provisions made for their security and for the rights, duties and obligations of the Authority, the Trustee and the owners of the Series [A][B] Bonds.

Municipal Bond Insurance Policy No. 11410BE (the "Policy") with respect to payments due for principal of and interest on this Series [A][B] Bond has been issued by AMBAC Indemnity Corporation ("Bond Insurer"). The Policy has been delivered to the United States Trust Company of New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Bond Insurer or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Series [A][B] Bond acknowledges and consents to the subrogation rights of Bond Insurer as more fully set forth in the Policy.

The Resolution pledges for the payment of the Bonds the student loans identified in the Resolution (the "Loans") and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds and accounts of the Authority set forth in the Resolution, including a Debt Service Reserve Fund (collectively, the "Trust Estate").

Reference is hereby made to the Resolution for the provisions, among other things, with respect to the nature and extent of the Trust Estate securing payment of the Series [A][B] Bonds, the manner of enforcement of such security, the custody and application of the proceeds of such Bonds, the terms and conditions upon which such Bonds are issued, the rights, duties and

obligations of the Authority and the Trustee, and the rights and priorities of the holders of such Bonds. Copies of the Resolution are on file in the office of the Authority and at the principal corporate trust office of the Trustee. To the extent and in the manner permitted by its terms, the Resolution may be amended by the Authority in certain instances without consent of the Bondholders, and in certain circumstances with the consent of the holders of at least 51 % in principal amount of the Bonds Outstanding thereunder.

Reference is made to the Resolution for a description of the rights of the owners of the Series [A][B] Bonds; the rights and obligations of the Authority; the rights, duties and obligations of the Trustee, and the Trustee in its capacity as Paying Agent and Registrar, or its successor in such capacity and the provisions relating to amendments and modifications thereof. The acceptance of the terms and conditions of such documents (including amplifications and qualifications of the provisions hereof), copies of which are on file at the corporate trust office of the Trustee, is an explicit and material part of the consideration of the Authority's issuance hereof and each owner hereof by acceptance of this Bond accepts and assents to all such terms and conditions as if fully set forth herein.

OPTIONAL REDEMPTION

The Series [A][B] Bonds are subject to redemption prior to maturity at the option of the Authority on or after the first February 15 or August 15 which is at least 10 years after the Fixed Rate Conversion Date of such Series [A][B] Bonds, from any source of funds in whole or in part on any date at the following redemption prices (expressed as a percentage of the principal amount of such Bonds or portions thereof redeemed), together with accrued interest thereon to the date of redemption.

<u>Redemption Period</u>	<u>Redemption Prices</u>
Initial redemption date through the day preceding the same date in the following calendar year	102 %
Same date in the following calendar year through the day preceding the same date in the second following calendar year	101 %
Same date in the second following calendar year and thereafter	100 %

EXTRAORDINARY REDEMPTION FROM EXCESS REVENUES AND RECOVERIES OF PRINCIPAL

At the option of the Authority, the Series [A][B] Bonds are subject to redemption prior to maturity, in whole or in part, at any time, upon notice as hereinafter provided without premium, at a redemption price equal to 100% of the principal amount of such Bonds or portions thereof redeemed, together with accrued interest thereon to the date of redemption, from excess Revenues or Recoveries of Principal (each as defined in the Resolution and other than from the voluntary sale of Loans) which the Authority determines will not be applied to

finance Loans. Loans may be sold and the proceeds applied for allowable purposes if, in the opinion of the Authority, such sale and application is likely to prevent the occurrence of an Event of Default. In such circumstances, the sale of Loans is not deemed to be voluntary.

EXTRAORDINARY REDEMPTION FROM UNEXPENDED PROCEEDS

The Series [A][B] Bonds are subject to redemption prior to maturity at the option of the Authority in whole or in part, at any time, at the principal amount thereof plus accrued interest to the redemption date, without premium, to the extent that unexpended Series [A][B] Bond proceeds are not expected to be applied to finance the acquisition of Eligible Loans within the Acquisition Period, as defined in the First Supplemental Resolution.

EXTRAORDINARY REDEMPTION UPON CERTAIN EVENTS

The Series [A][B] Bonds shall be subject to redemption in whole or in part at any time upon the direction of the Authority and notice to the Trustee at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption if (i) the Authority shall suffer unreasonable burdens or excessive liabilities in connection with the operation of its Loan Purchase Program to the extent financed with proceeds of Bonds, including without limitation, material increases in the cost of maintaining or obtaining any liquidity facility pursuant to the terms thereof or (ii) the redemption of Bonds shall be required or necessary under applicable law or regulations of the United States Secretary of Education to enable the Authority to continue to receive Special Allowance Payments on Loans at the levels in effect at the time the Series [A][B] Bonds were issued.

REDEMPTION NOTICE AND EFFECT OF REDEMPTION OR ACCELERATION

Notice of redemption is to be given by mail not less than thirty (30) days prior to the date fixed for redemption to the registered owner of each Series [A][B] Bond to be redeemed at the address of the registered owner, as shown on the registration books of the Authority maintained by the Trustee as Registrar. The notice of redemption of Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed, a new Bond or Bonds in the same aggregate principal amount equal to the unredeemed portion of the Bond surrendered, shall be issued to the registered owner thereof with the same interest rate, Series and maturity. Failure to give such notice to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the Resolution, this Bond if so called for redemption, shall become due and payable at the stated redemption price and to the extent moneys are available therefor, interest shall cease to accrue on this Bond and this Bond shall no longer be entitled to any benefit or security under the Resolution. Bonds to be redeemed in part shall be selected by lot.

Upon any declaration of acceleration after an Event of Default under the Resolution, the Trustee shall give notice of such declaration to registered owners of Series [A][B] Bonds and if funds in an amount sufficient to pay the principal of and interest on such Bonds have been deposited with the Trustee, interest shall cease to accrue on such Bonds.

No recourse shall be had for the payment of principal or redemption price of, or interest on, this Bond, or for any claim based hereon or on the Resolution, against any member, officer or employee, past, present or future, of the Authority or of any successor body, as such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

The Series [A][B] Bonds are issuable as registered bonds in the denomination of \$5,000 or any integral multiple thereof. Subject to the limitations provided in the Resolution and upon payment of any tax or governmental charge, Series [A][B] Bonds may be exchanged for a like aggregate principal amount of Series [A][B] Bonds of other authorized denominations.

The owner of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution. If an Event of Default under the Resolution occurs, the principal of all Bonds then Outstanding issued under the Resolution may be declared due and payable upon the conditions and in the manner and with the effect provided in the Resolution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding obligation of the Authority according to its terms have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

The Authority and the Trustee may deem and treat the person in whose name this Bond is registered upon the registration books as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment of or on account of the principal or interest and for all other purposes, and all such payments so made to the registered owner or upon such owner's order shall be valid and effectual to satisfy and discharge the liability on this Bond to the extent of the sum or sums so paid, and neither the Authority nor Trustee nor any Registrar shall be affected by any notice to the contrary.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Trustee.

IN WITNESS WHEREOF, the Missouri Higher Education Loan Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairman and a facsimile of its seal to be hereto imprinted, and to be signed and attested with the manual or facsimile signature of its Assistant Secretary.

MISSOURI HIGHER EDUCATION LOAN AUTHORITY

(FACSIMILE SEAL)

By: _____

Attest

Assistant Secretary

TRUSTEE'S CERTIFICATE
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series [A][B] Bonds of the series so designated and described in the provisions of the within-mentioned Resolution.

Date of Authentication:

_____,
_____, Trustee

By _____
Authorized Officer

ASSIGNMENT

For Value Received _____ hereby sell(s), assign(s) and transfer(s) unto

(Please print or type an address
including postal zip code of transferee)

(Social Security number
of transferee)

the within Bond, together with accrued interest thereon and all right, title and interest thereto, and hereby irrevocably authorize(s) and appoint(s) _____ attorney to transfer said Bond on the books of the within named Authority with full power of substitution in the premises.

Dated _____ L.S.

Guaranteed by:

EXHIBIT D

FORM OF NOTICE OF CHANGE IN PERCENTAGES

MISSOURI HIGHER EDUCATION LOAN AUTHORITY

**[\$20,000,000] [\$55,000,000]
STUDENT LOAN REVENUE BONDS
SERIES 1995[A][B]**

NOTICE OF CHANGE IN PERCENTAGES

(Used in Determination of the Maximum Rate,
the All Hold Rate and the Index for the Default Rate)

NOTICE IS HEREBY GIVEN that _____, as Market Agent for the above-identified Bonds, hereby authorizes the adjustment in the percentages used to determine the Maximum Rate, the All Hold Rate and the index for the Default Rate to reflect a Change in Preference Law as set forth in its notice dated _____.

Included herewith is a copy of a Favorable Opinion of Bond Counsel to the effect that the adjustment in the percentages is authorized by Section 1.12 of Schedule A to the First Supplemental Resolution and will not have an adverse effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Dated: _____

By _____

EXHIBIT E

FORM OF NOTICE OF CHANGE IN LENGTH OF ONE OR MORE AUCTION PERIODS

MISSOURI HIGHER EDUCATION LOAN AUTHORITY

**[\$20,000,000] [\$55,000,000]
STUDENT LOAN REVENUE BONDS
SERIES 1995[A][B]**

NOTICE OF PROPOSED CHANGE IN LENGTH OF ONE OR MORE AUCTION PERIODS

Notice is hereby given that _____, as Market Agent for the captioned Bonds, proposes to change the length of one or more Auction Periods pursuant to the First Supplemental Resolution therefor as follows:

(a) The change shall take effect on _____, _____, the date of commencement of the next Auction Period (the "Effective Date").

(b) The change in length of one or more Auction Periods described in Paragraph 1 above shall take place only if (A) the Trustee and Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the Auction Period commencing on the Effective Date, a certificate from the Market Agent, as required by the First Supplemental Resolution authorizing the change in length of one or more Auction Periods (B) if required by Section 1.22 of Schedule A to the First Supplemental Resolution, the Market Agent shall have received a Favorable Opinion of Bond Counsel to the effect that the change in Auction Periods is authorized by Section 1.22 of Schedule A to the First Supplemental Resolution and will not have an adverse effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes and (C) Sufficient Clearing Bids exist on the Auction Date for the Auction Period commencing on the Effective Date.

(c) If the conditions referred to in (A) and (B) above are not met, the Applicable ARCs Rate for the Auction Period commencing on the Effective Date will be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the conditions referred to in (A) and (B) above are met but the condition referred to in (C) above is not met, the Applicable ARCs for the Auction Period commencing on the Effective Date shall be the Maximum Rate and the Auction Period shall be the Auction Period determined without reference to the proposed change.

(d) It is hereby represented, upon advice of the Auction Agent for the Bonds described herein, that there were Sufficient Clearing Bids for such Bonds at the Auction immediately preceding the date of this Notice.

(e) Terms not defined in this Notice shall have the meanings set forth in the Resolution authorizing the captioned Bonds.

Dated: _____

By _____

EXHIBIT F

FORM OF NOTICE ESTABLISHING CHANGE IN LENGTH
OF ONE OR MORE AUCTION PERIODS

MISSOURI HIGHER EDUCATION LOAN AUTHORITY

[\$20,000,000] [\$55,000,000]
STUDENT LOAN REVENUE BONDS
SERIES 1995[A][B]

NOTICE ESTABLISHING CHANGE IN LENGTH
OF ONE OR MORE AUCTION PERIODS

Notice is hereby given that _____, as Market Agent for the captioned Bonds, hereby establishes new lengths for one or more Auction Periods pursuant to the First Supplemental Resolution therefor as follows:

1. The change shall take effect on _____, _____, the date of commencement of the next Auction Period (the "Effective Date").

2. Interest Payment Dates shall be (or, if applicable, remain) each February 15 and August 15 after the date of this Notice. For the Auction Period commencing on the Effective Date, the Interest Period (and Auction Period) shall be the period commencing on the Effective Date through and including _____, _____ (date). For Auction Periods occurring after the Auction Period commencing on the Effective Date, the Interest Period (and Auction Period) shall be the period commencing on _____, _____ (date) through and including _____, _____ (date) and each _____ (number of days) day period thereafter commencing on a _____ (day of week) and ending on (and including) a _____ (day of week); provided, however, that the length of subsequent Auction Periods shall be subject to further change hereafter as provided in Section 1.22 of Schedule A to the First Supplemental Resolution.

3. The changes described above shall take place only upon delivery of this Notice and the satisfaction of other conditions set forth in the First Supplemental Resolution and our prior notice dated _____ regarding the proposed change.

4. Terms not defined in this Notice shall have the meanings set forth in the Resolution relating to the captioned Bonds.

Dated: _____

By _____

EXHIBIT G

FORM OF NOTICE OF CHANGE IN AUCTION DATE

MISSOURI HIGHER EDUCATION LOAN AUTHORITY

**[\$20,000,000] [\$55,000,000]
STUDENT LOAN REVENUE BONDS
SERIES 1995[A][B]**

NOTICE OF CHANGE IN AUCTION DATE

Notice is hereby given that _____, as Market Agent for the captioned Bonds, that the Auction Date is hereby changed as follows:

1. The definition of "Auction Date" shall be deemed amended by substituting " (number) Business Day" in the third line thereof and by substituting " (number) Business Days" for "two Business Days" in the first line of the definition of "Applicable Number of Business Days."

2. This change shall take effect on _____ which shall be the Auction Date for the Auction Period commencing on _____.

3. The Auction Date for the Bonds shall be subject to further change hereafter as provided in the First Supplemental Resolution.

4. Terms not defined in this Notice shall have the meanings set forth in the First Supplemental Resolution relating to the Bonds.

_____, as Market Agent

Dated: _____

By _____

