

## MINUTES

### HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

March 22, 2023

The Higher Education Student Assistance Authority (HESAA) Board held a remote teleconference meeting on March 22, 2023 at 10:00 am via Zoom.

**PRESENT:** HESAA Board Members: Dr. Brian Bridges, Secretary of Higher Education; Ms. Isabella Berdugo-Hernandez; Ms. Nicolette Carpenter; Ms. Beatrice Daggett; Dr. Jon Larson; Ms. Shernelle Pringle; Mr. Scott Salmon; Mr. David Socolow; Mr. Robert Tighue, Treasurer's Designee; Dr. Nelson Turcios; Ms. Christy Van Horn, Chair; and Mr. Byron Ward.

**ABSENT:** Ms. Jean McDonald Rash.

#### CALL TO ORDER

Christy Van Horn called the meeting to order at 10:01 am. David Socolow stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Ms. Van Horn welcomed the Board members and advised that since this meeting is being held remotely, Roseann Sorrentino would conduct a roll call for the resolutions.

Ms. Van Horn welcomed Janice Venables, Associate Counsel from the Governor's Authorities Unit; and Erin Herlihy, Deputy Attorney General from the New Jersey Division of Law.

Ms. Van Horn asked Ms. Sorrentino to call the roll.

#### **RESOLUTION 03:23 AUTHORIZING THE ISSUANCE AND SALE OF ADDITIONAL SERIES OF SENIOR STUDENT LOAN REVENUE AND REFUNDING BONDS AND SUBORDINATE OBLIGATIONS AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, PRELIMINARY OFFICIAL STATEMENT, FINAL OFFICIAL STATEMENT, CONTINUING DISCLOSURE AGREEMENT, ACKNOWLEDGEMENT OF SERVICING, BOND PURCHASE AGREEMENT, AND OTHER MATTERS IN CONNECTION THEREWITH AND ACKNOWLEDGING A CHANGE IN LOAN RATES FOR 2023 NJCLASS LOANS**

Jerry Traino presented Resolution 03:23 to the Board.

Good morning and thank you all for your special attention to resolution 03:23 addressing the Series 2023 Bond Issue and related documents that are before you. This resolution authorizes the sale of Series 2023 Bonds in an amount not to exceed \$350 million. The Series 2023 Bonds will be issued under a supplemental indenture to the 2021 Master Indenture.

Consistent with prior offerings by HESAA, the Series 2023 Bonds will consist of Senior Series Refunding Bonds, Senior Series Bonds, and Subordinate Series Bonds.

The Series 2023 Bond proceeds will be used to finance HESAA's NJCLASS program for the 2023-2024 academic year, to provide funds for the NJCLASS Standard, Consolidation, and Refinance loans; to refund all Series 2012-1 and Series 2013-1 Student Loan Revenue Bonds that were originally issued under the 2012-1 Indenture; and to make deposits into the Series 2023 Debt Service Reserve Fund.

Upon the refunding of the series 2012-1 and 2013-1 Bonds, some of the outstanding 2012 and 2013 loans that were originally issued using the proceeds of those bonds will be transferred to the 2021 Master Indenture and pledged as security for the Series 2023 Bonds.

As noted in the memorandum sent to the Board members on March 15th, HESAA anticipates net equity derived from the refunding of the 2012 and 2013 bonds will be used as additional collateral to secure the Series 2023 Bonds and will be sufficient to pay the costs of issuance. No additional equity will need to be contributed by HESAA.

As in prior years, the NJCLASS program will utilize bond proceeds to finance standard NJCLASS Loans with its three repayment options – the 10-year Option 1 with immediate principal and interest repayments; the 15-year Option 2 with interest-only repayments while the student is in school; and the 20-year Option 3 which defers all payments until the student is out of school. Bond proceeds will also be used to finance the NJCLASS Consolidation Loans as well as the ReFi+ program, which allows eligible borrowers to refinance their NJCLASS loans as well as school-certified third-party education loans into either a 10-year or 15-year repayment term. Interest rates for the Refi+ loans will continue to be based on a borrower's credit score.

All NJCLASS loans originated using the Series 2023 Bond proceeds will continue to follow the credit standards adopted by HESAA in 2012. Each loan will have a fixed flat interest rate for the life of such loan.

Continuing HESAA's efforts to assist those families who suffer a material economic hardship for a period of time during the life of their loans, HESAA will again offer the Repayment Assistance Program (RAP) and Household Income Adjusted Repayment Plan (HIARP) to borrowers of Standard NJCLASS loans originated during the 2023-2024 academic year.

These programs are designed to avert defaults for those borrowers struggling to repay their loans. RAP was first offered to borrowers whose loans were originated with proceeds from the Series 2017 Bonds. HIARP was first offered to borrowers of loans originated with Series 2018 Bond proceeds. In 2021, with the Board's approval, HESAA was able to extend the RAP and HIARP benefits to all eligible loans originated prior to 2017 and 2018, and RAP and HIARP will continue to be offered to all borrowers of Standard NJCLASS loans issued under prior indentures. HESAA continues to offer all of its borrower families both short-term and longer-term repayment relief options based on their individual circumstances.

With regard to the timing of this financing, HESAA staff will continue to assess market conditions in collaboration with HESAA's underwriters and with the advice of HESAA's financial advisor.

HESAA's bond team will consider final sizing and structuring recommendations for the Series 2023 Bonds based on market conditions at the time of marketing and sale of those bonds.

As the Board will recall, last year the tax-exempt bond and US Treasury markets were experiencing significant market volatility. The market environment was marked by increasing interest rates unlike the pattern HESAA experienced in the recent past. Due to this market volatility, the Board considered the 2022 Bond Resolution earlier in the spring than in prior years.

The Board's rapid approval last year provided HESAA with the flexibility to offer its bond transaction earlier than other student loan lenders that traditionally market their bonds in May. More importantly, the Board's approval last March allowed HESAA to optimize market conditions and ultimately secure a lower cost of funds, enabling HESAA to pass these savings on to NJCLASS family borrowers through more competitive interest rates.

As we watch the continued unsettled financial markets and anticipate rising interest rates, we have once again asked the Board to provide HESAA with the flexibility to offer our bonds to investors earlier in this cycle, should market conditions dictate.

These student loan revenue bonds are being brought to market and sold to investors in a public sale. Given HESAA's long, established history we are hopeful that HESAA's bonds will again be well received, allowing HESAA to continue offering strong higher education financing options at competitive rates to New Jersey students, residents, and their families.

Available today to review with the Board the specific provisions of the Bond Resolution are Ms. Leah Sandbank and Mr. Kevin Fenstemaker, representing HESAA's bond counsel, McManimon, Scotland and Baumann.

Also available to answer any questions from Board Members is Mr. Jeff Wagner, representing our Senior Managers at RBC Capital Markets.

Additionally, Deputy Attorney General, Victoria Nelson, is available.

It is recommended that the Board approve Resolution 03:23 authorizing the sale of Series 2023 Bonds, the proceeds of which will be used to finance the NJCLASS program for the 2023-2024 academic year.

A motion to approve Resolution 03:23 was made by Dr. Jon Larson and seconded Mr. Robert Tighue.

The motion passed unanimously.

## **NEW BUSINESS**

To celebrate Dr. Larson's last meeting as a member of the HESAA Board. Chairwoman Van Horn thanked Dr. Larson for his service and participation on the HESAA Board.

Dr. Larson expressed his gratitude for the opportunity to serve on the HESAA Board for many years and thanked the Board for the privilege of serving with them.

Executive Director David Socolow presented Dr. Jon Larson with a Resolution expressing the Board's appreciation for his dedicated service to the students of New Jersey. The Board unanimously approved the Resolution by voice vote.

## **ADJOURNMENT**

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday, April 26, 2023.

A motion to adjourn was made by Dr. Brian Bridges and seconded by Ms. Beatrice Daggett. The motion passed unanimously.

The meeting adjourned at 10:19 am.

## RESOLUTION 03:23

### RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF ADDITIONAL SENIOR AND SUBORDINATE STUDENT LOAN REVENUE AND REFUNDING BONDS AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, PRELIMINARY OFFICIAL STATEMENT, FINAL OFFICIAL STATEMENT, CONTINUING DISCLOSURE AGREEMENT, ACKNOWLEDGEMENT OF SERVICING, BOND PURCHASE CONTRACT, AND OTHER MATTERS IN CONNECTION THEREWITH AND ACKNOWLEDGING A CHANGE IN LOAN RATES FOR 2022 NJCLASS LOANS

Moved: Dr. Jon Larson  
Seconded: Mr. Robert Tighue

**WHEREAS:** The Higher Education Student Assistance Authority (the "Authority") is a body corporate and politic constituting an instrumentality of the State of New Jersey (the "State") established and created under and by virtue of the provisions of the Higher Education Student Assistance Authority Law, constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey, as amended and supplemented and any successor legislation (the "Act"); and

**WHEREAS:** Pursuant to the Act and the Indenture of Trust, dated as June 1, 2019, between the Authority and Computershare Trust Company, National Association, as successor trustee thereunder to Wells Fargo Bank, National Association, as amended and supplemented (the "2019 Indenture"), the Authority has issued \$267,845,000 in aggregate principal amount of its Student Loan Revenue and Refunding Bonds, Series 2022 (the "Series 2022 Bonds"), consisting of \$19,480,000 Senior Student Loan Revenue Refunding Bonds, Series 2022A, \$204,365,000 Senior Student Loan Revenue Bonds, Series 2022B and \$44,000,000 Subordinate Student Loan Revenue Bonds, Series 2022C, as authorized by the Fifth Supplemental Indenture, dated as of May 1, 2022 (the "2019 Fifth Supplemental Indenture") between the Authority and Computershare Trust Company, National Association, as successor trustee thereunder to Wells Fargo Bank, National Association; and

**WHEREAS:** The Authority desires to acknowledge the change in the loan rates for the 2022 NJCLASS Loans (as defined in the 2019 Fifth Supplemental Indenture) originated (i) with the proceeds of the Series 2022 Bonds from and after the date of issuance of the hereinafter defined Series 2023 Bonds and (ii) from Recoveries of Principal during the Recycling Period set forth in the 2019 Fifth Supplemental Indenture at the respective Loan Rates set forth in the hereinafter defined Second Supplemental Indenture from and after the issuance of the Series 2023 Bonds, as contemplated by the definition of 'Loan Rate' as defined in the 2019 Fifth Supplemental Indenture; and

**WHEREAS:** In order to accomplish the purposes of the Act and (a) provide Student Loans (as defined in the hereinafter defined 2021 Indenture) commencing with the 2023-2024 school year and (b) provide for the refunding of certain

outstanding obligations issued under the Indenture of Trust dated June 1, 2012 (as amended and supplemented, the “2012-1 Indenture”), between the Authority and Wells Fargo Bank, National Association, as trustee thereunder, the Authority wishes to (i) provide for the issuance and sale of a series of senior student loan revenue refunding bonds, senior student loan revenue bonds and subordinate student loan revenue bonds pursuant to the Indenture of Trust dated May 1, 2021 (the “2021 Indenture”), between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (the “Trustee”) and (ii) authorize the transfer of funds from its reserves; and

**WHEREAS:** In accordance with the requirements of Executive Order No. 26 (Whitman 1994), the Authority hereby determines that because of the complexity and size of the financing structure as hereinafter described, and the potential for volatile market conditions, a negotiated sale of such Series 2023 Bonds (as defined herein) would best serve the requirements of this financing; and

**WHEREAS:** An Underwriter for the Series 2023 Bonds, RBC Capital Markets, LLC; a Financial Advisor, Hilltop Securities, Inc.; and a Bond Counsel, McManimon, Scotland & Baumann, LLC, have been selected in accordance with the requirements of Executive Order No. 26; and

**WHEREAS:** In connection with the issuance and sale of the Series 2023 Bonds, the Authority intends to enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) with the Trustee, acting as dissemination agent, in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”); and

**NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY** (not less than a majority of a quorum thereof affirmatively concurring) **AS FOLLOWS:**

**Section 1.** To accomplish the purposes and objectives of the Act, including the purchase and origination of Student Loans as authorized by the Act and as defined in the 2021 Indenture, and the refinancing of all outstanding Student Loan Revenue Bonds, Series 2012-1 and all outstanding Student Loan Revenue Bonds, Series 2013-1, each issued under the 2012-1 Indenture (the “Prior Bonds”), the Authority hereby authorizes the issuance of its Series 2023 Bonds issued as Student Loan Revenue and Refunding Bonds, Series 2023, in the aggregate principal amount not to exceed \$350,000,000 in one or more senior and subordinate Series, issued as fixed rate bonds. The Authority presently contemplates issuing the Series 2023 Bonds as (i) Senior Student Loan Revenue Refunding Bonds, Series 2023A (the “Series 2023A Bonds”), (ii) Senior Student Loan Revenue Bonds, Series 2023B (the “Series 2023B Bonds”; and together with the Series 2023A Bonds, the “Series 2023 Senior Bonds”) and (iii) Subordinate Student Loan Revenue Bonds, Series 2023C (the “Series 2023 Subordinate Bonds” and together with the Series 2023 Senior Bonds, the “Series 2023 Bonds”) but may alter the Series designations as may be approved by the hereinafter defined Authorized Officer and reflected in the Second Supplemental Indenture.

The Series 2023 Senior Bonds shall constitute “Senior Bonds” for all purposes of the 2021 Indenture and shall be issued on a parity basis with all other Outstanding Series of Senior Bonds to be issued under the 2021 Indenture. The Series 2023 Subordinate Bonds shall constitute

“Subordinate Bonds” for all purposes of the 2021 Indenture, except as specifically set forth in the Second Supplemental Indenture with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Series 2023 Senior Bonds in accordance with the requirements of the Second Supplemental Indenture. Any Series of Series 2023 Bonds may be issued as Federally Taxable Obligations or Tax-Exempt Obligations under the 2021 Indenture, as determined by an Authorized Officer and reflected in the Second Supplemental Indenture.

The Series 2023 Bonds shall be sold to RBC Capital Markets, LLC, New York, New York, acting as representative of the group of underwriters, if any (the “Underwriter”), pursuant to the terms of one or more Bond Purchase Contract(s) to be entered into by and between the Authority and the Underwriter (collectively, the “Bond Purchase Contract”) with an Underwriter’s fee (excluding Underwriter’s Counsel) in accordance with the proposal submitted by the Underwriter to the Authority on October 11, 2022, as revised per the Authority’s request on October 19, 22, but in any event not to exceed \$7.25/\$1,000 of Series 2023 Bonds issued. The Chairperson, Vice Chairperson, Secretary-Treasurer, Executive Director, Chief Operating Officer and Chief Financial Officer or other authorized representative or designee (each an “Authorized Officer” and, collectively, the “Authorized Officers”) are each hereby authorized to execute the Bond Purchase Contract. The Series 2023 Bonds shall be dated, shall bear interest at the respective fixed rates, shall be payable as to principal, redemption premium, if any, and interest, shall be issued in the respective forms, shall be in the respective Authorized Denominations, shall be signed, authenticated and numbered, shall mature, shall be subject to redemption prior to maturity, and shall have such other details and provisions as set forth in the 2021 Indenture, as amended and supplemented by a Second Supplemental Indenture to be dated as of the first date of the month the Series 2023 Bonds are issued (the “Second Supplemental Indenture”), by and between the Authority and the Trustee; provided, however, an Authorized Officer may modify the stated interest rate(s) of the Series 2023 Bonds, the maturity date(s) of any of the Series 2023 Bonds (including, without limitation, creating serial and term bonds, if any, and providing for cumulative and/or mandatory sinking fund payments on term bonds), and the redemption provisions of the Series 2023 Bonds subject to the following: (i) the final maturity of the Series 2023 Bonds shall not be after June 1, 2058; (ii) the optional redemption price for any Series 2023 Bond shall not exceed 103% of the principal amount thereof, and the initial call protection for any Series 2023 Bond shall not exceed 10 years, and (iii) the stated interest rate on the Series 2023 Senior Bonds shall not exceed 7.0% per annum and the stated interest rate on the Series 2023 Subordinate Bonds shall not exceed 8.5% per annum.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the 2021 Indenture.

The Authority is authorized, together with the Trustee, to the extent necessary or appropriate, to take such actions and execute such documents as may be necessary or appropriate to qualify the Series 2023 Bonds with The Depository Trust Company, New York, New York, as book-entry obligations.

**Section 2.** The Series 2023 Bonds shall be limited obligations of the Authority and shall be payable solely out of the Trust Estate as set forth in the 2021 Indenture, subject to the application thereof to the purposes and on the conditions permitted by the 2021 Indenture. The payment of the principal, redemption premium, if any, and interest on the Series 2023 Bonds shall be secured by a pledge and assignment of the Trust Estate as provided in the Second Supplemental Indenture. Neither the State nor the Authority shall be obligated to pay the Series 2023 Bonds or the interest thereon except as so provided in the 2021 Indenture.

**Section 3.** No covenant, stipulation, obligation, or agreement herein contained or contained in the Bond Purchase Contract, the 2021 Indenture (including the Second Supplemental Indenture) or the Continuing Disclosure Agreement, shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Authority or of the State in an individual capacity. Neither the members of the Authority, nor any person executing the Series 2023 Bonds issued pursuant to this resolution and the Act, nor any officer nor employee of the Authority shall be liable personally on the Series 2023 Bonds by reason of the issuance or execution thereof. The Series 2023 Bonds shall not be in any way a debt or liability of the State or any political subdivision thereof (except the Authority to the limited extent of the Trust Estate), either legal, moral or otherwise, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof (except the Authority to the limited extent of the Trust Estate) shall be pledged to the payment of the principal, redemption premium, if any, or interest thereon. The issuance of the Series 2023 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or pledge any form of taxation whatsoever therefor.

**Section 4.** In order to satisfy the initial Parity Percentage Requirement set forth by the Rating Agency rating the Series 2023 Bonds, the Authority hereby authorizes the transfer of available amounts from the 2012-1 Indenture in connection with the refunding of the Prior Bonds, without the use of any Authority funds from reserves. These amounts transferred to the 2021 Indenture shall be applied to originate Student Loans thereunder.

**Section 5.** The Bond Purchase Contract, the Continuing Disclosure Agreement, the Second Supplemental Indenture and the Series 2023 Bonds, substantially in the respective forms submitted to the Authority and made a part of this resolution as though set forth in full herein, are hereby approved. An Authorized Officer is hereby authorized to execute, acknowledge and deliver such documents with any changes, insertions and omissions (including, without limitation, insertion of the Loan Rates or the method of determination thereof in the Second Supplemental Indenture) as may be approved by said Authorized Officer and the Secretary-Treasurer of the Authority is hereby authorized to affix the seal of the Authority on such documents and attest the same. The execution of any of such documents by said Authorized Officer shall be conclusive evidence of any approval of such document in final form as authorized by this Section 5.

**Section 6.** The Acknowledgement of Servicing to be entered into by and between the Authority and the Trustee regarding the servicing of 2023 Student Loans (as defined in the Second Supplemental Indenture), substantially in the form submitted to the Authority and made a part of this resolution as though set forth in full herein, is hereby approved. The Authorized Officers are hereby authorized to execute, acknowledge and deliver such document with any changes, insertions and omissions as may be approved by said Authorized Officer and the Secretary-Treasurer of the Authority is hereby authorized to affix the seal of the Authority on such document and attest the same. The execution of such document by said Authorized Officer shall be conclusive evidence of any approval of such document in final form as authorized by this Section 6.

**Section 7.** The Series 2023 Bonds shall be executed in the manner provided in the 2021 Indenture, and the same shall be delivered to the Trustee for proper authentication and delivery to the Underwriter upon instructions to that effect. The 2021 Indenture shall provide the terms and conditions, covenants, rights, obligations, duties and agreements of the Holders of the Series 2023 Bonds, the Authority and the Trustee.

**Section 8.** All covenants, stipulations, obligations and agreements of the Authority contained in this resolution and contained in the Bond Purchase Contract, the Continuing Disclosure Agreement, the 2021 Indenture (including the Second Supplemental Indenture) and the Acknowledgement of Servicing shall be deemed to be the covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Authority and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this resolution, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the Authority or the members thereof by the provisions of this resolution, the Bond Purchase Contract, the Continuing Disclosure Agreement, the 2021 Indenture (including the Second Supplemental Indenture), and the Acknowledgement of Servicing shall be exercised or performed by the Authority or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Bond Purchase Contract, the Continuing Disclosure Agreement, the 2021 Indenture (including the Second Supplemental Indenture), or the Acknowledgement of Servicing shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Authority or of the State in his or her individual capacity, and neither the members of the Authority nor any officer executing the Series 2023 Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 9.** The proper officers of the Authority are hereby further directed to cause the proceeds of the Series 2023 Bonds, together with other available Authority funds, if any, to be initially deposited and disbursed as provided in the 2021 Indenture (including the Second Supplemental Indenture). To the extent the Authority pays any or all of the costs of issuance from other available funds of the Authority, the Authority may reimburse the expenditure of those funds from available funds on deposit in the Trust Estate, provided that said reimbursement complies with the requirements of the Internal Revenue Code of 1986, as amended, and court decisions interpreting the same and existing regulations, rulings, and other publications promulgated or released thereunder.

**Section 10.** In order to secure payment of principal of (on the scheduled maturity dates and/or sinking fund maturity dates) and interest on the Series 2023 Bonds (on the dates due) the Authority is hereby authorized to obtain one or more municipal bond insurance policies and to enter into commitments and agreements with respect thereto. The Authorized Officers are each hereby authorized to enter into an agreement with the issuer(s) of such municipal bond insurance policy in customary form, and to make such revisions to the forms of documents submitted to this meeting as may be necessary or appropriate in connection with such policy. The Authority is hereby further authorized to use proceeds of the Series 2023 Bonds or other available funds of the Authority to fund all or a portion of the premium payable to the issuer of the municipal bond insurance policy for such policy.

**Section 11.** The Authority, in consultation with the Treasurer of the State of New Jersey (the "Treasurer") and the Attorney General of the State of New Jersey (the "Attorney General"), is hereby authorized to purchase one or more financial guaranty insurance policies or surety bonds for deposit to the Debt Service Reserve Fund established under the 2021 Indenture to satisfy the 2023 Reserve Requirement (as defined in the Second Supplemental Indenture) for the Series 2023 Bonds, if any, each constituting a Funding Instrument within the meaning of the 2021 Indenture, with respect to any or all of the Series 2023 Bonds (the "Funding Instrument(s)"). Such

Funding Instrument, if any, shall be issued in an amount not exceeding the 2023 Reserve Requirement for the Series 2023 Bonds, if an Authorized Officer, in consultation with the Treasurer and the Attorney General, determines that such Funding Instrument(s) can be obtained upon terms and conditions consistent with the Act and reasonably acceptable to the Authority. The Authorized Officers are each hereby authorized to enter into an agreement with the issuer(s) of such Funding Instrument(s), in customary form, and to make such revisions to the forms of documents submitted to this meeting as may be necessary or appropriate in connection with such Funding Instruments). Together with, or in lieu of, a Funding Instrument, the Authority is hereby further authorized to use proceeds of the Series 2023 Bonds or other available funds of the Authority to fund all or a portion of the 2023 Reserve Requirement for the Series 2023 Bonds.

**Section 12.** Computershare Trust Company, National Association is hereby appointed (a) Trustee, Paying Agent, Registrar, and Authenticating Agent for the Series 2023 Bonds and (b) Dissemination Agent for the Series 2023 Bonds pursuant to the Continuing Disclosure Agreement.

**Section 13.** All actions of the Authority and its staff which have previously been taken with regard to the issuance of the Series 2023 Bonds and the NJCLASS Loan Program in respect of the Series 2023 Bonds are hereby ratified and approved.

**Section 14.** The Authorized Officers are hereby designated to be the authorized representatives of the Authority, and each of them and other authorized representatives and designees are hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this resolution, the Bond Purchase Contract, the Continuing Disclosure Agreement, the 2021 Indenture (including the Second Supplemental Indenture), the Acknowledgement of Servicing, and the issuance of the Series 2023 Bonds, including, without limitation, the substitution and approval of documents other than those approved and authorized to be executed by this resolution in order to conform the same to the purposes of the Act and the intentions of the Authority as expressed herein and in the Second Supplemental Indenture.

**Section 15.** The Preliminary Official Statement relating to the offering of the Series 2023 Bonds (the "Preliminary Official Statement"), substantially in the form presented to this meeting, is hereby approved, with any changes, insertions and omissions as may be approved by an Authorized Officer. The Authorized Officers are each authorized to execute such documents as shall be necessary or desirable to evidence that the final Preliminary Official Statement in the form to be electronically posted and/or printed and distributed, is "deemed final" within the meaning of (and with the exception of certain information permitted to be omitted by) Rule 15c-12 promulgated under the Securities Exchange Act of 1934, as amended. The Authorized Officers are each authorized to execute and deliver a final Official Statement relating to the Series 2023 Bonds (the "final Official Statement"), substantially in the form of the Preliminary Official Statement, with any changes, insertions and omissions as may be approved by said Authorized Officer. The execution of the final Official Statement by said Authorized Officer shall be conclusive evidence of any approval of such Official Statement in final form as authorized by this Section 15.

**Section 16.** Hilltop Securities, Inc., in its role as Financial Advisor, is hereby authorized to select, pursuant to a competitive solicitation process, (i) the printer for the Preliminary Official Statement and final Official Statement, and (ii) the verification agent for the refunding of the Prior Bonds.

**Section 17.** The Trustee is authorized to invest funds held under the 2021 Indenture in Investment Securities at the direction of an Authorized Authority Officer.

**Section 18.** This resolution shall take effect immediately, but no action authorized herein shall have force and effect until ten (10) days after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor of the State for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

March 22, 2023

**SECOND SUPPLEMENTAL INDENTURE**

**By and Between**

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**

**and**

**COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION**

**Relating To**

**[\$280,000,000] STUDENT LOAN REVENUE BONDS, SERIES 2023**

**Consisting of**

**[\$39,500,000] Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT),**

**[\$207,500,000] Senior Student Loan Revenue Bonds, Series 2023B (AMT)**

**And**

**[\$33,000,000] Subordinate Student Loan Revenue Bonds, Series 2023C (AMT)**

**Dated as of May 1, 2023**

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<b>SCHEDULE C</b>	<b>STUDENT ELIGIBILITY AND CREDIT CRITERIA</b> .....	<b>C-1</b>
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## SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture, dated as of May 1, 2023 (this “Second Supplemental Indenture”), by and between the Higher Education Student Assistance Authority (successor to the Higher Education Assistance Authority pursuant to N.J.S.A. 18A:71A-1 et seq., effective April 26, 1999) (the “Authority”) and Computershare Trust Company, National Association, acting through its corporate trust services division, as successor trustee to Wells Fargo Bank, National Association (the “Trustee”).

WHEREAS, the Authority and the Trustee have entered into an Indenture of Trust dated as of May 1, 2021 (the “Original Indenture”), as amended and supplemented by the First Supplemental Indenture dated as of May 1, 2021 (the “First Supplemental Indenture”) (the Original Indenture, as amended and supplemented by the First Supplemental Indenture and this Second Supplemental Indenture, is hereinafter referred to as the “2021 Indenture”); and

WHEREAS, the Authority is established and created under and pursuant to the Higher Education Student Assistance Authority Law, constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey, effective April 26, 1999, as amended and supplemented, and any successor legislation (the “Act”); and

WHEREAS, the execution and delivery of the 2021 Indenture (including this Second Supplemental Indenture) and the issuance of the Series 2023 Bonds (as defined herein) hereunder have been in all respects duly and validly authorized by resolution duly adopted by the Authority.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH THAT:

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## ARTICLE I

### SHORT TITLE, DEFINITIONS, AND AUTHORITY

Section 1.1 Short Title. This Supplemental Indenture shall be known as and may be designated by the short title "Second Supplemental Indenture."

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

**Acknowledgement** shall have the meaning given to such term in Section 3.12(B)(ii) hereof.

**Act of Bankruptcy** means the filing of a petition in bankruptcy by (with respect to itself) or against the Authority under the United States Bankruptcy Code or commencement of similar proceedings by (with respect to itself) or against the Authority under applicable state bankruptcy or insolvency laws.

**Administrative Fee** means any application fee, origination fee, repayment fee or other fee due to the Authority for a 2023 NJCLASS Loan.

**Aggregate Loan Balance** means, as of the date of determination, the aggregate outstanding principal balance of a 2023 NJCLASS Loan, excluding any deferred interest which may be added to the principal of such 2023 NJCLASS Loan.

**Aggregate Pool Loan Balance** means, as of the date of determination, the aggregate of the Aggregate Loan Balances of all 2023 NJCLASS Loans.

**Authorized Denominations** means \$5,000 or any integral multiple in excess thereof.

**Beneficial Owners** shall have the meaning given to such term in Section 2.7 hereof.

**Bond Purchase Agreement** means the Bond Purchase Contract, dated [April \_\_, 2023] between RBC Capital Markets, LLC, as representative of the Underwriters, and the Authority for the purchase and sale of the Series 2023 Bonds.

**Bonds to be Refunded** means all of the Authority's Outstanding Student Loan Revenue Bonds, Series 2012-1 and Student Loan Revenue Bonds, Series 2013-1, each originally issued pursuant to the 2012-1 Indenture, all as more particularly set forth on Schedule E.

**Calendar Quarter** means each three-month period ending on March 31, June 30, September 30 or December 31, as the case may require.

**Cash Release Conditions** means (i) the Parity Percentage is at least equal to [118%] and (ii) the amount of Accrued Assets minus the amount of Accrued Liabilities is at least

[\$6,500,000]; provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction. For purposes of the definition of Cash Release Conditions, “Accrued Assets” shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

**Consolidation Loan** means a loan that consolidates into a single loan at the time it is made the unpaid principal (including any accrued interest) of two or more outstanding NJCLASS Loans totaling at least \$30,000 with a loan term not exceeding 25 years (for Consolidation Loans less than \$60,000) or 30 years (for Consolidation Loans equal to or greater than \$60,000), and which satisfies the credit criteria set forth in Schedule C of this Second Supplemental Indenture.

**DTC** means The Depository Trust Company, New York, New York, which shall act as securities depository for the Series 2023 Bonds and any successors or assigns.

**EMMA** means the Electronic Municipal Market Access System, an internet based filing system created and maintained by the Municipal Securities Rulemaking Board in accordance with Release No. 34-59062, of the Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the Series 2023 Bonds, and other filers on behalf of such issuers shall upload continuing disclosure information to assist underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) as it applies to the Series 2023 Bonds and to provide the general public with access to such continuing disclosure information.

**Fixed Rate Standard NJCLASS Loan** means an Eligible Student Loan made under the NJCLASS Loan Program with a fixed rate of interest for a loan term not to exceed 10 years with respect to Option 1 Loans, 15 years with respect to Option 2 Loans and 20 years with respect to Option 3 Loans, and which satisfies the credit criteria set forth in Schedule C of this Second Supplemental Indenture.

**Issue Date** means the date of delivery upon original issuance of the Series 2023 Bonds, which is May \_\_, 2023.

**Loan Rate** means, for 2023 NJCLASS Loans, the nominal interest rate charged by the Authority for the Eligible Student Loan. The Loan Rates for Eligible Student Loans made with proceeds of the Series 2023 Bonds and Recoveries of Principal on 2023 NJCLASS Loans during the Recycling Period are set forth in or determined in accordance with Section 4.2 of this Second Supplemental Indenture, and such Eligible Student Loans shall not be made at any rate lower than such Loan Rates unless approved by an Authorized Officer and there shall have been delivered to the Trustee (i) a Bond Counsel’s Opinion to the effect that the revised Loan Rates are authorized or permitted by the Act, the 2021 Indenture (including this Second Supplemental Indenture) and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2023 Bonds, (ii) a Cash Flow Statement taking into account the revised Loan Rates and (iii) a Rating Agency Confirmation from S&P; provided that, if Additional Bonds are issued under the 2021 Indenture, or any additional Student Loan Revenue Bonds of the Authority are issued under any Indenture of Trust between the Authority and Trustee to finance the acquisition or origination of student loans, prior to the end of the Origination Period to fund Eligible Loans for academic year 2023/2024, then, at the option of the Authority, NJCLASS Loans to be Originated with remaining proceeds of the Series 2023 Bonds or Recoveries of Principal on 2023 NJCLASS Loans from and after the issue date

of such additional Student Loan Revenue Bonds shall be Originated at the same Loan Rates as those established for the additional Student Loan Revenue Bonds, from and after the issue date of such additional Student Loan Revenue Bonds through the remainder of the later of the Origination Period or Recycling Period, if the Authority satisfies the Rating Agency Notice Conditions in connection with such change.

**Mandatory Sinking Fund Term Bonds** shall have the meaning given to such term in Section 2.8(A)(v).

**Official Statement** means the Official Statement issued in preliminary form and deemed final by an Authorized Officer, relating to the offering of the Series 2023 Bonds, dated the date of sale of the Series 2023 Bonds.

**Option 1 Loan** means a Student Loan made under the NJCLASS Loan Program, the principal of and interest on which is payable monthly immediately upon disbursement.

**Option 2 Loan** means a Student Loan made under the NJCLASS Loan Program, the interest on which is due and payable monthly and the principal of which is deferred by the borrower during the period of time the borrower attends school.

**Option 3 Loan** means a Student Loan made under the NJCLASS Loan Program, the principal of and interest on which is deferred by the borrower during the period of time the borrower attends school.

**Origination Period** means (i) the period commencing on the Issue Date and ending on [October 1, 2023] with respect to the cumulative origination of [\$86,300,000] in 2023 Student Loans; (ii) the period commencing [October 2, 2023] and ending on [February 1, 2024] with respect to the cumulative origination of [\$172,600,000] in 2023 Student Loans; (iii) the period commencing [February 2, 2024] and ending on [October 1, 2024] with respect to the cumulative origination of [\$226,500,000] in 2023 Student Loans; and (iv) the period commencing [October 2, 2024] and ending on [April 1, 2025] with respect to the cumulative origination of the remaining amounts expected to be approximately [\$242,700,000] originally deposited into the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account and 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score); provided that any of the periods or amounts described in clauses (i) through (iv) may be extended or modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension or modification.

**Parity Percentage** means the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities. For purposes of the definition of Parity Percentage, "Accrued Assets" shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

**Parity Percentage Requirement** for purposes of Section 5.5(A)(xi) of the Original Indenture and with respect to all Bonds issued and Outstanding under the Original Indenture, including the Series 2023 Bonds, means the Cash Release Conditions have been met.

**Person** or "person" means any natural person and any firm, partnership, joint venture, joint-stock company, trust, association, unincorporated organization or corporation, or

other entity, or public body government or political subdivision, including any state or federal agency.

**Quarterly Report Date** means, with respect to the Calendar Quarter ending on (i) March 31, on or before the following May 15, (ii) June 30, on or before the following August 15, (iii) September 30, on or before the following November 15 and (iv) December 31, on or before the following February 15, as applicable.

**Rating Agency** shall mean S&P.

**Record Date** means the date set forth in the 2021 Indenture.

**Recycling Period** means the period commencing on the Issue Date and ending on [April 1, 2025] with respect to the use of Recoveries of Principal to Originate new 2023 Student Loans as provided herein; provided that the Recycling Period shall end on such earlier date, if any, on which an Event of Default shall occur and be continuing and the Recycling Period may be extended if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension.

**Refinance Loan** means a fixed rate loan that refinances an existing NJCLASS Loan, Federal loan or private student loan in active repayment, the principal of and interest on which is payable monthly immediately upon disbursement, for a loan term not to exceed 10 years or 15 years and which satisfies the credit criteria set forth in Schedule C of this Second Supplemental Indenture.

**Refunding Bonds** means the Senior Student Loan Revenue Refunding Bonds, Series 2023A, issued to refund the Bonds to be Refunded.

**Responsible Officer** shall mean, when used with respect to the Trustee, Paying Agent, Registrar, or Authenticating Agent, any officer in the corporate trust office of the Trustee, including any president, vice president, executive vice president, assistant vice president, treasurer, secretary, assistance secretary, corporate trust officer or any other officer thereof customarily performing functions similar to those performed by the individuals who at the time shall be such officers, respectively, or to whom any matter is referred because of such officer's knowledge of or familiarity with the particular subject, and, in each case, having direct responsibility for the administration of this Second Supplemental Indenture and the other transaction documents to which such Person is a party.

**Revenue Account** means any Account within the Revenue Fund created pursuant to a Supplemental Indenture.

**S&P** means S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC, its successors and assigns.

**Second Supplemental Indenture** means the Second Supplemental Indenture dated as of May 1, 2023, by and between the Authority and the Trustee, authorizing the issuance of the Series 2023 Bonds.

**Senior Parity Percentage** means the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities. For purposes of the definition of Senior Parity Percentage, "Accrued Liabilities" means with respect to any date, the sum of the principal of and

unpaid interest on all Outstanding Senior Bonds, plus all accrued but unpaid Program Expenses.

**Senior Series 2023 Bonds** means, collectively, the Senior Series 2023A Bonds and the Senior Series 2023B Bonds, each of which constitute Senior Bonds under the 2021 Indenture.

**Senior Series 2023A Bonds** means the Authority's [\$39,500,000] Senior Student Loan Revenue Refunding Bonds, Series 2023A, which constitute Senior Bonds under the 2021 Indenture.

**Senior Series 2023B Bonds** means the Authority's [\$207,500,000] Senior Student Loan Revenue Bonds, Series 2023B, which constitute Senior Bonds under the 2021 Indenture.

**Series 2023 Bond Resolution** means the resolution of the Authority adopted on [March 22, 2023] authorizing the issuance and delivery of the Series 2023 Bonds.

**Series 2023 Bonds** means, collectively, the Senior Series 2023 Bonds and Subordinate Series 2023 Bonds authorized by Section 2.1 of this Second Supplemental Indenture and entitled "Student Loan Revenue Bonds, Series 2023."

**Servicing Report** shall have the meaning given to such term in Section 4.4(A) of this Second Supplemental Indenture.

**Subordinate Bond Redemption Condition** means, with respect to a proposed redemption of Subordinate Series 2023 Bonds under paragraphs (i), (iii) and (iv) of Section 2.8(A) hereof, if, after giving effect to such redemption, the Senior Parity Percentage is at least equal to 133.0%; provided that such Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

**Subordinate Series 2023 Bonds** means the Authority's [\$33,000,000] Subordinate Student Loan Revenue Bonds, Series 2023C, which constitute Subordinate Bonds under the 2021 Indenture.

**Transferred Loan** shall mean any Eligible Student Loan transferred into the Trust Estate, including those Eligible Student Loans identified in Section 2.2(B) of this Second Supplemental Indenture.

**Trustee** means Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, or its successors or assigns.

**2012-1 Indenture** means the Indenture of Trust dated June 1, 2012 between the Authority and [Wells Fargo Bank, National Association, as trustee], as amended and supplemented.

**2021 Indenture** shall have the meaning given to such term in the recitals to this Second Supplemental Indenture.

**2023 NJCLASS Loans** means those student loans originated in accordance with the terms and conditions of this Second Supplemental Indenture.

**2023 Accounts** shall have the meaning given to such term in Section 3.1 of this Second Supplemental Indenture.

**2023 Consolidation Loan Account** means the account of the Student Loan Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Debt Service Reserve Account** means the account of the Debt Service Reserve Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Excess Yield Account** means the account of the Excess Yield Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 NJCLASS Fixed Rate Standard Student Loan Account** means the account of the Student Loan Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 NJCLASS Loan** means a 2023 Student Loan made with expenditures from the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score).

**2023 Option 1 Loan Subaccount** means the subaccount of the 2023 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Option 2 Loan Subaccount** means the subaccount of the 2023 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Option 3 Loan Subaccount** means the subaccount of the 2023 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Rebate Account** means the account of the Rebate Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Refinance Loan Account** means the account of the Student Loan Fund established pursuant to Section 3.1 of this Second Supplemental Indenture (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score).

**2023 Refinance Loan Subaccount - 670 to 719 Credit Score** means the subaccount of the 2023 Refinance Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Repayment Subaccount** means the subaccount of the 2023 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Reserve Requirement** means the Debt Service Reserve Fund Requirement applicable to the Series 2023 Bonds as specified in Section 3.4 of this Second Supplemental Indenture.

**2023 Revenue Account** means the account of the Revenue Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

**2023 Student Loan** means an Eligible Student Loan which is a Fixed Rate Standard NJCLASS Loan, Consolidation Loan or Refinance Loan.

**Unamortized Premium** shall have the meaning given to such term in Section 2.8(A)(ii) hereof.

**Underwriters** shall mean RBC Capital Markets, LLC and [Siebert Williams Shank & Co., LLC], as purchasers of the Series 2023 Bonds pursuant to the Bond Purchase Agreement.

**United States Bankruptcy Code** means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

Any reference in this Second Supplemental Indenture to making, originating, purchasing or acquiring (or similar words) 2023 Student Loans shall mean and include all such terms and words.

Section 1.3 Authority. This Second Supplemental Indenture is executed pursuant to the provisions of the Act, the 2021 Indenture, and the Series 2023 Bond Resolution. Nothing in this Second Supplemental Indenture, expressed or implied, is intended to or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Paying Agent, the Registrar, any other Fiduciary and the owners of the Series 2023 Bonds, any right, remedy or claim under or by reason of this Second Supplemental Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Second Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent, the Registrar, any other Fiduciary and the owners of the Series 2023 Bonds.

Section 1.4 Time. All references to time in this Second Supplemental Indenture shall refer to New York City time unless otherwise provided herein.

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## ARTICLE II

### AUTHORIZATION, TERMS, AND ISSUANCE OF THE SERIES 2023 BONDS

#### Section 2.1 Principal Amount and Designation.

(A) Pursuant to the provisions of the 2021 Indenture and in particular Sections 2.5, 2.6 and 8.1 of the Original Indenture, the Senior Series 2023 Bonds are hereby authorized in the aggregate principal amount of [\$247,000,000] and the Subordinate Series 2023 Bonds are hereby authorized in the aggregate principal amount of [\$33,000,000], for a total authorization of Series 2023 Bonds in the aggregate principal amount of [\$280,000,000]. The Senior Series 2023 Bonds shall consist of two separate Series of Bonds, with the Series used to refinance the Bonds to be Refunded being distinguished from the Bonds of all other Series by the title “Senior Student Loan Revenue Refunding Bonds, Series 2023A” and the Series used to finance Student Loans being distinguished from the Bonds of all other Series by the title “Senior Student Loan Revenue Bonds, Series 2023B.” The Subordinate Series 2023 Bonds shall be distinguished from the Bonds of all other Series by the title “Subordinate Student Loan Revenue Bonds, Series 2023C.”

(B) The Senior Series 2023 Bonds shall be issued as, and shall constitute, Senior Bonds under the 2021 Indenture and shall be payable as Senior Bonds as provided therein. The Subordinate Series 2023 Bonds shall be issued as, and shall constitute Subordinate Bonds under the 2021 Indenture and shall be payable as Subordinate Bonds as provided therein and herein. The Series 2023 Bonds shall be issued as fixed rate Tax-Exempt Bonds.

#### Section 2.2 Purposes.

(A) The Series 2023 Bonds are issued for the purpose of: (i) making deposits into the Student Loan Fund established pursuant to the 2021 Indenture in the amounts and in the Accounts and Subaccounts set forth in Article III hereof to be applied as set forth therein and herein, including, without limitation, to Originate 2023 NJCLASS Loans, (ii) currently refunding all or a portion of the Bonds to be Refunded, (iii) making deposits into special trust accounts established pursuant to the 2021 Indenture as required by and in the amounts specified in Article III hereof and (iv) to the extent possible, paying the Costs of Issuance for the Series 2023 Bonds.

(B) In connection with the refunding of the Bonds to be Refunded, Authority will transfer to the Trustee, approximately [\$55,700,000] in principal balance, as of [April 30, 2023], of Eligible Student Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans other than Medical/Dental loans, loans with 0% interest rate or loans greater than 150 days delinquent, relating to the Bonds to be Refunded, which Eligible Student Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged to the payment of the Series 2023 Bonds (all such transferred loans shall collectively be referred to herein as, the “Transferred Loans”).

(C) The 2023 NJCLASS Loans shall satisfy the criteria set forth in Schedule C attached hereto unless the Authority satisfies the Rating Agency Notice Conditions in connection with a change in such criteria.

Section 2.3 Date, Maturities, and Interest Rate. The Series 2023 Bonds shall be payable at the places and in the manner set forth in the 2021 Indenture, this Second Supplemental Indenture and Schedule B attached hereto. The Series 2023 Bonds shall consist of serial bonds and term bonds, which shall be dated the Issue Date, shall bear interest, shall mature, shall be payable and shall be subject to redemption as described in Schedule A attached hereto and in Section 2.8 hereof.

Section 2.4 Form, Denomination, Numbers, and Letters. The Series 2023 Bonds shall be issued in the form of fully registered bonds without coupons, and the Series 2023 Bonds (and the Authenticating Agent's Certificate of Authentication) shall be issued in substantially the forms set forth in Schedule B attached hereto. The Series 2023 Bonds shall be issued in the Authorized Denominations and shall be numbered separately from 1 upward and may be preceded by a letter or letters so as to distinguish each Series of Series 2023 Bonds.

Section 2.5 Appointment of Paying Agent and Dissemination Agent. Computershare Trust Company, National Association is hereby appointed the Paying Agent with respect to the Series 2023 Bonds and the Dissemination Agent for the Series 2023 Bonds pursuant to the Continuing Disclosure Agreement dated the Issue Date, between the Authority and the Trustee, acting as Dissemination Agent. For so long as Computershare Trust Company, National Association is acting as Trustee it shall also act as Paying Agent. Notwithstanding anything in the 2021 Indenture to the contrary, the Paying Agent may be removed for cause at any time by an instrument signed by an Authorized Officer and filed with such Paying Agent.

Section 2.6 Appointment of Registrar and Authenticating Agent.

(A) Computershare Trust Company, National Association is hereby appointed Registrar with respect to the Series 2023 Bonds. For so long as Computershare Trust Company, National Association is acting as Trustee it shall also act as Registrar and Authenticating Agent.

(B) The Authority hereby determines that the appointment of an Authenticating Agent is necessary to the issuance of the Series 2023 Bonds and hereby appoints Computershare Trust Company, National Association as Authenticating Agent with respect to the Series 2023 Bonds.

Section 2.7 Book Entry; Letter of Representation. The Series 2023 Bonds shall 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 Series 2023 Bonds, and held in the custody of DTC. The actual purchasers of the Series 2023 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 2023 Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Series 2023 Bond acquired. For so long as DTC shall continue to serve as securities depository for such Series 2023 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 Series 2023 Bonds is to receive, hold or deliver any Series 2023 Bond certificate.

For every transfer and exchange of Series 2023 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. Certificates for Series 2023

Bonds 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 services with respect to Series 2023 Bonds, in which case 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; and

(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 or the State.

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 the Series 2023 Bonds, the beneficial ownership thereof is determined by a book-entry at DTC, the requirements in the 2021 Indenture for holding, delivering or transferring Series 2023 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.

The Authority hereby authorizes and directs the execution and delivery by an Authorized Officer of the Authority of a Letter of Representations or Letters of Representations, if required, with DTC and the Trustee in the standard form to effectuate a book-entry-only system with respect to the Series 2023 Bonds.

If, at any time, DTC ceases to hold such Series 2023 Bonds, all references to DTC with respect to such Series 2023 Bonds shall be of no further force or effect except that, if the Authority shall appoint a successor securities depository company, such references shall be deemed to refer to such successor securities depository company.

#### Section 2.8 Redemption of Series 2023 Bonds.

(A) The Series 2023 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2023B Bonds maturing on [December 1, 2044] and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after [December 1, 2033] at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2023 Bonds. Any optional partial redemption of Series 2023 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this Second Supplemental Indenture.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2023B Bonds and Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds remaining in

the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2023 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2023B Bonds and the Subordinate Series 2023 Bonds (except for the 2023 Rebate Account and the 2023 Excess Yield Account) established under Section 3.1 herein shall be applied to the redemption of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds. The amount to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2023 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2023B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2023B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2023B Bonds and Subordinate Series 2023 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2023B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds pursuant to this subparagraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds and Subordinate Series 2023 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on [December 1, 2044] and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to maturity, at the direction of the Authority, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2023 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this Section 2.8(A)(iii) the Cash Release Conditions are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this subparagraph (iii) shall be applied at the direction of the Authority as to the selection of Series 2023 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2023 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2023 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds maturing on [December 1, 2044].

For purposes of Sections 2.8(A)(iii) and (iv), Excess Revenue shall mean: on each Payment Date, any funds remaining in the 2023 Revenue Account, less \$500,000 (which shall remain in the 2023 Revenue Account), after payment of the Debt Service due and payable on the Series 2023 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment and Sinking Fund Payment due on the Series 2023 Bonds on the next succeeding December 1 is reserved to remain in the 2023 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on [December 1, 2044] and the Subordinate Series 2023 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this subparagraph (iv) shall be applied *first*, to the redemption of Senior Series 2023B Bonds maturing on [December 1, 2044], *pro rata*, until such Senior Series 2023B Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2023 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2023B Bonds maturing on [December 1, 2044] are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth below (the “Mandatory Sinking Fund Term Bonds”), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

**Senior Series 2023B Bonds Due [December 1, 2044]**

<u>Date</u> <u>(December 1)</u>	<u>Sinking Fund Payment</u>
2034	\$
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
2044*	

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\* Final maturity

(vi) Notice. With respect to the Section 2.8(A)(ii) redemption, the Authority shall provide notice to the Trustee of any Series 2023 Bond proceeds remaining in the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719

Credit Score), as applicable, at the expiration of each Origination Period. With respect to the Section 2.8(iv) redemption, the Authority shall provide notice to the Trustee after the end of the Recycling Period, of the amount of Excess Revenue after making the transfers and payments for the Series 2023 Bonds set forth in Section 5.5(A)(i)-(viii) of the Original Indenture and evidence of satisfaction or failure of the Cash Release Conditions.

(vii) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be so redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2023 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2023 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding Sinking Fund Payment listed in Section 2.8(A)(v) on a pro rata basis.

(B) (i) The Authority may elect to apply moneys available in the Revenue Fund for the redemption of the Series 2023 Bonds pursuant to Section 2.8(A)(i) or (iii) hereof.

(ii) The Authority may elect to apply Excess Revenue available in the Revenue Fund (including any Account within the Revenue Fund) to the payment or redemption of any other Series of Bonds or to some other purpose if:

(a) notice of redemption of the Series 2023 Bonds from such moneys shall not have been given;

(b) but for such application, the mandatory redemption of all or a portion of the Series 2023 Bonds shall not have been required pursuant to this Section 2.8;

(c) the Cash Release Conditions have been satisfied;

(d) the Authority shall deliver to the Trustee at least twenty (20) Business Days prior to such election, a Cash Flow Statement taking into account the application of such moneys to the payment or redemption of other Series of Bonds or to some other purpose, and the Authority shall deliver to the Trustee at least ten (10) days prior to such election, a Bond Counsel's Opinion to the effect that the application of such moneys in accordance with the Authority's election will not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Bonds; and

(e) notice shall have been given to the Rating Agency at least twenty (20) days prior to such election of its intention to undertake the same.

Section 2.9 Investment of Series 2023 Bond Proceeds. Notwithstanding anything contained in the 2021 Indenture to the contrary, the Trustee shall not be liable for interest on any moneys received under the 2021 Indenture or hereunder.

## ARTICLE III

### ESTABLISHMENT OF ADDITIONAL ACCOUNTS, APPLICATION OF PROCEEDS OF THE SALE OF SERIES 2023 BONDS; AND USE AND DISBURSEMENTS OF ACCOUNTS

#### Section 3.1 Establishment of Accounts.

(A) In addition to the Accounts previously established under the 2021 Indenture for other Outstanding Series of Bonds, the Trustee is directed to establish the following additional Accounts (collectively, the “2023 Accounts”): the 2023 NJCLASS Fixed Rate Standard Student Loan Account (and within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the 2023 Option 1 Loan Subaccount, the 2023 Option 2 Loan Subaccount, the 2023 Option 3 Loan Subaccount and the 2023 Repayment Subaccount); the 2023 Consolidation Loan Account; the 2023 Refinance Loan Account (and within the 2023 Refinance Loan Account, the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score); the 2023 Revenue Account; the 2023 Rebate Account; the 2023 Excess Yield Account; and the 2023 Debt Service Reserve Account. In accordance with the Act, the 2023 Debt Service Reserve Account is hereby designated as part of the New Jersey Higher Education Student Assistance Capital Reserve Fund for purposes of the Series 2023 Bonds. The Authority may, from time to time, direct the Trustee, in writing, to establish additional Accounts or Subaccounts in accordance with the 2021 Indenture or to close any Account or Subaccount during any period that no money is deposited in such Account or Subaccount. The 2023 Repayment Subaccount shall be closed following the expiration of the Recycling Period. Except as otherwise provided in this Second Supplemental Indenture, the moneys and securities relating to the Series 2023 Bonds (including Revenues and Recoveries of Principal arising from the 2023 Student Loans) deposited in the Accounts created hereby shall not be commingled with any moneys or securities relating to any other Series of Bonds heretofore or hereafter issued under the 2021 Indenture, if any, and deposited in the respective Accounts to which they relate, and moneys and securities required to be transferred between Accounts pursuant to Article V of the Original Indenture in respect of the Series 2023 Bonds shall only be transferred between the respective Accounts to which they relate, except to the extent that: (i) if the amounts deposited in the Accounts (excluding amounts deposited in the Accounts for the Series 2023 Bonds) are insufficient for required transfers or payments with respect to then Outstanding Bonds other than the Series 2023 Bonds or other amounts transferable or payable therefrom; or (ii) if the amounts deposited in the Accounts for the Series 2023 Bonds are insufficient for required transfers or payments with respect to the Series 2023 Bonds or other amounts transferable or payable therefrom, amounts on deposit in the Accounts shall be deemed commingled for purposes of making required transfers and payments in accordance with Article V of the Original Indenture; provided further that to the extent there are insufficient funds in the Revenue Account for a Series to make on any Interest Payment Date the interest payable on all Bonds on such date or to make on any Principal Payment Date, the amount of Principal Installments or Sinking Fund Payments due on the Senior Bonds and once Senior Bonds are no longer Outstanding, Principal Installments or Sinking Fund Payments on Subordinate Bonds and once Senior Bonds and Subordinate Bonds are no longer Outstanding, Principal Installments or Sinking Fund Payments on Junior Subordinate Bonds on such date (the “Deficient Series”), the Trustee shall *first* transfer funds from (i) any Revenue Account for a Series with funds in excess of the amount required to pay interest and Principal Installments or Sinking Fund Payments, if any, due on such date into the Revenue Account for such Deficient Series, *second* (ii) from all Accounts for the Deficient Series including any Debt Service Reserve Account and *last* (iii) from the Debt Service Reserve

Account for the Series that is not a Deficient Series, unless any of the transfers referenced in the preceding sentence would make such Series a Deficient Series; and provided further that the Debt Service Reserve Account for any Series shall not be Accounts from which the Trustee is permitted to transfer funds, unless failure to transfer such funds from those Accounts would result in an Event of Default under the Deficient Series. In no event shall the Trustee make an optional or mandatory redemption for a Series of Bonds if such redemption would cause a Series of Bonds to become a Deficient Series.

Notwithstanding the foregoing, once all of the Senior Series 2023 Bonds and Subordinate Series 2023 Bonds are fully paid, including all accrued and unpaid interest therefor, and the Series 2023 Bonds are no longer Outstanding, any funds deposited in the 2023 Revenue Account shall be transferred to the Revenue Account established for the oldest Series of Bonds outstanding under the 2021 Indenture and applied in accordance with Section 2.8 of the applicable Supplemental Indenture.

(B) The parties hereto agree that (i) each of the 2023 Accounts is a “securities account” (within the meaning of Section 8-501(a) of the UCC), in respect of which the Trustee is the “securities intermediary” (within the meaning of Section 8-102(a)(14) of the UCC) and the Trustee is the “entitlement holder” (within the meaning of Section 8-102(a)(7) of the UCC); (ii) each item of property (including cash) of the Authority credited to a 2023 Account shall be treated as a “financial asset” (within the meaning of Section 8-102(a)(9) of the UCC); (iii) the “securities intermediary’s jurisdiction” (within the meaning of Section 8-110(e) of the UCC) with respect to each of the 2023 Accounts shall be New York; and (iv) the law in force in the State of New York is applicable to all issues specified in Article 2(1) of “The Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary”, *ratified* Sept. 28, 2016, S. Treaty Doc. No. 112-6 (2012)” (the “Hague Securities Convention”). The Trustee represents and warrants that at the time that this Second Supplemental Indenture is entered into, the Trustee had a physical office in the United States that satisfied the criteria set forth in Article 4(1)(a) or (b) of the Hague Securities Convention. The Trustee agrees that, at all times while this Second Supplemental Indenture is in effect, it shall maintain a physical office in the United States that satisfies the criteria set forth in Article 4(1)(a) or (b) of the Hague Securities Convention. Notwithstanding the intent of the parties hereto, to the extent that any 2023 Account shall be determined to constitute a “deposit account” (within the meaning of Section 9-102(a)(29) of the UCC), the parties hereto agree that the depository institution holding the 2023 Accounts (i) shall treat the Trustee as the sole “customer” (within the meaning of Section 9-104 of the UCC) of the depository institution holding the 2023 Accounts with respect to such deposit account, and (ii) shall comply with instructions from the Trustee, without any consent by the Authority or any other Person. The parties hereto acknowledge and agree that each of the 2023 Accounts is subject to the sole dominion and control of Trustee, subject to the terms hereof. The Trustee shall have the sole right of withdrawal with respect to each 2023 Account in accordance with the terms of the 2021 Indenture and this Second Supplemental Indenture. The Authority shall not have a right of withdrawal with respect to any 2023 Account. The Trustee, subject to the terms of this Second Supplemental Indenture, shall comply with all “entitlement orders” (as defined in Section 8-102(a)(8) of the UCC) with respect to all “securities entitlements” (as defined in Section 8-102(a)(17) of the UCC) related to the 2023 Accounts, including any entitlement orders and instructions directing disposition of funds financial assets, or other assets in each of the 2023 Accounts originated by the Trustee without further consent by the Authority or any other party. The Trustee acknowledges and agrees that it has not entered into, and until the termination of this Second Supplemental Indenture shall not enter into, any agreement with any Person other than the Authority relating to any 2023 Account, and in each case any funds held therein, pursuant to which it has agreed, or will agree, to comply

with orders or instructions of any other such Person. The parties hereto agree that this Section 3.1(B) shall constitute an account agreement for the purposes of the UCC, including Section 8-501 thereof

Section 3.2 Application of Series 2023 Bond Proceeds and Use of 2023 Accounts.

(A) \$\_\_\_\_\_ (equal to the aggregate principal amount of Series 2023 Bonds, [plus][less] net original issue [premium][discount] paid to the Authority in the amount of \$\_\_\_\_\_ shall be deposited with the Trustee for transfer to the following Accounts (the Authority shall pay the Underwriters' fee of \$\_\_\_\_\_ from otherwise available funds of the Authority, but shall retain \$50,000 of such fee to be released to RBC Capital Markets, LLC, upon satisfactory completion of the conditions in [Section 9(d)] of the Purchase Contract):

(i) To the trustee under the 2012-1 Indenture, for immediate transfer to the revenue account thereunder, \$\_\_\_\_\_ from the proceeds of the sale of the Series 2023A Bonds, to be applied to pay the principal on the Bonds to be Refunded on the date fixed for redemption, as set forth in Schedule E; and

(ii) To the 2023 Option 1 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the amount of [\$60,000,000] to be used to Originate Option 1 Loans; and

(iii) To the 2023 Option 2 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the amount of [\$75,100,000] to be used to Originate Option 2 Loans; and

(iv) To the 2023 Option 3 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the amount of [\$25,000,000] to be used to Originate Option 3 Loans; and

(v) To the 2023 Consolidation Loan Account, the amount of [\$15,000,000] to Originate Consolidation Loans; and

(vi) To the 2023 Refinance Loan Account (excluding the deposit to the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score), the amount of \$\_\_\_\_\_ to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score equal to or greater than 720; and

(vii) To the 2023 Refinance Loan Subaccount – 670 to 719 Credit Score within the 2023 Refinance Loan Account, the amount of \$\_\_\_\_\_ to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score less than 720; and

(viii) To the 2023 Debt Service Reserve Account, the amount of [\$5,600,000] in satisfaction of the 2023 Reserve Requirement.

(B) Upon the refunding of the Bonds to be Refunded, the Authority will transfer the Transferred Loans from the 2012-1 Indenture to the 2021 Indenture, which Transferred Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged as security for the repayment of principal and interest on [all Bonds] issued under the 2021 Indenture.

(C) Prior to or simultaneously with the refunding of the Bonds to be Refunded, the Authority will direct the trustee under the 2012-1 Indenture to apply [\$26,600,000] of proceeds on deposit in the 2012-1 Revenue Account, 2012-1 Debt Service Reserve Account, 2013-1 Revenue Account and 2013-1 Debt Service Account established under the 2012-1 Indenture to the payment of a portion of the principal, and the accrued interest on the Bonds to be Refunded on the date fixed for redemption;

(D) During the Origination Period, the Authority may direct the Trustee, in writing, to transfer funds within the Student Loan Fund, subject to the origination limitations set forth in Section 3.7 hereof.

(E) All Recoveries of Principal with respect to 2023 Student Loans and Transferred Loans shall be deposited by the Trustee upon the written direction of the Authority (i) during the Recycling Period, to the 2023 Repayment Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account to Originate new Option 1 Loans, Option 2 Loans and Refinance Loans; provided that no Recoveries of Principal may be used to originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score between 670 to 719 so that the aggregate principal amount of such Refinance Loans originated with the proceeds of the Series 2023 Bonds and Recoveries of Principal exceeds \$\_\_\_\_\_ and (ii) following the Recycling Period, to the 2023 Revenue Account, unless the Authority satisfies the Rating Agency Notice Conditions disclosing the use of Recoveries of Principal during the Recycling Period to originate other Eligible Student Loans. All Revenues from 2023 Student Loans and Transferred Loans shall be deposited in the 2023 Revenue Account. The Authority shall identify, in writing, to the Trustee Recoveries of Principal and Revenues as they are received by the Authority and into which Accounts the Recoveries of Principal and Revenues should be deposited. At conclusion or other termination of the Recycling Period, any funds remaining in the 2023 Repayment Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account shall be transferred to the 2023 Revenue Account and the 2023 Repayment Subaccount will be closed.

(F) Student Loan Fund.

(i) [\$160,100,000] from proceeds of the Series 2023 Bonds, shall be deposited in the 2023 NJCLASS Fixed Rate Standard Student Loan Account to Originate Fixed Rate Standard NJCLASS Loans (including [\$60,000,000] to be held in the 2023 Option 1 Loan Subaccount and used to Originate Option 1 Loans, [\$75,100,000] to be held in the 2023 Option 2 Loan Subaccount and used to Originate Option 2 Loans and [\$25,000,000] to be held in the 2023 Option 3 Loan Subaccount and used to Originate Option 3 Loans);

(ii) [\$15,000,000] from proceeds of the Series 2023 Bonds shall be deposited in the 2023 Consolidation Loan Account to be used to Originate Consolidation Loans; and

(iii) [\$67,600,000] from proceeds of the Series 2023 Bonds shall be deposited in the 2023 Refinance Loan Account to be used to Originate Refinance Loans (including the \$\_\_\_\_\_ held in the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score used to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score less than 720).

(G) 2023 Revenue Account.

(i) On each Payment Date, the Authority shall pay the amount of interest, Principal Installments or Sinking Fund Payments, as applicable, for the Senior Series 2023 Bonds

coming due on such date and, to the extent funds are sufficient therefor, and the Authority shall pay the amount of interest, Principal Installments or Sinking Fund Payments, as applicable, for the Subordinate Series 2023 Bonds, in the order of priority established by Section 5.5(A) of the Original Indenture.

(ii) On each Payment Date prior to the termination of the Recycling Period, any funds remaining in the 2023 Revenue Account, after payment of the Principal Installment or interest due and payable on the Senior Series 2023 Bonds on such Payment Date and, to the extent funds are sufficient therefor, after payment of the principal of or interest on the Subordinate Series 2023 Bonds and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, may be transferred to the 2023 NJCLASS Fixed Rate Standard Student Loan Account at the written direction of the Authority or may be applied in accordance with Section 2.8(A)(iii) of this Second Supplemental Indenture.

(H) 2023 Debt Service Reserve Account. The 2023 Debt Service Reserve Account shall be funded with proceeds of the Series 2023 Bonds in an amount equal to the 2023 Reserve Requirement as set forth in Section 3.4 hereof. The 2023 Debt Service Reserve Account shall only be available to pay Principal Installments of or interest on the Series 2023 Bonds except in the event (i) there are sufficient funds in the 2023 Revenue Account to pay Principal Installments of or interest on the Series 2023 Bonds and (ii) failure to utilize the 2023 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds.

(I) 2023 Rebate Account and 2023 Excess Yield Account. The Authority shall provide notice to the Rating Agency of the amount of any deposit, if made, to the 2023 Rebate Account or the 2023 Excess Yield Account, in accordance with Section 5.5(A)(i) of the Original Indenture.

### Section 3.3 Instructions to Trustee Concerning Certain Program Expenses and Certain Costs of Issuance.

(A) The Trustee is hereby instructed to pay, from the moneys deposited to the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account, 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score), or the 2023 Revenue Account, the Program Expenses, as may be indicated in a Certificate of an Authorized Officer of the Authority delivered to the Trustee on the Issue Date, and from time to time thereafter in conformance with Sections 5.4 and 5.5 of the Original Indenture and this Second Supplemental Indenture.

(B) On July 1 of each year, any Program Expenses listed on Schedule D hereto for the prior fiscal year reserved from cash flow and not expended to pay Program Expenses, may be deposited into the 2023 Revenue Account and applied as set forth herein and in Section 5.5(A) of the Original Indenture.

(C) The Underwriters' fee, Costs of Issuance and any other costs and expenses incurred in connection with the authorization, issuance and delivery of the Series 2023 Bonds shall be paid for by the Authority from other available funds of the Authority or, at the direction of the Authority, from a portion of the proceeds of the Series 2023 Bonds.

Section 3.4 2023 Reserve Requirement. Upon issuance of the Series 2023 Bonds, the 2023 Reserve Requirement shall be the amount of [\$5,600,000] (equal to two percent (2%) of the original principal amount of Series 2023 Bonds) and shall be funded with proceeds of the Series 2023 Bonds. Thereafter, as of any date of calculation, the 2023 Reserve

Requirement shall equal the greater of (i) two percent (2%) of the principal amount of Outstanding Series 2023 Bonds on such date and (ii) \$1,000,000.

Section 3.5 Mandatory Sinking Fund Redemption of Mandatory Sinking Fund Term Bonds. With respect to the redemption of Mandatory Sinking Fund Term Bonds, the Trustee shall, without further authorization or direction of the Authority, apply monies in the Revenue Fund on each Principal Payment Date upon which a Sinking Fund Payment is due to the retirement of the Mandatory Sinking Fund Term Bonds in accordance with Section 2.8 herein. The Trustee shall give notice of all such redemptions in the name and on behalf of the Authority in accordance with the provisions of Article VI of the Original Indenture.

Section 3.6 Intentionally Omitted.

Section 3.7 Loan Limitations. Unless the Authority satisfies the Rating Agency Notice Conditions disclosing a proposed deviation from the below:

(A) the Authority hereby agrees that it shall not Originate Option 3 Loans from proceeds of the Series 2023 Bonds or otherwise permit a 2023 Fixed Rate Standard NJCLASS Loan Originated from proceeds of the Series 2023 Bonds to become an Option 3 Loan (computed as of the date of origination of each Option 3 Loan or such later date as a 2023 NJCLASS Loan is to become an Option 3 Loan and without regard to any amount of deferred interest which may be added to principal), in an aggregate principal amount of all such Option 3 Loans which are Fixed Rate Standard NJCLASS Loans greater than [\$25,000,000];

(B) the Authority hereby agrees that it shall not Originate from the proceeds of the Series 2023 Bonds more than [\$\_\_\_\_\_] of aggregate principal amount of Refinance Loans (computed as of the date of Origination) to borrowers or co-obligors, as applicable, having a credit score less than 720; and

(C) the Authority hereby agrees that it shall not Originate Consolidation Loans from proceeds of the Series 2023 Bonds in an aggregate principal amount (computed as of the date of origination) exceeding [\$15,000,000].

Section 3.8 Amount of Program Expenses. The Authority hereby agrees and covenants that the payment of Program Expenses for the NJCLASS Loan Program pursuant to the 2021 Indenture as of any date shall not exceed the amount of Program Expenses for the NJCLASS Loan Program set forth in the most recent Cash Flow Statement delivered prior to such date. Any change to the Program Expenses listed on Schedule D requested by the Authority shall be subject to the delivery by the Authority of a Cash Flow Statement to the Trustee and a Rating Agency Confirmation from the Rating Agency.

Section 3.9 Rating Agency Permitted Investments. As long as the Series 2023 Bonds are rated by S&P, all requirements for a rating by S&P in the definition of Investment Securities shall not be deemed satisfied with respect to an investment rated by S&P unless S&P has provided the required rating or waived such requirement. The Authority shall only invest the proceeds of the Series 2023 Bonds in Investment Securities, unless waived by the Rating Agency. Each of the Investment Securities may be purchased by the Trustee or through an affiliate of the Trustee. Absent written direction from the Authority (which may be in the form of standing instructions), funds will remain uninvested.

Section 3.10 Intentionally Omitted.

Section 3.11 No Indemnification as Condition Precedent. Anything in the 2021 Indenture or herein to the contrary notwithstanding, the Trustee agrees that it may not require indemnification as a condition precedent to (i) making payments of the principal, Redemption Price of and interest on the Series 2023 Bonds as required herein or (ii) mailing any notices of redemption or purchase as required hereby, it being understood and agreed, however, that while the Trustee may not require indemnification prior to or as a condition of performing the acts referred to in clauses (i) or (ii) above, the Trustee shall continue to be entitled to indemnification, as otherwise provided herein or in the 2021 Indenture, for such acts.

Section 3.12 Loan Servicers and Servicing Acknowledgements.

(A) The Authority agrees that, unless the Authority satisfies the Rating Agency Notice Conditions in connection with a change in Servicer, the only permitted Servicer of 2023 NJCLASS Loans is the Authority.

(B) (i) The Trustee shall, at the direction of the Owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, replace the Authority as Servicer upon the occurrence of an Event of Default set forth in Section 10.1(A)-(G) of the Original Indenture and, with respect to the occurrence of an Event of Default set forth in Section 10.1(G) of the Original Indenture, the Authority fails to take action resulting in the withdrawal or dismissal of such bankruptcy proceeding within 60 days.

(ii) The Trustee shall, at the direction of the Owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, procure a third party successor Servicer and the Authority shall be required to act as master Servicer to oversee the successor Servicer and enter into any such contracts with the successor Servicer as may be required in the event of a Servicer Event of Default (as defined in and as provided in the Acknowledgement of Servicing by and between the Authority and the Trustee with respect to the 2023 NJCLASS Loans (the "Acknowledgement")). Notwithstanding the foregoing, the removal of the Authority as Servicer or the procurement of a successor Servicer shall not be effective until the successor Servicer shall have agreed in writing to be bound by the terms of a Servicing Acknowledgement in the same manner as the Authority, in its capacity as Servicer, is bound under the Acknowledgement; and provided further that if the Trustee is unable or unwilling to appoint a successor Servicer, the Trustee shall petition a court of competent jurisdiction to appoint a successor Servicer whose regular business includes the servicing of loans for post-secondary education.

(C) The Acknowledgement shall not be materially amended by the parties thereto unless the Authority satisfies the Rating Agency Notice Conditions in connection with such amendment.

(D) The Trustee shall provide notice to the Rating Agency if the Servicer is replaced or if a third-party successor Servicer is contracted by the Authority in accordance with Section 3.12(A) above and the Acknowledgement.

(E) All costs in connection with any transfer of servicing in accordance with Section 3.12(A) above shall constitute Program Expenses for purposes of the 2021 Indenture. In the event that the Parity Percentage of the Trust Estate is less than 105% or such other percentage as may be determined by the Authority if the Authority satisfies the Rating Agency Notice Conditions in connection with such determination and therefore insufficient to pay the costs of transfer of servicing, the payment of these expenses shall be the responsibility of the Authority or its successor.

(F) Each promissory note or notes evidencing a Student Loan Originated in accordance with the 2021 Indenture was or will be delivered to the Trustee prior to the related disbursement; furthermore, each such promissory note or notes was or may be executed by wet or electronic signature; provided that, the Trustee shall only hold possession of each original wet copy of such notes and the Authority shall hold the authoritative electronic notes; provided, however, upon the Trustee's request, the Authority shall provide copies of the authoritative electronic notes to the Trustee and shall retain the originals thereof.

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## ARTICLE IV

### REPRESENTATION, COVENANTS AND WARRANTIES OF THE AUTHORITY

Section 4.1 2023 NJCLASS Loan Requirements. The Authority hereby represents, warrants and covenants that, unless the Authority satisfies the Rating Agency Notice Conditions in connection with a deviation from the below:

(A) With respect to each disbursement from the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score) to Originate 2023 NJCLASS Loans, as of the related disbursement date:

(i) the Authority and such disbursement will comply with the requirements of applicable federal and State law,

(ii) the disbursement will be a proper charge against the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Account 670-719 Credit Score),

(iii) all requirements of the 2021 Indenture and this Second Supplemental Indenture in connection with origination of 2023 NJCLASS Loans will have been met,

(iv) the Authority will be in compliance with the covenants set forth in the 2021 Indenture and in this Second Supplemental Indenture,

(v) no Event of Default will have occurred and be continuing,

(vi) the Recycling Period will not have terminated, and

(vii) the promissory note or notes with respect to each such 2023 NJCLASS Loan Originated will be delivered to the Trustee prior to the related disbursement; provided that such promissory note or notes may be executed by wet or electronic signature and the Trustee shall only hold possession of each original wet copy of such notes and the Authority shall hold the authoritative electronic notes; provided, however, upon the Trustee's request, the Authority shall provide copies of the authoritative electronic notes to the Trustee and shall retain the originals thereof;

(B) Each 2023 NJCLASS Loan will:

(i) be a Fixed Rate Standard NJCLASS Loan, Consolidation Loan or Refinance Loan;

(ii) comply with the covenants set forth in this Article IV and the credit criteria contained in Schedule C hereto; and

(iii) be Originated in the principal amount of such 2023 NJCLASS Loan plus unpaid accrued interest.

(C) No 2023 NJCLASS Loan will have a maturity date that is more than (i) 10 years after the date of the first disbursement, inclusive of any authorized period of forbearance or deferment, with respect to Option 1 Loans, (ii) 15 years after the date of the first disbursement,

inclusive of any authorized period of forbearance or deferment, with respect to Option 2 Loans, (iii) 20 years after the date of the first disbursement, inclusive of any authorized period of forbearance or deferment, with respect to Option 3 Loans, (iv) 25 years after the date of the first disbursement with respect to Consolidation Loans less than \$60,000, (v) 30 years after the date of the first disbursement with respect to Consolidation Loans greater than or equal to \$60,000 or (vi) 10 years or 15 years after the date of first disbursement with respect to Refinance Loans.

(D) The Authority shall not Originate any 2023 NJCLASS Loans with a credit score less than 670.

(E) Other than with respect to Consolidation Loans, there shall be no Administrative Fee for 2023 NJCLASS Loans. The Administrative Fee for Consolidation Loans shall equal 1% of the original principal amount of each Consolidation Loan and shall be retained by the Authority. Once a 2023 NJCLASS Loan has been made, the Authority may not grant any waivers or alterations to the payment structure for such 2023 NJCLASS Loan, except the deferral and forbearance options described under the Program Documentation, unless the Authority has satisfied the Rating Agency Notice Conditions in connection with such deviation.

(F) The Authority shall not provide borrower benefit programs for the 2023 NJCLASS Loans or Transferred Loans other than (i) the Repayment Assistance Program described in Section 4.1(K), (ii) the Household Income Affordable Repayment Plan ("HIARP") described in Section 4.1(L), (iii) the ACH Discount described in Section 4.1(M) and (iv) any other program following the satisfaction of the Rating Agency Notice Conditions by the Authority with respect to such additional program; loan forgiveness in order to reduce excess yield earnings shall not be deemed a borrower benefit program. Federal or state mandated loan forgiveness or tolling programs or changes to the Program Documentation to ease deferment or forbearance provisions during times of federal or state declared emergency shall not be deemed a borrower benefit program.

(G) No adverse selection process will be used in originating the 2023 NJCLASS Loans.

(H) The Authority shall comply with the Origination limitations set forth in Section 3.7 of this Second Supplemental Indenture.

(I) No 2023 NJCLASS Loans will be Originated to students attending a school with a Federal cohort default rate greater than 25%, or such other percentage as set forth from time to time in the regulations established by the Authority.

(J) The Authority shall not Originate more than five percent (5%) of all Fixed Rate Standard NJCLASS Loans for students attending proprietary or trade school.

(K) The Authority shall offer a temporary loan deferment called the Repayment Assistance Program (as such term is defined in the Program Documentation) to certain qualifying borrowers of 2023 NJCLASS Loans (other than Consolidation Loans and Refinance Loans) and Transferred Loans. Eligibility for the Repayment Assistance Program is described in the Authority's Program Documentation.

(L) The Authority shall offer a household income-based repayment program called HIARP. HIARP shall be available to qualifying borrowers of 2023 NJCLASS Loans (other than Refinance Loans and Consolidation Loans) and Transferred Loans. The maximum amount of eligible loans subject to HIARP cannot exceed [\$3,200,000]. Through the HIARP program,

monthly payments on eligible 2023 NJCLASS Loans and Transferred Loans shall be reduced to 15% of the total of the household income of all of the parties to the loan that exceed 150% of the federal poverty guideline for their family size, with a minimum monthly payment of \$25 (“Reduced Payments”). The repayment term for loans in the HIARP program will be extended to 25 years from the date of origination and any remaining balance at the end of 25 years will be forgiven. Interest on loans in the HIARP program shall continue to accrue during the HIARP period and upon a household no longer qualifying for eligibility under HIARP, such interest shall be capitalized. Borrowers can only enter HIARP after exhausting their two (2) years of Repayment Assistance Program eligibility. Eligibility for the HIARP is described in the Authority’s Program Documentation.

(M) The Authority shall offer an interest rate discount of up to 25 basis points to certain qualifying borrowers of 2023 NJCLASS Loans who electronically submit re-occurring loan payments to the Authority (the “ACH Discount”). The availability of the ACH Discount shall be limited to 25% of the outstanding principal balance of 2023 NJCLASS Loans Originated. Eligibility for the ACH Discount is described further in the Authority’s Program Documentation.

Section 4.2 Loan Rates. The Loan Rate for all 2023 NJCLASS Loans shall be as follows:

**Fixed Rate Standard NJCLASS Loans:**

- (i) for Option 1 Loans, \_\_\_\_% for the term of the loan.
- (ii) for Option 2 Loans, \_\_\_\_% for the term of the loan
- (iii) for Option 3 Loans, \_\_\_\_% for the term of the loan

**Consolidation Loans:**

The interest rate on Consolidation Loans will be a fixed rate based upon the weighted average interest rate of all the underlying loans being consolidated less 50 basis points. The interest rate of an underlying NJCLASS Loan is calculated using a blending of the applicable initial and step-up interest rates disclosed to the borrower. If the interest rate of an underlying NJCLASS Loan currently reflects the step-up interest rate, the step-up interest rate will be used solely in the calculation. If a variable rate NJCLASS Loan or an NJCLASS Loan with a 10-year repayment term is being included in the NJCLASS consolidation, the rate used in the weighted average calculation will be the equivalent 15- or 20-year fixed rate interest rate for the immediate repayment of principal and interest in effect at the time of disbursement of the underlying NJCLASS Loan Program loan. Interest on a Consolidation Loan will begin to accrue at the time of the loan disbursement.

**Refinance Loans:**

The interest rate on Refinance Loans will be a fixed rate based upon a borrower’s or co-obligor’s, as applicable, credit score as follows:

<u>Credit Score</u>	<u>10 Year Interest Rate</u>	<u>15 Year Interest Rate</u>
720+	____%	____%

#### Section 4.3 Additional Bonds.

(A) So long as any Series 2023 Bonds are Outstanding, the Authority shall not issue any Additional Bonds, unless:

(i) the Authority shall have delivered a Cash Flow Statement to the Rating Agency prior to the issuance of such Additional Bonds, taking into account the issuance of all such Additional Bonds, and the assumptions and scenarios in such Cash Flow Statement shall be acceptable to the Rating Agency; and

(ii) the Authority shall have delivered to the Trustee a Rating Agency Confirmation from the Rating Agency for the Series 2023 Bonds.

(B) So long as any Series 2023 Bonds are Outstanding, the Authority shall not execute and deliver any Supplemental Indenture for any purpose unless the Authority has satisfied the Rating Agency Notice Conditions.

#### Section 4.4 Report to Rating Agency.

(A) So long as any Series 2023 Bonds are Outstanding, the Authority will deliver to the Trustee and the Rating Agency, and shall file or cause the Trustee to file with the Municipal Securities Rulemaking Board uploaded to the EMMA website or such other national repository for the deposit of secondary market disclosure information permitted by Securities and Exchange Commission Rule 15(c)2-12, a servicing report (the "Servicing Report"), not later than each Quarterly Report Date, in each case calculated as of the last day of the related Calendar Quarter, which shall state the following:

(i) The number and Aggregate Pool Loan Balance of 2023 Student Loans outstanding as of the end of such Calendar Quarter;

(ii) The number and principal balance of 2023 NJCLASS Loans Originated by Option type and the number and principal balance of 2023 Student Loans which are in Option 1, Option 2 and Option 3 status;

(iii) The number and dollar amount of 2023 Student Loans which are delinquent 0-30, 31-60, 61-90, 91-120, 121-180 and 181 or more days and the cumulative number and dollar amount of 2023 NJCLASS Loans which have been 181 or more days delinquent;

(iv) The cumulative number and dollar amount of 2023 Student Loans charged off since the Issue Date of the Series 2023 Bonds;

(v) The Gross Defaulted Loan Collections on defaulted 2023 Student Loans as of the end of such Calendar Quarter (broken out by principal and interest recovered) and the gross and net cumulative amounts of defaults on 2023 Student Loans as of the end of such Calendar Quarter and as a percentage of the original amount of 2023 Student Loans disbursed;

(vi) The dollar amount of the Series 2023 Bonds issued, the cumulative changes in the amount Outstanding and descriptions of such changes, as well as the Bonds Outstanding as of the end of such Calendar Quarter;

(vii) The beginning balance of the 2023 Debt Service Reserve Account, the cumulative withdrawals and deposits, and the balance of the 2023 Debt Service Reserve Account as of the end of such Calendar Quarter;

(viii) As of the end of such Calendar Quarter, the weighted average interest rate of all 2023 Student Loans Originated in the Aggregate Loan Balance;

(ix) As of the end of such Calendar Quarter, for all outstanding 2023 Student Loans, the weighted average original credit score and weighted average number of months to maturity;

(x) As of the end of such Calendar Quarter, a schedule of the net position (balance sheet), including the combined balance of cash on deposit in each Account and Subaccount for the Series 2023 Bonds, Accrued Assets, Accrued Liabilities, Parity Percentage and Senior Parity Percentage;

(xi) As of the end of such Calendar Quarter, a year to date statement of Revenues and Program Expenses and changes in net position;

(xii) Calculation of Cash Release Conditions and statement as to whether the Cash Release Conditions were met;

(xiii) Any funds released from the Trust Estate to the Authority;

(xiv) So long as the Series 2023 Bonds are rated by S&P, the Authority shall give S&P prompt written notice of any withdrawal from the 2023 Debt Service Reserve Account to pay Principal Installments of or interest on the Series 2023 Bonds, and of any deficiency amount certified by the Authority pursuant to Section 7.15 of the Original Indenture, and of any amount received from the State following such deficiency certification;

(xv) Amount of funds requested from the State to restore the Debt Service Reserve Fund and the amounts of funds so paid;

(xvi) Aggregate Loan Balance of all Student Loans purchased pursuant to Section 5.5(A)(viii) of the Original Indenture;

(xvii) number and principal balance of 2023 NJCLASS Loans utilizing HIARP and the Repayment Assistance Program;

(xviii) commencing with the Quarterly Report Date of November 15, 2023 for the Calendar Quarter ending September 30, as of the end of such Calendar Quarter, a schedule of total principal collections and interest collections on Student Loans; and

(xix) commencing with the Quarterly Report Date of November 15, 2023 for the Calendar Quarter ending September 30, as of the end of such Calendar Quarter, disbursements of Program Expenses and other Bond Fees, interest distribution to Bondholders and principal distribution to Bondholders.

(B) During any applicable Origination Period and Recycling Period, the Authority will deliver to the Trustee and the Rating Agency a report, no later than the fifteenth (15<sup>th</sup>) Business Day of each month, which report shall include, as of the last Business Day of the preceding month, the number and principal balance of 2023 NJCLASS Loans Originated during the

Origination Period and/or Recycling Period, as applicable, and detailing the following characteristics for such 2023 NJCLASS Loans:

- number and principal balance of 2023 NJCLASS Loans Originated by Option type; and

- number and principal balance of 2023 NJCLASS Loans Originated by type of loan (i.e. Fixed Rate Standard NJCLASS Loan, Consolidation Loan, Refinance Loan).

(C) The Authority will deliver to the Trustee and the Rating Agency a report within forty-five (45) days after the end of the final Origination Period which report shall include the number and balance of 2023 NJCLASS Loans Originated during the Origination Period detailing the following characteristics for such 2023 NJCLASS Loans:

- Percentage of 2023 NJCLASS Loans co-signed; and

- Original credit score (in increments of 10).

(D) So long as any Series 2023 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, annual audited financial statements of the NJCLASS Loan Program and Federal Family Education Loan Program prepared by an independent certified public accountant, within one hundred eighty (180) days of the completion of the NJCLASS Loan Program's and Federal Family Education Loan Program's Fiscal Year.

(E) So long as any Series 2023 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, within a reasonable time after request therefor, a report containing information with respect to updated static pool default and recovery information on 2023 NJCLASS Loans.

(F) So long as any Series 2023 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, semi-annually, a report including the total number and principal balance of outstanding Student Loans; and the number and principal balance of outstanding Student Loans by type of loan (i.e. Fixed Rate Standard NJCLASS Loan, Consolidation Loan, Refinance Loan); and the total principal balance of any loans forgiven to reduce excess yield earnings.

(G) Reports to S&P should be distributed as follows:

- (i) For electronic delivery: [servicer\\_reports@spglobal.com](mailto:servicer_reports@spglobal.com)

- (ii) For all other deliveries: 55 Water Street, 41<sup>st</sup> Floor  
New York, New York 10041-0003  
Attention: ABS Surveillance Group

Section 4.5 Loan Transfers. So long as the Series 2023 Bonds are Outstanding, the Authority shall not sell or transfer any Student Loan except (i) as authorized under the 2021 Indenture and (ii) for cash, except that the Authority may transfer Student Loans to another trust estate of the Authority in accordance with the requirements of Section 7.8 of the Original Indenture.

Section 4.6 Origination Period. All 2023 NJCLASS Loans shall be Originated within the time periods set forth under the definition for Origination Period in Section 1.2 of this Second Supplemental Indenture. A Student Loan shall be deemed Originated upon execution by a borrower of the promissory note. In the event a Student Loan is cancelled by the borrower after the end of the Origination Period and disbursed funds returned to the Authority, such disbursed funds shall be transferred, at the written direction of an Authorized Officer, to the 2023 Revenue Account.

Section 4.7 Original Issue Discount. The Authority will supply to the Trustee, at the time and in the manner required by applicable Treasury Regulations, for further distribution to such persons and, to the extent required by applicable Treasury Regulations, information with respect to any original issue discount accruing on the Series 2023 Bonds.

Section 4.8 Acceleration Due to Prepayment of Other Obligations. The Authority represents that the Series 2023 Bonds are of the type of debt instruments where payments under such debt instruments may be accelerated by reason of prepayments of other obligations securing such debt instruments.

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## ARTICLE V

### MISCELLANEOUS

Section 5.1 Amendment to Original Indenture. In accordance with Section 8.1(l) of the Original Indenture, all references to money, securities, Accounts and/or Funds held by the Trustee in the Original Indenture, including, without limitation, to those references made in Sections 5.2(C), 5.3(E) and (F), 5.9, 5.10(B), 5.11(B), 5.12, 5.13, 5.14, 6.6 and 10.3 thereof, shall be deemed to mean money, securities, Accounts and/or Funds, as applicable, held or maintained by the Trustee at a Depository.

Section 5.2 Second Supplemental Indenture Construed with Original Indenture. All of the provisions of this Second Supplemental Indenture shall be deemed to be and construed as part of the Original Indenture to the same extent as if fully set forth therein.

Section 5.3 Original Indenture as Supplemented to Remain in Effect. Save and except as supplemented, amended or restated by the First Supplemental Indenture and this Second Supplemental Indenture, the Original Indenture shall remain in full force and effect.

Section 5.4 Instrument of Acceptance by Fiduciaries.

(A) Computershare Trust Company, National Association hereby accepts its appointment as Paying Agent, Registrar and Authenticating Agent and the duties and obligations thereof and agrees that this constitutes the written instrument of acceptance required by Section 11.2(B) of the Original Indenture. The Paying Agent, Registrar and Authenticating Agent shall be entitled to the rights, protections, benefits and immunities afforded to the Trustee under the 2021 Indenture. The rights, benefits, protections, immunities and indemnities afforded the Trustee hereunder and under the 2021 Indenture shall extend to the Trustee under any other transaction document or related agreement as though set forth therein in their entirety mutatis mutandis. Computershare Trust Company, National Association may, in such multiple capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles or other breach of duties to the extent that any such conflict or breach arises from the performance by Computershare Trust Company, National Association of express duties set forth in the 2021 Indenture and this Second Supplemental Indenture in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence (other than errors in judgment) and willful misconduct by Computershare Trust Company, National Association.

(B) So long as the Series 2023 Bonds are rated by S&P, the Depository is required to maintain a credit rating by S&P of no less than "A." If at any time the Depository's rating falls below the rating requirements set forth in the preceding sentence, the Depository shall notify the Authority, and the Authority shall remove the Depository and appoint a successor Depository within thirty (30) days. The removed Depository shall be entitled to all money then due to it under the 2021 Indenture. For the avoidance of doubt, if the Trustee does not serve as Depository, but appoints a custodian to hold the Bond Proceeds or Revenues on its behalf, such custodian shall be deemed the Depository for the purposes of this Section 5.4(B).

Section 5.5 Execution in Counterparts; Electronic Signature. This Second Supplemental Indenture shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other

relevant electronic signatures law, including relevant provisions of the UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Second Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of Bonds when required under the UCC or other Signature Law due to the character or intended character of the writings.

Section 5.6 Severability. If any Section, paragraph, clause, or provision of this Second Supplemental Indenture 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 Second Supplemental Indenture.

Section 5.7 Confirmation of Actions. All actions (not inconsistent with the provisions of this Second Supplemental Indenture) heretofore taken by the Authority directed toward the issuance and sale of the Series 2023 Bonds are hereby ratified, approved, and confirmed.

Section 5.8 Governing Law; Jurisdiction. This Second Supplemental Indenture shall be construed in accordance with the laws of the State of New Jersey. The parties hereto agree to the non-exclusive jurisdiction of the State of New Jersey.

Section 5.9 WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS SECOND SUPPLEMENTAL INDENTURE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.10 AML Law. The parties hereto acknowledge that in accordance with laws, regulations and executive orders of the United States or any state or political subdivision thereof as are in effect from time to time applicable to financial institutions relating to the funding of terrorist activities and money laundering, including without limitation the USA Patriot Act (Pub. L. 107-56) and regulations promulgated by the Office of Foreign Asset Control (collectively, "AML Law"), the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, is required to obtain, verify, and record information relating to individuals and entities that establish a business relationship or open an account with the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent. Each party hereby agrees that it shall provide the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, with such identifying information and documentation as the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, may request from time to time in order to enable the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, to comply with all applicable requirements of AML Law.

Section 5.11 Notices. Any notice, demand, direction, request, or other instrument authorized or required by this Second Supplemental Indenture to be given to or filed with the Authority, the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, 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, telegraphic or electronic means, shall be deemed given when transmitted (receipt confirmed) to the following addresses; provided that facsimile or electronic transmissions of notices shall only be deemed to have been sufficiently given or filed for all purposes if the Authority and the Fiduciaries have agreed to accept notices by facsimile or electronic communication, such notice has been sent by a person authorized to give such notice and receipt of such notice has been confirmed.

If to the Authority: New Jersey Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, P.O. Box 545, Trenton, New Jersey 08625, Attention: Chief Financial Officer (facsimile no. (609) 584-4831), (email: Jerry\_traino@hesaa.org).

If overnight delivery to the Authority: New Jersey Higher Education Student Assistance Authority, #4 Quakerbridge Plaza, Mercerville, New Jersey 08619, Attention: Chief Financial Officer.

If to the Trustee, Paying Agent, Dissemination Agent, Registrar or Authenticating Agent: Computershare Trust Company, National Association, 1505 Energy Park Drive, St. Paul, MN 55108 Attention: Computershare Corporate Trust – Asset-Backed Administration (telephone no. 612-417-4350) (email: Christopher.Wall@computershare.com).

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

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IN WITNESS WHEREOF, an Authorized Officer of the Authority and an authorized officer of the Trustee have hereunto executed this Second Supplemental Indenture as of the date first written above.

HIGHER EDUCATION STUDENT ASSISTANCE  
AUTHORITY

By: \_\_\_\_\_  
Gerald V. Traino  
Chief Financial Officer

COMPUTERSHARE TRUST COMPANY,  
NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Scott Olmsted  
Vice President

**SCHEDULE A**

**TERMS OF SENIOR SERIES 2023 BONDS AND SUBORDINATE SERIES 2023 BONDS**

The Senior Series 2023 Bonds and the Subordinate Series 2023 Bonds will initially be dated and will bear interest from the Issue Date. Interest will be payable on June 1 and December 1 of each year, commencing December 1, 2023. Each Series of the Series 2023 Bonds will bear interest at the respective interest rates per annum, and will mature on December 1 in each of the years and in the respective principal amounts shown below:

**[\$39,500,000] SENIOR STUDENT LOAN REVENUE REFUNDING BONDS,  
SERIES 2023A (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>^</sup>
2025	\$	%	%	%	646080
2026					646080
2027					646080
2028					646080
2029					646080
2030					646080
2031					646080
2032					646080
2033					646080

**[\$207,500,000] SENIOR STUDENT LOAN REVENUE BONDS, SERIES 2023B (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>^</sup>
2025	\$	%	%	%	646080
2026					646080
2027					646080
2028					646080
2029					646080
2030					646080
2031					646080
2032					646080
2033					646080

**[\$ \_\_\_\_\_] [\_\_\_\_\_] % Senior Student Loan Revenue Bonds, Series 2023B (AMT) Term Bonds  
Due [December 1, 2044] Yield [\_\_\_\_\_] % Price [\_\_\_\_\_] % CUSIP No. 646080 \_\_\_\_<sup>^</sup>**

**[\$33,000,000] SUBORDINATE STUDENT LOAN REVENUE BONDS,  
SERIES 2023C (AMT)**

<sup>^</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondholders, and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products.

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> ^
2052	[\$33,000,000]	%	%	%	646080

**SCHEDULE B-1**

**FORM OF SENIOR SERIES 2023 BONDS**

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 2021 INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
 SENIOR STUDENT LOAN REVENUE [REFUNDING] BOND, SERIES 2023[A][B]

No. R-[A][B]1 \$

<u>Dated Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
May __, 2023	%	December 1, 20__	646080 __

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT:

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each June 1 and December 1, commencing December 1, 2023 (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Computershare Trust Company, National Association (together with its successors as Paying Agent, the "Paying Agent"), in Minneapolis, Minnesota. Interest on this Bond is payable to the Registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Computershare Trust Company, National Association in its capacity as bond registrar (together with its successors as Registrar, the "Registrar"), by check or draft mailed to the Registered Owner at the registered address;

provided that, at the written request of the Registered Owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Capitalized terms used in this Bond and not defined herein shall have the meanings given thereto in the 2021 Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its Senior Student Loan Revenue [Refunding] Bonds, Series 2023[A][B] (the “2023[A][B] Bonds”) issued as fully registered Bonds without coupons in the denominations of \$5,000 or integral multiples thereof (“Authorized Denominations”) in the aggregate principal amount of [\$39,500,000] [\$207,500,000] under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the “Act”) and by virtue of a resolution duly adopted by the Authority on [March 22, 2023] (the “Bond Resolution”) and equally and ratably secured under an Indenture of Trust (the “Original Indenture”), dated as of May 1, 2021, as amended and supplemented, including by a Second Supplemental Indenture (the “Second Supplemental Indenture”), dated as of May 1, 2023, each by and between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (together with its successors in trust, the “Trustee”) as the same from time to time has been or may be further amended, modified or supplemented by Supplemental Indentures (such Original Indenture, as amended and supplemented by any and all such Supplemental Indentures, including, without limitation, the Second Supplemental Indenture, is hereinafter referred to as the “2021 Indenture”) for the purpose of, among other things, Originating Eligible Loans pursuant to the Act.

Simultaneously with the issuance of the 2023[A][B] Bonds, the Authority has issued its [\$39,500,000] [\$207,500,000] Student Loan Revenue [Refunding] Bonds, Series 2023[A][B] (the “2023[A][B] Bonds” and together with the 2023[A][B] Bonds, the “Senior 2023 Bonds”) on parity with the 2023[A][B] Bonds and has issued its [\$33,000,000] Subordinate Student Loan Revenue Bonds, Series 2023C (the “Subordinate Series 2023 Bonds” and together with the Senior 2023 Bonds, the “Series 2023 Bonds”; the Series 2023 Bonds, together with any Outstanding Bonds issued pursuant to the 2021 Indenture and any Additional Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the “Bonds”). The Subordinate Series 2023 Bonds shall constitute “Subordinate Bonds” for all purposes of the 2021 Indenture, except as specifically set forth below with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Senior Series 2023 Bonds. The 2021 Indenture pledges for the payment of the Bonds, subject to the terms and conditions of the 2021 Indenture, the Student Loans (defined in the 2021 Indenture) 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 2021 Indenture (collectively, the “Trust Estate”).

Reference is hereby made to the 2021 Indenture for the provisions, among other things, with respect to the nature and extent of the Trust Estate securing payment of the Bonds, the manner of enforcement of such security, the custody and application of the proceeds of the Bonds, the terms and conditions upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee, the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent, or its successors in such capacity (the “Authenticating

Agent”), and the rights of the holders of the Bonds. A copy of the 2021 Indenture is on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 2021 Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the 2021 Indenture.

Pursuant to the 2021 Indenture, Additional Bonds equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Original Indenture by the pledge and covenants made in the 2021 Indenture, with the Series 2023 Bonds may be issued from time to time in one or more Series for the purposes set forth therein.

The 2021 Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Bonds at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The 2021 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

The Series 2023 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2023B Bonds maturing on [December 1, 2044] and, if the Subordinate Bond Redemption Condition (as defined herein) has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after [December 1, 2033] at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2023 Bonds. Any optional partial redemption of Series 2023 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this Second Supplemental Indenture.

For purposes of paragraphs (i) *Optional Redemption*, (iii) *Special Option Redemption From Excess Revenue*, and (iv) *Special Mandatory Redemption From Excess Revenue*, “Subordinate Bond Redemption Condition” shall mean: the Senior Parity Percentage is at least equal to [126.0%] after giving effect to the proposed redemption; provided that such Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2023B Bonds and Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds remaining in the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount -

670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2023 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2023B Bonds and the Subordinate Series 2023 Bonds (except for the 2023 Rebate Account and the 2023 Excess Yield Account) established under Section 3.1 of the Second Supplemental Indenture shall be applied to the redemption of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds. The amount to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2023 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2023B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2023B Bond exceeded 100% (the “Unamortized Premium”), if applicable, and (B) with respect to all other Senior Series 2023B Bonds and Subordinate Series 2023 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2023B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds pursuant to this paragraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds and Subordinate Series 2023 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on [December 1, 2044] and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2023 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this paragraph the Cash Release Conditions (as defined herein) are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this subsection (iii) shall be applied at the direction of the Authority as to the selection of Series 2023 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2023 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2023 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds maturing on [December 1, 2044].

For purposes of paragraphs (iii) *Special Optional Redemption from Excess Revenues* and (iv) *Special Mandatory Redemption from Excess Revenue*, “Excess Revenue” shall mean: on each Payment Date, any funds remaining in the 2023 Revenue Account less \$500,000 (which shall remain in the 2023 Revenue Account), after payment of the Debt Service

due and payable on the Series 2023 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2023 Bonds on the next succeeding December 1 is reserved to remain in the 2023 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, and “Cash Release Conditions” shall mean the Parity Percentage is at least equal to [118%] and the amount of Accrued Assets less the amount of Accrued Liabilities (each as defined under the 2021 Indenture), is not less than [\$6,500,000] provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on [December 1, 2044] and the Subordinate Series 2023 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this paragraph (iv) shall be applied *first*, to the redemption of Senior Series 2023B Bonds maturing on [December 1, 2044], *pro rata*, until such Senior Series 2023 Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2023 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2023B Bonds maturing on [December 1, 2044] are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth below (the “Mandatory Sinking Fund Term Bonds”), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

**Senior Series 2023B Bonds  
Due [December 1, 2044]**

Date (December 1)	Sinking Fund Payment
2034	\$
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
2044*	

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\*Final maturity.

(vi) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2023 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2023 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding Sinking Fund Payment listed in paragraph (v) above on a pro rata basis.

Notice of redemption is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2023 Bond to be redeemed at the address of the Registered Owner, as shown on the registration books of the Authority maintained by the Registrar. 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 Series 2023 Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the 2021 Indenture, 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 2021 Indenture. The 2023[A][B] Bonds to be redeemed in whole or in part shall be selected as provided in the 2021 Indenture.

Reference is hereby made to the Second Supplemental Indenture, a copy of which is on file in the Principal Office of the Trustee, and to all of the provisions of which any Registered Owner of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Series 2023 Bonds; the Authority's student loan origination and acquisition program; the revenues and other money pledged to the payment of the principal and redemption premium, if any, of and interest on the Series 2023 Bonds; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Second Supplemental Indenture may be amended or supplemented with or without the consent of the Registered Owners of the Series 2023 Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action, or proceeding in equity or at law with respect hereto and thereto; the rights, duties, and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, and covenants made therein may be discharged at or prior to the stated maturity or earlier redemption of this Bond, and this Bond thereafter shall no longer be secured by the Second Supplemental Indenture or be deemed to be Outstanding, as defined in the 2021 Indenture, thereunder; and for the other terms and provisions thereof.

Subject to the limitations provided in the 2021 Indenture and upon payment of the charges required by the 2021 Indenture, 2023[A][B] Bonds may be exchanged for a like aggregate principal amount of 2023[A][B] Bonds of the same interest rate, maturity date and other Authorized Denominations.

This Bond is transferable by the Registered Owner hereof or his duly authorized attorney

on the registration books of the Authority kept at the corporate trust office of the Registrar, upon surrender of this Bond accompanied by a duly executed instrument of transfer in form and with warranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Authority, the Trustee, the Registrar, or the Paying Agent may prescribe. Upon any such transfer, a new 2023[A][B] Bond or Bonds of the same Authorized Denomination or Authorized Denominations of the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the 2021 Indenture. The Authority, the Registrar, the Trustee, and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Authority, the Registrar, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority nor any officer or employee of the Authority shall be liable personally on said bonds by reason of the issuance thereof. This Bond is not and shall not be in any way a debt or liability of the State of New Jersey or of any political subdivision thereof and does not and shall not create or constitute any indebtedness, liability, or obligation of said State, or of any political subdivision thereof. This Bond does not now and shall never constitute a charge against the general credit of the Authority.

The owner of this Bond shall have no right to enforce the provisions of the 2021 Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the 2021 Indenture or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the 2021 Indenture. If an event of default under the 2021 Indenture occurs, the principal of all Bonds then Outstanding issued under the 2021 Indenture may be declared due and payable upon the conditions and in the manner and with the effect provided in the 2021 Indenture.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution or statutes of the State of New Jersey or the 2021 Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of this Bond exist, have happened, and have been performed, and that the issuance of this Bond is within every debt and other limit prescribed by said Constitution, statutes or 2021 Indenture.

This Bond shall neither be entitled to any security, right, or benefit under the 2021 Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer of the Authority and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer of the Authority, all as of the Dated Date.

HIGHER EDUCATION STUDENT  
ASSISTANCE AUTHORITY

(SEAL)

By: \_\_\_\_\_  
Gerald V. Traino  
Chief Financial Officer

Attest:

By: \_\_\_\_\_  
David J. Socolow  
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2023[A][B] Bonds described herein.

COMPUTERSHARE TRUST COMPANY, NATIONAL  
ASSOCIATION,  
Authenticating Agent

By: \_\_\_\_\_  
Scott Olmsted  
Vice President

Authentication Date: May \_\_, 2023.

ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

	(the "Transferee")
Name	
Address	

Social Security or Federal Employer Identification No. \_\_\_\_\_ the within 2023[A][B] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney to transfer the within 2023[A][B] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:		
Signature Guaranteed:		<p><b>NOTICE:</b> No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within 2023[A][B] Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied</p>
<p><b>NOTICE:</b> signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company</p>		

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY 2023[A][B] BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

Authentication Date: \_\_\_\_\_

**SCHEDULE B-2**

**FORM OF SUBORDINATE SERIES 2023 BONDS**

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS SUBORDINATE BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 2021 INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS SUBORDINATE BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
SUBORDINATE STUDENT LOAN REVENUE BOND, SERIES 2023C

No. R-C1 [\$33,000,000]

<u>Dated Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
May __, 2023	____%	[December 1, 2052]	646080
REGISTERED OWNER:	CEDE & CO		
PRINCIPAL AMOUNT:	[THIRTY-THREE MILLION DOLLARS]		

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each June 1 and December 1, commencing December 1, 2023 (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Subordinate Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Computershare Trust Company, National Association (together with its successors as Paying Agent, the "Paying Agent"), in Minneapolis, Minnesota. Interest on this Subordinate Bond is payable to the Registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Computershare Trust Company, National Association in its capacity as bond registrar (together with its successors as Registrar, the "Registrar"), by check or draft mailed to the Registered

Owner at the registered address; provided that, at the written request of the Registered Owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Subordinate Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Capitalized terms used in this Bond and not defined herein shall have the meanings given thereto in the 2021 Indenture.

This Subordinate Bond is one of a duly authorized issue of Subordinate Bonds of the Authority designated as its Subordinate Student Loan Revenue Bonds, Series 2023C (the "Subordinate Series 2023 Bonds") issued as fully registered Subordinate Bonds without coupons in the denominations of \$5,000 or integral multiples thereof ("Authorized Denominations") in the aggregate principal amount of [\$33,000,000] under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act") and by virtue of a resolution duly adopted by the Authority on [March 22, 2023] (the "Bond Resolution") are secured under an Indenture of Trust (the "Original Indenture"), dated as of May 1, 2021, as amended and supplemented, including by a Second Supplemental Indenture (the "Second Supplemental Indenture"), dated as of May 1, 2023, each by and between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (together with its successors in trust, the "Trustee") as the same from time to time has been or may be further amended, modified or supplemented by Supplemental Indentures (such Original Indenture, as amended and supplemented by any and all such Supplemental Indentures, including, without limitation, the Second Supplemental Indenture, is hereinafter referred to as the "2021 Indenture") on a subordinate basis to Senior Bonds and on a senior basis to Junior Subordinate Bonds, if any, issued under the 2021 Indenture as provided in Section 5.5(A) of the Original Indenture for the purpose of, among other things, Originating Eligible Loans pursuant to the Act.

Simultaneously with the issuance of the Subordinate Series 2023 Bonds, the Authority has issued its [\$39,500,000] Senior Student Loan Revenue Refunding Bonds, Series 2023A (the "2023A Bonds") and its [\$207,500,000] Senior Student Loan Revenue Bonds, Series 2023B (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Senior Series 2023 Bonds" and together with the Subordinate Series 2023 Bonds, the "Series 2023 Bonds"; together with any Outstanding Bonds issued pursuant to the 2021 Indenture and any Additional Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Bonds"). The Subordinate Series 2023 Bonds shall constitute "Subordinate Bonds" for all purposes of the 2021 Indenture, except as specifically set forth below with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Senior Series 2023 Bonds. The 2021 Indenture pledges for the payment of the Subordinate Bonds, subject to the terms and conditions of the 2021 Indenture, the Student Loans (defined in the 2021 Indenture) 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 2021 Indenture (collectively, the "Trust Estate").

Reference is hereby made to the 2021 Indenture for the provisions, among other things, with respect to the priority of payment of the Subordinate Series 2023 Bonds, the nature and extent of the Trust Estate securing payment of the Bonds, the manner of enforcement of such security, the custody and application of the proceeds of the Bonds, the terms and conditions

upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee, the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent, or its successors in such capacity (the “Authenticating Agent”), and the rights of the holders of the Subordinate Series 2023 Bonds and Senior Bonds. A copy of the 2021 Indenture is on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 2021 Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the 2021 Indenture.

Pursuant to the 2021 Indenture, the Subordinate Series 2023 Bonds are equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Original Indenture by the pledge and covenants made in the 2021 Indenture, with the Senior Series 2023 Bonds (the Senior Series 2023 Bonds and, together with any Outstanding Senior Bonds issued pursuant to the 2021 Indenture and any Additional Bonds that are Senior Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the “Senior Bonds”) issued by the Authority simultaneously with the issuance of the Subordinate Series 2023 Bonds and with any Additional Bonds (as defined in the 2021 Indenture) which may be issued from time to time in one or more Series for the purposes set forth therein.

The 2021 Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Highest Priority Bonds (as defined in the 2021 Indenture) then Outstanding at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The 2021 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

The Series 2023 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2023B Bonds maturing on [December 1, 2044] and, if the Subordinate Bond Redemption Condition (as defined herein) has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after [December 1, 2033] at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2023 Bonds. Any optional partial redemption of Series 2023 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of the Second Supplemental Indenture.

For purposes of paragraphs (i) *Optional Redemption*, (iii) *Special Option Redemption From Excess Revenues* and (iv) *Special Mandatory Redemption From Excess Revenue*, “Subordinate Bond Redemption Condition” shall mean: the Senior Parity Percentage is at least equal to [126.0%] after giving effect to the proposed redemption; provided that such Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2023B Bonds and Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds remaining in the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2023 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2023B Bonds and the Subordinate Series 2023 Bonds (except for the 2023 Rebate Account and the 2023 Excess Yield Account) established under Section 3.1 of the Second Supplemental Indenture shall be applied to the redemption of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds. The amount to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2023 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2023B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2023B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2023B Bonds and Subordinate Series 2023 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2023B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds pursuant to this paragraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds and Subordinate Series 2023 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on [December 1, 2044] and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2023 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this paragraph the Cash Release Conditions (as defined herein) are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this paragraph (iii) shall be applied at the direction of the Authority as to the selection of Series 2023 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2023 Bonds to be redeemed, moneys applied to the redemption

of the Senior Series 2023 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds maturing on [December 1, 2044].

For purposes of paragraphs (iii) *Special Optional Redemption from Excess Revenues* and (iv) *Special Mandatory Redemption from Excess Revenue*, “Excess Revenue” shall mean: on each Payment Date, any funds remaining in the 2023 Revenue Account less \$500,000 (which shall remain in the 2023 Revenue Account), after payment of the Debt Service due and payable on the Series 2023 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2023 Bonds on the next succeeding December 1 is reserved to remain in the 2023 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, and “Cash Release Conditions” shall mean the Parity Percentage is at least equal to [118%] and the amount of Accrued Assets less the amount of Accrued Liabilities (each as defined under the 2021 Indenture), is not less than [\$6,500,000]; provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on [December 1, 2044] and the Subordinate Series 2023 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this paragraph (iv) shall be applied *first*, to the redemption of Senior Series 2023B Bonds maturing on [December 1, 2044], *pro rata*, until such Senior Series 2023 Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2023 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2023B Bonds maturing on [December 1, 2044] are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth in the Second Supplemental Indenture (the “Mandatory Sinking Fund Term Bonds”), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

(vi) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant’s interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2023 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2023 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding Sinking Fund Payment listed in the Second Supplemental Indenture on a *pro rata* basis.

Notice of redemption is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2023 Bonds to be redeemed at the address of the Registered Owner, as shown on the registration books of the Authority maintained by the Registrar. 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 Series 2023 Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the 2021 Indenture, this Subordinate 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 Subordinate Bond and this Subordinate Bond shall no longer be entitled to any benefit or security under the 2021 Indenture. The Subordinate Series 2023 Bonds to be redeemed in whole or in part shall be selected as provided in the 2021 Indenture.

Reference is hereby made to the Second Supplemental Indenture, a copy of which is on file in the Principal Office of the Trustee, and to all of the provisions of which any Registered Owner of this Subordinate Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Subordinate Series 2023 Bonds; the Authority's student loan origination and acquisition program; the revenues and other money pledged to the payment of the principal and redemption premium, if any, of and interest on the Subordinate Series 2023 Bonds; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Second Supplemental Indenture may be amended or supplemented with or without the consent of the Registered Owners of the Subordinate Series 2023 Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action, or proceeding in equity or at law with respect hereto and thereto; the rights, duties, and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, and covenants made therein may be discharged at or prior to the stated maturity or earlier redemption of this Subordinate Bond, and this Subordinate Bond thereafter shall no longer be secured by the Second Supplemental Indenture or be deemed to be Outstanding, as defined in the 2021 Indenture, thereunder; and for the other terms and provisions thereof.

Subject to the limitations provided in the 2021 Indenture and upon payment of the charges required by the 2021 Indenture, Subordinate Series 2023 Bonds may be exchanged for a like aggregate principal amount of Subordinate Series 2023 Bonds of the same Series and other Authorized Denominations.

This Subordinate Bond is transferable by the Registered Owner hereof or his duly authorized attorney on the registration books of the Authority kept at the corporate trust office of the Registrar, upon surrender of this Subordinate Bond accompanied by a duly executed instrument of transfer in form and with warranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Authority, the Trustee, the Registrar, or the Paying Agent may prescribe. Upon any such transfer, a new Subordinate Series 2023 Bond and an authorized denomination or denominations of the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the 2021 Indenture. The Authority, the Registrar, the Trustee, and the Paying Agent may deem and treat the person in whose name this Subordinate Bond is registered as the absolute owner hereof, whether or not this Subordinate Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Authority, the Registrar, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority nor any officer or employee of the Authority shall be liable personally on said bonds by reason of the issuance thereof. This Subordinate Bond is not and shall not be in any way a debt or liability of the State of New Jersey or of any political subdivision thereof and does not and shall not create or constitute any indebtedness, liability, or obligation of said State, or of any political subdivision thereof. This Subordinate Bond does not now and shall never constitute a charge against the general credit of the Authority.

The owner of this Subordinate Bond shall have no right to enforce the provisions of the 2021 Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the 2021 Indenture or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the 2021 Indenture. If an event of default under the 2021 Indenture occurs, the principal of all Subordinate Series 2023 Bonds then Outstanding issued under the 2021 Indenture may be declared due and payable upon the conditions and in the manner and with the effect provided in the 2021 Indenture.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution or statutes of the State of New Jersey or the 2021 Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of this Subordinate Bond exist, have happened, and have been performed, and that the issuance of this Subordinate Bond is within every debt and other limit prescribed by said Constitution, statutes or 2021 Indenture.

This Subordinate Bond shall neither be entitled to any security, right, or benefit under the 2021 Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Subordinate Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer of the Authority and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer of the Authority, all as of the Dated Date.

HIGHER EDUCATION STUDENT  
ASSISTANCE AUTHORITY

(SEAL)

By: \_\_\_\_\_  
Gerald V. Traino  
Chief Financial Officer

Attest:

By: \_\_\_\_\_  
David J. Socolow  
Secretary

CERTIFICATE OF AUTHENTICATION

This Subordinate Bond is one of the Subordinate Series 2023 Bonds described herein.

COMPUTERSHARE TRUST COMPANY, NATIONAL  
ASSOCIATION,  
Authenticating Agent

By: \_\_\_\_\_  
Scott Olmsted  
Vice President

Authentication Date: May \_\_, 2023.

ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

	(the "Transferee")
Name	
Address	

Social Security or Federal Employer Identification No. \_\_\_\_\_ the within Subordinate Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney to transfer the within Subordinate Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:		
Signature Guaranteed:		<p><b>NOTICE:</b> No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Subordinate Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied</p>
<p><b>NOTICE:</b> signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company</p>		

UNLESS THIS SUBORDINATE BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SUBORDINATE BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

Authentication Date: \_\_\_\_\_

## **SCHEDULE C**

### **STUDENT ELIGIBILITY AND CREDIT CRITERIA**

#### **I. ELIGIBILITY REQUIREMENTS FOR FIXED RATE STANDARD NJCLASS LOANS**

Borrowers must be either a student (with or without a co-obligor or guarantor) meeting the student eligibility requirements below or a parent (with or without a co-obligor or guarantor) borrowing for the benefit of a child who is a student meeting the student eligibility requirements below. The student borrower or parent borrower and co-obligor or guarantor (if necessary) must meet the NJCLASS Loan Program eligibility criteria and one of the borrower(s) and/or co-obligor(s) or guarantor(s) must demonstrate creditworthiness as defined below. The Authority's current minimum income requirement is \$40,000.

#### **STUDENT BORROWER**

- 1) The Student must be a citizen or permanent resident of the United States.
- 2) New Jersey residents must be enrolled or accepted for enrollment at a college or university or non-traditional/proprietary institution eligible for Title IV, Higher Education Act of 1965 assistance, approved or licensed by the New Jersey Commission on Higher Education or its equivalent in another state and accredited by a nationally recognized accrediting association and having a federal cohort default rate of 25 percent or less. Out-of-state students, who attend an approved New Jersey school, are eligible as well. Approved schools also include certain proprietary institutions.
- 3) The student must be making satisfactory academic progress towards their degree or certificate.
- 4) The student must file all financial aid information required by the school to determine the student's eligibility for a Federal Stafford Loan before applying for an NJCLASS Loan.
- 5) The student borrower must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

#### **PARENT BORROWER**

- 1) The parent borrower must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as evidenced by Immigration and Naturalization Service documentation.
- 2) The parent borrower must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

#### **CO-OBLIGOR/GUARANTOR**

- 1) The co-obligor/guarantor must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as evidenced by Immigration and Naturalization Service documentation.
- 2) The co-obligor/guarantor must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

The student, the student's parent or the spouse of a student's parent must be a borrower. If the borrower(s) do not meet the minimum income requirement, they will need a co-obligor/guarantor. Co-obligor/guarantors must meet the income requirement.

## **II. CREDIT TEST FOR BORROWERS AND CO-OBLIGORS/GUARANTORS FOR FIXED RATE STANDARD NJCLASS LOANS**

A. The Authority will retrieve a credit score and detailed consumer report only on those borrowers or co-obligors/guarantors who meet the minimum income requirement.

B. Borrower(s) or co-obligors/guarantors with a credit score of 700 or greater will be pre-approved.

C. Borrower(s) or co-obligors/guarantors must have a minimum credit score of at least 670.

D. If the credit score of a borrower or co-obligors/guarantor falls into the range (670–699), then those borrower(s) or co-obligors/guarantors must satisfy the credit history review outlined below to qualify.

If any of the following exist, it may result in a denial of a NJCLASS Loan. However, the applicant may still be eligible for a NJCLASS Loan if the applicant is able to secure a creditworthy cosigner.

- 1) 4 accounts 30 days delinquent within last 6 months
- 2) 1 account 60 days delinquent in the last 3 months
- 3) 2 accounts 60 days delinquent in the last 6 months
- 4) 4 or more accounts rated 60 days delinquent in the last 12 months
- 5) 1 or more account(s) 90 days or greater delinquent in the last 12 months
- 6) 1 or more unpaid collection, charged-off, or judgment accounts (non-medical) greater than \$100.00
- 7) 1 or more foreclosure(s) in the last 3 years
- 8) 1 or more repossession(s) in the last 3 years
- 9) Bankruptcy filed or discharged in the past 3 years
- 10) 1 or more unpaid tax lien(s)
- 11) 1 or more Student Loan(s) in default
- 12) 1 or more delinquent NJCLASS loan(s)

**The Authority reserves the right to make the final credit assessment.**

## **III. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/GUARANTORS FOR CONSOLIDATION LOANS**

The borrower on a NJCLASS Consolidation Loan must be the borrower on each of the underlying loans included in the consolidation and the student beneficiary on such underlying loans being consolidated must no longer be enrolled in school.

The co-obligor/guarantor on a Consolidation Loan must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as

evidence by Immigration and Naturalization Service documentation. The co-obligor/guarantor must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

Borrowers or co-obligors must meet the Authority's minimum income requirement, currently \$40,000, and pass the credit test for borrowers and co-obligors/guarantors for Standard NJCLASS Loans as outlined in Paragraph II above.

#### **IV. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/ GUARANTORS FOR REFINANCE LOANS**

A student borrower or parent borrower will be eligible for a Refinance Loan if (1) at the time the original loan was originated, the student beneficiary was a resident of New Jersey or was enrolled at a college or university or non-traditional/proprietary institution located in New Jersey and eligible for Title IV, Higher Education Act of 1965 assistance, or (2) at the time the Refinance Loan is originated, the student beneficiary of the Refinance Loan is a resident of New Jersey.

Borrowers or co-obligors/guarantors must have a minimum income of \$40,000.

Borrower(s) or co-obligors/guarantors must have a minimum credit score of at least 670. The interest rate on the Refinance Loan is based upon the borrower or co-obligors/guarantor's credit score.

Borrower(s) or co-obligors/guarantors must not be in default under any outstanding Student Loan and must not be delinquent more than thirty-five (35) days on all outstanding Student Loans.

## SCHEDULE D

### PROGRAM EXPENSES

Unless the Authority delivers to the Trustee a Rating Agency Confirmation from S&P, the following table shows the limits of the Program Expenses to be included in the Cash Flow Statement with respect to the Student Loans and Transferred Loans within the 2021 Indenture. For the avoidance of doubt, Program Expenses with respect to Bonds include indemnification amounts of the Trustee for performing the customary duties of the Trustee:

Item	Amount	Payment Frequency
Trustee Fee	0.007% per annum of each Series of Bond balance outstanding	yearly
Trustee Expenses	\$50,000 per annum per Series of Bonds to cover all expenses (including but not limited to, indemnification amounts) of the Trustee; provided that following the occurrence of an Event of Default under Sections 10.1(A)-(G) of the 2021 Indenture, and otherwise after the acceleration of any Series of Bonds, no cap or annual limitation shall apply to such expenses.	yearly
Loan Administration Fee	For all loans, 0.15% per annum of each loan balance outstanding while the Parity Percentage is below [ ]% and 0.53% while the Parity Percentage is at or above [ ]%.	monthly
Servicing Fee	\$4.24 per loan per month (increased annually in July, starting July 1, 2024, by an amount not to exceed 3%)	monthly
Rating Agency Surveillance Fee	\$25,000 per annum with an annual inflation adjustment of 2%	yearly
Additional Program Expenses	If the Parity Percentage is above 110%, expenses associated with the transfer of servicer are allowable program expenses	monthly
Repayment Assistance Program Expenses	For each Series of Bonds, [\$ ] per month through June 30, 2025, thereafter monthly payments of [\$ ] plus an amount equal to one twelfth	monthly

	(1/12) of 0.15% per annum of the aggregate amount of outstanding NJCLASS Loans for each Series (including Transferred Loans, but excluding Defaulted Loans and loans in the HIARP program) calculated on the December 31 loan balance of the prior year	
Defaulted Loan Collection Expenses	The Servicer's costs and expenses incurred in collecting a Defaulted Loan in an amount not to exceed 30% of the Gross Defaulted Loan Collections for such Defaulted Loan	monthly

## SCHEDULE E

### BONDS TO BE REFUNDED

#### Student Loan Revenue Bonds, Series 2012-1

<b>Maturity Date (December 1)</b>	<b>CUSIP No.</b>	<b>Par Outstanding</b>
2023	646080 NY3	\$1,915,000
2024	646080 NZ0	1,800,000
2025	646080 PA3	2,390,000
2026	646080 PB1	2,220,000
2028	646080 PD7	2,465,000
2029	646080 PE5	2,070,000
2030	646080 PF2	1,450,000
2039	646080 PG0	11,000,000

#### Student Loan Revenue Bonds, Series 2013-1

<b>Maturity Date (December 1)</b>	<b>CUSIP No.</b>	<b>Par Outstanding</b>
2023	646080 PS4	\$2,045,000
2024	646080 PT2	2,165,000
2025	646080 PU9	2,045,000
2026	646080 PV7	1,785,000
2028	646080 PX3	1,720,000
2029	646080 PY1	890,000
2031	646080 PZ8	890,000
2035	646080 QA2	890,000
2043	646080 QB0	20,000,000

## CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (this “Agreement”), dated as of May \_\_, 2023, between the HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (“Authority”), a public body corporate and politic and an instrumentality of the State of New Jersey (“State”), and COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION (“Computershare”), in its capacity as Dissemination Agent (as hereinafter defined) hereunder, is executed and delivered in connection with the issuance of the Authority’s [\$280,000,000] aggregate principal amount of Student Loan Revenue and Refunding Bonds, Series 2023 (“Bonds”) consisting of [\$39,500,000] aggregate principal amount of Senior Student Loan Revenue Refunding Bonds, Series 2023A, [\$207,500,000] aggregate principal amount of Senior Student Loan Revenue Bonds, Series 2023B and [\$33,000,000] Subordinate Student Loan Revenue Bonds, Series 2023C. The Bonds are being issued pursuant to an Indenture of Trust dated as of May 1, 2021 between the Authority and Computershare, as successor trustee to Wells Fargo Bank, National Association, in its capacity as bond trustee (“Trustee”), as heretofore amended and supplemented (collectively, the “2021 Indenture”), and as further amended and supplemented by the Second Supplemental Indenture dated as of May 1, 2023 between the Authority and the Trustee (the “Second Supplemental Indenture,” together with the 2021 Indenture, the “Indenture”) and the resolution of the Authority adopted March 22, 2023. The Authority and the Dissemination Agent covenant and agree as follows for the benefit of the Bondholders (as defined below):

**SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT.** This Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the Bondholders and in order to assist the Underwriter (defined below) in complying with the Rule (defined below).

**SECTION 2. DEFINITIONS.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the meanings indicated below.

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Agreement.

“Bondholders” shall mean the Holders of the Bonds.

“Calendar Quarter” shall mean each three-month period ending on March 31, June 30, September 30 or December 31, as the case may require.

“Dissemination Agent” shall mean, initially, the Trustee, acting in its capacity as dissemination agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii). Notwithstanding the foregoing, the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the fiscal year of the Authority. As of the date of this Agreement, the Fiscal Year of the Authority begins on July 1 of each calendar year and ends on June 30 of the following calendar year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Opinion of Counsel” shall mean a written opinion of counsel (which may include Bond Counsel to the Authority) expert in federal securities law acceptable to the Authority.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same has been heretofore amended, including, but not limited to, by SEC Release No. 34-59062 and SEC Release No. 34-62184 and as the same may hereafter be further amended.

“SEC Release No. 34-59062” shall mean Release No. 34-59062 of the Securities and Exchange Commission dated December 5, 2008.

“SEC Release No. 34-62184” shall mean Release No. 34-62184 of the Securities and Exchange Commission dated May 26, 2010.

“Servicing Report” shall mean any Servicing Report provided by the Authority as required by Section 4.4 of the Second Supplemental Indenture.

“Underwriter” shall mean, collectively, the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

### SECTION 3. CONTENT OF ANNUAL REPORTS AND SERVICING REPORTS.

(a) The Authority’s Annual Report shall contain:

(i) a copy of its annual financial statements for the NJCLASS Loan Program and FFELP Loan Program prepared in accordance with generally accepted accounting principles and audited by an Accountant; and

(ii) information with respect to the Authority, the NJCLASS Loan Program of the type contained in the Preliminary Official Statement of the Authority dated April \_\_, 2023 and the final Official Statement of the Authority dated May \_\_, 2023 under the following captions:

“CERTAIN INVESTMENT CONSIDERATIONS” – the information under the subheading “Cash Flow and Other Assumptions;”

“THE AUTHORITY” - the information under the subheadings “Authority’s Experience With the NJCLASS Loan Program” and “Outstanding Indebtedness of the Authority;” and

“THE LOAN FINANCE PROGRAM” - the information under the subheadings “Student Loan Terms,” “Loan Servicing and Collections,” in each case, only to the extent of any changes therein.

(b) The Authority's Servicing Report shall contain such information as is required by Section 4.4 of the Second Supplemental Indenture.

#### SECTION 4. PROVISION OF ANNUAL REPORTS AND SERVICING REPORTS.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2023, provide to the MSRB as required or permitted by the Rule, an Annual Report. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). The Authority shall provide the Annual Report to the Dissemination Agent and the Trustee in electronic format. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package. The Annual Report may cross-reference other documents, including official statements of other debt issues of the Authority, which have been submitted to the MSRB as required or permitted by the Rule. Each Annual Report may cross-reference other information which is available to the public on the MSRB's internet website or which has been filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so cross-referenced. Notwithstanding the foregoing, the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report when such audited financial statements become available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Authority shall include unaudited financial information in the Annual Report and shall disclose the date on which the audited financial statements are expected to be submitted.

(b) The Authority shall, or shall cause the Dissemination Agent to, not later than the quarterly Report Date with respect to each Calendar Quarter, commencing with the Calendar Quarter ending September 30, 2023, provide to the MSRB as permitted by the Rule, a Servicing Report. Not later than two (2) Business Days prior to each submission date, the Authority shall provide the quarterly Servicing Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). The Authority shall provide the quarterly Servicing Report to the Dissemination Agent and the Trustee in electronic format. In each case, the quarterly Servicing Report may be submitted as a single document or as separate documents comprising a package. The quarterly Servicing Report may cross-reference other documents or other information which is available to the public on the MSRB's internet website or which has been filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so cross-referenced.

(c) If by fifteen (15) Business Days prior to the date specified in subsection (a) or by two (2) Business Days prior to the date specified in subsection (b) of this Section 4 for providing, respectively, the Annual Report or the quarterly Servicing Report to the MSRB as required or permitted by the Rule, the Trustee has not received a copy of the Annual Report or quarterly Servicing Report, as applicable, the Trustee shall contact the Authority and the Dissemination Agent (if the Trustee is not the Dissemination Agent) to notify the Authority and the Dissemination Agent (if the Trustee is not the Dissemination Agent) that the Annual Report or quarterly Servicing Report, as applicable, has not been received.

(d) If the Dissemination Agent has not received the Annual Report or quarterly Servicing Report, as applicable, by the dates specified in subsection (c) above, and has

therefore not filed the Annual Report or quarterly Servicing Report with the MSRB as required or permitted by the Rule, by the respective date required in subsections (a) or (b) of this Section 4, as the case may be, the Dissemination Agent shall send a notice to the MSRB in substantially the form attached hereto as EXHIBIT A.

#### SECTION 5. REPORTING OF LISTED EVENTS.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following Listed Events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the Authority;
13. Consummation of a merger, consolidation, acquisition, or sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds, or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or

other similar terms of a Financial Obligation of the Authority, any of which affect Bondholders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

In determining the materiality of any of the Listed Events specified in subsections (a)(2), (6), (7), (8), (10), (13), (14) and (15) of this Section 5, the Authority may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(b) The Authority shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event, notify the Dissemination Agent, in writing, to report the Listed Event pursuant to subsection (c) of this Section 5.

(c) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Securities and Exchange Commission as a repository for purposes of the Rule, as specified by the Authority in written instructions to the Dissemination Agent, within three (3) Business Days of the receipt of such instruction (but in no event later than ten (10) Business Days after the occurrence of a Listed Event), with a copy of such notice provided by the Dissemination Agent to the Authority and the Trustee. In addition, notice of Listed Events described in subsections (a)(8) and (9) of this Section 5 shall be given by the Dissemination Agent under this subsection (c) simultaneously with the giving of the notice of the underlying event to Bondholders of affected Bonds without any required notice from the Authority.

**SECTION 6. TERMINATION OF AGREEMENT.** The Authority's obligations under this Agreement shall terminate upon the defeasance, prior redemption, or payment in full of all of the Bonds.

**SECTION 7. RESIGNATION OF DISSEMINATION AGENT.** In the event that the Trustee and the Dissemination Agent are the same entity and the Trustee resigns or is removed as Trustee under the Indenture, the Dissemination Agent may resign and be discharged of its duties and obligations created hereunder in the same manner as is required for resignation of the Trustee under Section 11.7 of the Indenture.

**SECTION 8. DISSEMINATION AGENT.** The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee and the Dissemination Agent shall be entitled to the rights, privileges and protections afforded to the Trustee under the Indenture.

**SECTION 9. AMENDMENT.** The Authority's obligations under this Agreement may be amended to the extent required or permitted by the Rule, or in connection with a change in the identity, nature or status of the Authority, or the type of business conducted by it; provided that any such amendment either (i) does not materially impair the interests of Bondholders, in the

determination of the Trustee (which may be based on an Opinion of Counsel); or (ii) is approved by the Bondholders of a majority in aggregate principal amount of the Bonds.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or quarterly Servicing Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any Annual Report or quarterly Servicing Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or to include it in any future Annual Report or quarterly Servicing Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. In the event of a failure of the Authority or the Dissemination Agent to comply with any provision of this Agreement, the Underwriter or any Bondholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Authority or the Dissemination Agent, as the case may be, to comply with its respective obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of any party to comply with this Agreement shall be an action to compel specific performance.

SECTION 12. BENEFICIARIES. This Agreement shall inure solely to the benefit of the Dissemination Agent, the Underwriter and the Bondholders, and the Underwriter and each Bondholder is hereby declared to be a third-party beneficiary of this Agreement. Except as provided in the immediately preceding sentence, this Agreement shall create no rights in any other person or entity.

SECTION 13. SUBMISSION OF INFORMATION TO MSRB. Any information filed with the MSRB as described herein shall be in an electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 14. NOTICES. All notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Authority:

New Jersey Higher Education Student Assistance Authority  
4 Quakerbridge Plaza  
P.O. Box 545  
Trenton, New Jersey 08625  
Attn: Executive Director

(ii) If to the Dissemination Agent:

Computershare Trust Company, National Association,  
1505 Energy Park Drive  
St. Paul, Minnesota 55108  
Attn: Computershare Corporate Trust– Asset-Back Administration

Either party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 14 for the giving of notice.

**SECTION 15. SUCCESSORS AND ASSIGNS.** All of the covenants, promises and agreements contained in this Agreement by or on behalf of the Authority or the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 16. HEADINGS FOR CONVENIENCE ONLY.** The descriptive headings in this Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 17. COUNTERPARTS; ELECTRONIC SIGNATURE.** This Agreement shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of Bonds when required under the UCC or other Signature Law due to the character or intended character of the writings.

**SECTION 18. SEVERABILITY.** If any provision of this Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 19. GOVERNING LAW; JURISDICTION.** This Agreement shall be governed by and construed in accordance with the laws of the State. The parties hereto agree to the non-exclusive jurisdiction of the State.

**SECTION 20. WAIVER OF JURY TRIAL.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO

HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 21. AML LAW. The parties hereto acknowledge that in accordance with laws, regulations and executive orders of the United States or any state or political subdivision thereof as are in effect from time to time applicable to financial institutions relating to the funding of terrorist activities and money laundering, including without limitation the USA Patriot Act (Pub. L. 107-56) and regulations promulgated by the Office of Foreign Asset Control (collectively, "AML Law"), the Trustee or the Dissemination Agent, is required to obtain, verify, and record information relating to individuals and entities that establish a business relationship or open an account with the Trustee or the Dissemination Agent. Each party hereby agrees that it shall provide the Trustee or the Dissemination Agent, with such identifying information and documentation as the Trustee or the Dissemination Agent, may request from time to time in order to enable the Trustee or the Dissemination Agent, to comply with all applicable requirements of AML Law.

SECTION 22. COMPLIANCE WITH L. 2005, C. 271. The Dissemination Agent hereby acknowledges that it has been advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A. 19:44A-20.13* (L. 2005, c. 271, section 3) if the Dissemination Agent enters into agreements or contracts, such as this Agreement, with a public entity, such as the Authority, and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the Authority, in a calendar year. It is the Dissemination Agent's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at [www.elec.state.nj.us](http://www.elec.state.nj.us).

SECTION 23. COMPLIANCE WITH L. 2005, C. 92. In accordance with L. 2005, c. 92, the Dissemination Agent agrees that all services performed under this Agreement or any subcontract awarded under this Agreement shall be performed within the United States of America.

IN WITNESS WHEREOF, the Authority and the Dissemination Agent have set their hands as of the date first above written.

AUTHORITY:

HIGHER EDUCATION STUDENT  
ASSISTANCE AUTHORITY

By: \_\_\_\_\_  
Gerald V. Traino  
Chief Financial Officer

DISSEMINATION AGENT:

COMPUTERSHARE TRUST COMPANY,  
NATIONAL ASSOCIATION

By \_\_\_\_\_  
Scott Olmsted  
Vice President

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT OR SERVICING REPORT

Name of Authority: Higher Education Student Assistance Authority (State of New Jersey)

Name of Bond Issue: [\$280,000,000] Student Loan Revenue and Refunding Bonds, Series 2023, consisting of [\$39,500,000] aggregate principal amount of Senior Student Loan Revenue Refunding Bonds, Series 2023A, [\$207,500,000] aggregate principal amount of Senior Student Loan Revenue Bonds, Series 2023B and [\$33,000,000] aggregate principal amount of Subordinate Student Loan Revenue Bonds, Series 2023C

Date of Issuance: May \_\_, 2023

NOTICE IS HEREBY GIVEN that the Authority has not provided an [Annual Report][quarterly Servicing Report] with respect to the above-named Bonds as required by the Indenture. The Authority anticipates that the [Annual Report][quarterly Servicing Report] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

## ACKNOWLEDGEMENT OF SERVICING

Dated: May \_\_, 2023

The undersigned, Gerald V. Traino, Chief Financial Officer of the Higher Education Student Assistance Authority (the "Authority"), a body corporate and politic constituting an instrumentality of the State of New Jersey (the "State"), and Scott Olmsted, Vice President of Computershare Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States, with a corporate trust office in Minneapolis, Minnesota (the "Trustee"), in connection with the servicing by the Authority of 2023 Student Loans pursuant to an Indenture of Trust, dated as of May 1, 2021 (the "Indenture of Trust"), as heretofore amended and supplemented, and as further amended and supplemented by a Second Supplemental Indenture dated as of May 1, 2023 (the "Second Supplemental Indenture" and, together with the Indenture of Trust, the "Indenture"; capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture) both by and between the Authority and the Trustee, as successor trustee to Wells Fargo Bank, National Association, HEREBY ACKNOWLEDGE as follows:

1. Servicing Procedures. The Authority hereby agrees to act as the Servicer in accordance with this Acknowledgement of Servicing (the "Acknowledgement"), the Indenture, and the Program Documentation.

(a) General. In connection with servicing 2023 Student Loans:

(i) The Authority shall maintain a loan file for each 2023 Student Loan (each, a "Loan File") which shall contain copies of all documents and correspondence with respect to such 2023 Student Loan (including a payment history record) and other documents customarily prepared in connection with the prudent servicing of loans, which Loan Files shall be sorted alphabetically or by social security number;

(ii) The Authority shall diligently collect all principal and interest payments on all 2023 Student Loans in accordance with all applicable State and federal laws, rules, and regulations, and will not knowingly take action in violation of any local, State, or federal laws, rules, and regulations in connection therewith;

(iii) The Authority shall institute and maintain billing procedures as provided in Section 1(b) below;

(iv) The Authority shall diligently enforce and take all reasonable steps, actions, and proceedings necessary for the enforcement of all terms, covenants, and conditions of all notes or other agreements evidencing 2023 Student Loans (the "Notes"), including the prompt payment of all amounts due thereunder; provided, however, the Authority may cancel a 2023 Student Loan if the eligible borrower dies or becomes totally and permanently disabled to the extent permitted by the Program Documentation; the Authority agrees that Wells Fargo Bank, National Association, in its role as custodian under the Custodial Agreement between the Authority and Wells Fargo Bank, National Association, dated as of May 1, 2007, as amended and restated, shall hold and retain possession of each of the original hard (wet) copy Notes and the Authority shall hold the authoritative electronic Notes; provided, however, upon Wells Fargo Bank, National Association's request, the Authority shall provide copies of the authoritative electronic Notes and the Authority shall retain the authoritative electronic originals thereof; and

(v) All amounts received by the Authority with respect to a 2023 Student Loan, including Gross Defaulted Loan Collections, if any, shall, upon receipt, be transmitted to the Trustee in accordance with the Indenture and this Acknowledgement.

(b) Billing Procedures. The Authority shall mail or otherwise provide, including by electronic means, bills, statements, or coupon books on a quarterly or monthly basis, as appropriate, to eligible borrowers. The Authority shall maintain a detailed chronological history of all activity posted to an eligible borrower's account. The Authority shall calculate monthly or quarterly payments, as appropriate, necessary to amortize the interest and/or principal for each 2023 Student Loan. Thereafter, the Authority shall recalculate such monthly payments for each 2023 Student Loan at the time of each subsequent disbursement. During the months of January through March, inclusive, a message stating the amount of interest paid for the year just ended will be provided, which may be by electronic means, to the borrower(s) for one of such months for income tax purposes.

(c) Borrower Services. The Authority shall investigate and answer fully all eligible borrower inquiries, handle general correspondence from the eligible borrowers, and make necessary replies within a reasonable period of receipt of such correspondence. Any necessary adjustments to the eligible borrowers' records will be made and recorded in the permanent Student Loan history.

(d) Delinquency Procedures. In connection with 2023 Student Loans which are delinquent, the Authority shall take the actions required pursuant to the Program Documentation.

(e) Skip Tracing. In connection with any 2023 Student Loan which is delinquent, but only until such 2023 Student Loan becomes a Defaulted Loan, the Authority shall skip trace in accordance with the Program Documentation any time the eligible borrower cannot be located.

(f) Defaulted Loans. If any 2023 Student Loan becomes a Defaulted Loan, the Authority shall take the actions required pursuant to the Program Documentation, the Indenture and this Acknowledgement, including measures at its disposal for the collection of amounts outstanding under such Defaulted Loan.

(i) All Gross Defaulted Loan Collections shall be deposited into the Revenue Fund and deemed applied to pay the Defaulted Loan Purchase Price for Defaulted Loans on a first-in, first-out basis.

(ii) Promptly following the deemed payment of the Defaulted Loan Purchase Price for a Defaulted Loan, the Authority shall remove such Defaulted Loan from the portfolio of active Student Loans reported on the NJCLASS Loan Program accounting records and financial statements.

(iii) Any amounts collected on a Purchased Defaulted Loan shall be deemed Gross Defaulted Loan Collections and shall be transmitted to the Trustee in accordance with the Indenture and this Acknowledgement.

(g) Death and Disability. The Authority shall take the following actions in the event of death, total and permanent disability or temporary total disability of a party to a 2023 Student Loan or the student for whom such 2023 Student Loan was obtained:

(i) if a 2023 Student Loan has a single eligible borrower and such eligible borrower dies or becomes totally and permanently disabled, the Authority shall cancel such 2023 Student Loan and discharge any obligation to make further payments on such 2023 Student Loan in accordance with the terms and provisions of the Program Documentation;

(ii) if the student for whom a 2023 Student Loan was obtained (a "Student") dies or becomes totally and permanently disabled, the Authority shall cancel such 2023 Student Loan and discharge any obligation of all parties to make further payments on such 2023 Student Loan in accordance with the terms and provisions of the Program Documentation;

(iii) if a 2023 Student Loan has one or more co-borrowers or co-signers and a non-Student borrower, co-borrower or co-signer dies or becomes totally and permanently disabled (a "Discharged Co-Party") then, in accordance with the terms and provisions of the Program Documentation, (1) the Authority shall discharge any obligation of the Discharged Co-Party to make further payments on such 2023 Student Loan, and (2) any such borrower, co-borrower or co-signer who is not a Discharged Co-Party shall remain responsible to repay such 2023 Student Loan;

(iv) if a 2023 Student Loan has one or more non-Student borrowers, co-borrowers or co-signers and a non-Student borrower, co-borrower or co-signer becomes temporarily totally disabled (a "Temporarily Disabled Co-Party") then, in accordance with the terms and provisions of the Program Documentation, the Authority may defer the obligation to make payments of principal on such 2023 Student Loan by such Temporarily Disabled Co-Party for the duration of such temporary total disability; provided, however, such Temporarily Disabled Co-Party shall at all times remain obligated to make payments of interest on such 2023 Student Loan;

(v) if a 2023 Student Loan has an eligible student borrower and such eligible student borrower becomes temporarily totally disabled then, in accordance with the terms and provisions of the Program Documentation, the Authority shall defer any obligation to make payments of principal or interest on such 2023 Student Loan by any party to such 2023 Student Loan for the duration of such eligible student borrower's temporary total disability and interest will not accrue for the duration of such eligible student borrower's temporary total disability; and

(vi) if the 2023 Student Loan becomes uncollectible due to the death or total and permanent disability of a single party borrower or Student (collectively, a "Discharged Loan"), the Authority shall, within thirty (30) days after the end of the month in which such 2023 Student Loan becomes a Discharged Loan, remove it from the portfolio of active Student Loans reported on the NJCLASS Loan Program accounting records and financial statements.

(h) Application File. The Authority will maintain an approved, adjusted, or denied application file in active status for one (1) year following the disposition of each 2023 Student Loan. An incomplete application file will be kept active for no more than thirty (30) days. If within these periods of time, an applicant provides new information and/or requests a re-evaluation of a denial or adjustment, the Authority will review and process the application. After a decision is made on an application (i.e., approved, denied, or changed), all loan files will be maintained until disposition (i.e., check disbursed, adverse action notice, or cancellation letter is sent).

2. Application of 2023 Student Loan Receipts. The Authority agrees to cause all payments of principal of, and interest and additional charges and late payment fees on, the 2023 Student Loans to be made to a lock box depository account in the name of the State of New Jersey NJ

CLASS, maintained with Wells Fargo Bank, National Association (or such other bank, trust company, or national banking association designated by the Authority in accordance with State of New Jersey and Authority procurement policies, after written notice to the Trustee), and the Authority shall give the Trustee written notice of the account number and location thereof. The Authority shall, as and when such payments are received, deliver the funds to the Trustee, and provide written directions to the Trustee as to the amounts of such payments which constitute Revenues, including Gross Defaulted Loan Collections, Recoveries of Principal, interest, and late payment fees, if any, and into which trust Account(s) such moneys shall be deposited.

3. Records and Reports. The Authority shall maintain records which shall be organized to permit prompt and easy identification of the current status of each 2023 Student Loan being serviced by the Authority.

(a) The Authority shall prepare and submit to the Trustee the following report on an annual basis:

1. The Annual Report as defined in the Continuing Disclosure Agreement dated as of the date hereof, between the Authority and Trustee, as dissemination agent.

(b) The Authority shall prepare and submit to the Trustee the following reports on a quarterly basis:

1. NJCLASS/FFELP Loan Program Servicing Report;
2. NJCLASS/FFELP Loan Program Parity Balance Sheet; and
3. The 2021 Master Indenture Year-to-Date Statement of Revenues and Expenditures.

(c) The Authority shall prepare and submit to the Trustee the following report on a monthly basis:

1. The Authority report on NJCLASS loan activity, containing the following information:
  - a. The beginning balance of 2023 Student Loan funds;
  - b. Balance adjustments to 2023 Student Loan funds, if applicable;
  - c. Amount of 2023 Student Loans approved in each fund;
  - d. 2023 Student Loan fund balances after adjustments and loan approvals;
  - e. Information on pending 2023 Student Loans in each fund;
  - f. Unoriginated 2023 Student Loan fund balances;
  - g. Originated 2023 Student Loan balances by fund; and
  - h. Analysis of actual 2023 Student Loan originations versus required originations per the Second Supplemental Indenture.

4. Custody of Data, Information, and Documents. All data, information, and documents which are in the Authority's possession and which have been obtained by the Authority in connection with its work pursuant to this Acknowledgement, whether the same be in magnetic, written, typed,

or other form, shall be available for inspection and copying upon reasonable prior notice by the Trustee or agreed upon agents in accordance with the Indenture.

5. Term and Termination.

(a) Term. The Authority shall serve as Servicer as provided herein and in the Indenture until the Authority resigns, or is terminated as provided herein, however, the Authority may not resign as Servicer until a successor Servicer shall have been appointed by the Authority and such successor shall have acknowledged the duties and obligations of Servicer provided herein and in the Indenture.

(b) Termination by Trustee; Appointment of Sub-Servicer.

(i) Upon the occurrence of the Event of Default set forth in Sections 10.1 (A)-(F) of the Indenture of Trust, or an Act of Bankruptcy if the Authority fails to take action resulting in the withdrawal or dismissal of such Act of Bankruptcy (as defined in the Second Supplemental Indenture) within sixty (60) days, the Authority may be terminated as Servicer by the Trustee, acting at the direction of the owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, in accordance with Section 3.12(B) of the Second Supplemental Indenture, upon notice, effective on the date specified in such notice.

(ii) Upon the occurrence of a Servicer Event of Default, (as hereinafter defined) the Trustee shall, at the direction of the owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, upon notice to the Authority, procure a qualified third-party successor Servicer for all NCLASS Loans, within ninety (90) days of any Servicer Event of Default, and the Authority shall be obligated to enter into such contracts and agreements with such qualified third-party successor Servicer to effect the successor Servicer performing the duties and obligations of Servicer hereunder with the Authority acting as master Servicer to oversee such successor Servicer. The Authority shall cooperate with such successor Servicers, if any, to enable the successor Servicers to benefit from the collection powers available to the Authority under applicable New Jersey law.

(iii) For purposes of this Section 5(b), a Servicer Event of Default means the Trustee has actual knowledge that:

- (A) The Authority materially failed to mail or provide by other means, including electronic means, bills, statements, or coupon books including the appropriate payment information on a quarterly or monthly basis, as appropriate, to eligible borrowers and such failure remains uncured for a period of sixty (60) days.
- (B) The Authority materially failed to cause all payments of principal of, and interest and late payment fees on, the 2023 Student Loans to be made to a lock box depository account in the name of the State of New Jersey NJ CLASS, maintained with Wells Fargo Bank, National Association (or such other bank, trust company, or national banking association designated by the Authority after written notice to the Trustee), and such failure remains uncured for a period of forty-five (45) days.
- (C) The Authority materially failed to take any reasonable steps, actions, or proceedings necessary for the enforcement of the Notes, and such failure remains uncured for a period of forty-five (45) days.

- (D) The Authority materially failed to direct the Trustee to transfer at least weekly, the contents of the lock box depository account(s) to the respective accounts within the Indenture to which such funds are required to be deposited and failed to provide the Trustee with an accounting of such deposits, and such failure remains uncured for a period of thirty (30) days.
- (E) The Authority materially failed to follow Program Documentation with regards to proper marking and handling of delinquent loans, skip tracing or defaulted loans or failed to maintain an active loan file for all Student Loans and such failure remains uncured for a period of sixty (60) days.
- (F) The occurrence of an Event of Default set forth in Sections 10.1(A) or 10.1(B) of the Indenture of Trust, or, if no Senior Bonds are Outstanding, Sections 10.1(C) or 10.1(D) of the Indenture of Trust, or, if no Senior Bonds or Subordinate Bonds are Outstanding, Sections 10.1(E) or 10.1(F) of the Indenture of Trust and such occurrence is directly attributable to the Authority failing to act as Servicer hereunder.

(c) No removal of the Servicer or procurement of a successor Servicer pursuant to clause (b) above shall be effective until such successor Servicer shall have agreed in writing to be bound by the terms of an Acknowledgment of Servicing in the same manner as the Authority, in its capacity as Servicer, is bound hereunder; and provided further that if the Trustee is unable or unwilling to appoint a successor Servicer, the Trustee shall petition a court of competent jurisdiction to appoint a successor Servicer whose regular business includes the servicing of loans for post-secondary education.

(d) Delivery of Files. The Authority agrees to cooperate with any successor Servicer or sub-Servicer to facilitate the transfer of all applicable information to such successor Servicer or sub-Servicer and the establishment of a full operational servicing arrangement for the 2023 Student Loans.

6. Monthly Servicing Fees and Administrative Fees. Within thirty (30) days after the end of each month, the Authority shall prepare and deliver to the Trustee written directions as to the aggregate amount of Servicing Fees and Administrative Fees to be paid to the Authority from the Series 2023 Bonds and specific trust account for the Series 2023 Bonds from which such payment is to be made for the applicable month.

7. Multiple Disbursements. The Authority shall give the Trustee written directions for each 2023 Student Loan to be disbursed in multiple disbursements as to the amount of each disbursement.

8. Amendments. The terms of this Acknowledgement shall not be materially amended without delivery of a Rating Agency Notice to each Rating Agency then maintaining a rating on any Bonds then Outstanding.

9. Servicing Fee. The Servicing Fee shall not exceed the amount set forth therefor in any Supplemental Indenture for a Series of Bonds and, with respect to the 2023 Student Loans, shall not exceed the amount set forth in Schedule D to the Second Supplemental Indenture.

10. Defaulted Loan Collection Expenses. Within thirty (30) days after the end of each month, the Authority shall prepare and deliver to the Trustee written directions as to the aggregate amount of Defaulted Loan Collection Expenses which are to be paid or repaid to the Authority from the Revenue Fund for the Series 2023 Bonds for the applicable month. Defaulted Loan Collection

Expenses include the costs and expenses incurred by the Authority, in its role as Servicer, in collecting Defaulted Loans. Defaulted Loan Collection Expenses shall not exceed the amount set forth therefor in any Supplemental Indenture for a Series of Bonds and, with respect to the 2023 Student Loans, shall not exceed the amount set forth in Schedule D to the Second Supplemental Indenture.

11. Governing Law; Jurisdiction. This Acknowledgment shall be governed by and construed in accordance with the laws of the State of New Jersey. The parties hereto agree to the non-exclusive jurisdiction of the State of New Jersey.

12. WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS ACKNOWLEDGMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

13. AML Law. The parties hereto acknowledge that in accordance with laws, regulations and executive orders of the United States or any state or political subdivision thereof as are in effect from time to time applicable to financial institutions relating to the funding of terrorist activities and money laundering, including without limitation the USA Patriot Act (Pub. L. 107-56) and regulations promulgated by the Office of Foreign Asset Control (collectively, "AML Law"), the Trustee is required to obtain, verify, and record information relating to individuals and entities that establish a business relationship or open an account with the Trustee. Each party hereby agrees that it shall provide the Trustee with such identifying information and documentation as the Trustee may request from time to time in order to enable the Trustee to comply with all applicable requirements of AML Law.

14. Counterparts; Electronic Signature. This Acknowledgement shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Acknowledgement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of Bonds when required under the UCC or other Signature Law due to the character or intended character of the writings

[Signature page to follow]

IN WITNESS WHEREOF, the Authority and the Trustee have set their hands as of the date first above written.

HIGHER EDUCATION STUDENT  
ASSISTANCE AUTHORITY

By: \_\_\_\_\_  
Gerald V. Traino  
Chief Financial Officer

COMPUTERSHARE TRUST COMPANY,  
NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Scott Olmsted  
Vice President

**NEW ISSUE  
BOOK-ENTRY-ONLY**

**Ratings: (See “RATINGS” herein)**

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Authority (as defined herein) with certain tax covenants described herein, under existing law, interest on the Series 2023 Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Series 2023 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Series 2023 Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**\$280,000,000\***

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(State of New Jersey)**

**STUDENT LOAN REVENUE AND REFUNDING BONDS, SERIES 2023**

**Consisting of**

**\$39,500,000\* Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT),**

**\$207,500,000\* Senior Student Loan Revenue Bonds, Series 2023B (AMT),**

**and**

**\$33,000,000\* Subordinate Student Loan Revenue Bonds, Series 2023C (AMT)**

**Dated: Date of Delivery**

**Due: December 1, as shown on the inside front cover**

The Higher Education Student Assistance Authority (the “**Authority**”) \$280,000,000\* Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2023, consisting of: (i) \$39,500,000\* Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT) (the “**Senior Series 2023A Bonds**”); (ii) \$207,500,000\* Senior Student Loan Revenue Bonds, Series 2023B (AMT) (the “**Senior Series 2023B Bonds**” and, together with the Senior Series 2023A Bonds, the “**Senior Series 2023 Bonds**”); and (iii) \$33,000,000\* Subordinate Student Loan Revenue Bonds, Series 2023C (AMT) (the “**Subordinate Series 2023C Bonds**” and, together with the Senior Series 2023 Bonds, the “**Series 2023 Bonds**”), will be issued by the Authority pursuant to the Act and the Indenture (each as hereinafter defined) and will mature on December 1 on the respective dates and in the respective principal amounts set forth on the inside front cover page of this Official Statement.

The Series 2023 Bonds, when issued, will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”) which will act as securities depository for the Series 2023 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2023 Bonds purchased. So long as DTC is the registered owner of the Series 2023 Bonds, payments of the principal of and interest on the Series 2023 Bonds will be made directly to DTC. Disbursements of such payments to DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants. See the caption “THE SERIES 2023 BONDS—Book-Entry-Only System” herein. Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association shall act as trustee, paying agent and bond registrar (the “**Trustee**”) for the Series 2023 Bonds.

The Series 2023 Bonds will be dated the date of delivery thereof and will bear interest at the respective rates per annum set forth on the inside front cover page hereof, payable semiannually on each June 1 and December 1, commencing December 1, 2023. Unless certain conditions described herein have been satisfied, principal of the Subordinate Series 2023C Bonds is payable after all principal payments on the outstanding Senior Bonds have been paid. See the captions “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Priority of Use and Disbursement of Revenue Fund Moneys” and “THE SERIES 2023 BONDS—Payment of Subordinate Series 2023C Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto.

The Series 2023 Bonds are subject to redemption prior to maturity as described herein. See the caption “THE SERIES 2023 BONDS—Redemption Provisions” herein.

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\* Preliminary; subject to change.

The Series 2023 Bonds are being issued under an Indenture of Trust, dated as of May 1, 2021 (as previously amended, the “**Trust Indenture**”), as further amended and supplemented by a Second Supplemental Indenture, dated as of May 1, 2023 (the “**Second Supplemental Indenture**” and together with the Trust Indenture, the “**Indenture**”), each between the Authority and the Trustee, and pursuant to a resolution of the Authority adopted on March 22, 2023. The Series 2023 Bonds are the second series of Bonds issued under the Indenture and are issued for the purpose of, together with other funds of the Authority: (i) making a deposit into the applicable accounts and subaccounts of the Student Loan Fund established pursuant to the Indenture to be applied as set forth therein including, without limitation, to originate and acquire additional Student Loans (as more fully described herein); (ii) currently refunding and redeeming all of the Authority’s outstanding Student Loan Revenue Bonds, Series 2012-1 and Series 2013-1, as further described in APPENDIX E—“SUMMARY OF BONDS TO BE REFUNDED” hereto; (iii) making a deposit into the 2023 Debt Service Reserve Account of the Debt Service Reserve Fund to satisfy the 2023 Reserve Requirement (as defined herein) and (iv) paying certain costs of issuing the Series 2023 Bonds.

The Series 2023 Bonds, the Series 2021 Bonds (as defined herein) and any Additional Bonds (as defined herein) are secured by a pledge, subject to the terms of the Indenture, of the Student Loans (including notes evidencing the same) held as part of the Trust Estate pursuant to the Indenture, including the 2023 NJCLASS Loans (as hereinafter defined), Transferred NJCLASS Loans (as hereinafter defined), and the moneys and securities in the various funds established under the Indenture (except the Rebate Fund and the Excess Yield Fund), and the Revenues and Recoveries of Principal (each as hereinafter defined). See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—General” herein.

The Series 2023 Bonds are additionally secured by the 2023 Debt Service Reserve Account within the Debt Service Reserve Fund, into which moneys may be paid by the State of New Jersey (the “**State**”) pursuant to a provision of the Act, subject to and dependent upon annual appropriations by the Legislature of the State for such purpose, as more fully described herein. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations” herein. Such provision does not constitute a legally enforceable obligation on the part of the State or create a debt or liability on behalf of the State enforceable against the State.

**This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE AUTHORITY HAS NO POWER TO LEVY OR TO COLLECT TAXES. THE SERIES 2023 BONDS DO NOT CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2023 BONDS, EXCEPT FROM THE MONEYS AND FUNDS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2023 BONDS.

The Series 2023 Bonds will be offered subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriters, and are subject to the final approving opinion of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Authority, and to certain other conditions described herein. Certain legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Denver, Colorado, counsel to the Underwriters. It is expected that the Series 2023 Bonds will be available for delivery through the facilities of DTC on or about May \_\_, 2023.

**RBC Capital Markets**  
**[Siebert Williams Shank & Co., LLC]**

Dated: April \_\_, 2023

**\$280,000,000\***  
**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
(State of New Jersey)  
**STUDENT LOAN REVENUE AND REFUNDING BONDS, SERIES 2023**  
Consisting of  
**\$39,500,000\* Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT),**  
**\$207,500,000\* Senior Student Loan Revenue Bonds, Series 2023B (AMT),**  
and  
**\$33,000,000\* Subordinate Student Loan Revenue Bonds, Series 2023C (AMT)**

**MATURITY SCHEDULE**

**\$39,500,000\* SENIOR STUDENT LOAN REVENUE REFUNDING BONDS,  
SERIES 2023A (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>^</sup>
2025	\$	%	%	%	646080
2026					646080
2027					646080
2028					646080
2029					646080
2030					646080
2031					646080
2032					646080
2033					646080

**\$207,500,000\* SENIOR STUDENT LOAN REVENUE BONDS,  
SERIES 2023B (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>^</sup>
2025	\$	%	%	%	646080
2026					646080
2027					646080
2028					646080
2029					646080
2030					646080
2031					646080
2032					646080
2033					646080

\$ \_\_\_\_\_ \* \_\_\_\_\_% Senior Student Loan Revenue Bonds, Series 2023B (AMT) Term Bonds  
Due December 1, 2044 Yield \_\_\_\_\_% Price \_\_\_\_\_% CUSIP No. 646080 <sup>^</sup>

**\$33,000,000\* SUBORDINATE STUDENT LOAN REVENUE BONDS,  
SERIES 2023C (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>^</sup>
2052	\$	%	%	%	646080

\* Preliminary; subject to change.

<sup>^</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers are included solely for the convenience of Bondholders, and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products.

No dealer, broker, salesperson or other person has been authorized by the Higher Education Student Assistance Authority (the “**Authority**”) to give any information or to make any representations with respect to the Series 2023 Bonds, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Information set forth herein has been furnished by the Authority and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date hereof. References in this Official Statement to the Act and the Indenture (as hereinafter defined) do not purport to be complete and potential purchasers are referred to the Act and the Indenture for full and complete details of the provisions thereof.

The Underwriters listed on the front cover of this Official Statement (the “**Underwriters**”) have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applicable to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information in this Official Statement concerning The Depository Trust Company, New York, New York (“**DTC**”) and DTC’s book-entry-only system has been obtained from DTC, and the Authority takes no responsibility for the accuracy thereof. Such information has not been independently verified by the Authority, and the Authority makes no representation as to the accuracy or completeness of such information.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE SERIES 2023 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2023 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Upon issuance, the Series 2023 Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Series 2023 Bonds and the security therefor, including an analysis of the risks involved. The Series 2023 Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Series 2023 Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the Series 2023 Bonds have

been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Series 2023 Bonds or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy or adequacy of this Official Statement or approved the Series 2023 Bonds for sale.

There follows in this Official Statement certain information concerning the Authority, together with descriptions of the terms of the Senior Series 2023 Bonds and the Subordinate Series 2023C Bonds, certain documents related to the security for the Series 2023 Bonds and certain applicable laws. All references herein to laws and documents are qualified in their entirety by reference to such laws, as in effect, and to each such document as such document has been or will be executed and delivered on or prior to the date of issuance of the Series 2023 Bonds, and all references to the Series 2023 Bonds are qualified in their entirety by reference to the respective definitive forms thereof and the information with respect thereto contained in the Indenture. This Official Statement is submitted in connection with the sale of the Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward looking statements. A number of important factors affecting the Authority and its programs could cause actual results to differ materially from those stated in the forward-looking statements.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Authority since the date hereof.

## SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement and no conclusion should be drawn from the order of material or information presented in this Official Statement. The offering of the Higher Education Student Assistance Authority's \$280,000,000\* aggregate principal amount of its Student Loan Revenue and Refunding Bonds, Series 2023, consisting of the: (i) \$39,500,000\* Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT) (the "**Senior Series 2023A Bonds**"); (ii) \$207,500,000\* Senior Student Loan Revenue Bonds, Series 2023B (AMT) (the "**Senior Series 2023B Bonds**") and, together with the Senior Series 2023A Bonds, the "**Senior Series 2023 Bonds**"; and (iii) \$33,000,000\* Subordinate Student Loan Revenue Bonds, Series 2023C (AMT) (the "**Subordinate Series 2023C Bonds**") and, together with the Senior Series 2023 Bonds, the "**Series 2023 Bonds**") to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement. All capitalized terms used in this Summary Statement shall have the same meaning as defined in this Official Statement.

Reference in this Official Statement to making, originating, purchasing or acquiring (or similar words) Student Loans (as hereinafter defined) shall mean and include all such terms and words.

### The Authority

The Higher Education Student Assistance Authority (the "**Authority**") was created pursuant to the Higher Education Student Assistance Authority Law, N.J.S.A. 18A:71A-1 *et seq.*, as amended and supplemented (the "**Act**"), as a public body corporate and politic and an instrumentality of the State of New Jersey (the "**State**"). The Authority was established in 1999 as the successor to the New Jersey Higher Education Assistance Authority to provide further access to post-secondary education, whether by loans, grants, scholarships or other means. Prior to the establishment of the Authority, the New Jersey Higher Education Assistance Authority, created in 1959, served as lender and guarantor of federally guaranteed student loans for the State. References herein to the Authority include the predecessor authority where the context so requires.

As of December 31, 2022, the Authority had originated approximately 352,710 New Jersey College Loans to Assist State Students loans (collectively, "**NJCLASS Loans**") in an aggregate principal amount of \$4,923,416,775 under its NJCLASS Loan Program to assist New Jersey students and their parents, spouses or other relatives providing financial support in meeting the costs of the students' education at an eligible institution located within or outside the State.

Effective June 1, 2016, the loan eligibility criteria was expanded to include both students and parents as eligible borrowers under all of the NJCLASS Loan Programs. This is the second Series of Bonds to be issued pursuant to the Indenture. The Authority has previously issued its (A) \$107,745,000 Higher Education Student Assistance Authority Student Loan Revenue Bonds, Series 2021, consisting of the: (i) \$11,410,000 Senior Student Loan Revenue Refunding Bonds, Series 2021A (AMT) (the "**Senior Series 2021A Bonds**"); (ii) \$83,335,000 Senior Student Loan Revenue Bonds, Series 2021B (AMT) (the "**Senior Series 2021B Bonds**") and, together with the Senior Series 2021A Bonds, the "**Senior Series 2021 Bonds**"; and (iii) \$13,000,000 Subordinate Student Loan Revenue Bonds, Series 2021C (AMT) (the "**Subordinate Series 2021C Bonds**") and, together with the Senior Series 2021 Bonds, the "**Series 2021 Bonds**") pursuant to the Indenture. See the caption "THE AUTHORITY—Outstanding Indebtedness of the Authority" herein.

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\* Preliminary; subject to change.

## Authority Loan Programs

***The NJCLASS Loan Program.*** The NJCLASS Loan Program is a supplemental loan program initiated by the Authority in September 1991. The NJCLASS Loan Program offers a supplemental source of financial support to students in meeting the costs of the student’s education at an eligible institution of higher education. The NJCLASS Loan Program is not part of the federal guaranteed student loan programs identified under the Federal Higher Education Act of 1965, as amended (the “**Higher Education Act**”), as the NJCLASS Loans are not guaranteed or insured pursuant to the FFEL Program (as defined below). See “INTRODUCTION” and “THE LOAN FINANCE PROGRAM” herein. As of December 31, 2022, approximately \$1.17 billion of NJCLASS Loans were outstanding: (a) \$[1,055.1] billion of which are currently pledged to secure bonds issued under Prior Indentures (as defined below), or held by the Authority unencumbered, and (b) \$116.5 million of which are currently pledged to and secure Bonds issued under the Indenture. NJCLASS Loans pledged to secure bonds issued under Prior Indentures, or held by the Authority unencumbered, **do not** secure the Series 2021 Bonds, the Series 2023 Bonds or any Additional Bonds issued under the Indenture. The Series 2021 Bonds, the Series 2023 Bonds and any Additional Bonds issued under the Indenture are secured only by loans that will be held within the Indenture. See the caption “STUDENT LOANS” herein.

In 2016, the Authority authorized an NJCLASS pilot loan refinance program which commenced on March 31, 2017 (the “**Pilot Loan Refinance Program**”). The Authority plans to allocate up to \$57.0\* million of Series 2023 Bond proceeds for loans to students and parents who wish to refinance their outstanding Federal Parent PLUS loans, NJCLASS Loans and/or school certified private education loans (each a “**NJCLASS ReFi+ Loan**” and, collectively, the “**NJCLASS ReFi+ Loans**”). See the caption “THE LOAN FINANCE PROGRAM—NJCLASS ReFi+ Loans” herein.

***Indenture Student Loan Program.*** The Indenture permits the financing of fixed or variable interest rate student loans made to finance or refinance post-secondary education that satisfy the administrative rules of the Authority’s NJCLASS Loan Program as in effect from time to time or, in the case of NJCLASS ReFi+ Loans, the Pilot Loan Refinance Program and the credit criteria set forth in the Supplemental Indenture applicable to the disposition of the proceeds of Bonds issued pursuant to such Supplemental Indenture. Although the Indenture permits the financing of variable interest rate student loans, only fixed rate student loans have been financed thereunder, and only fixed rate student loans are being financed in connection with the issuance of the Series 2023 Bonds. See “THE LOAN FINANCE PROGRAM” herein for a further description of the NJCLASS Loan Program. The Series 2023 Bonds are the second series of Bonds issued pursuant to the Indenture.

The Indenture of Trust, dated as of May 1, 2021 (as previously amended, the “**Trust Indenture**”), as further amended and supplemented by a Second Supplemental Indenture, dated as of May 1, 2023 (the “**Second Supplemental Indenture**” and together with the Trust Indenture, the “**Indenture**”), each between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, as trustee, paying agent and bond registrar (the “**Trustee**”), sets forth the application of the Series 2023 Bond proceeds. The Authority expects to use proceeds of the Series 2023 Bonds deposited in the Student Loan Fund established pursuant to the Indenture to originate Student Loans consisting of: (A) Standard NJCLASS Loans (as hereinafter defined), consisting of (i) an initial amount of \$60.0\* million to originate Fixed Rate Ten Year Option 1 Standard NJCLASS Loans; (ii) an initial amount of \$70.0\* million to originate Fixed Rate Option 2 Standard NJCLASS Loans; and (iii) a not-to-exceed amount of \$25.0\* million to originate Option 3 Standard NJCLASS Loans; (B) NJCLASS Consolidation Loans (as hereinafter defined) in a not-to-exceed amount of \$18.0\* million; and (C) NJCLASS ReFi+ Loans: (i) in an initial amount of \$40.0\* million for deposit into the 2023 Refinance Loan Subaccount

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\* Preliminary; subject to change.

within the 2023 NJCLASS Refinance Account to originate NJCLASS ReFi+ Loans to borrowers or co-obligors, as applicable, with a credit score equal to or greater than 720; and (ii) a not-to-exceed amount of \$17.0\* million for deposit into the 2023 Refinance Loan Subaccount within the 2023 Refinance Loan Account to originate NJCLASS ReFi+ Loans to borrowers or co-obligors, as applicable, with a credit score equal to or greater than 670, but less than 720 (collectively, the “**2023 NJCLASS Loans**”). See the caption “ESTIMATED SOURCES AND USES OF FUNDS” herein for a description of the uses of proceeds of the Series 2023 Bonds.

In addition, upon the issuance of the Series 2023 Bonds, the Authority will transfer to the Trustee in connection with the refunding of the Bonds to be Refunded (as defined below), approximately \$55.7 million in principal balance of Eligible Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans, relating to the Bonds to be Refunded, originally issued pursuant to the Authority’s Indenture of Trust, dated June 1, 2012 (the “**2012 Indenture**”), which Eligible Loans shall be held as part of the Trust Estate pursuant to the Indenture and pledged to the payment of the Bonds, including, the Series 2023 Bonds (all such transferred loans shall collectively be referred to herein as, the “**Transferred NJCLASS Loans**”). See the caption “STUDENT LOANS” herein. Certain of the Transferred NJCLASS Loans were originated prior to October 17, 2011; therefore, the characteristics of the portfolio of Eligible Loans within the Transferred NJCLASS Loans will not reflect the characteristics of the portfolio of additional Eligible Loans to be originated with proceeds of the Series 2023 Bonds and recycling proceeds.

The 2023 NJCLASS Loans and the Transferred NJCLASS Loans so financed and pledged under the Indenture, together with the Eligible Loans (as defined in the Indenture) financed with proceeds of the Series 2021 Bonds and all other Eligible Loans and any loans financed with proceeds of Additional Bonds issued under the Indenture or certain other available moneys under the Indenture, are referred to herein, collectively, as the “**Student Loans**.”

The Indenture permits changes in the terms of the Authority’s NJCLASS Loan Program and the terms thereof subject in certain instances to the Authority satisfying the Rating Agency Notice Conditions (as defined in the Indenture).

### **Cash Flow and Other Assumptions**

Based on certain assumptions, the Authority expects that the Trust Estate will be sufficient to meet debt service payments on the Series 2023 Bonds. See the caption “CERTAIN INVESTMENT CONSIDERATIONS—Cash Flow and Other Assumptions” herein for a more detailed discussion of the Authority assumptions regarding the Student Loan portfolio and anticipated Revenues and Recoveries of Principal with respect thereto. **NO ASSURANCE CAN BE GIVEN THAT THE ASSUMPTIONS (INCLUDING THE ASSUMPTIONS AS TO DEMAND FOR 2023 NJCLASS LOANS MADE WITH AN EXPENDITURE FROM THE 2023 ACCOUNTS (AS DEFINED IN THE SECOND SUPPLEMENTAL INDENTURE)) WILL BE REALIZED.**

### **Additional Bonds Under the Indenture**

The Authority may hereafter issue Additional Bonds under the Indenture on parity with the Senior Series 2021 Bonds and the Senior Series 2023 Bonds (the Senior Series 2021 Bonds, the Senior Series 2023 Bonds, together with any Additional Bonds issued on parity therewith, are hereinafter collectively referred to as “**Senior Bonds**”) and may issue Additional Bonds on parity with the Subordinate Series 2021C Bonds and the Subordinate Series 2023C Bonds (the Subordinate Series 2021C Bonds and the Subordinate Series 2023C Bonds, together with any Additional Bonds issued on parity therewith, are hereinafter collectively referred to as the “**Subordinate Bonds**”) payable on a subordinate basis to the related Series

of Senior Bonds. The Indenture also permits the issuance of Additional Bonds which are secured on a basis subordinate to the Senior Bonds and the Subordinate Bonds (referred to herein as the “**Junior Subordinate Bonds**”). The issuance of Additional Bonds requires the delivery to the Trustee of a Rating Agency Confirmation. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Additional Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto.

### **The Series 2023 Bonds**

The Series 2023 Bonds are being issued under the Indenture. The Series 2023 Bonds will be dated the date of delivery thereof and will bear interest at the respective rates per annum set forth on the inside front cover page hereof, payable initially semiannually on each June 1 and December 1, commencing December 1, 2023. **Unless certain conditions have been satisfied, principal of the Subordinate Series 2023C Bonds is payable after all principal payments on the Senior Bonds have been paid.** See the captions “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Priority of Use and Disbursement of Revenue Fund Moneys” and “THE SERIES 2023 BONDS—Payment of Subordinate Series 2023C Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto. The Series 2023 Bonds will mature on December 1 in the respective years and in the respective principal amounts set forth on the inside front cover page hereof.

The Series 2023 Bonds are issued for the purposes of providing the Authority with funds which, together with other funds of the Authority, will be used to: (i) make a deposit into the applicable accounts and subaccounts of the Student Loan Fund established pursuant to the Indenture to be applied as set forth therein including, without limitation, to originate and acquire additional Student Loans (as more fully described herein); (ii) refund and redeem all of the Authority’s outstanding Student Loan Revenue Bonds, Series 2012-1 and Series 2013-1, as further described in APPENDIX E—“SUMMARY OF BONDS TO BE REFUNDED” hereto (collectively, the “**Bonds to be Refunded**”), originally issued pursuant to the 2012 Indenture (as hereinafter defined); (iii) make a deposit into the 2023 Debt Service Reserve Account of the Debt Service Reserve Fund to satisfy the 2023 Reserve Requirement (as hereinafter defined); and (iv) pay certain costs of issuing the Series 2023 Bonds. See the caption “ESTIMATED SOURCES AND USES OF FUNDS” herein.

### **Sources of Payment and Security for the Series 2023 Bonds**

**General.** The Bonds issued pursuant to the Indenture, including the Series 2021 Bonds and the Series 2023 Bonds, are limited obligations of the Authority, secured by and payable solely from, subject to the terms of the Indenture: (i) the proceeds derived from the sale of the Series 2023 Bonds (until expended for the purposes for which the Series 2023 Bonds were issued); (ii) Student Loans (and notes evidencing the same) held as part of the Trust Estate pursuant to the Indenture, including the Transferred NJCLASS Loans; (iii) all Revenues and Recoveries of Principal (including, without limitation, payments of principal of and interest on Student Loans); (iv) the Debt Service Reserve Fund funded in the amount of the Debt Service Reserve Fund Requirement; and (v) the moneys and securities in the various other funds established under the Indenture (except the Rebate Fund and the Excess Yield Fund) (collectively, the “**Trust Estate**”). Upon issuance of the Series 2023 Bonds, the initial Parity Percentage will be at least 110.8%\* and the Senior Parity Percentage will be approximately 125.7%\*. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto.

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\* Preliminary; subject to change.

The initial amount to be deposited in the 2023 Debt Service Reserve Account within the Debt Service Reserve Fund in connection with the issuance of the Series 2023 Bonds is two percent (2%)\* of the original principal amount of the Series 2023 Bonds and, thereafter, the amount required to be on deposit therein shall equal the greater of: (i) two percent (2%)\* of the principal amount of Outstanding Series 2023 Bonds; or (ii) \$1,000,000\* (the “**2023 Reserve Requirement**”). The 2023 Reserve Requirement will be funded with a portion of the proceeds of the Series 2023 Bonds. In lieu (in whole or in part) of a cash deposit to the 2023 Debt Service Reserve Account of the Debt Service Reserve Fund in the amount of the 2023 Reserve Requirement, the Authority may provide a Funding Instrument (which is defined in the Indenture as any surety bond, insurance policy, letter of credit or other similar obligation, the provider of which shall be rated in one of the two highest rating categories by the Rating Agency, or shall have the qualifications set forth in the Supplemental Indenture authorizing such Series of Bonds) to satisfy all or a portion of such 2023 Reserve Requirement. The 2023 Debt Service Reserve Account is only available to pay Principal Installments of or interest on the Series 2023 Bonds except in the event (i) there are sufficient funds in the 2023 Revenue Account to pay principal and interest on the Series 2023 Bonds and (ii) failure to utilize the 2023 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds.

The 2021 Debt Service Reserve Account within the Debt Service Reserve Fund was initially funded in connection with the issuance of the Series 2021 Bonds in an amount equal to two percent (2%) of the original principal amount of the Series 2021 Bonds and is required to be maintained in an amount equal the greater of: (i) two percent (2%) of the principal amount of the Outstanding Series 2021 Bonds; or (ii) \$1,000,000 (the “**2021 Reserve Requirement**”). The 2021 Debt Service Reserve Account is only available to pay Principal Installments of or interest on the Series 2021 Bonds except in the event (i) there are sufficient funds in the 2021 Revenue Account to pay principal and interest on the Series 2021 Bonds and (ii) failure to utilize the 2021 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds.

THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE AUTHORITY HAS NO POWER TO LEVY OR TO COLLECT TAXES. THE SERIES 2023 BONDS DO NOT CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2023 BONDS, EXCEPT FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2023 BONDS.

*Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations.* The Act contains a specific budgetary procedure with respect to bonds issued by the Authority pursuant to which the Chairperson of the Authority is required to annually certify to the Legislature of the State (the “**State Legislature**”) the amount of any deficiency in the Debt Service Reserve Fund maintained to meet payments of debt service on Authority bonds. The Act provides that the amount of the deficiency shall be appropriated by the State Legislature and paid to the Authority for deposit to the Debt Service Reserve Fund during the State’s then current fiscal year. The State’s obligation to make such payments is subject to and dependent upon annual appropriations by the State Legislature for such purpose. In addition, because the 2023 Reserve Requirement is less than the maximum amount of principal of and interest on the Series 2023 Bonds in certain future Bond Years, even in the event that the State Legislature makes all appropriations contemplated by the Act, the amount available in the 2023 Debt Service Reserve Account of the Debt Service Reserve Fund may be insufficient to pay debt service on the Series 2023 Bonds as the

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\* Preliminary; subject to change.

same becomes due and payable. Such provision of the Act does not constitute a legally enforceable obligation on the part of the State or create a debt or liability on behalf of the State enforceable against the State. To date, the Authority has not had a revenue deficiency which required the State to appropriate funds pursuant to the Act. There is no statutory limitation on the amount of “moral obligation” bonds which may be issued by the Authority. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations” herein.

***Priority of Use and Disbursement of Revenue Fund Moneys.*** Pursuant to the Indenture, unless certain conditions described herein have been satisfied, the principal of the Subordinate Series 2023C Bonds is payable after all principal payments on the Senior Bonds have been paid. Interest on the Senior Series 2023 Bonds is payable prior to the payment of interest or principal on the Subordinate Series 2023C Bonds. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Priority of Use and Disbursement of Revenue Fund Moneys” and “THE SERIES 2023 BONDS—Payment of Subordinate Series 2023C Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto.

## **Redemption**

The Series 2023 Bonds are subject to optional redemption, mandatory sinking fund redemption, mandatory redemption resulting from non-origination, special optional redemption from Excess Revenue and special mandatory redemption from Excess Revenue. See the caption “THE SERIES 2023 BONDS—Redemption Provisions” herein and APPENDIX F—“WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2023B BONDS MATURING DECEMBER 1, 2044” herein.

## **Origination Periods**

The Authority has made certain estimates of the demand for NJCLASS Loans in the 2023-2024 academic year in determining the principal amount of the Series 2023 Bonds. The Indenture permits the origination of 2023 NJCLASS Loans during a specified period of time. The Origination Periods under the Second Supplemental Indenture are as follows: (i) the period commencing on the date of issuance and delivery of the Series 2023 Bonds (the “**Issue Date**”) and ending on October 1, 2023\* with respect to the cumulative origination of \$86.3\* million in 2023 NJCLASS Loans by the Authority, (ii) the period commencing October 2, 2023\* and ending on February 1, 2024\* with respect to the cumulative origination of approximately \$172.6\* million in 2023 NJCLASS Loans by the Authority, (iii) the period commencing February 2, 2024\* and ending on October 1, 2024\* with respect to the cumulative origination of approximately \$226.5\* million in 2023 NJCLASS Loans by the Authority, and (iv) the period commencing October 2, 2024\* and ending on April 1, 2025\* with respect to the cumulative origination of approximately \$242.7\* million in 2023 NJCLASS Loans by the Authority.

Each of the Origination Periods described above may be extended or the amounts therein modified if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such extension or modification. Such estimates are based on the Authority’s prior experience with the NJCLASS Loan Program and an analysis of the relationship between the NJCLASS Loan Program and various federal programs. No assurance can be given that the estimates will be realized. At the expiration of each Origination Period under the Second Supplemental Indenture, moneys remaining in the 2023 Accounts are required to be used to redeem Senior Series 2023B Bonds and Subordinate Series 2023C Bonds to the extent the origination milestones set forth for each Origination Period were not met. See the captions “THE SERIES 2023 BONDS—Redemption Provisions—*Mandatory Redemption Resulting From*

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\* Preliminary; subject to change.

*Non-Origination,*” and “CERTAIN INVESTMENT CONSIDERATIONS” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Section 1.2—Definitions)” hereto.

As of March 31, 2023, the Authority had approximately \$ [REDACTED] million of uncommitted proceeds of its Student Loan Revenue and Refunding Bonds, Series 2022 under its Indenture of Trust, dated as of June 1, 2019 (the “**2019 Indenture**”) that it intends to use to finance NJCLASS Loans prior to the use of proceeds of the Series 2023 Bonds. In addition, the Authority will use repayments on NJCLASS Loans financed pursuant to the 2019 Indenture to make additional NJCLASS Loans prior to the use of proceeds of the Series 2023 Bonds. Both the origination period and the recycling period under the 2019 Indenture terminate on April 1, 2024, unless extended.

### **Recycling**

The Indenture permits Recoveries of Principal on Student Loans to be used to originate additional Student Loans (“**Recycling**”). The Recycling Period under the Second Supplemental Indenture with respect to Student Loans originated with expenditures from the 2023 Accounts ends on April 1, 2025\* and only permits the use of Recoveries of Principal (i) during the Recycling Period, to be transferred to the 2023 Repayment Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account to originate new Option 1 Loans, Option 2 Loans, and NJCLASS ReFi+ Loans (provided that (a) no Recoveries of Principal may be used to originate NJCLASS ReFi+ Loans to borrowers or co-obligors, as applicable, with a credit score between 670 to 719 so that the aggregate principal amount of such loans originated with proceeds of the Series 2023 Bonds and Recoveries of Principal does not exceed \$ [REDACTED] million and (b) a combination of Option 1 Loans with a 10-year term and NJCLASS ReFi+ Loans with a 10-year term so that the aggregate principal amount of such loans originated with proceeds of the Series 2023 Bonds and Recoveries of Principal does not exceed \$ [REDACTED] million), to borrowers or co-obligors, as applicable, unless the Authority shall have satisfied the Rating Agency Notice Conditions with respect to the use of Recoveries of Principal during the Recycling Period to originate other Eligible Loans, and (ii) following the Recycling Period, to be transferred to the 2023 Revenue Account. The Recycling Period shall end on any earlier date, if any, on which an Event of Default shall occur and be continuing, and the Recycling Period may be extended if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension. The termination of Recycling may result in Excess Revenues (consisting of Revenues and Recoveries of Principal in excess of amounts necessary to pay scheduled Debt Service on the Series 2023 Bonds) being applied to the redemption of the Senior Series 2023 Bonds maturing on December 1, 2044\* and the Subordinate Series 2023C Bonds prior to their stated maturity. See the caption “THE SERIES 2023 BONDS—Redemption Provisions—*Special Optional Redemption From Excess Revenue*” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Section 1.2—Definitions)” hereto.

### **Release of Excess Trust Estate Assets**

Upon issuance of the Series 2023 Bonds, the initial Parity Percentage will be at least 110.8%\* and the Senior Parity Percentage will be approximately 125.7%\*. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto. The Indenture provides that, periodically at the written direction of the Authority, the Trustee shall transfer to the Authority, free and clear of the lien or pledge of the Indenture, amounts held in the Revenue Fund established under the Indenture if, after all transfers and payments required by Section 5.5(A)(i) through (ix) of the Trust Indenture have been made, the Cash Release Conditions as required by any Supplemental Indenture for a Series of Bonds have been satisfied (currently the Cash Release Conditions for all Bonds issued pursuant to the Indenture means the Parity Percentage is at least equal to 118.0%\*

(which percentage may be reduced to not less than 110.8%\* prior to the date of issuance of the Series 2023 Bonds) and the amount of Accrued Assets less the amount of Accrued Liabilities, each as defined under the Indenture, is not less than \$6,500,000\*; provided that the Cash Release Conditions may be reduced if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such reduction). For purposes of the definition of Cash Release Conditions, “Accrued Assets” shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 5.5—Use and Disbursements of Revenue Fund Moneys)” hereto.

### **Rating Agency Confirmation and Rating Agency Notice Conditions**

The Indenture provides that S&P Global Ratings (“S&P”) has various notice rights and further requires as a condition of certain actions or determinations that the conditions of a Rating Agency Confirmation or a Rating Agency Notice, as applicable, be satisfied. A Rating Agency Confirmation is required with respect to: (a) the issuance of Additional Bonds; (b) lowering the Loan Rates (except in connection with the issuance of future bonds by the Authority); and (c) increasing the Program Expenses. Satisfaction of the Rating Agency Notice Conditions is required for: (a) the extension of an Origination Period or a Recycling Period, or the modification of amounts required to be originated during an Origination Period; (b) the origination of Eligible Loans other than Option 1 Loans, Option 2 Loans, and NJCLASS ReFi+ Loans during the Recycling Period; (c) entering into an Interest Rate Exchange Agreement; (d) reducing the Cash Release Conditions; (e) changing the criteria or requirements described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Schedule C; Student Eligibility and Credit Criteria—Eligibility Requirements for NJCLASS Loans)” or “FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—2023 NJCLASS Loan Requirements)” hereto; (f) modifying the types of NJCLASS Loans that may be acquired during an Origination Period or a Recycling Period; (g) replacing a Servicer, including paying certain costs in connection with transferring the servicing of such Student Loans to such replacement Servicer, or modifying an Acknowledgment of any Servicer; (h) waiving or altering the payment structure for any 2023 NJCLASS Loan; (i) granting additional borrower benefits to the 2023 NJCLASS Loans; (j) modifying the Loan Rates in connection with the issuance of future bonds by the Authority; (k) exceeding the loan origination limitations applicable to Option 3 Loans, ReFi+ Loans and Consolidation Loans described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Loan Limitations)” hereto; (l) reducing the Senior Parity Percentage used in the definition of Subordinate Bond Redemption Condition; and (m) as an additional condition to entering into a Supplemental Indenture for any purpose. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Rating Agency Confirmation and Rating Agency Notice Conditions” herein.

### **Certain Investment Considerations**

Attention should be given to certain investment considerations described in this Official Statement which could affect the ability of the Authority to pay debt service on the Series 2023 Bonds and which could have an effect on the market price of the Series 2023 Bonds to an extent that cannot be determined. See the caption “CERTAIN INVESTMENT CONSIDERATIONS” herein. Each prospective purchaser of Series 2023 Bonds should read this entire Official Statement, including the cover page and Appendices hereto.

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\* Preliminary; subject to change.

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## OFFICIAL STATEMENT

Relating to

**\$280,000,000\***

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**

(State of New Jersey)

**STUDENT LOAN REVENUE AND REFUNDING BONDS, SERIES 2023**

Consisting of

**\$39,500,000\* Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT),**

**\$207,500,000\* Senior Student Loan Revenue Bonds, Series 2023B (AMT),**

and

**\$33,000,000\* Subordinate Student Loan Revenue Bonds, Series 2023C (AMT)**

### INTRODUCTION

This Official Statement, including the cover page and inside front cover page hereof, the Summary Statement and the Appendices hereto, sets forth information regarding the issuance by the Higher Education Student Assistance Authority (the “**Authority**”) of \$280,000,000\* aggregate principal amount of its Student Loan Revenue and Refunding Bonds, Series 2023 consisting of the: consisting of the: (i) \$39,500,000\* Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT) (the “**Senior Series 2023A Bonds**”); (ii) \$207,500,000\* Senior Student Loan Revenue Bonds, Series 2023B (AMT) (the “**Senior Series 2023B Bonds**” and, together with the Senior Series 2023A Bonds, the “**Senior Series 2023 Bonds**”); and (iii) \$33,000,000\* Subordinate Student Loan Revenue Bonds, Series 2023C (AMT) (the “**Subordinate Series 2023C Bonds**” and, together with the Senior Series 2023 Bonds, the “**Series 2023 Bonds**”). Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture and as set forth in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto.

The Series 2023 Bonds are being issued under the authority of and pursuant to the Higher Education Student Assistance Authority Law, N.J.S.A. 18A:71A-1 *et seq.*, as amended and supplemented and any successor legislation (the “**Act**”), an Indenture of Trust, dated as of May 1, 2021 (as previously amended, the “**Trust Indenture**”), as further amended and supplemented from time to time, including by a Second Supplemental Indenture, dated as of May 1, 2023 (the “**Second Supplemental Indenture**” and together with the Trust Indenture, the “**Indenture**”), each between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, as trustee (the “**Trustee**”), registrar (the “**Registrar**”) and paying agent (the “**Paying Agent**”), and pursuant to a resolution of the Authority adopted on March 22, 2023 (the “**Resolution**”). Pursuant to the provisions of the Act, the State of New Jersey (the “**State**”) has pledged to the holders of bonds issued by the Authority that it will not limit the contractual obligations of the Authority to bondholders. The Indenture contains this statutory pledge as part of the Authority’s contract with holders of the Series 2023 Bonds.

The Series 2023 Bonds are subject to redemption prior to maturity as set forth under the caption “THE SERIES 2023 BONDS – Redemption Provisions” herein.

The Act authorizes the Authority, among other things, to loan money to students to assist them to pay for the cost of the students’ attendance at eligible institutions of higher education located within or without the State. The Authority has developed the New Jersey College Loans to Assist State Students Loan Program (the “**NJCLASS Loan Program**”) in response to this legislative authorization and has been

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\* Preliminary; subject to change.

originating student loans under the NJCLASS Loan Program (collectively, the “**NJCLASS Loans**”) since 1991. See the caption “THE LOAN FINANCE PROGRAM—General” herein for descriptions of the various NJCLASS Loans. In addition, the Authority implemented an NJCLASS pilot loan refinance program commencing on March 31, 2017. For a discussion of the Pilot Loan Refinance Program terms and conditions, see the caption “THE LOAN FINANCE PROGRAM—NJCLASS ReFi+ Loans” herein.

To finance the NJCLASS Loan Program, the Authority is authorized to borrow money and issue obligations, payable from, among other sources, the revenues derived from such loans. See “THE LOAN FINANCE PROGRAM” herein for a further description of the NJCLASS Loan Program. The Authority expects to use a portion of the proceeds of the Series 2023 Bonds deposited into the Student Loan Fund established pursuant to the Indenture to originate or acquire NJCLASS Loans.

In addition to the NJCLASS Loan Program, the Authority is also authorized pursuant to the Act to make loans to students pursuant to the Federal Higher Education Act of 1965, as amended (the “**Higher Education Act**”), to purchase, sell and service such loans, and to guarantee such loans in its capacity as the designated state guaranty agency which are insured by the United States Department of Education (the “**Department of Education**”). Such loans made pursuant to the Higher Education Act are referred to in this Official Statement, collectively, as “**FFELP Loans**”, and the Authority’s FFELP Loan portfolio (the “**Authority’s FFELP Portfolio**”). Effective January 1, 2020, the Authority ceased being the designated state guaranty agency for such FFELP Loans, and all such guarantees were transferred by the Department of Education to the Kentucky Higher Education Assistance Authority; however, the Authority maintains ownership and engages outside contractors for the servicing of the Authority’s FFELP Portfolio. Eligibility criteria and sources of payment for, and terms of, FFELP Loans are significantly different from those of NJCLASS Loans. Title II of the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152) signed into law by President Barack Obama on March 30, 2010, contains various student loan reforms including the termination of the process of the federal government giving subsidies to private banks to originate federally insured loans and, instead, the loans will be administered directly by the Department of Education. As a result, the Authority has not originated or acquired FFELP Loans after June 30, 2010.

The Indenture permits the financing of fixed or variable interest rate student loans made to finance or refinance post-secondary education that satisfy the administrative rules of the Authority’s NJCLASS Loan Program as in effect from time to time or, in the case of NJCLASS ReFi+ Loans, the Pilot Loan Refinance Program and the credit criteria set forth in the Indenture applicable to the disposition of the proceeds of Bonds issued pursuant to such Indenture. Although the Indenture permits the financing of variable interest rate student loans, only fixed rate student loans have been financed thereunder, and only fixed rate student loans are being financed in connection with the issuance of the Series 2023 Bonds.

The Series 2023 Bonds are the second Series of Bonds to be issued under the Indenture. The Authority previously issued its \$107,745,000 Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2021, consisting of the: (i) \$11,410,000 Senior Student Loan Revenue Refunding Bonds, Series 2021A (AMT) (the “**Senior Series 2021A Bonds**”); (ii) \$83,335,000 Senior Student Loan Revenue Bonds, Series 2021B (AMT) (the “**Senior Series 2021B Bonds**” and, together with the Senior Series 2021A Bonds, the “**Senior Series 2021 Bonds**”); and (iii) \$13,000,000 Subordinate Student Loan Revenue Bonds, Series 2021C (AMT) (the “**Subordinate Series 2021C Bonds**” and, together with the Senior Series 2021 Bonds, the “**Series 2021 Bonds**”) pursuant to the Indenture. The Authority may hereafter issue Additional Bonds under the Indenture on parity with the Senior Series 2021 Bonds and the Senior Series 2023 Bonds (the Senior Series 2021 Bonds and the Senior Series 2023 Bonds, together with any Additional Bonds issued on parity therewith, are hereinafter collectively referred to as “**Senior Bonds**”) and may issue Additional Bonds on parity with the Subordinate Series 2021C Bonds and the Subordinate Series 2023C Bonds (the Subordinate Series 2021C Bonds and the Subordinate Series 2023C Bonds, together with any additional Subordinate Bonds issued on parity therewith, are

hereinafter collectively referred to as the “**Subordinate Bonds**”) payable on a subordinate basis to the related Series of Senior Bonds. The Indenture also permits the issuance of Additional Bonds which are secured on a basis subordinate to the Senior Bonds and the Subordinate Bonds (referred to herein as the “**Junior Subordinate Bonds**”). The issuance of Additional Bonds requires the delivery to the Trustee of a Rating Agency Confirmation. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Additional Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article II—Terms of Bonds; Section 2.1—Authorization for Indenture and Bonds); (Second Supplemental Indenture—Section 4.3—Additional Bonds)” and “FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Pledge of Indenture; Establishment of Funds and Accounts)” hereto.

The Bonds issued pursuant to the Indenture, including the Series 2021 Bonds and the Series 2023 Bonds, are limited obligations of the Authority, secured by and payable solely from, subject to the terms of the Indenture: (i) the proceeds derived from the sale of the Series 2023 Bonds (until expended for the purposes for which the Series 2023 Bonds were issued); (ii) Student Loans (and notes evidencing the same) held as part of the Trust Estate pursuant to the Indenture, including the Student Loans financed in connection with the issuance of the Series 2021 Bonds and the 2023 NJCLASS Loans and Transferred NJCLASS Loans; (iii) all Revenues and Recoveries of Principal (including, without limitation, payments of principal of and interest on Student Loans); (iv) the Debt Service Reserve Fund funded in the amount of the Debt Service Reserve Fund Requirement; and (v) the moneys and securities in the various other funds established under the Indenture (except the Rebate Fund and the Excess Yield Fund) (collectively, the “**Trust Estate**”), subject to the provisions of the Indenture permitting the application or exercise thereof for or to the purposes and on the terms and conditions set forth therein, including the origination of Student Loans and payment of Program Expenses and Bond Fees as described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto.

THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE AUTHORITY HAS NO POWER TO LEVY OR TO COLLECT TAXES. THE SERIES 2023 BONDS DO NOT CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2023 BONDS, EXCEPT FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2023 BONDS.

The description of the terms of the Senior Series 2023 Bonds, the Subordinate Series 2023C Bonds, the documents authorizing and securing the Series 2023 Bonds and the pertinent State legislation and Authority administrative rules contained herein do not purport to be comprehensive or definitive. All references herein to such documents or legislation and rules are qualified in their entirety by reference to such documents or legislation and rules. Copies of such documents or legislation and rules may be obtained from the Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, P.O. Box 545, Trenton, New Jersey 08625 (Telephone 609-588-4584).

Reference in this Official Statement to making, originating, purchasing or acquiring (or similar words) Student Loans shall mean and include all such terms and words.

### **PURPOSE OF THE SERIES 2023 BONDS**

The Series 2023 Bonds are being issued to provide funds to the Authority which, together with other funds of the Authority, will be used to: (i) make a deposit into the applicable accounts and

subaccounts of the Student Loan Fund established pursuant to the Indenture to be applied as set forth therein including, without limitation, to originate Student Loans (as more fully described herein); (ii) currently refund and redeem all of the Authority's outstanding Student Loan Revenue Bonds, Series 2012-1 and Series 2013-1, as further described in APPENDIX E—"SUMMARY OF BONDS TO BE REFUNDED" hereto (collectively, the "**Bonds to be Refunded**"), originally issued pursuant to the Authority's Indenture of Trust, dated June 1, 2012 (the "**2012 Indenture**"), between the Authority and Wells Fargo Bank, National Association, as trustee thereunder; (iii) make a deposit into the 2023 Debt Service Reserve Account of the Debt Service Reserve Fund to satisfy the 2023 Reserve Requirement; and (iv) pay certain costs of issuing the Series 2023 Bonds.

In connection with the refunding of the Bonds to be Refunded, the Authority will transfer to the Trustee approximately \$57.0\* million in principal balance of Eligible Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans, relating to the Bonds to be Refunded, issued under the 2012 Indenture, which Eligible Loans shall be held as part of the Trust Estate pursuant to the Indenture and pledged to the payment of the Bonds, including, the Series 2023 Bonds (all such transferred loans shall collectively be referred to herein as, the "**Transferred NJCLASS Loans**"). See the caption "STUDENT LOANS" herein. Certain of the Transferred NJCLASS Loans were originated prior to October 17, 2011; therefore, the characteristics of the portfolio of Eligible Loans within the Transferred NJCLASS Loans will not reflect the characteristics of the portfolio of additional Eligible Loans to be originated with the remaining proceeds of the Series 2023 Bonds and recycling proceeds. See the caption "THE LOAN FINANCE PROGRAM" herein.

Certain proceeds from the Series 2023 Bonds will be deposited into (i) the 2023 NJCLASS Fixed Rate Standard Student Loan Account consisting of the 2023 Option 1 Loan Subaccount, the 2023 Option 2 Loan Subaccount and 2023 Option 3 Loan Subaccount; (ii) the 2023 Consolidation Loan Account; and (iii) the 2023 Refinance Loan Account, all within the Student Loan Fund (collectively, the "**Series 2023 Subaccounts**") will be applied to originate primarily Standard NJCLASS Loans, NJCLASS Consolidation Loans, and NJCLASS ReFi+ Loans. See the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein.

## **THE SERIES 2023 BONDS**

### **General Terms of the Series 2023 Bonds**

The Series 2023 Bonds will initially be dated and will bear interest from the date of delivery. Except as described below with regard to the Subordinate Series 2023C Bonds, interest will be payable on June 1 and December 1 of each year, commencing December 1, 2023, to the registered owners of the Series 2023 Bonds as of the record date, which is the May 15 or November 15 immediately preceding each Interest Payment Date. The Series 2023 Bonds will bear interest at the respective interest rates per annum and will mature on December 1 in each of the respective years and in the respective principal amounts shown on the inside front cover page of this Official Statement. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—SCHEDULE B-1—FORM OF SENIOR SERIES 2023 BONDS and SCHEDULE B-2—FORM OF SUBORDINATE SERIES 2023C BONDS)" hereto.

The Series 2023 Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof.

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\* Preliminary; subject to change.

## Payment of Subordinate Series 2023C Bonds

Pursuant to the Indenture, the principal on the Subordinate Series 2023C Bonds is payable after all principal payments on the Senior Series 2023 Bonds have been paid; however, the Subordinate Series 2023C Bonds, may be redeemed while Senior Series 2023 Bonds remain Outstanding if the Subordinate Bond Redemption Condition has been satisfied. For the complete order of priority of the use and disbursement of moneys on deposit in the Revenue Fund, see APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Use and Disbursements of Revenue Fund Moneys)” hereto.

Pursuant to the Indenture, interest on the Senior Bonds, including the Senior Series 2021 Bonds and the Senior Series 2023 Bonds, is payable prior to the payment of interest or principal on the Subordinate Bonds, including the Subordinate Series 2023C Bonds. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Priority of Use and Disbursement of Revenue Fund Moneys” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto. As long as any Senior Bonds are Outstanding, the failure to pay interest or principal on the Subordinate Series 2023C Bonds will not constitute an Event of Default under the Indenture. See the caption “CERTAIN INVESTMENT CONSIDERATIONS—*Subordination of the Subordinate Series 2023C Bonds May Result in a Greater Risk of Loss for Holders of Subordinate Series 2023C Bonds*” herein.

## Redemption Provisions

The Indenture sets forth the provisions for the redemption of the Series 2023 Bonds prior to maturity, as described below. The Trustee shall provide notice of the redemption of Series 2023 Bonds in accordance with the provisions described below under the caption “*Notice and Effect of Redemption*” below and as described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Section 2.8—Redemption of Series 2023 Bonds)” hereto.

***Optional Redemption.*** The Series 2023 Bonds maturing on or prior to December 1, 2033\* are not subject to optional redemption prior to maturity. The Senior Series 2023 Bonds maturing on December 1, 2044\* and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023C Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2033\* at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2023 Bonds. The term “**Subordinate Bond Redemption Condition**” means, with respect to the Subordinate Series 2023 Bonds, the Senior Parity Percentage is at least equal to 133.0%\* after giving effect to the proposed redemption; provided that such percentage may be lowered if the Authority satisfies the Rating Agency Notice Conditions in connection with such change.

***Mandatory Redemption Resulting From Non-Origination.*** The Senior Series 2023B Bonds and the Subordinate Series 2023C Bonds (but not the Senior Series 2023A Bonds) are subject to redemption prior to maturity, in whole or in part, on any date within 60 days after the end of each Origination Period at a Redemption Price equal to (a) with respect to Senior Series 2023B Bonds with original offering prices in excess of 100%, the sum of (i) 100% of the principal amount thereof, (ii) accrued interest to the date of redemption, if any, and (iii) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2023B Bond exceeded 100% (the “**Unamortized Premium**”), if applicable, and

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\* Preliminary; subject to change.

(b) with respect to all other Senior Series 2023B Bonds and the Subordinate Series 2023C Bonds, the Redemption Price will be equal to (i) 100% of the principal amount thereof without premium and (ii) accrued interest to the date of redemption, if any, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2023B Bonds and the Subordinate Series 2023C Bonds remaining in the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount—670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2023 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2023B Bonds and the Subordinate Series 2023C Bonds (except for the 2023 Rebate Account and the 2023 Excess Yield Account) established under the Indenture shall be applied to the redemption of the Senior Series 2023B Bonds and the Subordinate Series 2023C Bonds. The methodology used to calculate the Unamortized Premium for a particular maturity of the Senior Series 2023B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months. The amount to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023C Bonds shall be equal to the amount designated to be originated by the expiration of each Origination Period less the amount actually used, or committed, to originate 2023 NJCLASS Loans by the expiration of each Origination Period. Moneys to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023C Bonds pursuant to this non-origination redemption shall be applied, *pro rata*, to the redemption of all outstanding Senior Series 2023B Bonds and Subordinate Series 2023C Bonds.

“**Origination Period**” means (i) the period commencing on the Issue Date and ending on October 1, 2023\* with respect to the cumulative origination of \$86.3\* million in 2023 NJCLASS Loans, (ii) the period commencing October 2, 2023\* and ending on February 1, 2024\* with respect to the cumulative origination of approximately \$172.6\* million in 2023 NJCLASS Loans, (iii) the period commencing February 2, 2024\* and ending on October 1, 2024\* with respect to the cumulative origination of approximately \$226.5\* million in 2023 NJCLASS Loans, and (iv) the period commencing October 2, 2024\* and ending on April 1, 2025\* with respect to the cumulative origination of approximately \$242.7\* million in 2023 NJCLASS Loans originally deposited into the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the 2023 Consolidation Loan Account and the 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount—670 to 719 Credit Score); provided that any of the periods or amounts described in clauses (i) and (ii) may be extended if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such extension or modification.

***Special Optional Redemption From Excess Revenue.*** The Senior Series 2023B Bonds maturing on December 1, 2044\* and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023C Bonds are subject to redemption prior to maturity, at the direction of the Authority, in whole or in part, on any date (a) during the Recycling Period to the extent not applied by the Authority to originate new 2023 NJCLASS Loans and (b) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Trust Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption described in this paragraph the Cash Release Conditions are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from: (i) Excess Revenue (as hereinafter defined); or (ii) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority’s program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2023 Bonds described under this caption “*Special Optional Redemption From Excess Revenue*” shall be applied at the direction of the Authority as to the selection of Series 2023 Bonds to be redeemed; provided, however, if the Authority selects Senior

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\* Preliminary; subject to change.

Series 2023B Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2023B Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds maturing on December 1, 2044\*. See APPENDIX F—“WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2023B BONDS MATURING DECEMBER 1, 2044” hereto.

For purposes of the redemptions described under this caption “*Special Optional Redemption From Excess Revenue*” and the caption “*Special Mandatory Redemption From Excess Revenue*” below, “Excess Revenue” shall mean: on each Payment Date, any funds remaining in the 2023 Revenue Account less \$500,000 (which shall remain in the 2023 Revenue Account), after payment of the Debt Service due and payable on the Series 2023 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment and Sinking Fund Payment due on the Series 2023 Bonds on the next succeeding December 1 is reserved to remain in the 2023 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Trust Indenture have been made, and “**Cash Release Conditions**” shall mean the Parity Percentage is at least equal to 118.0%\* (which percentage may be reduced to not less than 110.8%\* prior to the date of issuance of the Series 2023 Bonds) and the amount of Accrued Assets less the amount of Accrued Liabilities, each as defined under the Indenture, is not less than \$6,500,000\*; provided that the Cash Release Conditions may be reduced if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such reduction. For purposes of the definition of Cash Release Conditions, “Accrued Assets” shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

***Special Mandatory Redemption From Excess Revenue.*** The Senior Series 2023B Bonds maturing on December 1, 2044\* and the Subordinate Series 2023C Bonds are subject to mandatory redemption prior to maturity, in whole or in part, on any date (provided that such date shall be no earlier than twenty (20) days after each Payment Date), from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions. Moneys to be applied to the redemption of Series 2023 Bonds described under this caption “*Special Mandatory Redemption From Excess Revenue*” shall be applied, *first*, to all Outstanding Senior Series 2023B Bonds maturing on December 1, 2044\* until paid in full and, *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the Subordinate Series 2023C Bonds. See APPENDIX F—“WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2023B BONDS MATURING DECEMBER 1, 2044” hereto.

***Mandatory Sinking Fund Redemption.*** The Senior Series 2023B Bonds maturing on December 1, 2044\* are subject to sinking fund redemption, in whole or in part, pursuant to the Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth below (the “**Mandatory Sinking Fund Term Bonds**”), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

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**Senior Series 2023B Bonds  
Due December 1, 2044\***

<b>Date (December 1)</b>	<b>Sinking Fund Payment*</b>
2034	\$10,000,000
2035	10,000,000
2036	10,000,000
2037	10,800,000
2038	11,000,000
2039	11,000,000
2040	11,000,000
2041	11,000,000
2042	11,000,000
2043	11,000,000
2044**	11,000,000

\*\*Final maturity.

**Notice and Effect of Redemption.** On the date designated by notice for redemption as provided under the Indenture, the Series 2023 Bonds 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 such Series 2023 Bonds and such Series 2023 Bonds shall no longer be entitled to any benefit or security under the Indenture. Notice is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption. If, at the time of mailing of any notice of optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Series 2023 Bonds called for redemption, the redemption notice shall state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

**Selection of Series 2023 Bonds to be Redeemed.** In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2023 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2023 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of any Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding related Sinking Fund Payment on a *pro rata* basis.

### **Book-Entry-Only System**

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2023 Bond certificate will be issued for each stated maturity of each Series of the Series 2023 Bonds, in the aggregate principal amount of such maturity of such Series and will be deposited with DTC.

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\* Preliminary; subject to change.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "**Indirect Participants**"). DTC has a Standard & Poor's rating of "AA+." DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond (the "**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. The deposit of Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

So long as DTC serves as securities depository for the Series 2023 Bonds, redemption and other notices shall be sent to DTC. If less than all of the Series 2023 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the sole responsibility of such Participant and not of DTC, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2023 Bonds are required to be printed and delivered.

The Authority may discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bonds will be printed and delivered to DTC (or such other securities depository).

The foregoing information in this section concerning DTC and DTC's book-entry-only system is based upon information obtained from DTC. The Authority assumes no responsibility as to accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION, EITHER SINGULARLY OR JOINTLY, TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE HOLDERS OF THE SERIES 2023 BONDS UNDER THE INDENTURE; (III) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2023 BONDS; (IV) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PRICE (IF ANY) OR INTEREST DUE WITH RESPECT TO THE SERIES 2023 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE SERIES 2023 BONDS, OR (VI) ANY OTHER MATTER.

## **SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS**

### **General**

The Bonds issued pursuant to the Indenture, including the Series 2023 Bonds, are limited obligations of the Authority, payable solely from the Trust Estate pledged pursuant to the Indenture as

described herein. None of the Authority's assets or funds existing under its Prior Indentures (as hereinafter defined) are pledged as security under the Indenture.

The Bonds issued pursuant to the Indenture, including the Series 2023 Bonds, are limited obligations of the Authority which are secured by and payable, subject to the terms of the Indenture, solely from: (i) the proceeds derived from the sale of Bonds (until expended for the purposes for which such Bonds were issued); (ii) Student Loans (including notes evidencing the same) held by the Trustee as part of the Trust Estate pursuant to the Indenture, including Transferred NJCLASS Loans; (iii) the Debt Service Reserve Fund; and (iv) all amounts on deposit in the funds established by the Indenture (including all Accounts therein), excluding the Rebate Fund and the Excess Yield Fund; and (vi) moneys received as Revenues, constituting the scheduled, delinquent and advance payments of interest on any Student Loan, earnings on investments in the pledged funds (other than earnings required to be deposited into the Rebate Fund or the Excess Yield Fund), and moneys received as Recoveries of Principal, including scheduled, delinquent and advance payments of principal on any Student Loan, or received as proceeds from the prepayment or sale of any Student Loan. Upon issuance of the Series 2023 Bonds, the initial Parity Percentage will be at least 110.8%\* and the Senior Parity Percentage will be approximately 125.7%\*. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)" hereto and the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein. The Authority will finance 2023 NJCLASS Loans (including NJCLASS ReFi+ Loans) through application of the proceeds of the Series 2023 Bonds and other funds deposited into the Student Loan Fund established pursuant to the Indenture. For a discussion of certain of the terms applicable to the NJCLASS Loans (including NJCLASS ReFi+ Loans), see the captions "THE LOAN FINANCE PROGRAM—Loan Terms" and "—NJCLASS ReFi+ Loans" herein. For a more detailed description of the Funds established under the Indenture, certain Accounts established therein under the Indenture, and the purposes to which such funds may be applied, see APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Pledge of Indenture; Establishment of Funds and Accounts)" and —(Second Supplemental Indenture—Article III—Establishment of Additional Accounts, Application of Proceeds of the Sale of Series 2023 Bonds; and Use and Disbursement of Accounts)" hereto.

### **Priority of Use and Disbursement of Revenue Fund Moneys**

The Subordinate Series 2023C Bonds constitute "Subordinate Bonds" pursuant to the Indenture. Pursuant to the Indenture, principal of the Subordinate Series 2023C Bonds is payable only after all principal payments on the Senior Bonds have been paid; however, Subordinate Bonds, including the Subordinate Series 2023C Bonds, may be redeemed while Senior Bonds remain Outstanding if the Subordinate Bond Redemption Condition has been satisfied. For the complete order of priority of the use and disbursement of moneys on deposit in the Revenue Fund, see APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Use and Disbursement of Revenue Fund Moneys)" hereto. See also the caption "THE SERIES 2023 BONDS—Redemption Provisions" herein. Pursuant to the Indenture, interest on the Senior Series 2021 Bonds and the Senior Series 2023 Bonds is payable prior to the payment of interest or principal on the Subordinate Series 2023C Bonds. See the caption "CERTAIN INVESTMENT CONSIDERATIONS—*Subordination of the Subordinate Series 2023C Bonds May Result in a Greater Risk of Loss for Holders of Subordinate Series 2023C Bonds*" herein.

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\* Preliminary; subject to change.

## Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations

The Series 2023 Bonds are additionally secured by the 2023 Debt Service Reserve Account in the Debt Service Reserve Fund established under the Second Supplemental Indenture. Upon the issuance of any Bonds under the Indenture, the Authority may establish by Supplemental Indenture a separate Account or Accounts within the Debt Service Reserve Fund which must be funded in an amount equal to the Debt Service Reserve Fund Requirement (as defined in the Indenture) applicable to such Series of Bonds. The initial amount to be deposited in the 2023 Debt Service Reserve Account in the Debt Service Reserve Fund in connection with the issuance of the Series 2023 Bonds is two percent (2%)\* of the original principal amount of the Series 2023 Bonds and, thereafter, the amount required to be on deposit therein shall equal the greater of: (i) two percent (2%)\* of the principal amount of Outstanding Series 2023 Bonds; or (ii) \$1,000,000\* (the “**2023 Reserve Requirement**”). The 2023 Debt Service Reserve Account shall only be available to pay Principal Installments of or interest on the Series 2023 Bonds except in the event (i) there are sufficient funds in the 2023 Revenue Account to pay principal and interest on the Series 2023 Bonds and (ii) failure to utilize the 2023 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 5.7—Use and Disbursements of Debt Service Reserve Fund Moneys)” hereto.

The 2021 Debt Service Reserve Account within the Debt Service Reserve Fund was initially funded in connection with the issuance of the Series 2021 Bonds in an amount equal to two percent (2%) of the original principal amount of the Series 2021 Bonds and is required to be maintained in an amount equal the greater of: (i) two percent (2%) of the principal amount of the Outstanding Series 2021 Bonds; or (ii) \$1,000,000 (the “**2021 Reserve Requirement**”). The 2021 Debt Service Reserve Account is only available to pay Principal Installments of or interest on the Series 2021 Bonds except in the event (i) there are sufficient funds in the 2021 Revenue Account to pay principal and interest on the Series 2021 Bonds and (ii) failure to utilize the 2021 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds

The Debt Service Reserve Fund Requirement for any Series of Additional Bonds issued under the Indenture will be determined in the Supplemental Indenture authorizing such Series of Additional Bonds. The Indenture provides for the funding from available moneys in the Student Loan Fund and the Revenue Fund of any deficiency in the Debt Service Reserve Fund.

The Indenture permits the Authority to deposit into the Debt Service Reserve Fund, in lieu (in whole or in part) of a cash deposit at the time of issuance of a Series of Bonds or thereafter to satisfy all or a portion of the Debt Service Reserve Fund Requirement for such Series of Bonds, a Funding Instrument (which is defined in the Indenture as any surety bond, insurance policy, letter of credit or other similar obligation, the provider of which shall be rated in one of the two highest rating categories by the Rating Agency, or shall have the qualifications set forth in the Supplemental Indenture authorizing such Series of Bonds). The 2023 Reserve Requirement will be funded with a portion of the proceeds of the Series 2023 Bonds.

The Act requires the Authority to establish and maintain a special fund to be called the “**New Jersey Higher Education Student Assistance Capital Reserve Fund**” in which there shall be deposited: (i) all moneys appropriated by the State for the purpose of such fund; (ii) all proceeds of bonds required to be deposited therein by the terms of any contract between the Authority and its bondholders or any resolution of the Authority with respect to such proceeds or bonds; and (iii) any other moneys or funds of the Authority which it determines to deposit therein. The 2023 Debt Service Reserve Account in the Debt Service Reserve

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\* Preliminary; subject to change.

Fund is designated by the Authority pursuant to the Second Supplemental Indenture as a part of said special fund required to be maintained under the Act with respect to the Series 2023 Bonds.

The Act prohibits any withdrawal from the Debt Service Reserve Fund (except to pay principal of or interest on or to retire bonds) if the withdrawal would reduce the fund below the lesser of: (i) the amount of principal (including sinking fund installments) and interest becoming due in any succeeding calendar year on all bonds or other obligations secured by such fund; or (ii) the amount required by the terms of all contracts between the Authority and its bondholders to be maintained in said fund.

The Act provides that, in order to maintain the Debt Service Reserve Fund Requirement, there shall be appropriated annually and paid to the Authority the amount certified by the Chairperson of the Board of the Authority to the Governor of the State as necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The Act provides, in part, with respect to the Debt Service Reserve Fund (referred to in the Act as the “**Capital Reserve Fund**”):

In order to assure the maintenance of the maximum debt service reserve in the capital reserve fund, there shall be appropriated annually and paid to the [A]uthority for deposit in the fund, such sum, if any, as shall be certified by the chairperson of the Board of the [Authority] to the Governor as necessary to restore the fund to an amount equal to the maximum debt service reserve. The chairperson shall annually, on or before December 1, make and deliver to the Governor a certificate stating the sums, if any, required to restore the fund to the amount equal to the [Debt Service Reserve Fund Requirement], and the sum or sums so certified shall be appropriated and paid to the [A]uthority during the then current State fiscal year.

All moneys paid to the Authority pursuant to the provisions of the Act are subject to appropriation by the State Legislature for such purpose. Such provisions of the Act do not constitute a legally enforceable obligation on the part of the State nor do they create a debt or liability of the State. To date, the Authority has not had a revenue deficiency which required the State to appropriate funds pursuant to the Act. There is no statutory limitation on the amount of “moral obligation” bonds which may be issued by the Authority.

The Indenture requires the Chairperson of the Board of the Authority, on or before December 1, to deliver to the Governor of the State a certificate stating the sum, if any, required to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. However, because the 2023 Reserve Requirement is less than the maximum amount of principal of and interest on the Series 2023 Bonds in certain future Bond Years, even in the event that the State Legislature makes all appropriations contemplated by the Act, such appropriations may be insufficient to pay debt service on the Series 2023 Bonds as the same becomes due and payable.

### **Additional Bonds**

Upon certain conditions the Authority may issue Additional Bonds (including Refunding Bonds) on parity with the Senior Bonds, including the Senior Series 2021 Bonds and the Senior Series 2023 Bonds, and may issue Subordinate Bonds on parity with the Subordinate Series 2021C Bonds and the Subordinate Series 2023C Bonds, payable on a subordinate basis to the related Series of Senior Bonds and any Additional Bonds. The Indenture also permits the issuance of Junior Subordinate Bonds, which are secured on a basis subordinate to the Senior Bonds and the Subordinate Bonds. The issuance of Additional Bonds requires that the Authority has provided the Trustee with a Rating Agency Confirmation. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 7.10—Issuance of Additional Obligations)” hereto. Subordinate Bonds, such as the Subordinate Series 2023C Bonds, and Junior Subordinate Bonds are entitled and subject to the pledge of

the Trust Estate, except with respect to the priority of payment of such Subordinate Bonds set forth in Sections 5.5 and 10.3 of the Trust Indenture. The Indenture provides that the Authority shall not create or permit the creation of any obligations or additional indebtedness secured by a lien on the revenues and assets pledged as security for the Series 2023 Bonds under the Indenture except for Additional Bonds.

### **Other Debt**

The Authority has heretofore issued various series of its revenue bonds pursuant to the 1998 Indenture (as hereinafter defined), the 2008 Indenture (as hereinafter defined), the 2009 Indenture (as hereinafter defined), the 2010-1 Indenture (as hereinafter defined), the 2010-FFELP Indenture (as hereinafter defined), the 2010-2 Indenture (as hereinafter defined), the 2012 Indenture, the 2018 Indenture (as hereinafter defined) and the 2019 Indenture (collectively, the “**Prior Indentures**”) to finance its NJCLASS Loan Program and FFELP Loans. See the caption “THE AUTHORITY—Outstanding Indebtedness of the Authority” herein. There are currently no series of revenue bonds outstanding under the 1998 Indenture, the 2008 Indenture, the 2009 Indenture or the Series 2010-2 Indenture. Such obligations are secured by moneys, investments, NJCLASS Loans and FFELP Loans held in funds which are not pledged under the Indenture. In addition to such obligations and to Bonds issued under the Indenture, the Authority may from time-to-time issue or incur other debt, including debt issued for the NJCLASS Loan Program, secured by moneys and funds not pledged under the Indenture.

### **Release of Excess Trust Estate Assets**

Upon issuance of the Series 2023 Bonds, the initial Parity Percentage will be at least 110.8%\* and the Senior Parity Percentage will be approximately 125.7%\*. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto. The Indenture provides that, periodically at the written direction of the Authority, the Trustee shall transfer to the Authority, free and clear of the lien or pledge of the Indenture, amounts held in the Revenue Fund established under the Indenture if, after all transfers and payments required by Section 5.5(A)(i) through (ix) of the Trust Indenture have been made, the Cash Release Conditions as required by any Supplemental Indenture for a Series of Bonds have been satisfied (currently the Cash Release Conditions for all Bonds issued pursuant to the Indenture means the Parity Percentage is at least equal to 118.0%\* (which percentage may be reduced to not less than 110.8%\* prior to the date of issuance of the Series 2023 Bonds) and the amount of Accrued Assets less the amount of Accrued Liabilities, each as defined under the Indenture, is not less than \$6,500,000\*; provided that the Cash Release Conditions may be reduced if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such reduction. For purposes of the definition of Cash Release Conditions, “Accrued Assets” shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 5.5—Use and Disbursements of Revenue Fund Moneys)” hereto.

### **Rating Agency Confirmation and Rating Agency Notice Conditions**

The Indenture provides that S&P Global Ratings (“S&P”) has various notice rights and further requires as a condition of certain actions or determinations that the conditions of a Rating Agency Confirmation or a Rating Agency Notice Conditions, as applicable, be satisfied. A Rating Agency Confirmation is required with respect to: (a) the issuance of Additional Bonds; (b) lowering the Loan Rates (except in connection with the issuance of future bonds by the Authority); and (c) increasing the Program Expenses. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL

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\* Preliminary; subject to change.

INDENTURES—(Trust Indenture—Article VII—Section 7.10—Issuance of Additional Obligations)” hereto.

Satisfaction of the Rating Agency Notice Conditions is required for: (a) the extension of an Origination Period or a Recycling Period, including the modification of amounts required to be originated during an Origination Period; (b) the origination of Eligible Loans other than Option 1 Loans, Option 2 Loans, and NJCLASS ReFi+ Loans during the Recycling Period; (c) entering into an Interest Rate Exchange Agreement; (d) reducing the Cash Release Conditions; (e) changing the criteria or requirements described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Schedule C; Student Eligibility and Credit Criteria—Eligibility Requirements for NJCLASS Loans)” or “FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Section 4.1-2023 NJCLASS Loan Requirements)” hereto; (f) modifying the types of NJCLASS Loans that may be acquired during an Origination Period or a Recycling Period; (g) replacing a Servicer, including paying certain costs in connection with transferring the servicing of such Student Loans to such replacement Servicer, or modifying an Acknowledgment of any Servicer; (h) waiving or altering the payment structure for any 2023 NJCLASS Loan; (i) granting additional borrower benefits to the 2023 NJCLASS Loans; (j) modifying the Loan Rates in connection with the issuance of future bonds by the Authority; (k) exceeding the loan origination limitations applicable to Option 3 Loans, ReFi+ Loans and Consolidation Loans described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Loan Limitations)” hereto; (l) reducing the Senior Parity Percentage used in the definition of Subordinate Bond Redemption Condition; and (m) as an additional condition to entering into a Supplemental Indenture for any purpose. See the definitions of “Rating Agency Confirmation” and “Rating Agency Notice Conditions” in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto.

### **CERTAIN INVESTMENT CONSIDERATIONS**

Attention should be given to the investment considerations described below which, among others, could affect the ability of the Authority to pay debt service on the Series 2023 Bonds, and which could also affect the market price of the Series 2023 Bonds to an extent that cannot be determined. The following summary discussion of possible risks is intended to identify certain factors that should be considered by potential investors but is not meant to be an exhaustive discussion of the risks identified or a listing of all risks associated with the purchase of the Series 2023 Bonds and does not necessarily reflect the relative importance of the various risks identified. Additional investment considerations relating to an investment in the Series 2023 Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations. Additional risks and uncertainties not presently known or that the Authority currently believes to be immaterial may also adversely affect the Series 2023 Bonds or the business of the Authority, particularly in light of the escalating tensions and military conflict between Russia and Ukraine, the fast-changing nature of the COVID-19 pandemic, containment and stimulus measures, continued outbreaks and increasing rates of infection (including from COVID-19 variants), and vaccination rates and boosters, and the related impacts to economic and operating conditions. Each prospective purchaser of the Series 2023 Bonds should read this Official Statement in its entirety, including the Appendices hereto. There can be no assurance that material facts relating to identified risks may not change in the future or that other investment considerations will not become material in the future.

Proceeds of the Series 2023 Bonds deposited in the Student Loan Fund established pursuant to the Indenture will be applied only to originate or acquire NJCLASS Loans. NJCLASS Loans are not guaranteed by the Authority or insured or reinsured by the Department of Education. However, proceeds of Additional Bonds may be applied, if so provided in the applicable Supplemental Indenture, to finance additional NJCLASS Loans or to acquire Student Loans, including NJCLASS Loans originated with

proceeds of bonds issued pursuant to the 2010-2 Indenture, the 2012 Indenture, the 2018 Indenture and the 2019 Indenture. The Series 2021 Bonds and the Series 2023 Bonds, together with any Additional Bonds issued pursuant to a Supplemental Indenture, are equally and ratably secured by all Student Loans in the Trust Estate, except as specifically provided in the Indenture with respect to the subordination of Subordinate Bonds, including the Subordinate Series 2023C Bonds, and Junior Subordinate Bonds. Accordingly, the holders of the Series 2023 Bonds are subject to the investment considerations related to NJCLASS Loans.

***Sufficiency and Timing of Receipt of Revenues.*** Upon issuance of the Series 2023 Bonds, the initial Parity Percentage will be at least 110.8%\* and the Senior Parity Percentage will be approximately 125.7%\*. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto. In addition, the Authority expects, and the cash flows indicate, that the Revenues and Recoveries of Principal to be received pursuant to the Indenture, will be sufficient to pay principal of and interest on the Series 2023 Bonds when due and also to pay the annual cost of all Trustee fees, servicing costs and other expenses related thereto and the Student Loans until the final maturity thereof. This expectation is based upon an analysis of cash flow assumptions, which the Authority believes are reasonable, regarding the timing of the financing of the 2023 NJCLASS Loans to be held pursuant to the Indenture, the composition and yield on Transferred NJCLASS Loans, the future composition of and yield on the Student Loan portfolio, the rate of return on moneys to be invested in various Funds and Accounts under the Indenture, and the occurrence of future events and conditions. **These assumptions are derived from the Authority’s experience in the administration of the NJCLASS Loan Program. There can be no assurance, however, that the 2023 NJCLASS Loans will be financed as anticipated, that interest and principal payments from the 2023 NJCLASS Loans and Transferred NJCLASS Loans and from Student Loans financed with any Additional Bonds will be received as anticipated or that the reinvestment rates assumed on the amounts in various Funds and Accounts will be realized. Furthermore, future events over which the Authority has no control may adversely affect the Authority’s actual receipt of Revenues and Recoveries of Principal pursuant to the Indenture.**

Receipt of principal of and interest on the Student Loans, including the 2023 NJCLASS Loans and Transferred NJCLASS Loans, may occur earlier than anticipated, causing an unanticipated redemption of Series 2023 Bonds, due to various factors, including, without limitation: (i) default claims or claims due to the disability, death or bankruptcy of the borrowers greater than those assumed; (ii) actual principal amortization periods which are shorter than those assumed based upon the current analysis of the Authority’s Student Loan portfolio expected to be held pursuant to the Indenture; (iii) the commencement of principal repayment by borrowers on earlier dates than are assumed based upon the current analysis of the Authority’s Student Loan portfolio expected to be held pursuant to the Indenture; and (iv) economic conditions that induce borrowers to refinance or repay their loans prior to maturity.

In addition, previously originated NJCLASS Loans were issued pursuant to different indentures with different requirements with respect to borrower credit criteria, interest rates and redemption provisions and economic environments. Although the Authority believes that such differences have proven not to have a material effect on overall performance to date of the NJCLASS Loans, there can be no assurance that no such effect will result in the future. There can be no assurance that the ability of borrowers of future NJCLASS Loans to repay such loans, or their propensity to repay such loans, will not differ materially from that of borrowers of previously originated NJCLASS Loans.

Delay in the receipt of principal of and interest on Student Loans may adversely affect payment of the principal of and interest on the Bonds, including the Series 2021 Bonds and the Series 2023 Bonds,

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\* Preliminary; subject to change.

when due. Receipt of principal of and interest on Student Loans may be delayed due to numerous factors including, without limitation: (i) borrowers entering deferment periods due to a return to school or other eligible purposes; (ii) forbearance being granted to borrowers; (iii) loans in delinquency for periods longer than assumed; (iv) actual loan principal amortization periods which are longer than those assumed based upon the current analysis of the Authority's Student Loan portfolio expected to be held pursuant to the Indenture; and (v) the commencement of principal repayment by borrowers at dates later than those assumed based upon the current analysis of the Student Loan portfolio expected to be held pursuant to the Indenture. See the caption "*COVID-19 (Coronavirus Disease 2019)*" below.

If actual receipt of the Revenues and Recoveries of Principal under the Indenture or actual expenditures vary materially from those projected, the Authority may be unable to pay the principal of and interest on the Series 2023 Bonds. In the event that Revenues and Recoveries of Principal to be received under the Indenture are insufficient to pay the principal of and interest on the Bonds, including the Series 2023 Bonds, when due, the Indenture authorizes, and under certain circumstances requires, the Trustee to declare an Event of Default, sell the Student Loans and all other assets comprising the Trust Estate and accelerate maturity of the Bonds, including the Series 202 Bonds and the Series 2023 Bonds. It is possible, however, that the Trustee would not be able to sell the Student Loans and the other assets comprising the Trust Estate in a timely manner or for an amount sufficient to permit payment of the principal of and accrued interest on all Bonds, including the Series 2021 Bonds and the Series 2023 Bonds, when due.

***Subordination of the Subordinate Series 2023C Bonds May Result in a Greater Risk of Loss for Holders of Subordinate Series 2023C Bonds.*** Payments of interest on the Subordinate Bonds, including the Subordinate Series 2023C Bonds, are subordinated in priority of payment to payments of interest on the Senior Bonds. Similarly, the Subordinate Series 2023C Bonds may only be redeemed if the Subordinate Bond Redemption Condition has been satisfied. Thus, investors in the Subordinate Series 2023C Bonds will bear a greater risk of loss than the holders of Senior Series 2023 Bonds. Investors in the Subordinate Series 2023C Bonds will also bear the risk of any adverse changes in the anticipated yield and weighted average life of their Subordinate Series 2023C Bonds resulting from any variability in payments of principal or interest on the Subordinate Series 2023C Bonds.

The Subordinate Bonds, including the Subordinate Series 2021C Bonds and the Subordinate Series 2023C Bonds, are subordinated to the Senior Series 2021 Bonds and the Senior Series 2023 Bonds and any future Senior Bonds as to the direction of remedies upon an Event of Default. In the event no Senior Bonds remain Outstanding under the Indenture, the holders of Subordinate Bonds shall have the right to direct remedies upon an Event of Default. In addition, as long as any of the Senior Series 2021 Bonds and the Senior Series 2023 Bonds and any future Senior Bonds are Outstanding, the failure to pay interest or principal on the Subordinate Bonds, including the Subordinate Series 2021C Bonds and the Subordinate Series 2023C Bonds, will not constitute an Event of Default under the Indenture. Consequently, holders of the Subordinate Series 2023C Bonds, may bear a greater risk of losses or delays in payment than holders of Senior Bonds. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article X—Defaults and Remedies)" hereto.

Except for certain circumstance described in APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article IX—Amendments)" hereto, as long as any of the Senior Series 2021 Bonds, the Senior Series 2023 Bonds and any future Senior Bonds are Outstanding, the Subordinate Series 2023C Bonds and any other Subordinate Bonds will not have consent rights to any amendments to the Indenture.

***Early Redemption of the Series 2023 Bonds.*** At the end of each Origination Period, the Senior Series 2023B Bonds and the Subordinate Series 2023C Bonds may be subject to mandatory redemption

resulting from the Authority's inability to apply the proceeds of the Series 2023B Bonds and the Subordinate Series 2023C Bonds to originate 2023 NJCLASS Loans due to lack of demand or to other factors. Also, as of March 31, 2023, the Authority had \$ [REDACTED] million of uncommitted proceeds of its Student Loan Revenue and Refunding Bonds, Series 2022 under its 2019 Indenture that it intends to use to finance NJCLASS Loans prior to the use of proceeds of the Series 2023 Bonds. The Authority may also use repayments on NJCLASS financed pursuant to the 2019 Indenture to make additional NJCLASS Loans prior to the use of proceeds of the Series 2023 Bonds. Both the origination period and the recycling period under the 2019 Indenture terminate on April 1, 2024, unless extended. In addition, the Series 2023 Bonds (other than the Series 2023 Bonds maturing on or before December 1, 2033\*) are subject to optional and mandatory redemption from the Authority's receipt of Excess Revenue (consisting of Revenues and Recoveries of Principal in the 2023 Revenue Account in excess of amounts necessary to pay scheduled Debt Service on the Series 2023 Bonds) from time to time. See the caption "THE SERIES 2023 BONDS—Redemption Provisions" herein.

***Limited Assets Available to Pay Principal and Interest.*** The Bonds issued pursuant to the Indenture, including the Series 2023 Bonds, are limited obligations solely of the Authority. Moreover, the Authority will have no obligation to make any of its assets available to pay principal of or interest on such Bonds, including the Series 2023 Bonds, other than the Student Loans and the other assets making up the Trust Estate. Holders of the Bonds, including the Series 2023 Bonds, must rely for repayment upon revenues realized from the Student Loans and other assets in the Trust Estate. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS" herein.

***Sale of Student Loans Upon Event of Default.*** If the Trustee had to liquidate all or a portion of the Student Loans securing the Indenture upon the occurrence of an Event of Default, the Trustee may not be able to sell the Student Loans for their outstanding principal amounts plus accrued interest. Therefore, even though the assets making up the Trust Estate may be at or above parity at any given time, the possibility exists that the Trustee in the event of an acceleration of the Bonds, including the Series 2021 Bonds and the Series 2023 Bonds, may not be able to sell the Student Loans and other assets making up the Trust Estate for a sufficient amount to pay the principal of, redemption premium, if any, and accrued interest on all Outstanding Bonds, including the Series 2021 Bonds and the Series 2023 Bonds. In particular, in a higher overall interest rate environment, the value of the Student Loans may be reduced. The market for private student loans, including the Student Loans, is not deep and, therefore, prices available in the secondary market may be lower. Holders of the Bonds, including the Series 2021 Bonds and the Series 2023 Bonds, may suffer a loss if the Trustee is unable to find a purchaser or purchasers willing to pay sufficient prices for the Student Loans.

***Payment of Principal on Subordinate Series 2023C Bonds.*** Principal of the Subordinate Series 2023C Bonds is payable only after all principal payments on the Senior Bonds have been paid; however, Subordinate Bonds, including the Subordinate Series 2023C Bonds, may be redeemed while Senior Bonds remain Outstanding if the Subordinate Bond Redemption Condition has been satisfied. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Section 5.5—Use and Disbursement of Revenue Fund Moneys)" hereto and the caption "THE SERIES 2023 BONDS—Redemption Provisions" herein.

***Principal Amount of Bonds Outstanding May Exceed Principal Amount of Assets in the Trust Estate; Possible Loss After an Event of Default.*** The principal amount of Bonds, including the Series 2021 Bonds and the Series 2023 Bonds, at any time may exceed the principal amount of Student Loans and other assets in the Trust Estate held by the Trustee under the Indenture. If an Event of Default occurs and the assets in the Trust Estate are liquidated, the Student Loans might have to be sold at a premium in order

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\* Preliminary; subject to change.

for the Bondholders to avoid a loss. The Authority cannot predict the rate or timing of accelerated payments of principal or the occurrence of an Event of Default or when the aggregate principal amount of the Bonds Outstanding may be reduced to the aggregate principal amount of the Student Loans.

Payment of principal of and interest on the Bonds, including the Series 2021 Bonds and the Series 2023 Bonds, is dependent upon collections on the Student Loans. If the yield on the financed Student Loans does not generally exceed the interest rates on the Bonds and expenses relating to the servicing of the financed Student Loans and administration of the Indenture, the Authority may have insufficient funds to repay the Bonds Outstanding, including the Series 2021 Bonds and the Series 2023 Bonds.

***The Composition and Characteristics of the Loan Portfolio Will Change and Student Loans That Bear a Lower Rate of Return or Have a Greater Risk of Loss May Be Acquired.*** The Eligible Loans the Authority has previously financed pursuant to the Indenture and the Eligible Loans the Authority intends to finance with the proceeds of the Series 2023 Bonds on the date of issuance of the Series 2023 Bonds are described in this Official Statement. Recoveries of Principal received with respect to the Student Loans may be used to originate new loans during the Recycling Periods applicable to each Series of Bonds. Additional Bonds may be issued pursuant to the terms of the Indenture and the proceeds used to acquire Student Loans, including NJCLASS Loans originated with proceeds of bonds issued pursuant to a Prior Indenture. The characteristics of the Student Loan portfolio included in the Trust Estate will change from time to time due to the acquisition of new Student Loans, changes in terms of the Authority's NJCLASS Loan Program, sales or exchanges of loans and scheduled amortization, prepayments, delinquencies and defaults on the Student Loans.

***Prepayment of Student Loans.*** Student Loans may be prepaid by borrowers at any time without penalty. For this purpose, the term "prepayments" include repayments in full or in part and liquidations due to default. The rate of prepayments on the loans may be influenced by a variety of economic, social and other factors affecting borrowers, including interest rates, the availability of alternative financing and the general job market for graduates of institutions of higher education.

To the extent that Student Loans allocable to the Series 2023 Bonds are prepaid or liquidated, the Authority may use the proceeds of such prepayments to prepay the Series 2023 Bonds, as permitted by the Excess Revenue call provisions relating to the Series 2023 Bonds. If the Series 2023 Bonds are redeemed prior to their respective stated maturities, holders of the Series 2023 Bonds may not be able to reinvest their funds at the same yield as the yield on the Series 2023 Bonds and may receive a yield less than the expected yield on investment if such Series 2023 Bonds were purchased at a premium or discount. The Authority cannot predict the prepayment rate of any Student Loans originated or acquired with proceeds of the Series 2023 Bonds, and reinvestment risks or reductions in yield resulting from prepayment will be borne entirely by the affected holders of the Series 2023 Bonds. See the caption "THE SERIES 2023 BONDS—Redemption Provisions" herein.

***Consumer Protection Lending Laws.*** Numerous federal and state consumer protection laws, including various state usury laws and related regulations, impose substantial requirements upon lenders and servicers involved in consumer finance. Also, some state laws impose finance charge ceilings and other restrictions on certain consumer transactions and require contract disclosures in addition to those required under federal law. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions. In some cases, this liability could affect an assignee's ability to enforce consumer finance contracts such as the Student Loans. In addition, the remedies available to the Trustee or the holders of the Bonds upon an Event of Default under the Indenture may not be readily available or may be limited by applicable state and federal laws.

Presently, there is a bill in the New Jersey Legislature (A1576/S1974) that, if adopted and signed into law, may affect the Authority. The bill may require the Authority to register as a lender with the New Jersey Commissioner of Banking and Insurance. In addition, the bill imposes certain restrictions upon the terms of student loans that may be offered pursuant a student loan program, such as the NJCLASS Loan Program. The Authority is monitoring the bill as it moves through the Legislature. No assurance can be given as to the impact of the bill on the Authority's lending programs.

***Rules that Could Adversely Affect the Asset-Backed Securities Market and Value of the Series 2023 Bonds.*** The Dodd-Frank Wall Street Reform and Consumer Protection Act (as may be amended from time to time, the “**Dodd-Frank Act**”), which was enacted in July 2010, represented a comprehensive overhaul of the financial services industry within the United States and established the new federal Consumer Financial Protection Bureau (the “**CFPB**”). The CFPB is an independent agency that is housed within the Federal Reserve Board but is not subject to Federal Reserve Board jurisdiction or to the Congressional appropriations process, and is tasked with regulating consumer financial products, including education loans, and other financial services offered primarily for personal, family, or household purposes. The majority of the provisions in the Dodd-Frank Act are aimed at financial institutions. However, there are components of the law that are, or that may become, applicable to the Authority.

In addition, the CFPB has adopted a rule that enables it to supervise certain non-bank student loan servicers that service more than one million borrower accounts, to ensure that bank and non-bank servicers follow the same rules in the student loan servicing market. The rule covers servicers of both federal and private student loans. The Authority functions as servicer of all NJCLASS Loans but services fewer than one million borrower accounts. If the Authority were to service more than one million student loan borrower accounts in the future, then such requirements would become applicable to the Authority. The CFPB conducts supervisory examinations of the large nonbank student loan servicers. If, in the course of an examination, the CFPB were to determine that the Authority or a future regulated servicer employed by the Authority was not in compliance with applicable laws, regulations and CFPB positions, it is possible that this could result in material adverse consequences to the servicer and/or the Authority, including, without limitation, settlements, fines, penalties, adverse regulatory actions, changes in the servicer's business practices, or other actions.

In May 2015, the CFPB launched a public inquiry into student loan servicing practices throughout the industry. In September 2015, the CFPB issued a report discussing public comments submitted in response to the inquiry and, in consultation with the Department of Education and Department of the Treasury, released recommendations to reform student loan servicing to improve borrower outcomes and reduce defaults. In July 2016, the Department of Education expanded on these joint principles by outlining enhanced customer service standards and protections that will be incorporated into federal servicing contracts and guidelines. The CFPB has also announced that it may issue student loan servicing rules in the future.

The full effects of the Dodd-Frank Act will depend significantly upon the content and implementation of the rules and regulations issued pursuant to its provisions, as well as those to be issued in the future, and to the administration and enforcement of such requirements. The operational impact of these rules and regulations may change over time and it is possible that the Authority's operational expenses may be materially increased, and no assurance can be given that any new regulations will not have an adverse effect on the value or liquidity of the Series 2023 Bonds.

***Certain Actions May Be Taken Without Bondholder Approval and Subject to a Rating Agency Confirmation or Rating Agency Notice Conditions.*** The Indenture provides that the Authority and the Trustee may take, or refrain from taking, various actions based in whole or in part upon the satisfaction of a Rating Agency Confirmation or the Rating Agency Notice Conditions, as applicable (see the caption

“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Rating Agency Confirmation and Rating Agency Notice Conditions” herein).

***Effect of Ratings.*** It is a condition to the issuance of the Series 2023 Bonds that the Series 2023 Bonds be rated as indicated on the cover hereof and under the caption “RATINGS” herein. Ratings are based on the Rating Agency’s (as hereinafter defined) assessment of the creditworthiness of the NJCLASS Loans and the NJCLASS Loan Program, the inclusion of security therein and the legal structure of the transaction. References to ratings in this Official Statement are not included herein, and should not be relied upon, as recommendations by the Rating Agency to investors to purchase, hold or sell the Series 2023 Bonds as such ratings do not take into account either the suitability of such actions for any specific investor or the market price of the Series 2023 Bonds at any time. One or more additional nationally recognized rating organization may assign ratings to the Series 2023 Bonds, either in response to a request by the Authority or otherwise, and any such rating may be increased, lowered, suspended or withdrawn at any time by the rating organization assigning such rating if, in the assigning rating organization’s judgment, circumstances so warrant. A lowering, suspension or withdrawal with respect to any rating assigned to the Series 2023 Bonds might adversely affect the Authority’s ability to fund its NJCLASS Loan Program or the market value or marketability of the Series 2023 Bonds. In addition, a rating action that, by its terms, is limited to current or future obligations of the Authority other than the Series 2023 Bonds, might also adversely affect the Authority’s ability to fund its NJCLASS Loan Program or the market value or marketability of the Series 2023 Bonds. Rating actions may take place at any time. The Authority cannot predict the timing or nature of rating actions.

***Uncertainty of Available Remedies.*** The remedies available to the Trustee, the Authority or Bondholders upon an Event of Default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (Federal Bankruptcy Code), the remedies provided in the Indenture may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 2023 Bonds and the Indenture will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, moratorium, insolvency or other laws affecting the rights or remedies of creditors generally and by limitations on the availability of equitable remedies. Until all Senior Bonds are no longer Outstanding, the Indenture does not provide for holders of Subordinate Bonds, such as the Subordinate Series 2023C Bonds, to exercise any remedies under the Indenture or to direct the Trustee to exercise any remedies under the Indenture. See the caption “*Subordination of the Subordinate Series 2023C Bonds May Result in a Greater Risk of Loss for Holders of Subordinate Series 2023C Bonds*” above.

***Changes in Relevant Laws.*** Federal and state laws providing financial assistance to individuals with respect to the costs of higher education, or otherwise affecting loans made to individuals for such purpose, have been subject to frequent change. There can be no assurance that changes to relevant federal or state laws will not prospectively or retroactively affect the terms and conditions under which NJCLASS Loans are made, affect NJCLASS Loan performance or prepayment, affect the costs of servicing and administering NJCLASS Loans, or affect demand for NJCLASS Loans.

A number of bankruptcy reform proposals that would alter the treatment of student loans under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 have been discussed and/or introduced in the Congress of the United States in recent years, including proposals to liberalize the current inability to discharge such student loans in bankruptcy. No assurance can be given as to whether federal bankruptcy reform legislative proposals will be enacted that might affect the Authority’s ability to enforce collection of the NJCLASS Loans.

Legislative enactments, regulatory actions and court decisions could adversely affect the tax-exempt status of interest on the Series 2023 Bonds and, therefore, the market value of the Series 2023 Bonds.

***Future Performance of NJCLASS Loans May Differ From Historical Performance.*** There can be no assurance that the performance of NJCLASS Loans originated in the future will perform on a consistent basis with that of previously originated NJCLASS Loans. Previously originated NJCLASS Loans were financed pursuant to different indentures with different requirements and were repaid by borrowers in a variety of interest rate and economic environments. In addition, the Authority has from time to time modified the credit criteria and certain other origination and repayment terms applicable to NJCLASS Loans. As a result, certain previously originated NJCLASS Loans were originated on the basis of credit criteria or terms that differ in certain respects from those expected to be applicable to newly originated NJCLASS Loans. Although the Authority believes that such differences have proven not to have a material effect on overall performance to date of the NJCLASS Loans that have originated during different periods, there can be no assurance that no such effect will result in the future. There can be no assurance that the ability of borrowers of future NJCLASS Loans will repay such loans, or their propensity to repay such loans, will not differ materially from that of borrowers of previously originated NJCLASS Loans.

***General Economic and Social Conditions.*** A variety of social and economic factors, including a sustained downturn in the economy resulting in increasing unemployment either regionally or nationally may result in increased defaults by borrowers in repaying eligible loans. Failures by borrowers to pay timely the principal of and interest on the Student Loans or an increase in deferments or forbearances could affect the timing and amount of available funds for any monthly collection period and the ability to pay principal of and interest on the Series 2023 Bonds. Further, a continued downturn in the economy, a significant tightening of credit markets and the rate of inflation and consumer perceptions of economic conditions generally may adversely affect the Authority's ability to collect on Defaulted Loans. See the caption "Servicing and Collections" below. Economic conditions may also be impacted by terrorist acts against the United States or other nations or the commencement of hostilities between the United States and a foreign nation or nations, civil or social unrest, or by global or localized economic or political conditions, prolonged or recurring government shutdowns, conflicts or wars, regional hostilities, including the recent invasion by Russia of Ukraine and the prospect or occurrence of more widespread conflicts, social upheaval, fiscal and monetary policies, sanctions, trade wars and tariffs, safety concerns related to travel and tourism, limitations on travel and mobility, disruptions in air travel and other forms of travel, weather events and natural, man-made or environmental disasters, national or localized outbreaks of a highly contagious or epidemic disease or pandemics and any related quarantines. Worsening economic conditions could also have a negative impact on State's ability to appropriate funds to cure a deficiency in the Debt Service Reserve Fund maintained to meet payments of debt service on Bonds, including the Series 2023 Bonds. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS—Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations" herein. Social factors include changes in consumer confidence levels and attitudes toward incurring debt. The effect of these factors, including the effect on the timing and amount of available funds for any monthly collection period and the ability to pay principal of and interest on the Bonds, including the Series 2023 Bonds, is impossible to predict.

***COVID-19 (Coronavirus Disease 2019).***

***General.*** This information has been provided by the Authority and has not been approved or reviewed by the State. Since the date of the Official Statement, the federal government and a number of state and municipal governments have instituted a variety of emergency measures in response to the COVID-19 pandemic (the "**COVID-19 Emergency**"). Federal measures to date include, but are not limited to, direct financial aid to American families, temporary relief from certain tax requirements, the scheduled

payment of federally owned education loans and certain other federal higher education aid requirements, payroll and operating expense support for small businesses and nonprofit entities, loan assistance for distressed industries and capital market support.

As of the date hereof, the Authority is not aware of federal or state consumer lending law changes in response to the COVID-19 Emergency that it expects to materially and adversely affect its operation of the Student Loan Program. Any benefit programs, such as forbearance, that may be required by law or voluntarily implemented by the Authority would be expected to result in a delay in the receipt of, or in a reduction of, the Revenues and Recoveries of Principal received from the Student Loans. The Authority cannot accurately predict the number of Student Loan borrowers that would ultimately utilize any benefit program that requires borrower action. The greater the number of borrowers that utilize any benefit program, the lower the total current loan receipts on Student Loans. If actual receipt of Student Loans Revenues and Recoveries of Principal or actual expenditures were to vary materially from those projected, the ability of the Trust Estate to provide sufficient Revenues and Recoveries of Principal to fund interest and administrative costs and to amortize the Outstanding Bonds, including the Series 2023 Bonds, as initially projected might be adversely affected.

*Loan Payment Relief.* The State and the Authority recognize the financial impact of the COVID-19 Emergency on individuals and their families. The Authority has always supported New Jersey students with funding, advice, and information about how to pay for higher education and continues to provide such support services. The Authority's website reminds borrowers directly impacted by the COVID-19 virus of the availability of NJCLASS Loan relief for temporary disability, unemployment and financial hardship.

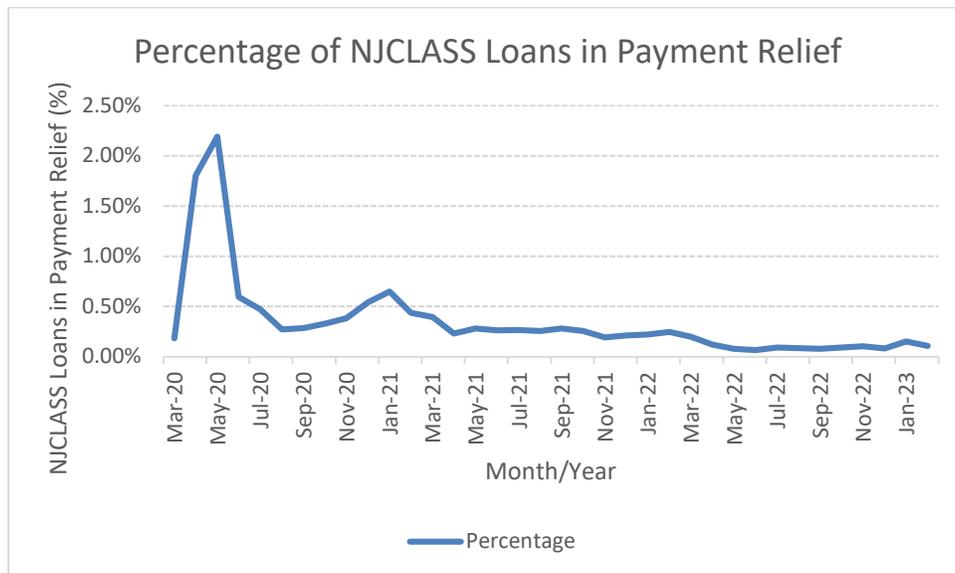
Since New Jersey's public health state of emergency was declared in mid-March 2020, [REDACTED] NJCLASS Loan borrowers had been approved for up to six months of payment relief for unemployment or financial hardship as of December 31, 2022. Such borrowers are responsible for approximately \$ [REDACTED] outstanding principal balance of NJCLASS Loans, which represents approximately [REDACTED]% of the \$ [REDACTED] outstanding principal balance of active NJCLASS Loans.

While the daily rate of new requests for payment relief related to unemployment or financial hardship as a direct result of the COVID-19 Emergency has markedly slowed down since its peak during the early spring of 2020, the Authority continues to receive payment relief requests from its borrowers. The Authority notes that to date, [REDACTED]% of principal balance of active NJCLASS Loans have received some form of temporary payment relief between March 2020 and December 31, 2022. The Governor's COVID-19 Public Health Emergency declaration officially ended March 7, 2022.

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Below is a chart showing of the percentages of NJCLASS Loans in payment relief through the duration of New Jersey’s declared COVID-19 Public Health Emergency.

**Percentage of NJCLASS Loans in Payment Relief Since March of 2020**



The Authority’s current payment relief options require borrowers, in most cases, to make interest-only payments during periods of deferment or forbearance, and in the rare instances of approved deferment of both principal and interest payments, the Authority accrued interest to be capitalized at the conclusion of the payment relief period. Thus, borrowers who enter into a payment relief period would ultimately be responsible for paying back any deferred amounts.

*Delinquency Rates.* Commencing with Governor Murphy’s pandemic emergency declaration in March of 2020 through June 2021, the Authority had not charged off as defaulted any accounts that newly became more than 180 days delinquent, nor had these accounts been assigned to collection attorneys. The Authority instructed its collection attorneys to suspend involuntary collection activities related to previously defaulted NJCLASS loans, such as court filings seeking judgments and wage garnishments. In June of 2021 the Authority commenced assigning these accounts to collection attorneys. As of January 1, 2022, the Authority has begun phasing in the resumption of involuntary collection activities.

New Jersey’s public health state of emergency was declared in mid-March 2020, the Authority’s NJCLASS Loan portfolio initially experienced slightly higher delinquency but more recently there has been a slight decrease in overall delinquency. For example, approximately \$ [redacted] million, or [redacted]% of NJCLASS Loans in active repayment were 31 or more days delinquent as of December 31, 2022, compared to \$ [redacted] million, or [redacted]% of NJCLASS Loans in active repayment as of March 31, 2020. It is the Authority’s expectation that borrowers able to demonstrate a loss of income or employment will continue to seek and be approved for temporary payment relief and that the granting of such relief will continue to mitigate the impact of the COVID-19 Emergency on NJCLASS Loan delinquency rates.

There can be no assurance given that the Authority may not determine to provide additional temporary relief for NJCLASS Loan or FFELP Loan borrowers in the future as a result of additional impacts related to COVID-19.

There can be no assurance given concerning any actions that the State may or may not take in the future with respect to providing relief for borrowers of student loans, including NJCLASS Loan or FFELP Loan borrowers, as a result of the impacts of the COVID-19 Emergency.

*Business Continuity.* On March 16, 2020 Governor Murphy issued a series of executive orders relating to mitigation of the spread of COVID-19. As part of the Authority's immediate response, its staff began working remotely and the Authority initially suspended its in-house call center operations. However, the Authority maintained a sophisticated website and dedicated email address for responding to questions from the public. During the COVID-19 Emergency, pursuant to Governor Murphy's Executive Order No. 107 (Murphy 2020), the Authority maintained continuous business operations throughout its compliance, originations, and financial aid units.

Additionally, pursuant to Governor Murphy's Executive Order No.107, the Authority implemented a work from home ("WFH") policy which enabled the Originations and Servicing divisions to perform remotely all required functions for NJCLASS Loans, including providing administrative, loan-servicing and operational support for borrowers.

There was no disruption in communication between the Authority and the Trustee regarding originations, disbursements, and the collection and allocation of loan payments. Automated processes continued unchanged during this period. Throughout all phases of the pandemic, the Authority maintained continuity of operations for all aspects of the NJCLASS loan program as well as its other financial aid responsibilities.

As of January 31, 2022, all Authority staff returned to in-person, on-site work schedules five days per week, ending the WFH protocols established in spring 2020 as well as the phased in return to office ("RTO") process and hybrid work schedules in 2021.

*The Federal Relief Acts.* The United States Congress has enacted several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020, the Paycheck Protection and Health Care Enhancement Act, signed into law on April 24, 2020, the Student Veteran Coronavirus Response Act, signed into law on April 28, 2020, the COVID-19 Consumer Protection Act (Title XIV of the Consolidated Appropriations Act, 2021), signed into law on December 27, 2020, and the American Rescue Plan Act of 2021, signed into law on March 11, 2021 (collectively, the "Federal Relief Acts"), that authorize numerous measures in response to the economic effects of the COVID-19 Emergency. Such measures include, but are not limited to: direct financial aid to American families; temporary relief from certain federal tax requirements (including forgiveness of indebtedness income on student loans), the scheduled payment of federally-owned education loans, including federally owned FFELP Loans and loans originated under the Direct Loan Program, and from certain other federal higher education aid requirements; temporary relief for borrowers with federally-related mortgage loans; payroll and operating expense support for small businesses and nonprofit entities; federal funding of higher education institutions' emergency aid to students and operations and support for the capital markets loan assistance for distressed industries; financial assistance to governmental entities; and capital market support.

The Federal Relief Acts also authorized the United States Department of the Treasury (the "Treasury") to provide up to approximately \$450 billion in loans, loan guarantees and other investments to support programs and facilities established by the Board of Governors of the Federal Reserve System (the "Federal Reserve") that are intended to provide liquidity to the financial system and facilitate lending to eligible businesses and to states, political subdivisions and instrumentalities. Such injection of liquidity followed actions by the Federal Reserve, including the purchase of Treasury securities and mortgage-backed securities, facilitating the flow of credit to municipalities by expanding its Money Market

Mutual Fund Liquidity Facility (which facility ceased extending credit on March 31, 2022) to include a wider range of securities, including certain municipal variable rate demand notes, and facilitating the flow of credit to municipalities by expanding its Commercial Paper Funding Facility to include high-quality, tax-exempt commercial paper as eligible securities. No assurance can be given that such various liquidity assistance from the federal government will assure that a secondary market exists for Authority debt obligations, including the Series 2023 Bonds, or the availability to the Authority of adequate liquidity to fully fund its program needs at any particular time.

*Uncertainty of Future Impacts.* As of the date hereof, the Authority is not aware of federal or state consumer lending law changes in response to the COVID-19 Emergency or a sustained economic downturn that it expects to materially and adversely affect its operation of the Student Loan Program. Any benefit programs, such as forbearance, that may be required by law or voluntarily implemented by the Authority would be expected to result in a delay in the receipt of, or in a reduction of, the Revenues and Recoveries of Principal received from the Student Loans. The Authority cannot accurately predict the number of Student Loan borrowers that would utilize any benefit program that requires borrower action. The greater the number of borrowers that utilize any benefit program, the lower the total current loan receipts on Student Loans. If actual receipt of Student Loans Revenues and Recoveries of Principal or actual expenditures were to vary materially from those projected, the ability of the Trust Estate to provide sufficient Revenues and Recoveries of Principal to fund interest and administrative costs and to amortize the Outstanding Bonds, including the Series 2023 Bonds, as initially projected might be adversely affected.

*Servicing and Collections.* Although the Authority believes it is properly staffed and has sufficient systems in place so as to effectively and properly service its existing Student Loans, maintain default prevention efforts and to collect on Defaulted Loans, there can be no assurance that the current staffing levels or systems will be maintained at current levels or will be adequate in the future. Inadequate staffing levels and/or servicing systems could adversely affect the Authority's ability to service Student Loans and to collect Defaulted Loans. See the caption "THE LOAN FINANCE PROGRAM—Loan Servicing" herein for a discussion of the Authority's loan collection and enforcement procedures.

The Authority is in the process of converting to a new electronic servicing platform and anticipates first converting all NJCLASS Loans newly originated for first time NJCLASS borrowers with the proceeds of the Series 2023 Bonds beginning in June of 2023, with the remainder of the Authority's loan portfolio being converted by the late Fall of 2023. In order to minimize any data issues, the Authority expects to continue running its existing electronic servicing platform for several months after converting to a new electronic servicing platform and does not anticipate any materially significant disruption in collections or other normal servicing procedures caused by its transition to the new electronic servicing platform.

*Electronic Based Loan Servicing and Cybersecurity.* The Authority uses an electronic and internet-based loan origination, servicing and collection processes. These electronic and internet-based processes may entail greater risks than would paper based loan origination, servicing and collection processes, including risks in connection with compliance with consumer protection laws and challenges as to authenticity of documents. Such electronic and internet-based processes are also subject to certain cybersecurity risks including, but not limited to, data breaches. If any of these factors were to cause certain provisions of the NJCLASS Loans to be unenforceable against the borrowers, were to otherwise create liability of the Authority to the borrowers with respect to data breaches or were to otherwise have a material adverse effect on the Authority's operation of the NJCLASS Loan Program, the ability of the Authority to make payments of principal of and interest on the Bonds, including the Series 2023 Bonds, may be adversely affected.

*Geographic Concentration of Borrowers.* The concentration of the NJCLASS Loans in specific geographic areas may increase the risk of losses on the NJCLASS Loans. Economic conditions in states

where borrowers reside may affect the delinquency, loan loss and recovery expenses with respect to the NJCLASS Loans. As of December 31, 2022, approximately 85% by principal balance of NJCLASS Loans were made to borrowers with current billing addresses in the State. Because of the concentration of the borrowers in the State, any adverse economic conditions adversely and disproportionately affecting the State may have a greater effect on the repayment of the Bonds, including the Series 2023 Bonds, than if these concentrations did not exist.

***Potential for Limited Secondary Market.*** There is no assurance that a secondary market for the Series 2023 Bonds will exist as of any specified time or will provide investors with a sufficient level of liquidity of investment. Even if such a market exists at a given time for either of the Senior Series 2023 Bonds, it may not for the Subordinate Series 2023C Bonds. The Authority does not intend to list the Series 2023 Bonds on any exchange.

***Servicemembers Civil Relief Act.*** The Servicemembers Civil Relief Act (the “**Servicemembers Civil Relief Act**”), 50 U.S.C. App. §501 *et seq.* updates and replaces the Soldiers’ and Sailors’ Civil Relief Act of 1940. The Servicemembers Civil Relief Act provides persons in military service with certain legal protections and benefits, such as a reduction of interest on debts incurred prior to entering military service, protection from court actions and default judgments, and stays on proceedings such as garnishments.

Pursuant to the Servicemembers Civil Relief Act, NJCLASS Loan Program and FFEL Program borrowers who enter military service shall not incur interest in excess of six percent (6%) per year during their military service. Any interest greater than six percent (6%) is forgiven by the Authority.

***Interest Rate Exchange Agreements.*** Although Authority is not entering into any Interest Rate Exchange Agreements on the date of issuance of the Series 2023 Bonds, it may do so in the future upon satisfaction of the Rating Agency Notice Conditions. If a termination event occurs under such an Interest Rate Exchange Agreement and the Authority owes a counterparty a large Termination Payment that is required to be paid prior to payments of interest or principal on the Bonds, the Authority may not have sufficient funds to make required payments of interest or principal on the Bonds, particularly the Subordinate Bonds, and the holders of the Bonds may suffer a loss. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Section 5.5—Use and Disbursements of Revenue Fund Moneys)” hereto.

## **Cash Flow and Other Assumptions**

Based on certain assumptions, the Authority expects that the Trust Estate will be sufficient to meet debt service payments on the Series 2023 Bonds. No assurance can be given that the assumptions (including the assumptions as to demand for 2023 NJCLASS Loans) will be realized.

The ability of the Revenues and Recoveries of Principal to meet the debt service payments on the Series 2023 Bonds after giving effect to the proposed issuance of the Series 2023 Bonds and projected application of a portion of the proceeds thereof to the origination and acquisition of 2023 NJCLASS Loans and the anticipated receipt of Revenues and Recoveries of Principal thereon and on Transferred NJCLASS Loans and Revenues and Recovery thereon is based upon an analysis of the portfolio of 2023 NJCLASS Loans anticipated to be made or acquired with the proceeds of the Series 2023 Bonds. The analysis uses what are believed to be reasonable assumptions regarding the future composition of and yield on such Student Loan portfolio, the rate of return on moneys invested in various Funds and Accounts under the Indenture and the occurrence of future events and conditions. There is no assurance, however, that interest and principal payments from all Student Loans will be received as anticipated, that the reinvestment rates assumed on the balances of various Funds and Accounts will be realized, or that payments will be received in the amounts and times anticipated or that any of the other assumptions will be realized. Potential

investors are encouraged to make their own determination as to the reasonableness of the assumptions. Moreover, future events over which the Authority has no control may materially and adversely affect the Authority's actual receipt of revenue, including adverse economic conditions and competition from other federal or state student loan programs and private lenders.

The Indenture does not limit the percentage of Student Loans on which the Eligible Borrowers elect to pay only interest monthly while the student is in school; provided, however, no more than \$25.0\* million in Series 2023 Bond proceeds may be used to originate Option 3 Standard NJCLASS Loans where Eligible Borrowers elect to defer both principal and interest while the student is in school.

Various factors beyond the Authority's control could adversely affect the Authority's ability to finance NJCLASS Loans with a portion of the proceeds of the Series 2023 Bonds including, but not limited to, reduced demand for NJCLASS Loans. Application of a portion of the proceeds of the Series 2023 Bonds deposited into the Student Loan Fund established pursuant to the Indenture to finance NJCLASS Loans on which the Eligible Borrowers elect to pay principal and interest monthly and various other factors may result in a partial redemption of the Series 2023 Bonds prior to their respective stated maturities. See the captions "THE SERIES 2023 BONDS—Redemption Provisions" herein and APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES (Second Supplemental Indenture—Section 2.8—Redemption of Series 2023 Bonds)" and APPENDIX F—"WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2023B BONDS MATURING DECEMBER 1, 2044" hereto.

## THE AUTHORITY

### General

The predecessor of the Authority, the New Jersey Higher Education Assistance Authority, was created in 1959 and served as lender and guarantor of federally guaranteed student loans for New Jersey students. Certain amendments adopted in 1991 to its enabling legislation provided the New Jersey Higher Education Assistance Authority with the authorization to create the NJCLASS Loan Program. The Authority was established by the Act in 1999 to provide further access to post-secondary education through loans, grants, scholarships or other means. The Act consolidated higher education student assistance entities in New Jersey, including the New Jersey Higher Education Assistance Authority, the Student Assistance Board and the New Jersey Office of Student Assistance, under the Authority.

### Organization of the Authority

The Authority is a public body corporate and politic in, but not of, the Department of State and an instrumentality of the State. The Authority board (the "**Board**") consists of 18 members. The Act, as supplemented by Executive Reorganization Plan No. 005-2011, provides that the State Treasurer or a designee, the Secretary of Higher Education or a designee, the Chairperson of the Board of Directors of the Educational Opportunity Fund or a designee from among the public members of such board, and the Executive Director of the Authority or designee shall serve in an *ex-officio* capacity on the Board of the Authority. The remaining members shall be five representatives of New Jersey post-secondary institutions, two student members and seven public members who are New Jersey residents, one of whom includes a lender. The seven public members of the Authority are appointed by the Governor of the State, with advice and consent of the State Senate. The five institutional representatives are nominated either by their institution or sector association and appointed by the Governor of the State, with advice and consent of the State Senate. Public and institutional members of the Authority are appointed to four-year terms staggered so that the term of at least two members shall expire each year. Student members are the elected chairperson

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\* Preliminary; subject to change.

and vice-chairperson of the Student Advisory Committee, a committee representative of all collegiate sectors, created by the Authority. Student members serve a term of office not to exceed two years. No more than four of the public members shall be members of the same political party, and the members hold office until the appointment and qualification of their successors. All members serve without compensation but may be reimbursed for their necessary expenses incurred in their official duties. All members except the Executive Director of the Authority shall be voting members. Any vacancy in the membership of the Board shall be filled in the same manner as the original appointment or election was made, but for the unexpired term only.

In the area of governance, the Board is tailored to be broadly representative of diverse constituencies—public and private sector, colleges and students. Student assistance is linked to other higher education entities, through Authority representation on the Board of the Educational Opportunity Fund. In the area of administration, the Act provides the Authority flexibility in procurement, including professional services, and personnel. In general, the Authority’s powers have been broadened, updated and clarified when compared to the law governing its predecessor student assistance entities.

The Act expanded the maximum maturity of Authority debt from 25 years to 35 years, enabled the Authority to participate in interfund borrowing from State Treasury funds, provided for a variety of debt instruments and updated the Authority’s same-day approval language for gubernatorial approval of its minutes. These changes gave the Authority the financing flexibility it requires to be responsive as lender or guarantor to evolving student finance needs.

The Act made several programmatic changes. It enhanced the collection tools available to collect on defaulted federal and state student loans. Administrative wage garnishment, which has proven to be very effective for the federal guaranteed student loan program, now operates with a similarly broad reach for state programs, covering both public and private sector employees. The Act also authorized statutorily required information exchanges with other state agencies for purposes of skip-tracing on delinquent or defaulted borrowers.

The Act made some programmatic changes specific to the NJCLASS Loan Program, although most of these are not self-implementing and are subject to the Authority’s discretion and rulemaking. One such change broadened the eligibility of institutions participating in the NJCLASS Loan Program beyond collegiate institutions and degree-granting programs of New Jersey proprietary institutions to other proprietary institutions. Regulatory changes have expanded the definition of eligible institutions for NJCLASS Loans to include non-degree granting proprietary institutions that already participate in federal Title IV programs and meet other eligible institution requirements.

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The current members of the Board of the Authority, including the Chairperson, Vice Chairperson and Secretary-Treasurer, are as follows:

<u>Member</u>	<u>Affiliation</u>	<u>Category</u>	<u>Member Appointment Status</u>
<b>Chairperson</b> Christy Van Horn	Consultant Highland Park, NJ	Public Member	Appointed*
<b>Vice Chairperson</b> Scott Salmon	Partner, Jardim, Meisner & Susser, P.C.	Public Member	Appointed
<b>Secretary-Treasurer</b> David J. Socolow	Executive Director	Executive Director	<i>Ex-Officio</i> Non-Voting
Elizabeth Maher Muoio	State Treasurer, Department of the Treasury, Trenton, NJ	State Treasurer	<i>Ex-Officio</i>
Brian Bridges, Ph.D.	Secretary of Higher Education, Trenton, NJ	Secretary of Higher Education	<i>Ex-Officio</i>
Anton Lendor	Board Member, New Jersey Educational Opportunity Fund	EOF Representative	<i>Ex-Officio</i>
Jean McDonald Rash	University Director of Financial Aid Rutgers University New Brunswick, NJ	Rutgers	Appointed*
Pamela Monaco	President, Ocean County College	County Colleges	Appointed*
Beatrice Daggett	Public Relations Executive	Public Member	Appointed
Shernelle Pringle, MBS	Scientist, Colgate Palmolive	Public Member	Appointed
Nelson Tucios, MD	Professor, Hackensack Meridian School of Medicine	Public Member	Appointed
Nicolette Carpenter	Student, Passaic County Community College	Chair, Student Advisory Committee	<i>Ex-Officio</i>
Isabella Berdugo- Hernandez	Student, Rowan College at Burlington County	Vice-Chair, Student Advisory Committee	<i>Ex-Officio</i>

\* Holdover/Term expired. Continues to serve until a successor is appointed.

There are currently five vacancies on the Board of the Authority.

## **Administration of the Statutory Responsibilities of the Authority**

The Authority's mission to provide students and families with financial and informational resources to pursue education beyond high school is achieved through a full-time staff of 130. Approximately 33% of the full-time staff are dedicated to administering the grant, scholarship, and the State's 529 college savings program, New Jersey Better Education Savings Trust ("NJBEST"). The remainder of the Authority's full-time staff are dedicated to the NJCLASS loan program. The following key staff members are expected to remain directly involved in the NJCLASS Loan Program financed with the proceeds of the Series 2023 Bonds:

**David J. Socolow**, Executive Director, Higher Education Student Assistance Authority, was appointed by Governor Philip Murphy in February 2018. Throughout his career in federal and state government and in the private sector, he has worked to advance the success of students and working families. Immediately prior to joining the Authority, Mr. Socolow was the director of the Center for Postsecondary and Economic Success at CLASP, a national non-profit policy advocacy organization, where he led initiatives to help low-income individuals attain the credentials they need to secure high-quality jobs by developing comprehensive career pathways and improving access and affordability of postsecondary education and workforce training. He served as Commissioner of the New Jersey Department of Labor and Workforce Development from 2006-2010, and previously served as director of New Jersey's Unemployment Insurance Division and as senior advisor to the deputy secretary of the U.S. Department of Labor. He also worked as vice president for corporate affairs at the New Jersey headquarters of Pinnacle Foods, Inc. and chief of staff for former Congressman Robert E. Andrews. Mr. Socolow earned his bachelor's degree from Harvard University and his master's degree in public administration from Rutgers, the State University of New Jersey.

**Jerry Traino**, Chief Financial Officer, Higher Education Student Assistance Authority, serves as the head of the Authority's finance and budgeting, accounting and procurement. He joined the Authority in November 2017. Mr. Traino brings to the Authority over 20 years of public policy experience having held various budget, finance and policy positions in both the Executive and Legislative branches of State Government. Most recently he was the Budget Director in the Office the Governor and was responsible for the overall preparation and execution of the annual State budget. Prior to that, he maintained a leadership role working to implement fiscal and public policy initiatives of members of the State Legislature by serving as a Director of Budget and Finance in the New Jersey General Assembly Minority Office.

**Arthur A. Quaranta, Jr., CPA**, Controller, Higher Education Student Assistance Authority, is responsible for financial and regulatory reporting, external audit, banking and trustee relations, debt covenant compliance, systems development, staff supervision and managerial oversight for the Authority's loan programs. Prior to joining the Authority in December 2017, he held various accounting positions in the consumer products industry, including divisional senior lead positions of three large publicly traded companies. He also has experience as an auditor for a big four certified public accounting firm. He holds a Bachelor of Science degree in Accounting from the University of Delaware.

**Marnie B. Grodman, Esquire**, Director of Legal and Governmental Affairs, Higher Education Student Assistance Authority, joined the Authority in May 2005. She is responsible for providing legal analysis, advice and opinions on all issues affecting the Authority, monitoring Federal and State legislation impacting the Authority and ensuring regulatory compliance, including FFELP and NJCLASS regulations. Previously, Ms. Grodman was an associate in the litigation department at a large law firm in Woodbridge, New Jersey. Ms. Grodman is a graduate of the University of Pennsylvania Law School and Binghamton University, where she received a B.A. degree in Political Science.

**Gregory Foster, Esquire**, Chief Compliance Officer and Ombudsman, Higher Education Student Assistance Authority, joined the Authority in March 2017. He is responsible for ensuring the Authority's compliance with all Federal and State laws and regulations, as well as industry best practices that govern the financial aid sector. Prior to joining the Authority, Mr. Foster oversaw state licensing and reporting for American Water for both the Insurance and Regulatory Compliance divisions. Previously, Mr. Foster has managed collection firms and has extensive experience in call center procedures and compliance. Mr. Foster holds a Juris Doctor degree from Widener University School of Law and a Bachelor of Arts in Political Science from LaSalle University.

**Margo Chaly, Esquire**, Chief of Staff, Higher Education Student Assistance Authority, is responsible for overseeing the following five units at the Authority: (i) Legal & Government Affairs; (ii) Communications; (iii) Information Systems; (iv) Human Resources; and (v) Facilities. Ms. Chaly joined the Authority in February 2021. Before joining the Authority, she served as Manager of Litigation & Operations at an insurance defense law firm in New York City. Prior to that, Ms. Chaly worked for more than a decade at multinational insurance companies, most recently on the technology optimization team as the Communications Coordinator and a liaison between executive stakeholders and developers during system migration initiatives. As a founding member of a non-profit organization that supports professional and personal development of women through community service and networking opportunities, Ms. Chaly is committed to advancing charitable programming that empowers young girls pursuing their academic goals. Ms. Chaly holds a B.A. in Journalism from Ithaca College and a J.D. from Seton Hall Law School.

**David Gillespie**, Director, Student Loan Programs, Higher Education Student Assistance Authority, currently oversees both the NJCLASS Originations and the NJCLASS Servicing units. After leaving the United States Marine Corps in 1986, he began work in the finance industry as a loan officer. During his career in banking, he has been involved with product development, the approval of mortgages, home equity loans, lines of credits and equipment leases, as well as multiple system conversions. In the late 1980s Mr. Gillespie was tasked with handling the servicing of various consumer loan portfolios held by a commercial bank, which included student loans. In 1993, he started working for the New Jersey Department of Higher Education, precursor to the Authority. He was initially responsible for servicing the defaulted Federal Family Education Loan Program portfolio held by the Authority, and later became responsible for NJCLASS Loan portfolio servicing. David was awarded a Bachelor of Science degree from the Virginia Military Institute.

**Lorraine M. Palmer**, Associate Director, Student Loan Programs, Higher Education Student Assistance Authority, had extensive experience in the mortgage industry, managing processing and underwriting centers before joining the Authority in 1998. As the Associate Director of Student Loan Programs at the Authority, she is responsible for the oversight of the NJCLASS Originations and Special Loans unit. Throughout the years she has been a key player in the ongoing efforts to provide NJCLASS Loan borrowers with new products, including the NJCLASS ReFi+ Loan and other online processes, including E-Sign. Lorraine holds an Associate's degree in business management and accounting from Mercer County Community College and a Bachelor of Arts in liberal studies from Rider University.

**Richard Bates**, Associate Director, Servicing and Collections, Higher Education Student Assistance Authority, joined the Authority in 2019 to lead the Servicing and Collections teams within the Loans Division. Mr. Bates has over 20 years of experience managing national call center operations within the private sector. Mr. Bates has extensive experience leading cross-functional units including customer service, account management, training, and policy and compliance. In his spare time, Richard volunteers with organizations encouraging youth to attain higher education. Mr. Bates holds a Bachelor of Science degree in Organizational Management from Washington Adventist University, a Graduate Certificate in Management from Johns Hopkins University and a Master of Business Administration from the University of Phoenix.

## **Authority's Lending Programs and Other Activities**

The Authority currently administers a variety of financial assistance and outreach programs for post-secondary students and their families on behalf of the State, including: (a) the NJCLASS Loan Program; (b) various State-funded financial aid, grant and scholarship programs; (c) the NJBEST college savings plan; and (d) State and federally-funded loan redemption programs.

The Authority also conducts statewide outreach to increase financial literacy and awareness of higher education opportunities and provides training for school counselors and financial aid administrators, and is among the nation's leading, state-based providers of post-secondary education financial assistance, information, and planning resources, having provided \$4.92 billion of low-cost NJCLASS Loans to New Jersey residents and students since program inception.

## **Authority's Experience With the NJCLASS Loan Program**

In September 1991 the Authority began originating loans under the NJCLASS Loan Program. As of December 31, 2022, the Authority had originated approximately 352,710 NJCLASS Loans having an aggregate principal amount of \$4,923,416,775. Approximately 85,065 active NJCLASS Loans having an aggregate principal amount of \$1,170,990,295 were outstanding as of that date. The Authority is functioning as the lender and servicer of all of the NJCLASS Loans.

The majority of NJCLASS Loans (approximately 292,171) were made to dependent undergraduates (with creditworthy co-signers), approximately 42,376 NJCLASS Loans were made to parents of undergraduate college students, and approximately 18,843 NJCLASS Loans were made to graduate students. In addition, 23,176 of these existing NJCLASS Loans have been consolidated under the NJCLASS Consolidation Loan Program while 9,516 NJCLASS Loans have been refinanced under the ReFi+ Loan Program.

For a description of the current NJCLASS Loans, see the caption "THE LOAN FINANCE PROGRAM" herein.

## **Outstanding Indebtedness of the Authority**

The Authority has previously issued (i) 36 series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$1,705,000,000 under the Indenture of Trust, dated as of June 1, 1998 (the "**1998 Indenture**"); (ii) one series of its Student Loan Revenue Bonds in the original principal amount of \$350,000,000 under the Indenture of Trust, dated as of August 1, 2008 (the "**2008 Indenture**"); (iii) one series of its Student Loan Revenue Bonds in the original principal amount of \$450,000,000 under the Indenture of Trust, dated June 1, 2009 ("**2009 Indenture**"); (iv) two series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$963,000,000 under the 2010-1 Indenture of Trust, dated as of January 1, 2010, as supplemented (the "**2010-1 Indenture**"); (v) one series of its Student Loan Revenue Bonds in the original principal amount of \$145,000,000 under the Indenture of Trust, dated as of May 1, 2010 (the "**2010-FFELP Indenture**"); (vi) two series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$606,500,000 under the Indenture of Trust, dated as of June 1, 2010 (the "**2010-2 Indenture**"); (vii) five series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$1,049,300,000 under the Indenture of Trust, dated as of June 1, 2012, as supplemented (the "**2012 Indenture**"); (viii) one series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$215,850,000 under the Indenture of Trust, dated as of May 1, 2018, as supplemented (the "**2018 Indenture**"); and (ix) three series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$528,755,000 under the Indenture of Trust, dated as of June 1, 2019, as supplemented (the "**2019 Indenture**"). There are currently no series of revenue bonds outstanding under the 1998

Indenture, the 2008 Indenture, the 2009 Indenture or the 2010-2 Indenture. Upon the issuance of the Series 2023 Bonds and the refunding of the Bonds to be Refunded, there will be \$213,875,000 of revenue bonds outstanding under the 2012 Indenture. As of December 31, 2022, \$1,264,075,000 of the Authority’s Student Loan Revenue Bonds were outstanding under the Prior Indentures.

**The Series 2023 Bonds are not secured by the assets and funds pledged under the other Prior Indentures. See “INTRODUCTION” herein.**

### ESTIMATED SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of proceeds of the Series 2023 Bonds:

**Estimated Sources:**

Principal Amount of Series 2023 Bonds.....	\$
Net Original Issue Premium.....	
Other Authority Funds .....	
Total Sources.....	\$

**Estimated Uses:**

Current Refunding of Bonds to be Refunded.....	\$
Deposit to 2023 NJCLASS Fixed Rate Standard Student Loan Account of Student Loan Fund <sup>1</sup> .....	
Deposit to 2023 Consolidation Loan Account of Student Loan Fund.....	
Deposit to 2023 Refinance Loan Account of Student Loan Fund <sup>2</sup> .....	
Deposit to 2023 Debt Service Reserve Account of Debt Service Reserve Fund .....	
Pay certain costs of issuing the Series 2023 Bonds .....	
Total Uses.....	\$

<sup>1</sup> \$60.0 million of which shall be deposited into the 2023 Option 1 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account to be used to originate Fixed Rate Ten Year Option 1 Standard NJCLASS Loans, \$70.0 million of which shall be deposited into the 2023 Option 2 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account to be used to originate Fixed Rate Option 2 Standard NJCLASS Loans, and \$25.0 million of which shall be deposited into the 2023 Option 3 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account to be used to originate Option 3 Standard NJCLASS Loans..

<sup>2</sup> \$17.0 million of which shall be deposited into the 2023 Refinance Loan Subaccount—670 to 719 Credit Score within the 2023 Refinance Loan Account to be used to originate NJCLASS ReFi+ Loans to borrowers or co-obligors, as applicable, with a credit score between 670 and 719 and \$40.0 million of which shall be deposited into the 2023 Refinance Loan Subaccount—720+ Credit Score within the 2023 Refinance Loan Account to be used to originate NJCLASS ReFi+ Loans to borrowers or co-obligors, as applicable, with a credit score of 720 or higher.

## THE LOAN FINANCE PROGRAM

### General

The Authority's Loan Finance Program (the "**Loan Finance Program**") under this caption primarily relates to the NJCLASS Loan Program. The NJCLASS Loan Program is a program of the Authority established to offer a supplemental source of loan funds to assist New Jersey students in meeting the costs of their education at an eligible institution located within or outside the State. The Authority administers the NJCLASS Loan Program in accordance with the rules and regulations (the "**Administrative Rules**") promulgated by the Authority.

The Authority has historically made five types of NJCLASS Loans: Standard NJCLASS Loans, NJCLASS ReFi+ Loans, NJCLASS Consolidation Loans, NJCLASS Graduate/Professional Loans, and NJCLASS Medical/Dental Loans.

### Standard NJCLASS Loans

The Standard NJCLASS Loan Program was the original loan program enacted in 1991 and was previously referred to as the Fixed Rate NJCLASS Loan Program. To date, this is the largest portion of the portfolio, and is considered the main loan program. Approval is based upon minimum income and credit criteria.

Under the Standard NJCLASS Loan Program, the Authority originates loans with three repayment options: Option 1 Loans, Option 2 Loans, and Option 3 Loans (each as defined and described below). Option 1 Loans require immediate repayment of principal and interest following disbursement of the Student Loan. Option 2 Loans require monthly payments of interest only while the student is in school at least half-time, and principal and interest monthly thereafter. In Option 3 Loans, interest payments are deferred while the student is in school at least half-time, then capitalized and added to the original loan principal balance annually.

Historically, Option 1 Loans were originated with a fixed interest rate and term not to exceed fifteen (15) years (the "**Fixed Rate Fifteen Year Option 1 Loans**"). In 2010, the Authority initiated a new Standard NJCLASS Loan option to originate 10-year fixed rate NJCLASS Student Loans (the "**Fixed Rate Ten Year Option 1 Loan Program**"). In 2014, the Authority initiated an additional NJCLASS Loan option to originate Variable Rate Ten Year Option 1 Loans (the "**Variable Rate Ten Year Option 1 Loan Program**"). For a discussion of the Variable Rate Ten Year Option 1 Loan Program, see the caption "THE LOAN FINANCE PROGRAM—General" herein.

For purposes of the Series 2023 Bonds, the term "**Standard NJCLASS Loans**" shall mean Fixed Rate Ten Year Option 1 Loans, Option 2 Loans and Option 3 Loans. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Schedule C; Student Eligibility and Credit Criteria—Eligibility Requirements for NJCLASS Loans)" hereto for a description of the applicable credit criteria.

### NJCLASS ReFi+ Loans

The Authority makes ReFi+ Loans pursuant to a Pilot Loan Refinance Program originally funded in 2016. Pursuant to the Pilot Loan Refinance Program, the Authority offers loans to students or parents to refinance their outstanding Federal Parent PLUS loans, NJCLASS loans, or school certified private education loans with a single fixed rate loan (each an "**NJCLASS ReFi+ Loan**").

The NJCLASS ReFi+ Loan student beneficiary must meet the student nexus requirement with respect to either the original loan or the NJCLASS ReFi+ Loan. An NJCLASS ReFi+ Loan will satisfy the student nexus requirement if: (1) at the time the original loan was originated, the student beneficiary was a resident of New Jersey or was enrolled at a college or university or non-traditional/proprietary institution located in New Jersey and eligible for Title IV, Higher Education Act of 1965 assistance or (2) at the time the NJCLASS ReFi+ Loan is originated, the student beneficiary of the NJCLASS ReFi+ Loan is a resident of New Jersey.

To be eligible for an NJCLASS ReFi+ Loan, the borrower must refinance at least \$5,000 in unpaid principal of outstanding NJCLASS Loans, Federal Parent PLUS loans, or school-certified private education loans where loan payments are in repayment and current (collectively, the “**Loans Eligible for Refinance**”)\*. Principal of and interest on NJCLASS ReFi+ Loans is payable monthly immediately upon loan disbursement, for a loan term of up to ten (10) or fifteen (15) years. To obtain an NJCLASS ReFi+ Loan, the borrower on the NJCLASS ReFi+ Loan must be the borrower on each of the underlying Loans Eligible for Refinance included in the NJCLASS ReFi+ Loan application. There can be up to four (4) parties on the NJCLASS ReFi+ Loan application. The income of the borrower and co-borrower or the income of the co-signer and joint co-signer can be combined in order to meet the minimum income threshold of \$40,000.

For any terms and conditions not specifically developed for the Pilot Loan Refinance Program, the Administrative Rules applicable to the NJCLASS Loan Program as a whole will apply. The Authority reserves the right to make modifications to the Pilot Loan Refinance Program in the future.

### **NJCLASS Consolidation Loans**

In June 2005, the Authority initiated the NJCLASS Loan Consolidation Program to allow eligible NJCLASS borrowers to consolidate their existing NJCLASS Loans into a single, fixed interest rate loan with a longer repayment term, a lower monthly payment and a fixed rate of interest (each, an “**NJCLASS Consolidation Loan**”).

A borrower on the underlying loan must be one of the borrowers on the NJCLASS Consolidation Loan. Only NJCLASS Loans may be included in the consolidation (no other private loans are refinanced). Students must be no longer enrolled at the time of the consolidation. NJCLASS Consolidation Loans require a creditworthiness test and a minimum income level for approval.

The repayment term is based on the total amount of the NJCLASS Consolidation Loan at the time of approval. An NJCLASS Consolidation Loan with an initial principal amount under or equal to \$59,999 receives a 25-year repayment term. An NJCLASS Consolidation Loan with an initial principal amount equal to or exceeding \$60,000 receives a 30-year repayment term.

To be eligible for an NJCLASS Consolidation Loan, the borrower must consolidate at least \$30,000 in unpaid principal (including any deferred interest added to principal) of two or more outstanding NJCLASS Loans; the loans must be in monthly repayment status, payments must be current and the student for which the loans were obtained must be out of school (graduate or withdrawn). In addition, the borrower must meet minimum income and creditworthiness requirements. Creditworthy co-signers may be required. To obtain an NJCLASS Consolidation Loan, the borrower or the co-borrower on the NJCLASS Consolidation Loan must be the borrower or co-borrower on each of the underlying loans being consolidated. However, in the case of married persons, domestic partners (as defined in P.L. 2003, c.246,

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\* Although the Pilot Loan Refinance Program currently requires that the student for whom the loans were obtained must be out of school, the Authority intends to remove this requirement for NJCLASS ReFi+ Loans.

codified at N.J.S.A. 26:8A-1 *et seq.*) or civil union couples (as defined in P.L. 2006, c.103, codified at N.J.S.A. 37:1-28 *et seq.*), either person may be the borrower or co-borrower of the loans to be consolidated.

The interest rate on the NJCLASS Consolidation Loan is a weighted average fixed rate, based on the weighted average interest rate of the underlying loans being consolidated. The weighted average interest rate of each underlying loan is determined by blending the applicable initial and step-up interest rates, based on the number of scheduled billing periods remaining to the end of the loan term, rounded down by 0.50%.\* If the interest rate of the underlying loan currently reflects the step-up interest rate, the step-up interest rate is used solely in the calculation. If a Variable Rate NJCLASS Loan is being included in the consolidation, the applicable fixed interest rate for the academic year in which the underlying Variable Rate NJCLASS Loan was disbursed is used in the calculation of the weighted average interest rate.

For any terms and conditions not specifically developed for the NJCLASS Loan Consolidation Program, the Administrative Rules applicable to the NJCLASS Loan Program generally will apply. The Authority reserves the right to make modifications to the NJCLASS Loan Consolidation Program in the future.

### **NJCLASS Graduate/Professional Loans**

The NJCLASS Graduate/Professional Loan Program was initiated as the Variable Rate NJCLASS Loan in 1997 and was available only to students in graduate and professional degree programs at eligible institutions. Beginning with the 2006-2007 origination cycle, the Authority ceased originating Variable Rate NJCLASS Loans and began originating NJCLASS Graduate/Professional Loans as fixed rate student loans. Variable Rate NJCLASS Loans originated prior to the 2006-2007 origination cycle remain in effect as variable rate loans. The Authority ceased originating new NJCLASS Graduate/Professional Loans in 2019.

### **NJCLASS Medical/Dental Loans**

In June 2009, the Authority initiated a program to originate NJCLASS Medical/Dental Loans which are fixed rate loans for New Jersey students attending medical school or for students attending medical school in New Jersey who are pursuing a degree in allopathic, osteopathic, or dental medicine and working toward a MD, DO, DDS or DMD degree. The program was known as the “**NJCLASS Medical/Dental Student Loan Program**” and provided longer repayment terms and deferment options to address the specialized training requirements for these students. The eligibility criteria for this loan program mirrored the eligibility criteria used for the NJCLASS Graduate/Professional Loan Program. The Authority ceased originating new NJCLASS Medical/Dental Loans in 2011.

### **Series 2023 Loan Funding Limits**

From and after issuance of the Series 2023 Bonds, the Authority plans to originate 2023 NJCLASS Loans with a portion of the proceeds of the Series 2023 Bonds deposited into the following accounts and subaccounts with the Student Loan Fund: (a) the 2023 NJCLASS Fixed Rate Standard Student Loan Account (and within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the 2023 Option 1 Loan Subaccount, the Option 2 Loan Subaccount and the 2023 Option 3 Subaccount), (b) the 2023 Consolidation Loan Account, and (c) the 2023 Refinance Loan Account (and within the 2023 Refinance

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\* For NJCLASS Consolidation Loans made with proceeds of the Authority’s Student Loan Revenue Bonds, Series 2016-1 (the “Series 2016-1 Bonds”) and earlier series, the weighted average interest rate of each underlying loan is to be determined by blending the applicable initial and step-up interest rates, based on the number of scheduled billing periods remaining to the end of the loan term, rounded up by 0.25%.

Loan Account, the 2023 Refinance Loan Subaccount—670 to 719 Credit Score and the 2023 Refinance Loan Subaccount—720+ Credit Score).

*Initial deposits into such accounts and subaccounts from proceeds of the Series 2023 Bonds will be as follows: \$60.0\* million to the 2023 Option 1 Loan Subaccount; \$70.0\* million to the Option 2 Loan Subaccount; \$25.0\* million to the 2023 Option 3 Subaccount; \$18.0\* million to the 2023 Consolidation Loan Account; \$40.0\* million to 2023 Refinance Loan Subaccount—720+ Credit Score; and \$17.0\* million to the 2023 Refinance Loan Subaccount—670 to 719 Credit Score.*

*No portion of the proceeds of the Series 2023 Bonds will be used by the Authority to originate Fixed Rate Fifteen Year Option 1 Loans, Variable Rate Ten Year Option 1 Loans, NJCLASS Graduate/Professional Loans, or NJCLASS Medical/Dental Student Loans.* There are presently no Variable Rate Ten Year Option 1 Loans within the Trust Estate established pursuant to the Indenture, and none from a Prior Indenture will be transferred into the Indenture. Approximately \$[REDACTED] million of NJCLASS Graduate/Professional Loans and \$[REDACTED] million of NJCLASS Medical/Dental Loans are expected to be transferred from the 2012 Indenture into the Indenture upon the issuance of the Series 2023 Bonds.

In future academic years, the Authority may issue Additional Bonds pursuant to a Supplemental Indenture for the purpose of financing Standard NJCLASS Loans (including Fixed Rate Fifteen Year Option 1 Loans and Variable Rate Ten Year Option 1 Loans), NJCLASS Graduate/Professional Loans, NJCLASS Consolidation Loans, NJCLASS Medical/Dental Loans, NJCLASS Postgraduate Loans and/or NJCLASS ReFi+ Loans with the proceeds of such Additional Bonds, subject to the delivery to the Trustee of a Rating Agency Confirmation from the Rating Agency.

### **Eligible Institutions**

The Act which established the NJCLASS Loan Program provides that unless restricted by the Authority by regulations, “eligible institution” means an institution of higher education licensed by the appropriate agency or department and accredited or pre-accredited by a nationally recognized accrediting association. Under the current Administrative Rules, the definition of “eligible institution” includes certain proprietary institutions that offer degree-granting programs approved by the New Jersey Office of the Secretary of Higher Education, as well as non-degree granting proprietary institutions that already participate in the Federal Title IV programs (an “**Eligible Institution**”). The Administrative Rules limit participation to institutions with a 3-year federal cohort default rate of 25% or less for Standard NJCLASS Loans and 15% or less for NJCLASS Graduate/Professional Loans.

### **Eligible Borrowers**

To qualify as an eligible borrower under any of the NJCLASS Loan Programs (an “**Eligible Borrower**”) an applicant must be a parent of a student meeting the residency/education requirements described below or a student beneficiary who meets such requirements and who must: (i) be a citizen, national or legal resident of the United States or be in the United States for other than temporary purposes and intend to become a permanent resident; (ii) not owe a grant refund, be in default on a student loan, have had a student loan discharged in default, have a student loan written-off as uncollectible, or be in violation of any of the other criteria for determining creditworthiness or have adverse credit, as applicable, as outlined in the Administrative Rules; (iii) provide an acceptable co-signer if it is determined by the Authority that one is required; and (iv) in the event that an NJCLASS Loan was previously canceled due to the applicant’s total and permanent disability or temporary total disability, obtain a certification from a physician that the applicant’s condition has improved and that the applicant is able to engage in substantial gainful activity

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\* Preliminary; subject to change.

and sign a statement acknowledging that the new NJCLASS Loan received cannot be canceled on the basis of any present impairment.

In addition, the student beneficiary shall, unless otherwise restricted by the Authority by regulation: (i) be a New Jersey resident enrolled on at least a half-time basis as an undergraduate or graduate student in an eligible institution in New Jersey; (ii) be a New Jersey resident enrolled on at least a half-time basis as an undergraduate or graduate student in an eligible institution outside of New Jersey; or (iii) reside outside the State and be enrolled on at least a half-time basis as an undergraduate or graduate student in an eligible institution in New Jersey. The Administrative Rules further require that a student shall: (i) be a citizen, national or legal resident of the United States or be in the United States for other than temporary purposes and intending to become a permanent resident as evidenced by Immigration and Naturalization Service Documentation; (ii) have a high school diploma or a high school equivalency certificate; (iii) be enrolled or accepted for enrollment on at least a half-time basis in an eligible institution; (iv) if currently enrolled in an eligible institution, be determined by the school to be making satisfactory academic progress in a degree or certificate program; and (v) if applying for an NJCLASS Loan financed in whole or in part by qualified student loan bonds, as described in Section 144(b) of the Internal Revenue Code of 1986, as amended (the “Code”), have met the eligibility criteria described in that Section of the Code or have not violated any other criteria which would adversely affect the status of such bonds under Section 144(b) of the Code.

Finally, under the provisions of the Pilot Loan Refinance Program, either: (i) at the time the original loan was originated, the student beneficiary was a resident of New Jersey or enrolled at an eligible institution in New Jersey; or (ii) the student beneficiary is now a resident of New Jersey.

### **Origination Process for Standard NJCLASS Loans**

The origination process for NJCLASS Loans is a cooperative effort among the Authority, Eligible Institutions and Eligible Borrowers.

***Application Process.*** The Authority hosts secure web-based applications for each of the NJCLASS Loan Programs. The application is used to determine the applicant’s eligibility and creditworthiness. All of the NJCLASS Loan Programs, except for the NJCLASS Loan Consolidation Program and the Pilot Loan Refinance Program (unless a private educational loan is being refinanced), require a school certification from the Eligible Institution’s financial aid office. The borrower must complete the Private Education Loan Self-Certification form required for all private educational loans. All applicants must acknowledge the application disclosures required by the Truth in Lending Act for private education loans.

***Credit Underwriting Criteria.*** Credit preapproval for all NJCLASS Loans requires a minimum income and acceptable credit score. Credit scoring is a comparable process and greatly reduces the amount of paper that the borrower is required to provide and speeds up the approval process. Credit scoring has become the industry standard for approving consumer debt. Applicants who do not meet the income requirement or have credit scores that fall below a minimum threshold must apply with a creditworthy co-signer.

***School Certification Required.*** All of the NJCLASS Loan Programs (other than the NJCLASS Loan Consolidation Program and the Pilot Loan Refinance Program (unless a private educational loan is being refinanced)), require a certification by the financial aid office of the student’s eligibility, enrollment status, loan amount, disbursement dates and amounts. The financial aid office at the student’s school will be required to certify: (i) whether the student is currently enrolled on at least a half-time basis or has been accepted for enrollment on at least a half-time basis; (ii) if applicable, whether the applicant is making satisfactory academic progress; (iii) the loan amount does not exceed cost of attendance minus estimated

financial aid; and (iv) whether the student has filed all financial aid information required by the school to determine the student's eligibility for Federal Stafford Loans and has applied for Federal Stafford Loans if eligible. Students are required to take out a subsidized and/or unsubsidized Federal Stafford Loan, if eligible, or the school must decrease the NJCLASS Loan amount certification by the amount the student is eligible for under a Federal Stafford Loan.

The approved loan amount may not exceed the difference between the student's total cost of attendance at the Eligible Institution for the academic year for which the loan is requested and other forms of student assistance for which the student may be eligible, excluding Federal PLUS Loans and Health Education Assistance Loans.

***Determination of Approved Loan Amount.*** All NJCLASS Loans are reviewed by the Authority in accordance with all eligibility requirements. The final approval is based upon both the credit preapproval and the school's certification. The approved loan amount for a Standard NJCLASS Loan is the lesser of the borrower's requested amount or the school's determination of eligibility. The approved loan amount for an NJCLASS Consolidation Loan or NJCLASS ReFi+ Loan is the amount required to satisfy the underlying loans being consolidated/refinanced. The Authority reserves the right to approve an amount that is less than either the borrower's requested amount or the school certified amount. The minimum loan amount for all NJCLASS Loan programs, except NJCLASS Consolidation Loans and NJCLASS ReFi+ Loans, is \$500. The minimum loan amount for an NJCLASS Consolidation Loan is \$30,000 and the minimum loan amount for an NJCLASS ReFi+ Loan is \$5,000. The Authority will notify the applicant and the Eligible Institution as to whether the applicant has been approved and, if so, in what amount. The Authority generates a loan offer disclosure in accordance with provisions of the Truth in Lending Act. The borrower has 30 days to accept the offer. During this period, no modifications are permitted to the loan terms. Pursuant to P.L. 2017 c.198, for student beneficiaries first applying for an NJCLASS Loan on or after August 8, 2017, the total NJCLASS Loans borrowed for each student could not originally exceed \$150,000. This is an aggregate per student loan limit, which will be increased annually for each academic year over the prior year by the regression-based index value of the Higher Education Price Index (the aggregate per student loan limit will be \$180,445 on the date of issuance of the Series 2023 Bonds). The loan limit does not apply to students who have previously received NJCLASS Loans or who applied for their current loans prior to August 8, 2017.

***E-Sign Process.*** The Authority's electronic signature ("E-sign") process was designed and implemented to assure that e-signed promissory notes resulting from the NJCLASS application process (also conducted remotely via secure internet protocol) provide the Authority with assurances that all reasonable and necessary steps are taken to assure that the Authority holds a secured first lien interest in such promissory note and that the entire process, inclusive of borrowers/co-signers ceremony, file transfer, affixed e-signature and secure storage of the promissory note provide appropriate verification of the borrowers/co-signers, an unbroken and provable chain of custody, an unalterable record of the E-sign process and an unalterable promissory note all sufficient to satisfy any court of competent jurisdiction of the credibility of the process and authenticity of the e-signed promissory note. Prior to instituting its E-sign process, the Authority sought independent legal advice from nationally recognized experts in e-commerce process and e-litigation and implemented those controls and procedures identified by the e-commerce experts to assure compliance with applicable statutory law (such as the Electronic Signatures in Global and National Commerce Act ("ESIGN"), the New Jersey Uniform Electronic Transactions Act ("NJ UETA") and evidentiary principles applicable to the Federal Courts and New Jersey State Courts.

Based upon independent and detailed analysis of the Authority's NJCLASS E-sign process with regard to applicable legal requirements, the Authority's E-sign process results in loan documents, consent, and XML data transaction records that satisfy the definition of "electronic records" under both ESIGN and NJ UETA necessary to securitize the loans. Moreover, the E-sign process procedures capture signatures

within ESIGN and NJ UETA, and the procedures surrounding the capture of those signatures adequately capture borrower/co-signer intent, authentication and attribution. In addition, adequate controls are in place ensuring that loan documents are unalterable subsequent to initial execution and remain unalterable through Secure File Transfer Protocol (SFTP) to Computershare Trust Company, National Association, as verification agent. The entirety of the Authority's NJCLASS E-sign process complies with all regulatory requirements pursuant to the Truth In Lending Act also known as "Regulation Z" (15 U.S.C. 1601 *et seq.*).

***Loan Disbursement.*** In accordance with the Truth in Lending Act disclosures required for private education loans, the Authority generates a Pre-disbursement Loan Disclosure statement to all parties to the loan. The borrower is provided a three (3) day right to rescind period and no disbursements are permitted until after the rescission period has expired. The Authority disburses NJCLASS Loans in either one disbursement or multiple disbursements. Disbursements are made via Electronic Funds Transfer ("**EFT**") or paper check, depending upon the school's preference. EFT Funds are sent directly to the school. Check disbursements where the student is the borrower are made payable to and sent directly to the school. NJCLASS Loans may be canceled without penalty or interest after disbursement if the funds are returned to the Authority within sixty (60) days of the disbursement date.

## **Student Loan Terms**

***Student Eligibility and Credit Underwriting Criteria.*** The Authority's eligibility requirements for Standard NJCLASS Loans include that the borrower and co-signer (if necessary) must meet the NJCLASS Loan Program eligibility criteria described under the caption "Eligible Borrowers" above and one of the borrower(s) and/or co-signer(s) must demonstrate creditworthiness with a credit score of 670 or greater. In addition, the current minimum income restriction is \$40,000. Approximately 33% of NJCLASS Loans are made to Borrowers with incomes between \$40,000 and \$80,000, which generally reflects parent co-signer incomes. Borrowers and co-signers applying for fixed rate NJCLASS Loans and NJCLASS Consolidation Loans that have a credit score between 670 and 699 must meet a detailed satisfactory credit history review as reported on a standard credit report. Borrowers and co-signer with a credit score of 700 or greater will be credit pre-approved. Pursuant to the Second Supplemental Indenture, the Authority may not originate 2023 NJCLASS Loans (including NJCLASS ReFi+ Loans) with a credit score less than 670. The interest rate on the NJCLASS ReFi+ Loan will be based on the borrower's or co-obligor's credit score. Unless the Authority shall satisfy the Rating Agency Notice Conditions, the Authority may not originate from the proceeds of the Series 2023 Bonds and Recoveries of Principal, more than (i) \$57.0\* million of NJCLASS ReFi+ Loans to borrowers or co-obligors, as applicable, (ii) \$17.0\* million of NJCLASS ReFi+ Loans to Borrowers having a credit score between 670 and 719 and (ii) \$120.0\* million of a combination of Option 1 Loans with a 10-year term and Refi+ Loans with a 10-year term.

***Loan Payment Options.*** The Eligible Borrowers for NJCLASS Loans of all types, excluding NJCLASS Consolidation Loans, Variable Rate Ten Year Option 1 Loans and NJCLASS ReFi+ Loans, may request one of three payment options: (i) to pay principal and interest monthly immediately upon disbursement ("**Option 1 Loans**"); (ii) to pay only interest monthly while the student is in school at least half-time and thereafter pay principal and interest monthly ("**Option 2 Loans**"); or (iii) to defer principal and interest payments while the student is in school at least half-time and thereafter pay principal and interest monthly ("**Option 3 Loans**"). For Option 3 Loans, other than NJCLASS Medical/Dental Loans, deferred interest payments are capitalized and added to the original loan principal balance annually on December 31 of each year. The financing of Option 3 Loans with proceeds of Bonds are generally subject to certain limits (unless the Authority shall have satisfied the Rating Agency Notice Conditions). For purposes of the Series 2023 Bonds, the amount of originations for Option 3 Standard NJCLASS Loans are

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\* Preliminary; subject to change.

limited to up to \$25\* million, unless the Authority shall have satisfied the Rating Agency Notice Conditions. Option 3 Loans will carry an interest rate that is higher than Option 1 and Option 2 loans.

Standard NJCLASS Loans shall have the following repayment terms: (i) Option 1 Loans originated in 2019 and later must be repaid within ten (10) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment; (ii) Option 1 Loans originated prior to 2019 must be repaid within either ten (10) or fifteen (15) years, as applicable, of the first loan disbursement, inclusive of any authorized period of forbearance or deferment; (iii) Option 2 Loans must be repaid within fifteen (15) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment; (iv) Option 3 Loans must be repaid within twenty (20) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment, inclusive of any authorized period of forbearance or deferment; and (v) Variable Rate Ten Year Option 1 Loans must be repaid within ten (10) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment. Interest rates for Standard NJCLASS Loans will be fixed based on market rates at the time of issuance.\*

NJCLASS Consolidation Loans must be repaid within twenty-five (25) or thirty (30) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment.

NJCLASS ReFi+ Loans must be repaid within ten (10) or fifteen (15) years of the loan closing and repayment includes both principal and interest and is payable monthly.

The Administrative Rules applicable to NJCLASS Loans made after August 31, 1998 make the minimum acceptable monthly payment the amount required to fully repay an NJCLASS Loan in the maximum repayment period; however, the minimum acceptable monthly payment would not be less than \$50 per borrower for all of that borrower's NJCLASS Loans. For NJCLASS Loans in monthly interest-only payment, the minimum acceptable monthly payment is not less than \$10 per NJCLASS Loan. There is no penalty for prepayment of an NJCLASS Loan.

An Administrative Fee equal to one percent (1%) of the original principal amount of each NJCLASS Consolidation Loan originated with proceeds of the Series 2023 Bonds is added to the loan amount and retained by the Authority. There is no Administrative Fee charged for Standard NJCLASS Loans and NHCLASS ReFi+ Loans.

***Discount for Electronic Loan Payments.*** The Authority will offer a discount of 0.25% to certain qualifying borrowers of 2023 NJCLASS Loans who electronically submit re-occurring loan payments. The availability of this discount will be limited to a maximum of 30% of the outstanding principal balance of the 2023 NJCLASS Loans originated under the Indenture and 30% of the outstanding principal balance of the Transferred Loans.

***Deferments.*** The Authority will, upon receipt of required documentation, defer repayment of NJCLASS Loans in certain circumstances. Only the following six deferments are currently available: (i) full-time or half-time study; (ii) unemployment, (iii) service in an eligible internship or residency; (iv) active duty in the Armed Forces; (v) Peace Corps; and (vi) temporary total disability. In addition, the Authority is authorized to determine the maximum allowable time periods for each type of deferment. In any event, periods of authorized deferment do not extend the maximum loan repayment terms for NJCLASS Loans. The borrower must submit a request for deferment and provide documentation supporting his/her

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\* Interest rates for Standard NJCLASS Loans for years prior to 2018 were either: (i) fixed based on market rates at the time of issuance and increased by 0.75% (75 basis points) beginning with the borrower's forty-ninth (49th) month of principal repayment with respect to Option 1 Loans and Option 2 Loans and the borrower's thirteenth (13th) month of principal repayment with respect to Option 3 Loans (full deferral); or (ii) variable, solely with respect to the Variable Rate Ten Year Option 1 Loans, determined quarterly based on 3-Month LIBOR plus 4.25%, but subject to a 9.50% maximum rate.

request and his/her NJCLASS Loan account must be current. During periods of deferment, borrowers are permitted to make quarterly or monthly interest-only payments (in accordance with the promissory note terms and conditions) and defer payment of principal. Under the terms of the Fixed Rate Ten Year Option 1 Loan Program and the Variable Rate Ten Year Option 1 Loan Program, only limited deferment options are permitted. The Authority reserves the right to permit borrowers to defer payment of principal and interest during periods of deferment. In all cases except the temporary total disability of the student borrower, interest that accrues is the responsibility of the borrower and, if not paid during the deferment period, any accrued interest is capitalized. Pursuant to N.J.S.A. 18A:71C-31.3, in the event of the temporary total disability of the student borrower, payments of both principal and interest are deferred and interest does not accrue.

Under the Servicemembers Civil Relief Act, loans entered into by persons on active duty in military service prior to their period of active duty may bear interest at no more than six percent (6%) per year for the period of such person's active service. Accordingly, payments received by the Authority on NJCLASS Loans to a borrower who qualifies for such relief may be subject to such limitation during the borrower's period of active military duty.

**Forbearance.** Forbearance may be granted at the sole discretion of the Authority in cases where, because of temporary hardship or recent graduation status, a borrower is willing but unable to pay in accordance with the repayment schedule. Forbearance would not be authorized when the borrower is unwilling to pay. The borrower must submit a request for forbearance and provide other documentation supporting their request and their NJCLASS Loan account must be current. Upon receipt of a written request for forbearance of the principal payment from the Eligible Borrower or co-signer, forbearance will be granted for a period of time at the discretion of the Authority. In any event, periods of authorized forbearance do not extend the maximum loan repayment terms for NJCLASS Loans. During periods of forbearance, borrowers are permitted to make quarterly or monthly interest-only payments (in accordance with the promissory note terms and conditions) and defer payment of principal. Under the terms of the Fixed Rate Ten Year Option 1 Loan Program and the Variable Rate Ten Year Option 1 Loan Program, only limited forbearance options are permitted. The Authority reserves the right to permit borrowers to defer payment of principal and interest during periods of forbearance. In all cases, interest that accrues is the responsibility of the borrower and, if not paid during the forbearance period, any accrued interest is capitalized. See the caption "CERTAIN INVESTMENT CONSIDERATIONS—COVID-19 (Coronavirus Disease 2019)" herein.

**Repayment Assistance Program.** In order to better assist those families who suffer a material loss of income for a period of time during the life of their NJCLASS Loans, the Authority initiated a Repayment Assistance Program ("RAP"). Subject to the availability of funds, borrowers are eligible to participate in the program for a period of two years. The monthly payment amount on an eligible NJCLASS loan(s) shall be reduced to ten percent (10%) of the total of the household income of all of the parties to the NJCLASS Loan that exceeds on hundred fifty percent (150%) of the federal poverty guideline for their family size, with a minimum monthly payment of \$5. Interest that accrues during the RAP period will be paid by HESAA. All other payments received are applied to the reduction of the principal balance of the NJCLASS Loan. At the end of the RAP period, the regular monthly payment amount is recalculated based on the remaining principal balance of the NJCLASS Loan. With respect to Eligible Loans financed under the Indenture, the Authority will fund RAP in a monthly amount equal to the greater of (a) one twelfth (1/12<sup>th</sup>) of 0.05% per annum of the principal balance of the Financed Eligible Loans and (b) \$2,500. As such, the Authority believes the reserve it has created for RAP has been sized to cover expected utilization. NJCLASS ReFi+ Loans and Consolidation Loans are not eligible for RAP.

***Household Income Affordable Repayment Plan.*** Subject to available funds, new Standard NJCLASS Loans originated in the Indenture are eligible for the Household Income Affordable Repayment Plan (“**HIARP**”). NJCLASS ReFi+ Loans and Consolidation Loans are not eligible for HIARP. HIARP is available on a first-come, first-served basis.

The HIARP program provides payment relief when all parties to the NJCLASS Loan are facing financial hardship and have exhausted their RAP eligibility. Subject to the availability of funds and authorization, the monthly payment amount on an eligible loan(s) shall be reduced to 15% of the total household income of all of the parties to the NJCLASS Loan that exceeds 150% of the federal poverty guideline for their family size, with a minimum monthly payment of \$25. Upon qualification for admittance into HIARP the repayment term for NJCLASS Loans in HIARP will be extended to 25 years from the date of origination and any remaining balance at the end of 25 years will be forgiven, regardless of whether the NJCLASS Loan remains eligible for reduced monthly payments during the remainder of such extended term. Interest continues to accrue on the NJCLASS Loans in HIARP at the original rate, and annual certification and proof of need is required to remain eligible for reduced payments. If the parties no longer qualify for reduced payments, the repayment term shall remain at 25 years and the monthly repayment amount shall revert to the Standard Monthly Payment. Unpaid interest shall be capitalized upon return to the Standard Monthly Payment. The “Standard Monthly Payment” is determined when parties enter the HIARP program by capitalizing all unpaid interest and amortizing the remaining loan balance over the remaining original loan repayment term. With respect to Eligible Loans financed under the Indenture, the Authority will fund HIARP in an amount not to exceed \$4.5\* million.

***Death, Disability and Bankruptcy.*** If an Eligible Borrower dies or becomes totally and permanently disabled, the Authority may pursue any co-borrower or co-signer for repayment of the NJCLASS Loan except in the event of the death or total and permanent disability of the student beneficiary. If the student beneficiary dies or becomes totally and permanently disabled, the loans are forgiven for all parties to the NJCLASS Loan. See the captions “Loan Servicing—Defaults”; and “—Collections on Defaulted Loans—Authority Enforcement Procedures” below. If a petition for relief under Chapter 7 of the Bankruptcy Code has been filed by the Eligible Borrower, the Authority will seek collection from the co-signer. However, the Eligible Borrower will remain liable on the NJCLASS Loan to the extent the NJCLASS Loan is not discharged in bankruptcy or paid by the co-signer. It should be noted that the Bankruptcy Abuse Prevention and Consumer Protection Act (“**BAPCPA**”) preserved the changes made in the 1998 amendments to the Bankruptcy Code which had removed one of the two exceptions to non-dischargeability of student loans making it more difficult to discharge an NJCLASS Loan in bankruptcy. BAPCPA also makes clear that included within the meaning of educational loan (as used in the Bankruptcy Code) is a “qualified education loan, as defined in Section 221(d)(1) of the Code, incurred by a debtor who is an individual.”

***Rehabilitation.*** On April 25, 2019, Governor Murphy signed P.L. 2019 c.63 creating a program whereby defaulted NJCLASS borrowers can repair their credit. Pursuant to this law, if parties to a defaulted NJCLASS Loan make nine (9) on-time monthly payments over the course of ten (10) consecutive months pursuant to a settlement agreement entered into with the Authority through its collection counsel, the NJCLASS Loan shall be considered to be rehabilitated for the limited purpose of meeting the requirements of Title VI of the federal Economic Growth, Regulatory Relief, and Consumer Protection Act. In such circumstances, the Authority may submit reports to credit bureaus that such NJCLASS Loans are no longer defaulted and these reports will be deemed accurate under the federal Fair Credit Reporting Act. If, subsequent to meeting these provisions, the parties fail to continue to honor the obligations of the settlement agreement for at least 180 days, the NJCLASS Loan may no longer be considered rehabilitated for the

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\* Preliminary; subject to change.

limited purposes described above. A defaulted NJCLASS Loan may only be rehabilitated for the limited purposes described above one (1) time.

### **Loan Servicing and Collections**

After disbursement, the NJCLASS Loans will be serviced by the Authority, as servicer (in such capacity, the “**Servicer**”), pursuant to the terms and provision of an Acknowledgement of Servicing (the “**Acknowledgement of Servicing**”) between the Authority and the Trustee. The Authority may in the future contract with a loan servicer to provide such services for any or all Student Loans financed with the proceeds of Additional Bonds issued pursuant to the Indenture. The Authority will be paid a fee to act as Servicer, which fee will be a Program Expense. In an effort to continuously improve its efficiency, the Authority issued an RFP for the development, construction, and implementation of a new collections, loan accounting, and servicing system. The Authority is currently contracted with DecisivEdge (DE) for a new Oracle-based servicing platform to be maintained and operated by the Authority. It is the Authority’s intention to be migrating existing loans to the Collections, Loan Accounting and Servicing System (CLASS) in the summer of 2023 and continuing through the fall.

Throughout the project development, the Authority has maintained a very methodical user acceptance testing (UAT) process which includes shared screen interaction between the Authority staff and DE developers. This process provides collaborative real time testing scenarios and corrective action discussions. The Authority does not sign off on progression milestones until 100% success rates are ensured with each test scenario. Test failures are documented and submitted to DE via a ticket system and the vendor likewise provides the Authority documented solutions to the tickets. The Authority will be moving its existing portfolio to the CLASS platform in batches grouped by product type to mitigate potential errors that could impact borrower accounts. Those migrated files will not be put into a production environment until the Authority has performed another round of UAT. Additionally, the Authority will continue to operate the current mainframe system until it is confident the CLASS platform is operating as expected.

The Authority may be removed as the Servicer, or be required to engage subservicers, upon the occurrence of certain Events of Default under the Indenture or the failure of the Authority to perform its duties under the Acknowledgement of Servicing. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—Section 3.12—Loan Servicers and Servicing Acknowledgements)” hereto. In addition, all costs in connection with any transfer of servicing constitute Program Expenses for purposes of the Indenture.

**Loan Collection.** Except with respect to Option 2 Loans and Option 3 Loans, the Servicer will bill Eligible Borrowers monthly for principal and interest. With respect to an Option 2 Loan, the Servicer will bill Eligible Borrowers monthly for interest only during the in-school period and/or during applicable deferment or forbearance periods and will bill Eligible Borrowers with Option 2 Loans and Option 3 Loans monthly for principal and interest after a student’s less than half-time enrollment, withdrawal or graduation, or following expiration of deferment or forbearance period. To assist borrowers with the transition to repayment status, the Authority initiates a number of measures to remind and counsel borrowers of their repayment obligation. Borrowers in Option 2 Loan and Option 3 Loan repayment status are notified sixty (60) days prior to their repayment transition. This notice reminds borrowers of the distinctions between NJCLASS Loans and Federal Stafford Loans; specifically, that there is no 6-month grace period for NJCLASS Loans and that repayment begins immediately after graduation. Borrowers also receive repayment notification forty-five (45) days prior to their first payment due date and monthly bill statements are generated twenty (20) days prior to the payment due date. The Authority provides borrowers with a number of payment options, such as ACH payments, and credit card payments (via web). In September 2011, the Authority began offering NJCLASS Loan borrowers the option to make payments on their NJCLASS Loans via the Authority’s website. Since 2010, the Authority’s marketing efforts to potential

borrowers has included information about the benefits of making interest payments while in school and the Authority regularly contacts borrowers in Option 3 repayments to advise them of the benefit of making payments while in school to offset the amount of capitalized interest that accrues on the NJCLASS Loan and the potential cost savings over the life of the NJCLASS Loan.

If payments are not received on time, the Servicer will institute collection procedures consisting of repeated written notices to the borrower and co-signer(s) beginning after the first 21 days of delinquency and specified intervals thereafter through the 180<sup>th</sup> day of delinquency for an NJCLASS Loan payable in monthly installments and the 240<sup>th</sup> day of delinquency for an NJCLASS Loan payable in less frequent than monthly installments. Initial telephone calls to the borrower and co-signer(s) commence after the first 10 days of delinquency and, thereafter, occur at various intervals through the 180<sup>th</sup> day of delinquency for an NJCLASS Loan payable in monthly installments and the 240<sup>th</sup> day of delinquency for an NJCLASS Loan payable in less frequent than monthly installments. In addition, the Servicer will make reports to a national credit bureau regarding borrower delinquency and eventual default. As of December 31, 2022, the Authority was servicing approximately 85,065 loans under the NJCLASS Loan Program.

The Authority utilizes a variety of tools and techniques to enhance its servicing and collection efforts, including online access for borrowers and co-signers to NJCLASS Loan balance and status information, weekend and evening collections, and state-of-the-art web-based skip-tracing tools. The Authority is authorized by State law to initiate administrative wage garnishment action against any delinquent NJCLASS Loan borrower or co-signer, and the Authority may initiate this process when an account becomes 90 days delinquent. Additionally, students who receive grants under the auspices of the State's Tuition Aid Grant Program may lose their State grant if their NJCLASS Loans become delinquent.

**Defaults.** Under the NJCLASS Loan Program, when an NJCLASS Loan payable in (i) monthly installments reaches one hundred eighty (180) days of delinquency or (ii) less frequent than monthly installments reaches two hundred forty (240) days of delinquency, the Authority will declare the NJCLASS Loan to be in default (a "**Defaulted Loan**").

**Collections on Defaulted Loans—Authority Enforcement Procedures.** When an NJCLASS Loan becomes a Defaulted Loan, the Authority will process the Defaulted Loan for default collection. To improve collection efforts, the Authority has implemented measures such as filing suit, enforcing the New Jersey Set-Off Individual Liability Law, which allows the Authority to file a claim against State income tax refunds, property tax rebates and/or homestead rebates due defaulted borrowers and co-signers and garnishing the wages of State employees and other groups of public employees prior to default. In 1997, legislation was enacted allowing the Authority to offset State lottery prize winnings in excess of \$1,000. Further amendments to the Act and wage garnishment administrative rules expanded administrative wage garnishment to include employees of private sector employers (both New Jersey and non-New Jersey based) which can be initiated against all parties on the NJCLASS Loan prior to default, authorized filing suit against both borrowers and co-signers, and expanded information exchanges with other state agencies for collection purposes.

**Collections on Defaulted Loans—Application of Collections.** All amounts collected with respect to a Defaulted Loan, including principal, interest and other amounts collected ("**Gross Defaulted Loan Collections**"), will be deposited into the applicable account of the Revenue Fund. The Authority will keep an accounting of all Defaulted Loans in the Trust Estate, the Defaulted Loan Purchase Price (as defined herein) for such Defaulted Loans, and the aggregate Gross Defaulted Loan Collections deposited into the applicable account of the Revenue Fund. Once an amount of Gross Defaulted Loan Collections at least equal to the amount of unpaid principal and accrued interest on a Defaulted Loan as of the date such Defaulted Loan became a Defaulted Loan (including unpaid principal and accrued interest during the period of delinquency) ("**Defaulted Loan Purchase Price**") has been deposited into the Revenue Fund, such

amount will be deemed applied to pay the Defaulted Loan Purchase Price for Defaulted Loans in order from the Defaulted Loan that has been a Defaulted Loan for the longest period of time to the most recent Defaulted Loan and such Defaulted Loan will thereafter be removed from the portfolio of active Student Loans reported on the NJCLASS Loan Program accounting records and financial statements (“**Purchased Defaulted Loan**”). Any amounts collected with respect to a Purchased Defaulted Loan will be deemed to be Gross Defaulted Loan Collections and will be deposited into the Revenue Fund. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 5.6—Use of Revenue Fund Moneys to Purchase Defaulted Loans)” hereto. Under the Indenture the Authority is permitted to withdraw funds from the Indenture as a Program Expense in an amount not to exceed 30% of Gross Defaulted Loan Collections for the purpose of paying the costs and expenses of collection efforts.

### **Amendment of Loan Rates; Credit Criteria, Program Expense Budget**

The Indenture provides that various characteristics of the Authority’s NJCLASS Loan Program and the Student Loans to be made thereunder, including the permitted types of Student Loans, the deposits to various funds established under the Indenture, the interest rate to be borne by Student Loans originated or acquired with proceeds of the Series 2023 Bonds, the Program Expense budget and the credit criteria set forth in the Indenture to be used in evaluating loan applications, may be changed by the Authority without consent of or notice to the Bondholders. However, changes or amendments to the Loan Rates or the Credit Criteria and Program Expense budget (each as defined in the Indenture) are subject to certain conditions as described below.

***Loan Rates.*** Any lowering of the Loan Rates is subject to the delivery to the Trustee of: (i) a Cash Flow Statement taking into account such amendment; (ii) a Bond Counsel’s opinion to the effect that the revised interest rate is authorized or permitted under the Act and the Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2023 Bonds; and (iii) a Rating Agency Confirmation from S&P; provided that, if Additional Bonds are issued under the Indenture, or any additional student loan revenue bonds of the Authority are issued from any other indenture of trust between the Authority and a trustee to finance the acquisition or origination of student loans, prior to the end of the Origination Period or the Recycling Period, whichever is later, to fund Eligible Loans for academic year 2023/2024, then, at the option of the Authority, NJCLASS Loans to be originated with remaining proceeds of the Series 2023 Bonds from and after the issue date of such additional student loan revenue bonds shall be originated at the same loan rates as those established for the additional student loan revenue bonds, from and after the issue date of such additional student loan revenue bonds through the remainder of the Origination Period, if the Authority shall have satisfied the Rating Agency Notice Conditions.

***Amendment of Credit Criteria.*** Any amendment to the credit criteria is subject to the Authority satisfying the Rating Agency Notice Conditions with respect to such criteria changes.

### **Authority Covenants**

The Authority has covenanted in the Indenture to, among other things, with all practical dispatch and in a sound and economical manner consistent in all respects with the provisions of the Indenture and sound banking practices and principles: (i) use and apply the proceeds of the Series 2023 Bonds, to the extent not reasonably or otherwise required for other purposes of the NJCLASS Loan Program, to finance Student Loans pursuant to the Indenture or to pay other obligations of the Authority required to be paid under the Indenture; (ii) do all such acts and things as shall be necessary to receive and collect Revenues and Recoveries of Principal sufficient to pay the Series 2023 Bonds; and (iii) diligently enforce, and take

all steps, actions and proceedings reasonably necessary in the judgment of the Authority to protect its rights with respect to and to enforce all terms, covenants and conditions of Student Loans.

### **Program Expenses**

The Program Expenses (including servicing fees of the Authority, costs and expenses incurred by the Authority in connection with collecting Defaulted Loans, as well as fees, expenses and indemnities paid to others to administer the Loan Finance Program) of the Authority incurred in carrying out and administering the Loan Finance Program shall be provided for, if not from other sources of the Authority, from Revenues and Recoveries of Principal and may be paid out of the Student Loan Fund prior to the making of any Student Loans and may be paid prior to the payment of principal and interest on any Bonds, including the Series 2023 Bonds. On July 1 of each year, any Program Expenses listed on Schedule D to the Second Supplemental Indenture for the prior fiscal year reserved from cash flow and not expended to pay Program Expenses may be deposited into the 2023 Revenue Account and applied as set forth in the Second Supplemental Indenture and in Section 5.5(A) of the Trust Indenture. Any change to the Program Expenses listed on Schedule D to the Second Supplemental Indenture requested by the Authority shall be subject to the delivery by the Authority of a Cash Flow Statement to the Trustee and satisfaction of the Rating Agency Notice Conditions. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Second Supplemental Indenture—SCHEDULE D—PROGRAM EXPENSES”) hereto.

### **Federal Student Loan Programs**

The Higher Education Act provides for a program of (a) direct federal insurance of student loans (“**FISLP**”) and (b) reinsurance of Federal Family Education Loan Program Loans (“**FFELP Loans**”) guaranteed or insured by a state agency or private non-profit corporation (the “**FFEL Program**”). Several types of loans were authorized as FFELP Loans pursuant to the FFEL Program. These include: (a) loans to students with respect to which the federal government makes interest payments available to reduce student interest cost during periods of enrollment (“**Subsidized Federal Stafford Loans**”); (b) loans to students with respect to which the federal government does not make such interest payments (“**Unsubsidized Federal Stafford Loans**” and, collectively with Subsidized Federal Stafford Loans, “**Federal Stafford Loans**”); (c) supplemental loans to parents of dependent students (“**Federal PLUS Loans**”); (d) supplemental loans to graduate students (“**Federal Graduate PLUS Loans**”); and (e) loans to fund payment and consolidation of certain of the borrower’s obligations (“**Federal Consolidation Loans**”). Prior to July 1, 1994, the FFEL Program also included a separate type of loan to graduate and professional students and independent undergraduate students and, under certain circumstances, dependent undergraduate students to supplement their Stafford Loans (“**Federal Supplemental Loans for Students**” or “**Federal SLS Loans**”).

Title II of the Health Care and Education Reconciliation Act of 2010 (Pub.L. 111-152) signed into law by President Barack Obama on March 30, 2010 contains various student loan reforms including the termination of the process of the federal government giving subsidies to private banks to originate federally insured loans and, instead, the loans will be administered directly by the Department of Education. As a result, the Authority has not originated or acquired FFELP Loans after June 30, 2010.

As a supplemental student loan and refinancing program, the NJCLASS Loan Program does not directly compete with Federal Direct Student Loans, with the exception of the Federal Direct PLUS program. The Authority maintains close relationships with New Jersey institutions that participate in the Federal Direct Student Loan Program. For example, the NJCLASS Loan Program has achieved on-line certification for NJCLASS Loans for many institutions and has developed the capability for disbursement of NJCLASS Loan proceeds via electronic funds transfer.

No assurance can be given that the Higher Education Act or other relevant federal or State laws, rules and regulations and the programs implemented thereunder will not be amended or modified in the future in a manner which might adversely impact the Authority's Loan Finance Program, or might adversely affect the availability and flow of funds to the Authority or the overall financial condition of the Authority. Existing legislation and future measures to reduce the federal budget deficit or for other purposes may affect the amount and nature of federal financial assistance available to students in a manner which may affect demand for the NJCLASS Loan Program.

### **LEGALITY FOR INVESTMENT AND DEPOSIT**

The Series 2023 Bonds are securities in which the State and all political subdivisions of the State, their officers, boards, commissions, departments or other agencies, banks, savings banks, savings and loan associations, investment companies, all insurance companies, insurance associations and all administrators, guardians, executors, trustees, other fiduciaries, and all other persons who are authorized to invest in bonds, notes or other obligations of the State, may properly and legally invest any funds, including capital belonging to them or within their control.

The Series 2023 Bonds are securities which may properly and legally be deposited with and received by any State or municipal officers or agency of the State for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

### **CERTAIN NJCLASS PROGRAM STATISTICAL DATA—[CHARTS TO BE UPDATED]**

The following tables represent historical statistical data on the Authority's NJCLASS Loan Program. The information set forth in the following tables is presented for historical purposes only. The information is compiled from the Authority's experience administering the NJCLASS Loan Program. **However, no assurance can be given that the Authority will originate 2023 NJCLASS Loans or Student Loans in a manner consistent with the presented tables.**

#### **NJCLASS Cosigners**

As of December 31, 2022, 85,065 active Standard NJCLASS Loans with a principal balance of approximately \$1.17 billion were outstanding. Of these, [redacted]% of had more than one person responsible for repayment of the loan. Also as of such date, [redacted] active NJCLASS Consolidation and NJCLASS ReFi+ Loans with a current principal amount of approximately \$[redacted] million were outstanding. Of these, [redacted]% had more than one person responsible for repayment of the loan.

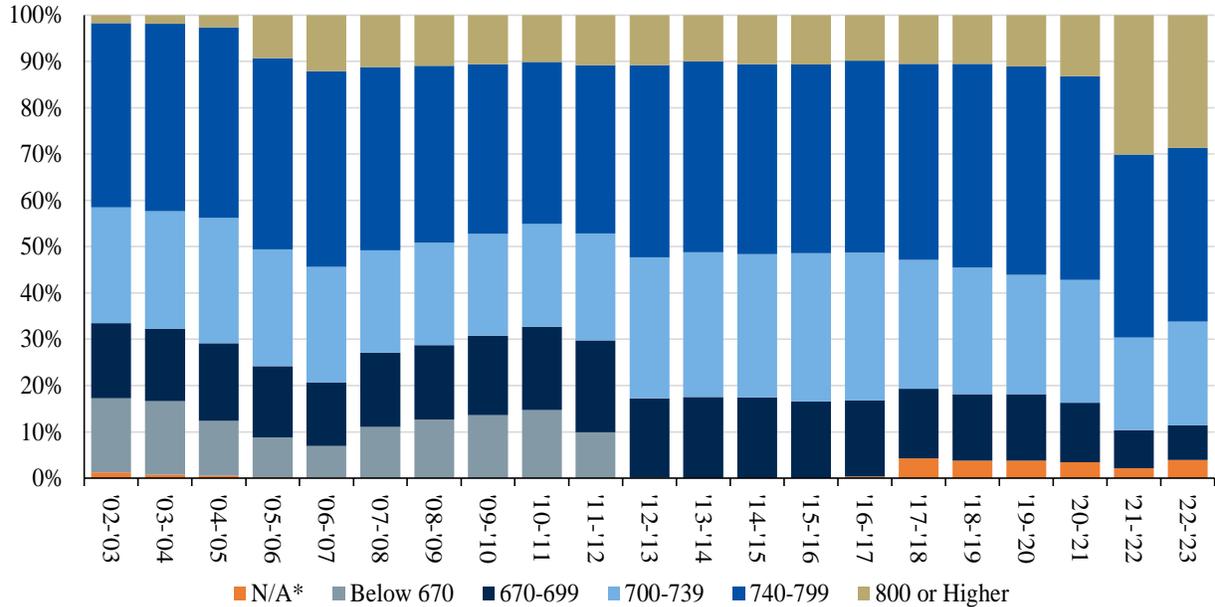
NJCLASS Graduate/Professional Loans and NJCLASS Medical/Dental Loans are credit ready loans that do not require co-signers or co-borrowers. As of December 31, 2022, [redacted] active NJCLASS Graduate/Professional Loans and NJCLASS Medical/Dental Loans with a principal balance of approximately \$[redacted] million were outstanding, none of which had more than one borrower responsible for repayment of the loan.

#### **NJCLASS Loan Disbursements by FICO Score**

The chart below sets forth the distribution of credit scores on or about the date of application among NJCLASS Loans, NJCLASS Consolidation Loans, and NJCLASS ReFi+ Loans disbursed from July 1, 2002 through December 31, 2022. In June of 2021 the Authority transitioned from the FICO 5 credit scoring model, which it had been using for over two decades, to the FICO 10 credit scoring model, which was first introduced in 2020. While both credit scoring models utilize information provided by Equifax, the Authority has no way to predict whether or not the transition to the FICO 10 scoring model will produce

results similar to the FICO 5 scoring model with respect to credit approvals for, and the future repayment performance of, NJCLASS Loans.

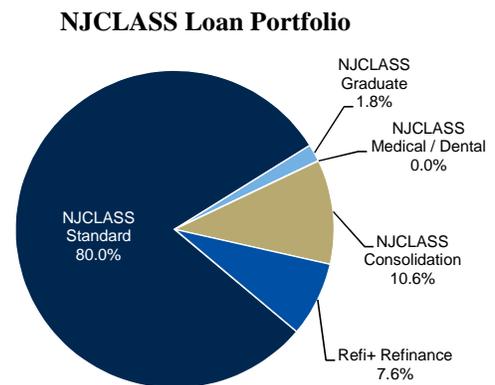
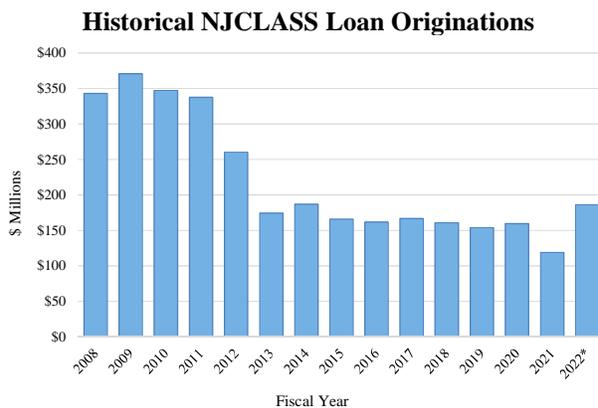
### Historical NJCLASS Loan Disbursements by FICO Score and Academic Year of Origination



\*FICO Not Available or Not Required

### NJCLASS Loan Volume and Outstanding Balance by Loan Type **[To be updated]**

The chart below left illustrates historical NJCLASS Loan disbursements beginning with the 2007-08 academic year through March 31<sup>st</sup> of the 2022–23 academic year. The chart below right illustrates, as of December 31, 2022, the percentage of the aggregate outstanding principal balance of all NJCLASS Loans outstanding as of such date that are represented by the various categories of NJCLASS Loans.

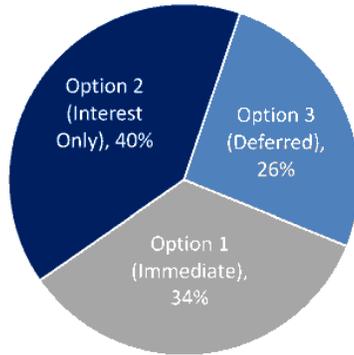


\* Partial year figure, through March 31, 2023

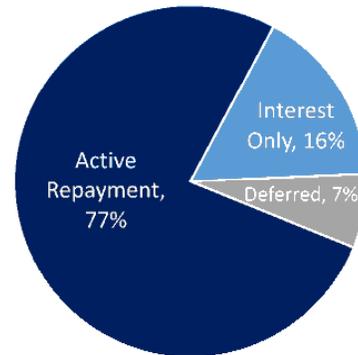
## NJCLASS Loan Repayment Status and Delinquency Information

The following information compares the Authority’s Standard NJCLASS Loan portfolio between the original payment plan selected by the borrower at the time of disbursement and the current repayment status of such loans. Such information is as of December 31, 2022 and encompasses approximately \$1.17 billion in outstanding principal balance of Standard NJCLASS Loans outstanding as of such date.

**Standard NJCLASS Portfolio: Original Status**

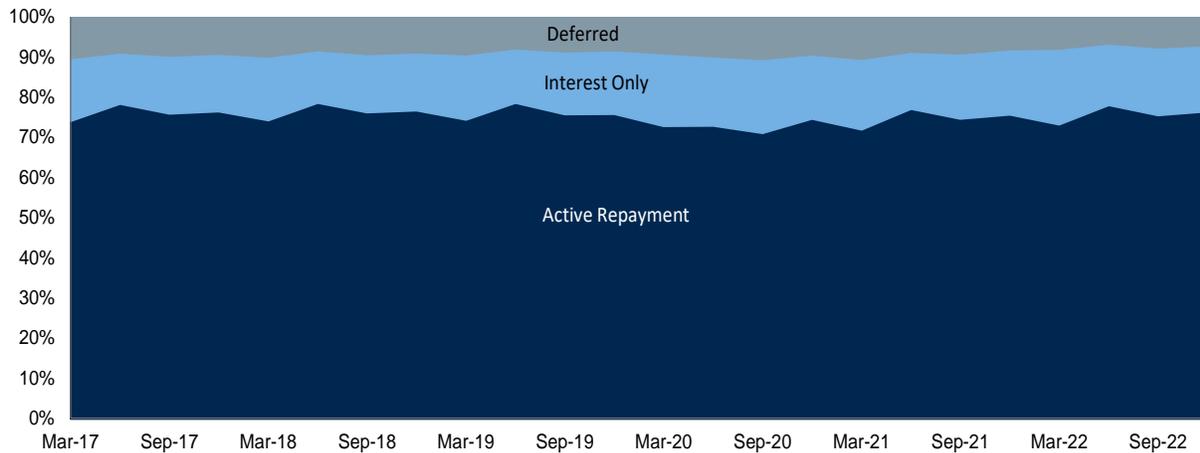


**Standard NJCLASS Portfolio: Current Status**



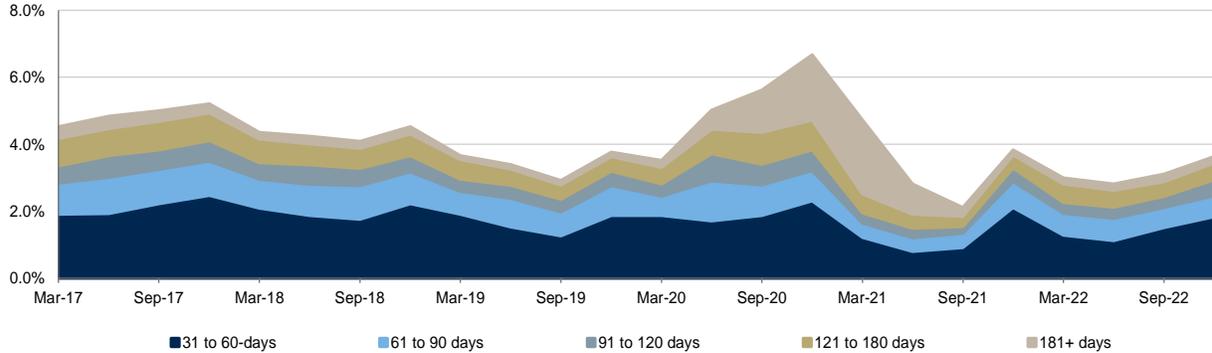
The following information summarizes the Authority’s Standard NJCLASS Loan portfolio by repayment status, by calendar quarter, from the beginning of 2017 through December 31, 2022.

**Standard NJCLASS Portfolio Repayment Status History**



The following information summarizes the recent delinquency history of the Authority’s Standard NJCLASS Loan portfolio. Such information is presented by calendar quarter from the beginning of 2017 through December 31, 2022.

**Standard NJCLASS Portfolio Delinquency History**



In response to the COVID-19 Emergency, between March 2020 and June 2021, the Authority ceased placing loans that reached 180 days past due into default. This caused a temporary increase in the balance of loans in the 181+ delinquent category.

**NJCLASS Loan Default and Recovery Information [To be updated]**

The following table contains information concerning the historical default and recovery data for all NJCLASS Loans originated by the Authority since the inception of the NJCLASS Loan Program, and for all NJCLASS Loans originated and financed under the Authority’s active indentures, consisting of the 2010-1 Indenture, the 2012 Indenture, the 2018 Indenture, the 2019 Indenture and the Indenture (collectively, the “Current Indentures”). Such information is as of December 31, 2022, and shows the cumulative amounts disbursed, the dollar amount and percentage of cumulative principal and interest defaults, the dollar amount and percentage of cumulative principal recoveries to date, and the percentage of net defaults experienced to date.

	<u>Cumulative</u>		<u>Current Indentures</u>	
	Principal Amount	% of Loans Disbursed	Principal Amount	% of Loans Disbursed
<b>Total Loans Disbursed in All Indentures (including Loans Now in Default)</b>				
Original Principal & Interest Charged off at Default				
Less: Total Collected Principal of Above				
<b>Total Principal Defaults Outstanding</b>				
Collections of Interest Accruing Post Default				
Recovery of Additional Charges				
Total Gross Collections from Defaults				
Collections Costs				
<b>Total Net Collections from Defaults</b>				

The following table sets forth a statistical analysis of gross defaults for all fixed-rate Standard NJCLASS Loans (Option 1, Option 2 and Option 3), NJCLASS Consolidation Loans and NJCLASS ReFi+ Loans. Such information includes the periodic and cumulative gross default rates for each repayment year cohort from 2003 through 2021, by the year of repayment such defaults occurred. In this table, the date of

default is deemed to be the earlier of (a) the day the loan exceeded 180 days of non-payment or (b) the date on which the loan was charged off for other reasons, such as borrower death or disability. Such analysis is as of December 31, 2022 and includes data for NJCLASS Loans with a credit score of 670 or above as of a date near the date of application.

### Composite NJCLASS Loan Static Pool Default History

Repayment Year	Balance Entering Repayment (\$ millions)	Year of Repayment															Total Defaults as % of Repayment Balance	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		15+
2003	\$62.1	0.00%	0.04%	0.39%	0.52%	0.79%	0.80%	0.58%	0.76%	0.52%	0.74%	0.33%	0.14%	0.09%	0.12%	0.01%	0.07%	5.89%
2004	76.9	0.00%	0.36%	0.92%	0.60%	1.00%	0.90%	1.04%	0.66%	0.76%	0.72%	0.18%	0.15%	0.11%	0.07%	0.09%	0.08%	7.63%
2005	102.2	0.00%	0.27%	0.53%	0.91%	0.53%	0.75%	0.86%	0.82%	0.76%	0.38%	0.33%	0.20%	0.08%	0.12%	0.10%	0.22%	6.85%
2006	170.2	0.00%	0.37%	0.76%	0.88%	0.89%	0.88%	1.30%	0.79%	0.28%	0.33%	0.22%	0.15%	0.29%	0.13%	0.12%	0.22%	7.60%
2007	216.9	0.00%	0.47%	1.06%	1.11%	1.08%	1.29%	0.81%	0.58%	0.42%	0.31%	0.28%	0.19%	0.25%	0.10%	0.14%	0.16%	8.25%
2008	264.1	0.00%	0.18%	1.39%	1.30%	1.74%	1.00%	0.59%	0.42%	0.41%	0.52%	0.31%	0.20%	0.14%	0.14%	0.07%	-	8.40%
2009	283.0	0.00%	0.41%	1.75%	2.27%	1.66%	0.86%	0.59%	0.50%	0.56%	0.45%	0.31%	0.21%	0.22%	0.12%	-	-	9.91%
2010	393.3	0.00%	0.67%	3.40%	2.42%	1.16%	0.85%	0.80%	0.75%	0.59%	0.32%	0.30%	0.31%	0.19%	-	-	-	11.78%
2011	414.4	0.02%	0.58%	2.82%	1.18%	1.03%	1.08%	0.67%	0.64%	0.56%	0.43%	0.31%	0.21%	-	-	-	-	9.52%
2012	304.8	0.00%	0.53%	1.34%	1.13%	1.10%	1.02%	0.75%	0.54%	0.39%	0.25%	0.09%	-	-	-	-	-	7.14%
2013	273.2	0.01%	0.26%	1.24%	0.94%	1.02%	0.97%	0.48%	0.36%	0.35%	0.23%	-	-	-	-	-	-	5.86%
2014	237.3	0.01%	0.16%	1.25%	1.09%	0.84%	0.53%	0.41%	0.49%	0.26%	-	-	-	-	-	-	-	5.03%
2015	188.7	0.01%	0.16%	0.57%	0.69%	0.40%	0.38%	0.36%	0.43%	-	-	-	-	-	-	-	-	3.01%
2016	184.7	0.00%	0.12%	0.62%	0.57%	0.41%	0.52%	0.28%	-	-	-	-	-	-	-	-	-	2.51%
2017	197.4	0.00%	0.02%	0.32%	0.69%	0.50%	0.47%	-	-	-	-	-	-	-	-	-	-	2.01%
2018	200.7	0.00%	0.07%	0.22%	0.82%	0.26%	-	-	-	-	-	-	-	-	-	-	-	1.37%
2019	195.7	0.00%	0.07%	0.36%	0.32%	-	-	-	-	-	-	-	-	-	-	-	-	0.75%
2020	167.8	0.00%	0.23%	0.35%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.59%
2021	172.6	0.00%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%
<b>TOTAL</b>	<b>\$4,106.1</b>																	<b>6.15%</b>

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The following three tables set forth a statistical analysis of gross defaults for all fixed-rate Standard NJCLASS Loans which were originally subject to either immediate repayment (Option 1 Loans), interest only payments (Option 2 Loans) or Deferred Payments (Option 3 Loans) for each repayment year cohort from 2003 through 2021, by the year of repayment such defaults occurred. Such analysis is as of December 31, 2022 and includes data for NJCLASS Loans with a credit score of 670 or above as of a date near the date of application.

**Standard NJCLASS Loan Static Pool Default History: Option 1 Only (Immediate Repayment)**

Repayment Year	Balance Entering Repayment (\$ millions)	Year of Repayment															Total Defaults as % of Repayment Balance	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		15+
2003	\$13.0	0.00%	0.03%	0.05%	0.22%	0.48%	0.32%	0.45%	0.17%	0.49%	0.64%	0.29%	0.19%	0.12%	0.22%	0.02%	0.04%	3.72%
2004	13.0	0.00%	0.02%	0.14%	0.21%	0.65%	0.48%	0.51%	0.29%	0.47%	0.56%	0.16%	0.00%	0.09%	0.07%	0.05%	0.10%	3.79%
2005	13.1	0.00%	0.00%	0.36%	0.50%	0.23%	0.54%	0.44%	0.65%	0.78%	0.21%	0.17%	0.21%	0.11%	0.11%	0.14%	0.14%	4.59%
2006	31.6	0.00%	0.01%	0.00%	0.18%	0.60%	0.62%	0.77%	0.49%	0.16%	0.19%	0.42%	0.10%	0.29%	0.24%	0.18%	0.22%	4.46%
2007	42.9	0.00%	0.00%	0.08%	0.32%	0.34%	0.56%	0.59%	0.37%	0.39%	0.34%	0.18%	0.32%	0.28%	0.10%	0.05%	0.14%	4.06%
2008	38.1	0.00%	0.02%	0.24%	0.65%	0.55%	0.90%	0.28%	0.23%	0.36%	0.26%	0.32%	0.20%	0.05%	0.05%	0.20%	-	4.33%
2009	31.8	0.00%	0.10%	0.64%	0.74%	0.87%	0.38%	0.29%	0.22%	0.23%	0.42%	0.37%	0.15%	0.10%	0.30%	-	-	4.82%
2010	50.2	0.00%	0.08%	1.30%	0.85%	0.52%	0.59%	0.41%	0.25%	0.36%	0.12%	0.06%	0.09%	0.10%	-	-	-	4.75%
2011	43.3	0.00%	0.22%	0.77%	0.71%	0.90%	0.28%	0.54%	0.52%	0.22%	0.05%	0.11%	0.19%	-	-	-	-	4.52%
2012	35.5	0.00%	0.00%	0.53%	0.58%	0.42%	0.72%	0.22%	0.26%	0.07%	0.24%	0.07%	-	-	-	-	-	3.11%
2013	48.3	0.00%	0.02%	0.30%	0.56%	0.18%	0.35%	0.29%	0.15%	0.21%	0.08%	-	-	-	-	-	-	2.14%
2014	37.2	0.00%	0.00%	0.27%	0.27%	0.27%	0.24%	0.05%	0.34%	0.05%	-	-	-	-	-	-	-	1.48%
2015	36.8	0.00%	0.06%	0.22%	0.22%	0.26%	0.27%	0.42%	0.22%	-	-	-	-	-	-	-	-	1.66%
2016	43.1	0.00%	0.08%	0.25%	0.39%	0.49%	0.54%	0.17%	-	-	-	-	-	-	-	-	-	1.93%
2017	41.9	0.00%	0.00%	0.10%	0.31%	0.42%	0.22%	-	-	-	-	-	-	-	-	-	-	1.06%
2018	39.7	0.00%	0.00%	0.15%	0.41%	0.15%	-	-	-	-	-	-	-	-	-	-	-	0.70%
2019	37.7	0.00%	0.00%	0.42%	0.13%	-	-	-	-	-	-	-	-	-	-	-	-	0.55%
2020	30.9	0.00%	0.05%	0.20%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.25%
2021	25.6	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
<b>TOTAL</b>	<b>\$653.6</b>																	<b>2.66%</b>

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The following table sets forth a statistical analysis of gross defaults for all fixed-rate Standard NJCLASS Loans which were originally subject to interest only payments during the in-school and grace periods (Option 2 Loans).

**Standard NJCLASS Loan Static Pool Default History: Option 2 Only (Interest Only Payments)**

Repayment Year	Balance Entering Repayment (\$ millions)	Year of Repayment															Total Defaults as % of Repayment Balance	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		15+
2003	\$36.2	0.00%	0.01%	0.17%	0.44%	0.58%	0.75%	0.60%	0.91%	0.49%	0.82%	0.34%	0.17%	0.09%	0.09%	0.01%	0.08%	5.55%
2004	37.2	0.00%	0.00%	0.33%	0.22%	0.80%	0.71%	0.83%	0.67%	0.84%	0.83%	0.18%	0.23%	0.09%	0.08%	0.14%	0.13%	6.07%
2005	41.1	0.00%	0.03%	0.13%	0.38%	0.35%	0.63%	1.16%	1.04%	0.78%	0.38%	0.37%	0.13%	0.13%	0.20%	0.11%	0.03%	5.87%
2006	60.9	0.00%	0.00%	0.11%	0.51%	0.65%	1.14%	1.31%	1.19%	0.44%	0.31%	0.25%	0.20%	0.30%	0.10%	0.11%	0.17%	6.79%
2007	79.1	0.00%	0.00%	0.10%	0.48%	1.04%	1.19%	1.11%	0.87%	0.45%	0.40%	0.26%	0.15%	0.16%	0.17%	0.06%	0.20%	6.64%
2008	83.1	0.00%	0.00%	0.31%	0.64%	1.08%	1.19%	0.75%	0.49%	0.57%	0.41%	0.28%	0.25%	0.18%	0.18%	0.07%	-	6.38%
2009	106.3	0.00%	0.10%	0.83%	1.59%	1.62%	0.75%	0.77%	0.67%	0.45%	0.44%	0.32%	0.23%	0.24%	0.11%	-	-	8.12%
2010	113.6	0.00%	0.03%	1.61%	1.97%	0.97%	0.89%	0.96%	0.53%	0.56%	0.45%	0.29%	0.31%	0.15%	-	-	-	8.71%
2011	132.9	0.00%	0.23%	1.26%	1.14%	0.80%	1.29%	0.58%	0.65%	0.51%	0.36%	0.25%	0.19%	-	-	-	-	7.25%
2012	103.0	0.00%	0.13%	0.47%	0.73%	1.13%	0.99%	0.67%	0.48%	0.28%	0.32%	0.15%	-	-	-	-	-	5.34%
2013	93.0	0.00%	0.03%	0.33%	0.67%	0.99%	0.75%	0.42%	0.30%	0.49%	0.13%	-	-	-	-	-	-	4.11%
2014	87.9	0.00%	0.04%	0.60%	0.86%	0.61%	0.67%	0.30%	0.41%	0.33%	-	-	-	-	-	-	-	3.82%
2015	75.2	0.00%	0.00%	0.21%	0.43%	0.42%	0.23%	0.34%	0.26%	-	-	-	-	-	-	-	-	1.89%
2016	81.2	0.00%	0.00%	0.11%	0.52%	0.31%	0.52%	0.33%	-	-	-	-	-	-	-	-	-	1.79%
2017	79.1	0.00%	0.00%	0.07%	0.16%	0.48%	0.27%	-	-	-	-	-	-	-	-	-	-	0.99%
2018	77.2	0.00%	0.04%	0.05%	0.37%	0.24%	-	-	-	-	-	-	-	-	-	-	-	0.70%
2019	90.6	0.00%	0.00%	0.18%	0.28%	-	-	-	-	-	-	-	-	-	-	-	-	0.46%
2020	65.5	0.00%	0.05%	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.20%
2021	50.3	0.00%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
<b>TOTAL</b>	<b>\$1,493.4</b>																	<b>4.48%</b>

The following table sets forth a statistical analysis of gross defaults for all fixed-rate Standard NJCLASS Loans which were originally subject fully deferred interest payments during the in-school and grace periods (Option 3 Loans).

**Standard NJCLASS Loan Static Pool Default History: Option 3 Only (Deferred Interest)**

Repayment Year	Balance Entering Repayment (\$ millions)	Year of Repayment															Total Defaults as % of Repayment Balance	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		15+
2003	\$12.9	0.00%	0.16%	1.35%	1.05%	1.70%	1.40%	0.66%	0.92%	0.61%	0.61%	0.36%	0.00%	0.05%	0.09%	0.02%	0.05%	9.03%
2004	26.7	0.00%	1.03%	2.13%	1.32%	1.44%	1.37%	1.59%	0.82%	0.79%	0.65%	0.19%	0.10%	0.15%	0.05%	0.03%	0.00%	11.67%
2005	37.3	0.00%	0.71%	1.18%	1.89%	0.99%	0.91%	0.79%	0.68%	0.85%	0.25%	0.43%	0.19%	0.04%	0.07%	0.02%	0.01%	8.98%
2006	53.5	0.00%	1.16%	2.24%	1.87%	1.45%	1.02%	1.61%	0.52%	0.15%	0.39%	0.18%	0.18%	0.11%	0.06%	0.01%	0.10%	11.06%
2007	68.0	0.00%	1.50%	3.10%	2.24%	1.40%	1.92%	0.78%	0.32%	0.41%	0.25%	0.35%	0.12%	0.14%	0.02%	0.12%	0.03%	12.70%
2008	113.5	0.00%	0.39%	2.61%	2.09%	2.33%	1.13%	0.55%	0.51%	0.37%	0.63%	0.31%	0.19%	0.06%	0.15%	0.04%	-	11.35%
2009	132.8	0.00%	0.78%	2.90%	3.27%	1.98%	1.11%	0.56%	0.48%	0.65%	0.47%	0.26%	0.23%	0.24%	0.09%	-	-	13.02%
2010	215.0	0.00%	1.09%	5.07%	3.15%	1.31%	0.93%	0.65%	1.04%	0.63%	0.29%	0.35%	0.38%	0.22%	-	-	-	15.11%
2011	206.0	0.03%	0.97%	4.56%	1.45%	1.17%	1.16%	0.80%	0.75%	0.67%	0.58%	0.41%	0.25%	-	-	-	-	12.83%
2012	147.0	0.00%	0.89%	2.32%	1.57%	1.27%	1.07%	0.97%	0.61%	0.59%	0.22%	0.07%	-	-	-	-	-	9.59%
2013	107.0	0.02%	0.63%	2.36%	1.50%	1.55%	1.61%	0.74%	0.52%	0.29%	0.32%	-	-	-	-	-	-	9.53%
2014	85.4	0.02%	0.29%	2.38%	1.89%	1.19%	0.58%	0.50%	0.34%	0.20%	-	-	-	-	-	-	-	7.39%
2015	57.8	0.05%	0.47%	1.32%	1.28%	0.59%	0.59%	0.35%	0.75%	-	-	-	-	-	-	-	-	5.40%
2016	44.2	0.00%	0.41%	2.16%	1.04%	0.53%	0.57%	0.26%	-	-	-	-	-	-	-	-	-	4.97%
2017	49.1	0.00%	0.00%	1.01%	1.65%	0.55%	0.61%	-	-	-	-	-	-	-	-	-	-	3.82%
2018	46.2	0.00%	0.23%	0.66%	1.48%	0.42%	-	-	-	-	-	-	-	-	-	-	-	2.78%
2019	39.8	0.00%	0.34%	0.79%	0.70%	-	-	-	-	-	-	-	-	-	-	-	-	1.83%
2020	38.0	0.00%	0.90%	1.13%	-	-	-	-	-	-	-	-	-	-	-	-	-	2.03%
2021	34.7	0.00%	0.17%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.17%
<b>TOTAL</b>	<b>\$1,514.8</b>																	<b>10.03%</b>

The table below sets forth historical recovery information for all defaulted NJCLASS loans by the year of default and year of recovery, expressed as the amount recovered (which includes accrued interest and fees) as a percentage of the original principal amount that defaulted. Such information is as of December 31, 2022 and includes data for NJCLASS Loans with a credit score of 670 or above as of a date near the date of application.

### NJCLASS Program Static Pool Recovery History<sup>(1)</sup>

Year of Default	Defaulted Principal Amount (\$ millions)	Year of Recovery																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2003	\$0.1	0.1%	23.7%	29.2%	38.2%	47.5%	63.7%	77.5%	82.9%	86.4%	89.2%	91.3%	92.0%	93.1%	93.9%	96.0%	99.8%	105.0%
2004	0.8	0.0%	18.6%	37.4%	52.8%	60.5%	66.5%	77.2%	81.1%	83.7%	92.6%	93.7%	95.0%	96.4%	97.2%	97.9%	98.5%	100.3%
2005	1.8	8.2%	30.6%	55.9%	69.0%	82.2%	90.9%	95.8%	100.6%	105.0%	107.7%	111.2%	117.8%	119.6%	121.4%	122.7%	123.7%	125.1%
2006	2.5	10.5%	42.8%	60.6%	70.0%	75.9%	79.5%	85.5%	88.0%	90.3%	92.1%	94.1%	96.4%	97.9%	99.1%	100.0%	101.1%	-
2007	5.1	5.0%	27.3%	40.2%	50.9%	59.0%	65.6%	73.3%	79.6%	85.2%	89.7%	93.4%	96.3%	99.2%	102.2%	103.5%	-	-
2008	6.5	5.8%	20.0%	30.1%	38.3%	45.0%	51.8%	57.1%	64.5%	70.8%	76.2%	79.2%	82.0%	84.1%	86.4%	-	-	-
2009	11.8	5.3%	16.1%	27.2%	36.2%	43.6%	49.9%	58.1%	65.3%	70.9%	74.9%	79.2%	82.3%	84.7%	-	-	-	-
2010	17.5	0.5%	10.0%	19.2%	27.3%	34.0%	42.1%	50.4%	57.6%	63.1%	67.4%	71.9%	75.5%	-	-	-	-	-
2011	35.8	5.4%	18.0%	27.5%	35.7%	45.5%	53.1%	59.3%	64.6%	69.8%	73.9%	77.6%	-	-	-	-	-	-
2012	36.4	4.7%	15.6%	24.1%	32.7%	40.8%	49.2%	56.2%	61.7%	66.5%	70.7%	-	-	-	-	-	-	-
2013	21.5	2.9%	11.5%	20.7%	29.2%	35.9%	41.7%	47.4%	51.9%	55.8%	-	-	-	-	-	-	-	-
2014	20.2	3.3%	13.7%	24.5%	31.7%	38.8%	46.5%	52.4%	57.7%	-	-	-	-	-	-	-	-	-
2015	21.6	3.0%	10.6%	19.3%	28.2%	36.0%	42.2%	47.1%	-	-	-	-	-	-	-	-	-	-
2016	20.1	3.3%	11.7%	19.7%	27.6%	33.8%	39.7%	-	-	-	-	-	-	-	-	-	-	-
2017	18.2	4.3%	13.8%	20.9%	27.0%	32.5%	-	-	-	-	-	-	-	-	-	-	-	-
2018	13.2	4.7%	15.8%	21.5%	28.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	11.4	2.3%	7.3%	10.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	12.4	0.0%	2.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021	8.5	3.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$265.4</b>																	

<sup>(1)</sup> The recovery percentages provided in the table above are based upon gross collected receipts. Up to an additional 30% of such gross receipts are removed to pay for collection costs.

### STUDENT LOANS

The following information is a description of certain characteristics of the portfolio of Eligible Loans presently held within the Trust Estate established pursuant to the Indenture and approximately \$55.7\* million of the Transferred NJCLASS Loans which will be transferred to the Indenture simultaneously with the issuance of the Series 2023 Bonds, all as of December 31, 2022. The composition of currently pledged Eligible Loans will change, additional Eligible Loans are expected to be originated and acquired with the proceeds of the Series 2023 Bonds, and further additional Eligible Loans may be originated with recycling funds until April 1, 2025. See also APPENDIX D—“AUDITED FINANCIAL STATEMENTS FOR THE NJCLASS/FFELP LOAN PROGRAMS AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021” hereto for information as of June 30, 2022. *The percentages set forth in the tables below may not always add to 100.0% and balances may not always add up to the total amount indicated due to rounding.*

All references in the following tables to payment options shall have the following meanings: (i) Option 1 Loans—monthly payment of principal and interest beginning within sixty (60) days of disbursement or NJCLASS Loans that are now in full payment mode; (ii) Option 2 Loans—monthly payment of interest only while the student is in school at least half-time and thereafter monthly payment of

\* Preliminary; subject to change.

principal and interest; and (iii) Option 3 Loans—deferral of principal and interest payments while the student is in school at least half-time and thereafter monthly payment of principal and interest.

**Composition of Existing Student Loans and Transferred NJCLASS Loans  
As of December 31, 2022**

Aggregate Principal Balance	\$180,791,048
Aggregate Accrued Interest to Capitalize	
Aggregate Outstanding Balance	
Number of Borrowers	10,501
Average Outstanding Principal Balance Per Borrower	\$17,217
Number of Loans	12,577
Average Outstanding Principal Balance Per Loan	\$14,375
Weighted Average Remaining Term (Months)	139.43
Weighted Average Term Since Origination (Months)	
Weighted Average Gross Interest Rate	
Weighted ACH Interest Rate Reduction	
Weighted Average Net Interest Rate	
Weighted Average Annual Interest Rate (Fifth Year of Principal Repayment) <sup>1</sup>	
Weighted Average FICO Score at Origination	755

<sup>1</sup> Interest rates for certain transferred NJCLASS Loans were fixed based on market rates at the time of issuance and increase by 0.75% (75 basis points) beginning with the borrower’s forty-ninth (49th) month of principal repayment for the transferred NJCLASS Loans.

**Existing Student Loans and Transferred NJCLASS Loans by Loan Type  
As of December 31, 2022**

Loan Type	Number of Loans	Principal Outstanding	Percent of Total Principal
NJCLASS Standard Fixed Rate	11,501	\$135,178,834	74.8%
NJCLASS Graduate/Professional	232	2,259,070	1.2
NJCLASS Consolidation	344	20,512,449	11.3
NJCLASS ReFi+	<u>500</u>	<u>22,840,695</u>	<u>12.6</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

\* More than 0.00% but less than 0.05%.

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**Existing Student Loans and Transferred NJCLASS Loans by Remaining Term  
As of December 31, 2022**

<b>Remaining Term</b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
Less than 49	241	\$ 1,671,722	1.0%
49 to 60	1,607	10,341,248	5.7
61 to 72	1,902	13,182,127	7.3
73 to 84	1,200	9,387,962	5.2
85 to 96	1,143	11,004,786	6.1
97 to 108	1,417	29,000,604	16.0
109 to 120	566	7,936,098	4.4
121 to 150	1,543	25,560,686	14.1
151 to 180	1,658	32,854,176	18.2
181 to 210	651	14,437,055	8.0
211 to 240	490	12,999,166	7.2
241 or more	<u>188</u>	<u>12,415,418</u>	<u>6.8</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Interest Repayment Option  
As of December 31, 2022**

<b>Original Repayment Option</b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
Option 1 (Full Repayment)	2,504	\$ 62,469,340	34.6%
Option 2 (Interest Only Repayment)	7,341	74,422,829	41.2
Option 3 (Full Deferral)	<u>2,732</u>	<u>43,898,879</u>	<u>24.3</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Current Repayment Option  
As of December 31, 2022**

<b>Current Repayment Option</b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
Option 1 (Full Repayment)	9,519	\$126,503,359	70.0%
Option 2 (Interest Only Repayment)	2,245	35,545,636	19.7
Option 3 (Full Deferral)	<u>813</u>	<u>18,742,052</u>	<u>10.4</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Current Gross Interest Rate  
As of December 31, 2022**

<b>Current Gross Interest Rate</b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
Less than 2.000%	22	\$ 338,897	0.2%
2.000% to 2.999%	1,236	22,407,188	12.4
3.000% to 3.999%	2,392	49,802,459	27.5
4.000% to 4.999%	993	24,104,639	13.3
5.000% to 5.999%	295	4,623,342	2.6
6.000% to 6.999%	664	8,656,668	4.8
7.000% to 7.999%	4,498	36,352,620	20.1
8.000% to 8.999%	2,476	34,476,970	19.1
9.000% to 9.999%	<u>1</u>	<u>28,265</u>	<u>0.0</u>
<b>Total:</b>	<u><b>12,577</b></u>	<u><b>\$180,791,048</b></u>	<u><b>100.0%</b></u>

\* More than 0.00% but less than 0.05%.

**Existing Student Loans and Transferred NJCLASS Loans by Borrower Rate Type  
As of December 31, 2022**

<b>Borrower Rate Type</b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
Fixed Rate, No Step-up	11,891	\$173,116,977	95.8%
Fixed Rate with Step-up	<u>686</u>	<u>7,674,071</u>	<u>4.2</u>
<b>Total:</b>	<u><b>12,577</b></u>	<u><b>\$180,791,048</b></u>	<u><b>100.0%</b></u>

**Existing Student Loans and Transferred NJCLASS Loans by Current ACH<sup>1</sup> Utilization  
As of December 31, 2022**

<b>Current ACH Utilization</b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
0.000% ACH	11,801	\$163,244,186	90.3%
0.250% ACH	724	17,269,696	9.6
0.500% ACH	<u>52</u>	<u>277,166</u>	<u>0.2</u>
<b>Total:</b>	<u><b>12,577</b></u>	<u><b>\$180,791,048</b></u>	<u><b>100.0%</b></u>

<sup>1</sup> Automated clearing house (ACH) is an electronic funds transfer system that facilitates payments for qualifying borrowers of 2021 NJCLASS Loans who electronically submit re occurring loan payments to the Authority.

**Existing Student Loans and Transferred NJCLASS Loans by FICO Score  
As of December 31, 2022**

<b>FICO Score<sup>1</sup></b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
Unknown	20	\$ 1,461,392	0.8%
Below 670	244	2,468,694	1.4
670-699	1,926	24,061,567	13.3
700-739	3,228	45,983,981	25.4
740-799	4,884	69,236,032	38.3
800-850	<u>2,275</u>	<u>37,579,382</u>	<u>20.8</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

<sup>1</sup> Weighted Average FICO Score is 739.

**Existing Student Loans and Transferred NJCLASS Loans by Co-signer or Co-Borrower  
As of December 31, 2022**

<b>Co-signer or Co-Borrower</b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
Co-signed and/or Co-borrowed	11,208	\$149,297,999	82.6%
Not Co-signed and Not Co-borrowed	<u>1,369</u>	<u>31,493,049</u>	<u>17.4</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by School Type  
As of December 31, 2022**

<b>School Type</b>	<b>Number of Loans</b>	<b>Principal Outstanding</b>	<b>Percent of Total Principal</b>
4-Year or Graduate	11,046	\$132,064,371	73.0%
2-Year	147	681,677	0.4
Vocational/Proprietary	539	4,685,638	2.6
Unknown (Consolidation)	844	43,353,144	24.0
Unknown (Non-Consolidation)	<u>1</u>	<u>6,219</u>	<u>0.0</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Delinquency  
As of December 31, 2022**

Delinquency	Number of Loans	Principal Outstanding	Percent of Total Principal
In Deferment or Forbearance	835	\$ 19,080,950	10.6%
0-30 days	11,244	155,615,120	86.1
31-60 days	238	2,903,632	1.6
61-90 days	86	1,022,285	0.6
91-120 days	82	915,981	0.5
121-150 days	42	515,390	0.3
151-180 days	27	332,300	0.2
< 181 days	<u>23</u>	<u>405,390</u>	<u>0.2</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

**Existing Student Loans and Transferred Loans by Number of Payments Made  
As of December 31, 2022**

Number of Payments Made	Number of Loans	Principal Outstanding	Percent of Total Principal
0 to 12 months	2,421	\$ 43,926,588	24.3%
13 to 24 months	2,523	59,333,409	32.8
25 to 36 months	99	2,083,287	1.2
37 to 48 months	99	1,873,108	1.0
49 to 60 months	159	2,325,958	1.3
61 to 72 months	290	3,552,197	2.0
73 to 84 months	438	4,936,724	2.7
85 to 96 months	703	6,937,969	3.8
97 to 108 months	1,772	16,506,190	9.1
109 to 120 months	1,908	18,344,971	10.1
120 months or more	<u>2,165</u>	<u>20,970,647</u>	<u>11.6</u>
Total:	<u>12,577</u>	<u>\$180,791,048</u>	<u>100.0%</u>

**TAX MATTERS**

**Exclusion of Interest on the Series 2023 Bonds From Gross Income for Federal Tax Purposes**

*General.* The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Series 2023 Bonds in order to assure that interest on the Series 2023 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Authority to comply with such requirements may cause interest on the Series 2023 Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2023 Bonds. The Authority will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Series 2023 Bonds, as to various tax requirements. The Authority has covenanted to comply with the provisions of the Code applicable to the Series 2023 Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Series 2023 Bonds to lose the exclusion

from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Authority with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Series 2023 Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Series 2023 Bonds for the purposes of alternative minimum tax.

Assuming the Authority observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Authority ("Bond Counsel"), is of the opinion that, under existing law, interest on the Series 2023 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Series 2023 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2023 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Series 2023 Bonds ends with the issuance of the Series 2023 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the owners of the Series 2023 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2023 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2023 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2023 Bonds.

Payments of interest on tax-exempt obligations, including the Series 2023 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2023 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

***Original Issue Discount.*** Certain maturities of the Series 2023 Bonds may be sold at an initial offering price less than the principal amount payable on such Series 2023 Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax

purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

***Original Issue Premium.*** Certain maturities of the Series 2023 Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

***Additional Federal Income Tax Consequences of Holding the Series 2023 Bonds.*** Prospective purchasers of the Series 2023 Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2023 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Series 2023 Bonds from gross income pursuant to Section 103 of the Code and interest on the Series 2023 Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2023 Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Series 2023 Bonds.

***Changes in Federal Tax Law Regarding the Series 2023 Bonds.*** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2023 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2023 Bonds will not have an adverse effect on the tax status of interest on the Series 2023 Bonds or the market value or marketability of the Series 2023 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2023 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

## **State Taxation**

Bond Counsel is of the opinion that, based upon existing law, interest on the Series 2023 Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE SERIES 2023 BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE SERIES 2023 BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE SERIES 2023 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

### **ABSENCE OF CERTAIN LITIGATION**

There is no controversy or litigation of any nature pending or, to the Authority's knowledge, threatened, to restrain or enjoin the execution and delivery of the Indenture, issuance, sale, execution or delivery of the Series 2023 Bonds, or in any way contesting or affecting the validity of the Series 2023 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2023 Bonds or existence or powers of the Authority.

### **LEGALITY**

The legality of the authorization, issuance and sale of the Series 2023 Bonds is subject to the approving opinion of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Authority, in substantially the form attached as APPENDIX B hereto. Certain legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Denver, Colorado.

### **VERIFICATION**

[Robert Thomas CPA, LLC], an independent verification agent, will deliver to the Authority, on or before the settlement date for the Series 2023 Bonds, a verification report indicating that it has examined certain information and assertions provided by the Underwriters. Included in the scope of its examination will be: (i) a verification of the mathematical accuracy of the mathematical computations of the sufficiency of the initial cash deposit to pay, when due, the principal, interest and redemption price requirements of the Bonds to be Refunded; and (ii) a mathematical computation as to yield supporting the conclusion the Senior Series 2023A Bonds will not be "arbitrage bonds" under the Code.

### **UNDERWRITING**

Under a bond purchase contract (the "**Bond Purchase Agreement**") entered into between the Authority and RBC Capital Markets, LLC, as representative (the "**Representative**") of the underwriters listed on the front cover page hereof (collectively, the "**Underwriters**"), the Series 2023 Bonds are being purchased at an aggregate purchase price equal to \$\_\_\_\_\_ (consisting of the aggregate principal amount of the Series 2023 Bonds of \$\_\_\_\_\_, plus a net original issue premium of \$\_\_\_\_\_). The Underwriters will receive an underwriting fee for the Series 2023 Bonds in the amount of \$\_\_\_\_\_, payable from other available funds of the Authority. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2023 Bonds, if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2023 Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Series 2023 Bonds are being offered for sale to the public at the initial public offering prices shown on the inside front cover page of this Official Statement. The Underwriters reserve the right to lower

such initial offering prices as they deem necessary in connection with the marketing of the Series 2023 Bonds. The Underwriters may offer and sell the Series 2023 Bonds to certain dealers (including dealers depositing such Series 2023 Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower than the initial public offering price or prices stated on the inside front cover page of this Official Statement. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2023 Bonds to the public. The obligation of the Underwriters to accept delivery of the Series 2023 Bonds is subject to the terms and conditions set forth in the Bond Purchase Agreement, the approval of legal matters by counsel and other conditions. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2023 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various advisory and investment management services for the Authority, for which they received or will receive customary fees and expenses. If such advisory and investment management activities are undertaken, the Underwriters will have the obligation to meet their fair dealing or fiduciary duties, as the case may be, to the Authority, under applicable laws and regulations.

In the ordinary course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their affiliates may also communicate independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Any such purchases, trades, or reports occur in the ordinary course of the various business activities of the Underwriters and their affiliates, and are separate and distinct from the obligations of the Underwriters to meet their fair dealing or fiduciary duties, as the case may be, to the Authority, under applicable laws and regulations.

## RATINGS

Delivery of the Series 2023 Bonds is conditioned upon assignment by S&P Global Ratings (“**S&P**” or the “**Rating Agency**”) of its expected bond rating of “AA (sf)” to the Senior Series 2023 Bonds and of “BBB (sf)” to the Subordinate Series 2023C Bonds.

Such ratings reflect only the views of S&P at the time such ratings were given and the Authority makes no representation as to the appropriateness of the ratings. An explanation of the significance of such ratings can only be obtained from the S&P. There is no assurance that a particular rating will continue for

any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2023 Bonds. The ratings are not a recommendation to buy or sell the Series 2023 Bonds and are not a comment as to the suitability of the Series 2023 Bonds for any investor.

## ANNUAL FINANCIAL STATEMENTS

The financial statements of the Authority as of and for the years ended June 30, 2022 and June 30, 2021 contained in APPENDIX D—“AUDITED FINANCIAL STATEMENTS FOR THE NJCLASS/FFELP LOAN PROGRAMS AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021” hereto have been audited by CliftonLarsonAllen LLP, in its capacity as Independent Auditor, as stated in their reports appearing therein.

## FINANCIAL ADVISOR

Hilltop Securities Inc. (“**Hilltop Securities**”) is employed as Financial Advisor to the Authority in connection with the issuance of the Series 2023 Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Series 2023 Bonds is contingent upon the issuance and delivery of the Series 2023 Bonds. Hilltop Securities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2023 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

## CONTINUING DISCLOSURE

Upon the issuance and delivery of the Series 2023 Bonds, the Authority will enter into an agreement (the “**Continuing Disclosure Agreement**”) with the Trustee, as dissemination agent, for the benefit of the holders of the Series 2023 Bonds, to comply with the secondary market disclosure requirements of the United States Securities and Exchange Commission’s Rule 15c2-12 (“**SEC Rule 15c2-12**”). Pursuant to the Continuing Disclosure Agreement, the Authority has covenanted to provide certain summary financial and operating data information relating to the Authority and the Loan Finance Program set forth in the Official Statement, its audits and quarterly Servicing Reports required pursuant to Section 4.4 of the Second Supplemental Indenture (collectively, the “**Annual Information**”), to the Municipal Securities Rulemaking Board (“**MSRB**”) through its electronic data program, Electronic Municipal Market Access (“**EMMA**”), or such other program required by SEC Rule 15c2-12. Further, the Authority has covenanted to provide notices of occurrence of certain enumerated events, as set forth in the Continuing Disclosure Agreement. The Trustee, acting as dissemination agent, shall file such notices on behalf of the Authority with the MSRB through EMMA. The form of Continuing Disclosure Agreement for the Series 2023 Bonds is set forth in APPENDIX C hereto.

Except as described herein, the Authority has not in the past five years failed to file the required Annual Information in a timely manner with the MSRB uploaded to EMMA for previously issued Bonds of the Authority. The Authority failed to timely file the Quarterly Report due June 1, 2019 with respect to the Authority’s Student Loan Revenue Bonds, Series 2010-FFELP. On July 16, 2017, S&P Investors

Service published notice of an upgrade of the rating that it had previously assigned to multiple of the Authority's prior bond issues, including the Authority's Student Loan Revenue Bonds, 2008 Series A. The Authority did not file notice of the 2008 Series A rating action until May 4, 2020. On February 28, 2019, S&P Global Ratings published notice of an upgrade of the rating that it had previously assigned to the Authority's Student Loan Revenue Bonds, 2009 Series A. The Authority did not file notice of this rating action until May 21, 2019. As of the date of this Official Statement, the Authority has made all necessary filings to comply in all material respects with all existing undertakings to provide continuing disclosure in accordance with the provisions of SEC Rule 15c2-12.

### **QUARTERLY REPORTING**

In addition to its obligations under the Continuing Disclosure Agreement, the Authority has agreed in the Second Supplemental Indenture that, not later than each Quarterly Report Date, it shall file with the Municipal Securities Rulemaking Board through EMMA a copy of the Servicing Report which the Authority is required to file with the Trustee and the Rating Agency pursuant to Section 4.4(A) of the Second Supplemental Indenture. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES"—(Second Supplemental Indenture—Section 4.4—Report to Rating Agency)" hereto.

### **MISCELLANEOUS**

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2023 Bonds.

The Indenture provides that all covenants, stipulations, promises, agreements and obligations of the Authority contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any officer, director or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Series 2023 Bonds or for any claim based thereon or on the Indenture against any officer or employee of the Authority or against any person executing the Series 2023 Bonds. The Act further provides that neither the members of the Authority nor any person executing bonds or notes issued by the Authority nor any officer or employee of the Authority shall be liable personally on such bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

HIGHER EDUCATION STUDENT ASSISTANCE  
AUTHORITY

By: \_\_\_\_\_  
Gerald V. Traino,  
Chief Financial Officer

Dated: April \_\_, 2023

**APPENDIX A**

**FORMS OF TRUST INDENTURE AND  
SUPPLEMENTAL INDENTURES**

**APPENDIX B**  
**FORM OF BOND COUNSEL OPINION**

**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

**APPENDIX D**

**AUDITED FINANCIAL STATEMENTS FOR THE NJCLASS/FFELP  
LOAN PROGRAMS AS OF AND FOR THE FISCAL YEARS  
ENDED JUNE 30, 2022 AND JUNE 30, 2021**

**APPENDIX E**

**SUMMARY OF BONDS TO BE REFUNDED**

Student Loan Revenue Bonds, Series 2012-1

<b>Maturity Date (December 1)</b>	<b>CUSIP Number</b>	<b>Outstanding Amount</b>
2023	646080NY3	\$1,915,000
2024	646080NZ0	1,800,000
2025	646080PA3	2,390,000
2026	646080PB1	2,220,000
2028	646080PD7	2,465,000
2029	646080PE5	2,070,000
2030	646080PF2	1,450,000
2039	646080PG0	11,000,000

Student Loan Revenue Bonds, Series 2013-1

<b>Maturity Date (December 1)</b>	<b>CUSIP Number</b>	<b>Outstanding Amount</b>
2023	646080PS4	\$2,045,000
2024	646080PT2	2,165,000
2025	646080PU9	2,045,000
2026	646080PV7	1,785,000
2028	646080PX3	1,720,000
2029	646080PY1	890,000
2031	646080PZ8	890,000
2035	646080QA2	890,000
2043	646080QB0	20,000,000

## APPENDIX F

### WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2023B BONDS MATURING DECEMBER 1, 2044

*The following information with respect to the Senior Series 2023B Bonds maturing December 1, 2044 has been prepared by the Authority and its agents. No representation is made by the Authority or any of its agents concerning the actual average life of the Senior Series 2023B Bonds maturing December 1, 2044, or the Student Loans and how each compares to the various forward-looking average life estimates herein.*

*Prospective purchasers of the Senior Series 2023B Bonds maturing December 1, 2044 are urged to base their decisions whether to purchase the Senior Series 2023B Bonds maturing December 1, 2044, upon the purchaser's own determinations about anticipated rates of prepayments with respect to the Student Loans and the estimated weighted average life of the Senior Series 2023B Bonds maturing December 1, 2044. There can be no assurance that actual results will not vary substantially from the assumptions presented in this Appendix F.*

Prepayments of loans may be measured by a variety of prepayment standards or models. The primary model used herein is the constant prepayment rate and is referred to herein as the “CPR” model. The CPR Model is based on prepayments assumed to occur at a constant percentage rate. CPR represents a constant rate of prepayment on Student Loans each month relative to the then outstanding aggregate principal balance of Student Loans for the life of such Student Loans.

The CPR model does not purport to describe historical prepayment experience or to predict the prepayment rate of any actual student loan pool. The Student Loans pledged under the Indenture should not be expected to prepay according to the CPR, nor will all of the Student Loans pledged under the Indenture prepay at the same rate.

In addition to prepayments, there are several other factors that affect the weighted average life of the Senior Series 2023B Bonds maturing December 1, 2044. These factors include, but are not limited to:

- the amount and timing of the loans originated based on loan product type;
- for deferred loan products, the number of months for the loan to move from in-school status to repayment status;
- the percentage of the loans that may enter into forbearance status as well as the length of time such loans would remain in that status (See the caption “CERTAIN INVESTMENT CONSIDERATIONS—COVID-19 (Coronavirus Disease 2019)” herein.);
- the utilization rate of RAP and HIARP benefits and ACH rate reductions; and
- the default rate (and timing thereof) experienced by the loans as well as the recovery rate (and timing thereof) on defaulted loans.

The table below indicates the Weighted Average Life (“WAL”) of the Senior Series 2023B Bonds maturing December 1, 2044, based on the assumption that Student Loans prepay at the respective indicated percentages of CPR (the “CPR Prepayment Assumption Rates”). It is unlikely that Student Loans will prepay at any of the CPR Prepayment Assumption Rates presented, and the timing of changes in the rate of prepayments actually experienced on Student Loans is unlikely to follow the pattern described for the CPR Prepayment Assumption Rates presented.

The WAL is likely to vary, perhaps significantly, from that set forth in the table below due to the differences between the actual rate of prepayments on Student Loans and the assumptions described herein.

**Estimated Weighted Average Life of Senior Series 2023B Bonds Maturing December 1, 2044  
at Various Percentages of the CPR**

<b>Prepayment Speed/Cash Flow Scenario</b>	<b>Estimated WAL (Years)</b>	<b>First Bond Retirement Date</b>	<b>Last Bond Retirement Date</b>	<b>Average Maturity Date</b>
0% CPR				
2% CPR				
4% CPR				
6% CPR				
8% CPR				
10% CPR				
12% CPR				

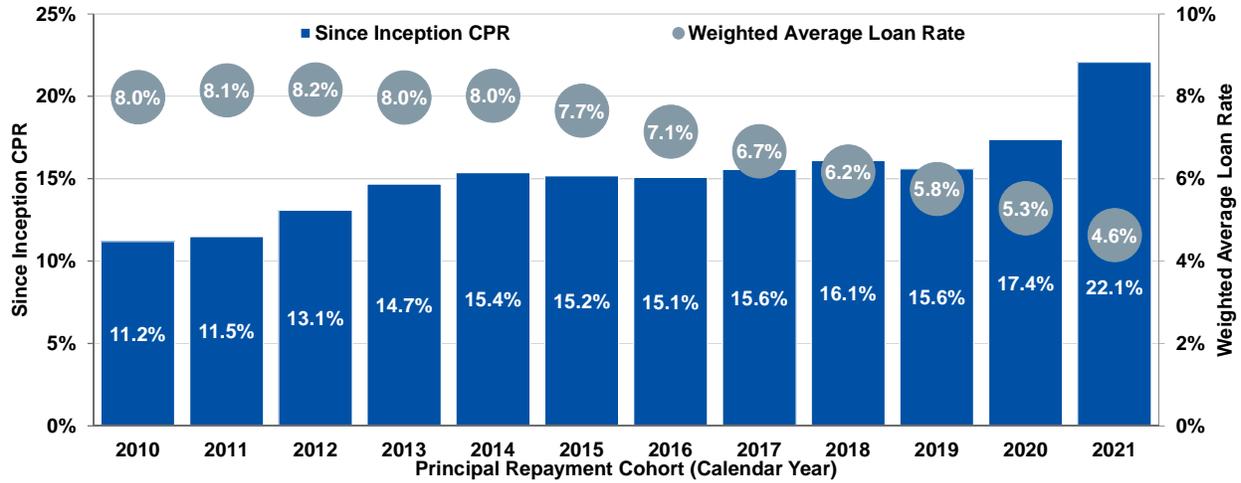
WAL is influenced by, among other things, the initial parity ratio, cash releases, actual prepayments, bond interest rates, bond redemptions, reinvestment income, the future path of interest rates, Authority loan interest rates and borrower repayment plans selected, the amount and timing of loans originated, including recycling (if any), borrower delinquencies and defaults, default recoveries, program expenses, compliance with IRS yield restrictions and the issuance of additional bonds in the future. Actual results may vary from assumptions made in the base case.

The following assumptions were used in estimating the WAL of the Senior Series 2023B Bonds maturing December 1, 2044:

- WAL is computed from the expected dated date for the Series 2023 Bonds.
- WAL assumes the Authority mandatorily redeems Series 2023 Bonds from Excess Revenue, releases cash in the amounts and at the times permitted under the Indenture, and does not optionally redeem Series 2023 Bonds.
- WAL assumes the Authority uses Series 2023 Bond proceeds to originate loans through April 1, 2025 and recycles principal receipts.
- All CPR runs above assume a 5.0% default rate spread evenly over the first five years of repayment, no delinquencies, deferment or forbearance, and that the interest rate on cash reinvestment is assumed to be 1.50%.

See also the captions “THE SERIES 2023 BONDS—Redemption Provisions—*Special Optional Redemption from Excess Revenue*” and “—*Special Mandatory Redemption from Excess Revenue*” in the body of this Official Statement.

*Historical Prepayment Information.* The Authority has estimated the “since-inception CPR” of loans entering repayment status since 2010 using the following methodology. NJCLASS loans were separated into cohorts by loan type and calendar year entering repayment of principal and interest and defaulted loans were eliminated. For the remaining loans, a since-inception constant prepayment rate was imputed for each cohort on the basis of the dollar amount entering repayment, the weighted average loan rate and weighted average remaining term at the time of origination, and the performing principal balance as of December 31, 2022. The since-inception CPRs and weighted average loan rates reported for each calendar year below are the dollar-weighted average of the applicable cohorts of Standard NJCLASS Ten-Year Option 1, Option 2, and Option 3, Consolidation, and Refi+ Loans. [Chart to be updated]



\$ \_\_\_\_\_  
**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**(State of New Jersey)**  
**STUDENT LOAN REVENUE AND REFUNDING BONDS, SERIES 2023**  
**consisting of**  
\$ \_\_\_\_\_ **Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT)**  
\$ \_\_\_\_\_ **Senior Student Loan Revenue Bonds, Series 2023B (AMT)**  
**and**  
\$ \_\_\_\_\_ **Subordinate Student Loan Revenue Bonds, Series 2023C (AMT)**

**BOND PURCHASE CONTRACT**

April \_\_, 2023

Higher Education Student Assistance Authority  
4 Quakerbridge Plaza  
P.O. Box 545  
Trenton, New Jersey 08625

Ladies and Gentlemen:

RBC Capital Markets, LLC (the “Representative”), as representative acting for and on behalf of itself and the underwriters named in the list attached hereto and incorporated herein by this reference as Schedule I (the Representative and said underwriter are referred to collectively as the “Underwriters”) hereby offers to enter into this contract (the “Purchase Contract”) with the Higher Education Student Assistance Authority (the “Authority”), which, upon the Authority’s acceptance of this offer, will be binding upon the Authority and upon the Underwriters. This offer is made subject to acceptance by your execution and delivery of this Purchase Contract to the undersigned at or before 10:00 a.m., Eastern time, on the date hereof.

1. **AGREEMENT TO PURCHASE AND SELL.** Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2023, consisting of: (i) \$\_\_\_\_\_ aggregate principal amount of Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT) (the “Senior Series 2023A Bonds”); (ii) \$\_\_\_\_\_ aggregate principal amount of Senior Student Loan Revenue Bonds, Series 2023B (AMT) (the “Senior Series 2023B Bonds” and, together with the Senior Series 2023A Bonds, the “Senior Series 2023 Bonds”); and (iii) \$\_\_\_\_\_ Subordinate Student Loan Revenue Bonds, Series 2023C (AMT) (the “Subordinate Series 2023 Bonds” and, together with the Senior Series 2023 Bonds, the “Series 2023 Bonds”), at an aggregate purchase price of \$\_\_\_\_\_ (the “Purchase Price”) (consisting of the aggregate principal amount of the Series 2023 Bonds, plus net original issue premium of \$\_\_\_\_\_). The Underwriters’ fee, in the amount of \$\_\_\_\_\_, will be paid from other available funds of the Authority. The Authority shall retain \$50,000 of the Underwriters’

fee which shall be released upon satisfaction by the Underwriters of the conditions set forth in Paragraph 9(d) hereof).

Each Series of the Series 2023 Bonds will be issued in the respective principal amounts, at the respective interest rates, maturing on the respective dates, and will be subject to redemption as provided in the Official Statement (as defined below) and in Exhibit A attached hereto and made a part hereof. Terms used herein as defined terms, unless otherwise defined herein, shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

Inasmuch as this purchase and sale represents a negotiated transaction, the Authority acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Authority and the Underwriters in which the Underwriters are acting solely as a principal and are not acting as a municipal advisor, financial advisor or fiduciary to the Authority; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the Authority on other matters); (iii) the Underwriters are acting solely in their capacity as underwriters for their own accounts, (iv) the only obligations the Underwriters have to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the Authority has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**2. TERMS OF THE SERIES 2023 BONDS.** Each Series of the Series 2023 Bonds shall be as described in, shall mature, shall be subject to redemption, shall have such other provisions and details and shall be issued and secured under and pursuant to the resolution of the Authority adopted on March 22, 2023 (the "Authorizing Resolution") and the Indenture of Trust, dated as of May 1, 2021 (the "Trust Indenture"), as supplemented and amended by the First Supplemental Indenture, dated as of May 1, 2021 (the "First Supplemental Indenture"), as further amended and supplemented by a Second Supplemental Indenture, dated as of May 1, 2023 (the "Second Supplemental Indenture" and, together with the Trust Indenture and the First Supplemental Indenture, the "Indenture"), each between the Authority and Computershare Trust Company, National Association, as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Series 2023 Bonds shall be issued for the purpose of providing the Authority with funds which, together with other available Authority funds, will be used to: (i) make a deposit into the applicable accounts and subaccounts of the Student Loan Fund established pursuant to the Second Supplemental Indenture to be applied as set forth therein including, without limitation, to originate and acquire Student Loans (as more fully described in the Official Statement referred to below); (ii) currently refund and redeem all of the Authority's outstanding Student Loan Revenue Bonds, Series 2012-1 and Series 2013-1 (the "Refunded Bonds") originally issued pursuant to the Authority's Indenture of Trust, dated June 1, 2012 (the "2012-1 Indenture"), between the Authority and Wells Fargo Bank, National Association, as trustee thereunder, as further described in Appendix E to the Official Statement; (iii) make a deposit into the 2023 Debt Service Reserve Account of the Debt Service Reserve Fund to satisfy the 2023 Debt Service Reserve Fund Requirement (as defined in the Second Supplemental Indenture); and (iv) to pay certain costs associated with the issuance of the Series 2023 Bonds.

3. **GOOD FAITH DEPOSIT.** The Representative, on behalf of the Underwriters, herewith delivers a check payable to the order of the Authority in an amount of \$\_\_\_\_\_ (the “Good Faith Check”). The Authority agrees to hold the Good Faith Check uncashed until the Closing (as hereinafter defined) as security for the performance by the Underwriters of its obligation to accept and pay for the Series 2023 Bonds at the Closing, and in the event of its compliance with such obligation, the Good Faith Check shall be immediately returned to the Representative. If the Authority fails to deliver the Series 2023 Bonds at the Closing, or if the Authority shall be unable to satisfy the conditions to the obligations of the Underwriters set forth herein, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Contract, the Good Faith Check shall be immediately returned to the Representative and such return of the Good Faith Check shall constitute a full release and discharge of all claims, rights and damages for such failure and for any and all such defaults. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2023 Bonds at the Closing, the Good Faith Check shall be retained by the Authority as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and shall constitute a full release and discharge of all claims, rights and damages for such failure and for any and all such defaults.

4. **OFFERING.**

(a) Subject to the provisions of Paragraph 8(c) hereof, the Authority’s obligation to sell and to deliver the Series 2023 Bonds to the Underwriters pursuant to the terms of this Purchase Contract shall be absolute and enforceable.

(b) The Underwriters’ and the Authority’s respective obligations under this Purchase Contract shall be subject to the receipt, prior to or simultaneously with the execution of this Purchase Contract of: (A) from CliftonLarsonAllen LLP, King of Prussia, Pennsylvania (the “Auditor”), consent letters stating that the Auditor consents to the inclusion of its report regarding the audited financial statements of the Authority set forth in Appendix D to the Preliminary Official Statement and the Official Statement and stating that the Auditor consents to the use of its name in the Preliminary Official Statement and the Official Statement under the captions “ANNUAL FINANCIAL STATEMENTS,” substantially in the form attached as Exhibit E hereto with the applicable changes as reflected therein (collectively, the “Consent Letters”); and (B) from the Authority, the Continuing Disclosure Agreement (in substantially final form) and any other appropriate resolutions, documents or agreements evidencing satisfaction by the Authority and any other significant obligor of the undertaking to provide secondary disclosure as described in Rule 15c2-12 (“Rule 15c2-12”) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

(c) The Representative hereby warrants and represents: (i) for itself that, it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, having all requisite corporate power and authority to carry on its business as now constituted, and has been duly authorized to execute this Purchase Contract and to act hereunder; (ii) for itself that, it has the requisite authority to enter into this Purchase Contract and this Purchase Contract has been duly authorized, executed and delivered by the Representative and, assuming the due authorization, execution and

delivery by the Authority, is the legal, binding and valid obligation of the Underwriters, enforceable against the Underwriters in accordance with its terms, except that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws or equitable principles affecting creditors' rights or remedies generally; (iii) for itself that, it has been duly authorized to execute and deliver any receipt for the Series 2023 Bonds and any other instrument upon or in connection with the Closing of the Series 2023 Bonds; (iv) for itself, that it has not entered into and, based upon the representations and warranties received by the Representative from the other Underwriters under the Agreement Among Underwriters, dated April \_\_, 2023 ("AAU"), it is not aware that any other Underwriter has entered into any undisclosed financial or business relationships, arrangements or practices required to be disclosed in the Official Statement in connection with the initial primary offering of the Series 2023 Bonds pursuant to Federal Securities and Exchange Commission Release No. 33-7049; 34-33741; FR-42; File No. S7-4-94 (March 9, 1994) or required to be disclosed in the Official Statement pursuant to Municipal Securities Rulemaking Board (the "MSRB") rules; and (v) for itself that, to the best of its knowledge, it is in compliance with and in reliance upon the representations and warranties made by the other Underwriters to the Representative in the AAU, for the other Underwriters that each Underwriter is in compliance with MSRB Rules G-37 and G-38.

(d) The Representative represents and warrants for itself, and in reliance upon the representations and warranties made by the other Underwriters to the Representative in the AAU, for the other Underwriters that all information, certifications and disclosure statements previously provided in connection with P.L. 2005, c.51 and Executive Order No. 117 (Corzine 2008) ("Executive Order 117"), are true and correct as of the date hereof and that all such statements have been made with full knowledge that the Authority and the State of New Jersey (the "State") shall rely upon the truth of the statements contained therein and herein in engaging the Underwriters in connection with the sale and issuance of the Series 2023 Bonds. The Representative agrees to execute and deliver at the Closing a "P.L. 2005, c.51 and Executive Order No. 117 Certification of No Change" in the form attached as Exhibit C hereto.

(e) In accordance with Executive Order No. 9, dated and effective as of December 6, 2004, the Representative certifies for itself and, in reliance upon the representations and warranties made by the other Underwriters to the Representative in the AAU, for the other Underwriters, that neither the Representative nor any of the other Underwriters has employed or retained, directly or indirectly, any consultant who will be paid on a contingency basis in connection with the transaction contemplated by this Purchase Contract if the Authority engages such firm to provide underwriting services in connection with the Series 2023 Bonds.

(f) The Representative represents and warrants for itself, and in reliance upon the representations and warranties made by the other Underwriter to the Representative in the AAU, for the other Underwriter, that the Underwriter has complied with the requirements of *N.J.S.A. 52:32-60.1* and has filed a certification with the Authority that it is not identified on the list of persons "engaged in prohibited activities in Russia or Belarus".

5. **ESTABLISHMENT OF ISSUE PRICE.** The Underwriters hereby agree to make a bona fide public offering of all the Series 2023 Bonds at prices not in excess of the initial public offering prices (which may be expressed in terms of yield) set forth on the inside front cover page of the Official Statement referred to below, reserving, however, the right to change such prices (or yields) as the Underwriters shall deem necessary in connection with the offering of the Series 2023 Bonds, and without any requirement of prior notice to the Authority. The Underwriters may offer and sell the Series 2023 Bonds, as stated in Paragraph 1 hereof, to certain dealers (including the Underwriters and other dealers depositing the Series 2023 Bonds into investment trusts or mutual funds) and certain other dealer banks and banks acting as agents at prices lower than the public offering price or prices stated on the inside front cover page of the Official Statement.

(a) The Underwriters agree to assist the Authority in establishing the issue price of the Series 2023 Bonds and shall execute and deliver to the Authority at Closing (as hereinafter defined) an “issue price” or similar certificate, substantially in the form attached as Exhibit B hereto, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2023 Bonds.

(b) The Authority represents that it will treat the first price at which 10% of each maturity of the Series 2023 Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) The Representative confirms that the Underwriters have offered the Series 2023 Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the final Official Statement.

(d) The Representative, on its own behalf, acknowledges, and based upon the representations set forth in the AAU, acknowledges on behalf of the other Underwriters that sales of any Series 2023 Bonds to any person that is a related party to the Underwriters shall not constitute sales to the public for purposes of this Paragraph. Further, for purposes of this Paragraph:

(i) “public” means any person other than an underwriter or a related party to an underwriter,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2023 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2023 Bonds to the public (including a member of a selling group or a

party to a retail distribution agreement participating in the initial sale of the Series 2023 Bonds to the public),

(iii) a purchaser of any of the Series 2023 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

**6. CONDITIONS PRECEDENT TO ENTERING INTO THIS PURCHASE CONTRACT.** Unless specifically waived in writing by the Representative, on behalf of the Underwriters, prior to its execution hereof, at the time of or before the Authority’s acceptance hereof, the Authority shall deliver to the Representative (certified, where required, by an appropriate Authorized Officer, as defined in the Authorizing Resolution):

(a) copies of the Authority’s Preliminary Official Statement, dated April \_\_, 2023 (the “Preliminary Official Statement”), and final Official Statement, dated April \_\_, 2023 (the “Official Statement”), relating to the Series 2023 Bonds, including the Appendices thereto, executed on behalf of the Authority by an Authorized Officer;

(b) a certified copy of the Authorizing Resolution, adopting, accepting, ratifying and approving, among other things:

(i) subject to Paragraph 4(a) hereof, this Purchase Contract, the delivery of the Series 2023 Bonds to the Underwriters, the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Agreement (as hereinafter defined) and, within specified limitations, the respective principal amounts, maturities and interest rates of each Series of the Series 2023 Bonds;

(ii) the appointment of the Trustee, Registrar, Paying Agent, and Authenticating Agent pursuant to the applicable provisions of the Indenture; and

(iii) the Indenture, the Acknowledgement of Servicing, to be dated May \_\_, 2023 (the “Acknowledgement”), and the Continuing Disclosure Agreement, dated as of May \_\_, 2023 (the “Continuing Disclosure Agreement”), between the Authority and the Trustee, acting as Dissemination Agent, for the benefit of the holders of the Series 2023 Bonds.

The Authority authorizes any and all of this material, including specifically, but without limitation, the Preliminary Official Statement and the Official Statement and the information contained therein to be used in accordance with the applicable law in connection with the public offering and sale of the Series 2023 Bonds. The Authority approves and ratifies the use in accordance with applicable law by the Underwriters of the Preliminary Official Statement before the date hereof in connection with the public offering of the Series 2023 Bonds. It is acknowledged by the Authority that the Underwriters have delivered the Preliminary Official Statement and may deliver the Official Statement electronically over the internet and in printed paper form. For purposes of this Purchase Contract, the printed paper forms of the Preliminary Official Statement and the Official Statement are deemed controlling.

**7. REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE AUTHORITY.** The Authority represents, warrants and covenants to, and agrees with, the Underwriters as follows:

(a) The Authority has complied or will comply at the Closing in all material respects with the Higher Education Student Assistance Authority Law, constituting Chapter 46 of the Pamphlet Laws of 1999 of the State (the “Act”), and has full legal right, power and authority: (i) to issue revenue bonds for the purposes described in the Official Statement; (ii) to enter into this Purchase Contract; (iii) to issue, sell and deliver the Series 2023 Bonds to the Underwriters as provided herein; (iv) to enter into the Indenture, the Continuing Disclosure Agreement and the Acknowledgement; and (v) to carry out and consummate all other transactions contemplated hereby and thereby and as described in the Official Statement.

(b) The Authority has duly adopted the Authorizing Resolution and has duly adopted the administrative rules of the Authority relating to the Loan Finance Program and the NJCLASS pilot loan refinance program (the “Pilot Loan Refinance Program”) rules relating to the refinancing of existing NJCLASS Loans and/or Federal loans subject to certain established eligibility requirements (collectively, the “Rules”), and has duly approved: (i) the execution, delivery and performance of this Purchase Contract, the Indenture, the Continuing Disclosure Agreement and the Acknowledgement; (ii) the furnishing and use of the information contained in the Preliminary Official Statement and the Official Statement; and (iii) the taking of any and all such actions as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated by this Purchase Contract, the Indenture, the Continuing Disclosure Agreement, the Authorizing Resolution and the Acknowledgement and as described in the Official Statement and all approvals necessary in connection with the foregoing have been received.

(c) As of their dates and on the date of the Authority’s acceptance hereof, the Preliminary Official Statement and the Official Statement did not and do not contain, and as of the date of the Closing, the Official Statement, as supplemented or amended in accordance with subparagraph (i) of this Paragraph 7, will not contain, any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Authority makes no representation as

to information in the Preliminary Official Statement and the Official Statement concerning DTC (as hereinafter defined) or under the headings “THE SERIES 2023 BONDS—Book-Entry-Only System” and “UNDERWRITING” therein.

(d) The financial statements of, and other financial information regarding the Authority, in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the Authority as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Authority that was not disclosed in the Preliminary Official Statement and the Official Statement. The Authority is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Authority, would have a materially adverse effect on the financial condition of the Authority.

(e) The Act, the Rules, the Series 2023 Bonds, the Authorizing Resolution, the Indenture, the Continuing Disclosure Agreement and the Acknowledgment conform in all material respects to the summary descriptions thereof in the Preliminary Official Statement and the Official Statement, and such summary descriptions are accurate and fairly present the information intended to be shown with respect thereto.

(f) The adoption of the Authorizing Resolution and the Rules, the execution and delivery of this Purchase Contract, the Indenture, the Continuing Disclosure Agreement, the Series 2023 Bonds and the Acknowledgment and compliance with the provisions thereof and hereof, do not and will not conflict with or constitute on the part of the Authority a violation of, breach of or default under the Act, or any statute, indenture, mortgage, deed of trust, resolution or other agreement or instrument to which the Authority is a party or by which the Authority is bound, or, to the knowledge of the Authority, any order, rule or regulation of any regulatory body or court having jurisdiction over the Authority or any of its activities or properties. All consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated hereby or by the foregoing documents and proceedings have been obtained, except as may be required pursuant to the Blue Sky laws of any state in connection with the offering and sale of the Series 2023 Bonds.

(g) Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending or, to the Authority’s knowledge, threatened against the Authority, nor to the best knowledge of the Authority is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act, the Rules, the Series 2023 Bonds, the Authorizing Resolution, the Indenture, the Continuing Disclosure Agreement, the Loan Finance Program, the Pilot Loan Refinance Program, this Purchase Contract, the Acknowledgment, or any other agreement or instrument to which the Authority is or will become a party, used or contemplated for use in the consummation of the transactions contemplated by this Purchase Contract or as described in the Official

Statement. Except as disclosed in the Preliminary Official Statement and the Official Statement, the Authority has not received, from any authorized government official acting in his or her official capacity, notice of any alleged violation of any existing applicable law, court or administrative regulation, decree or order and, to the Authority's knowledge, the Authority is not in violation of any existing law, court or administrative regulation, decree or order, or in breach of or in default under any agreement, mortgage, lease, sublease or other instrument to which it is a party or by which it is bound, and no event has occurred or is continuing which, with passage of time or the giving of notice, or both, would constitute a default or an event of default by the Authority thereunder, in each case that would have a material and adverse effect upon the operations or the financial condition of the Authority or the transactions contemplated by this Purchase Contract and as described in the Official Statement.

(h) The Authority will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Series 2023 Bonds to be applied in a manner materially contrary to that provided for in the Authorizing Resolution and the Indenture, and as described in the Official Statement, respectively.

(i) If between the date of this Purchase Contract and the date of the Closing any event shall occur or be discovered which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they are made, not misleading, the Authority shall notify the Representative thereof and if, in the opinion of the Authority or the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority, at its sole expense, will supplement or amend the Official Statement in form and in a manner approved by the Representative and Counsel to the Underwriters.

(j) On or prior to the date of Closing, the Program Documentation (as defined in the Indenture) will be in full force and effect.

(k) The Authority will reasonably cooperate with the Underwriters in arranging for the qualification of the Series 2023 Bonds for sale, for application for exemption from such qualification and for the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriters designate and will continue such qualifications or exemptions in effect for so long as required for the distribution of the Series 2023 Bonds; provided, however, that the Authority shall not be required to appoint an agent for or otherwise accept service of process in a particular jurisdiction or to consent to jurisdiction or to qualify to do business in any state where it is not now so qualified. The Authority ratifies and consents to the use of the Preliminary Official Statement by the Underwriters in obtaining such qualifications.

(l) The Authority is not in default and has never been in default at any time in the payment of principal or redemption price of or interest on any obligations of or guaranteed by the Authority.

(m) The Authority has previously authorized the distribution of the Preliminary Official Statement relating to the Series 2023 Bonds, which, by execution of this Purchase Contract, the Authority certifies to the Underwriters as of the date of acceptance hereof that the Preliminary Official Statement furnished prior to the date of such acceptance has been “deemed final” as of its date and as of the date hereof by the Authority within the meaning of Rule 15c2-12 except for the information not required to be included therein in accordance with paragraph (b)(1) of Rule 15c2-12. The Authority will deliver or cause to be delivered to the Representative upon the acceptance by the Authority of this Purchase Contract, five (5) executed copies each of this Purchase Contract and the Official Statement (including the Appendices thereto) relating to the Series 2023 Bonds in adequate format to comply with Rule 15c2-12 and MSRB rules, signed on behalf of the Authority by its Chief Financial Officer or other authorized officer of the Authority. The Authority shall deliver to the Underwriters within the earlier to occur of: (i) seven (7) business days after the date of this Purchase Contract and in sufficient time to accompany any confirmation requesting payment from any customer of the Underwriters; or (ii) the two (2) business days prior to the Closing, copies of the Official Statement in final, printed and electronic form and any amendment or supplement thereto in such quantities as the Underwriters may reasonably request to comply with the obligations of the Underwriters pursuant to the rules of the MSRB (including, but not limited to, revised Rule G-32 (effective June 1, 2009) requiring submissions of official statements to the MSRB through the MSRB’s Electronic Municipal Market Access (“EMMA”) system, or any other electronic municipal securities information access system designated by the MSRB pursuant to Rule 15c2-12 for collecting and disseminating primary offering documents and information), Rule 15c2-12 and other applicable securities laws, rules or regulations and provided further that the Underwriters may not terminate their obligations under this Purchase Contract as a result of the failure of the Authority to provide such Official Statement within such time period unless such failure materially and adversely affects the Underwriters’ marketing and sale of the Series 2023 Bonds or could subject the Underwriters to sanctions by the Securities and Exchange Commission or the MSRB. The Underwriters agree to provide the Authority with all Series 2023 Bond pricing information necessary to enable the Authority to comply with the provisions of the preceding sentence set forth in this subparagraph (m). The Authority agrees to notify the Representative of any material changes that might affect the accuracy and completeness of the Official Statement for a period for twenty-five (25) days from the “end of the underwriting period”. Unless the Authority is otherwise notified by the Representative, in writing, the “end of the underwriting period” for purposes of the preceding sentence (and subparagraph (n) below) and within the meaning of Rule 15c2-12 shall be deemed to be the date of the Closing. By acceptance of this Purchase Contract, the Authority authorizes the use of copies of the Official Statement, the Program Documentation, the Indenture, and the Authorizing Resolution in connection with the public offering of the Series 2023 Bonds. As soon as possible following receipt of the Official Statement from the Authority, the Representative shall deliver the Official Statement, and any supplement and amendment thereto, to the MSRB through the EMMA primary market disclosure service. The Authority agrees to provide the Official Statement in electronic word-searchable document format to the Representative not later than two business days

prior to Closing in order that the Representative may satisfy its obligations pursuant to MSRB Rule G-32.

(n) The Authority agrees to provide the Underwriters with an amount of printed Official Statements in such quantities that the Underwriters may reasonably request; provided, that the number of copies the cost for which the Authority is responsible will not exceed two hundred fifty (250) copies. Should the Underwriters require additional copies of the Official Statement, the Authority agrees to cooperate with the Underwriters in obtaining such copies, the cost of such additional copies to be borne by the Underwriters.

(o) After the date of this Purchase Contact: (i) the Authority will not adopt any amendment of or supplement to the Official Statement of which Counsel to the Underwriters shall have reasonably disapproved; and (ii) if any event relating to or affecting the Authority or the Series 2023 Bonds shall occur, as a result of which it is necessary, in the reasonable opinion of Counsel to the Underwriters, to amend or supplement the Official Statement to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the Authority will notify the Underwriters thereof, and the Authority will forthwith authorize, at the request of the Representative, the distribution of, and furnish to the Underwriters (at the expense of the Authority for twenty-five (25) days from the end of the underwriting period, and thereafter printing and delivery costs to be at the expense of the Underwriters) a reasonable number of copies of an amendment of or a supplement to the Official Statement (in form and substance reasonably satisfactory to Counsel to the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact that should be stated therein or is necessary in order to make the statements contained therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subparagraph (o), the Authority will furnish such information with respect to itself, the Loan Finance Program and the Pilot Loan Refinance Program as the Underwriters may from time to time reasonably request.

(p) The Underwriters request that the Series 2023 Bonds be registered in the name of “Cede & Co.,” as the nominee of The Depository Trust Company, New York, New York (“DTC”), and that there be one typewritten Series 2023 Bond for each maturity of each Series of the Series 2023 Bonds. The Authority agrees that it will deliver the Series 2023 Bonds to the Trustee, as agent for DTC, pursuant to the DTC FAST procedures, and will be made available to the Underwriters for inspection one (1) business day prior to the Closing.

(q) At 10:00 a.m., Eastern time, on May \_\_, 2023 or at such other time or date as shall have been mutually agreed upon by the Authority and the Representative, the Authority will release the Series 2023 Bonds from escrow to DTC on behalf of the Underwriters in fully registered definitive form, duly executed and authenticated, the Underwriters will accept such delivery and pay the Purchase Price of the Series 2023 Bonds all as set forth in Paragraph 1 hereof. Delivery of the other documents referred to herein shall be at the offices of McManimon, Scotland & Baumann, LLC (“Bond

Counsel”), 75 Livingston Avenue, Roseland, New Jersey. This payment and delivery is herein called the “Closing.”

(r) Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, the Authority has been in compliance during the previous five (5) years in all material respects with its continuing disclosure obligations entered into by it pursuant to Rule 15c2-12.

(s) For any period during which any of the Series 2023 Bonds are held by non-affiliates of the Authority, if applicable, the Authority shall file Form ABS-15G as required by Rule 15Ga-1 promulgated under the Exchange Act.

(t) Any report and all reports generated by a third-party to provide due diligence services obtained in connection with the Series 2023 Bonds, if any, within the meaning of 17 C.F.R. Section 240.15Ga-2 (“Rule 15Ga-2”) and 17 C.F.R. 240.17g-10 (“Rule 17g-10”) promulgated pursuant to the Exchange Act (collectively the “Third-Party Diligence Report”) for purposes of this Purchase Contract with respect to such Third-Party Diligence Report have been timely complied with.

(u) The Authority has not requested (and has not caused any person to request) any Third-Party Diligence Report related to the Series 2023 Bonds, and, to the extent the Authority has requested any Third-Party Diligence Report, the Authority has made publicly available such report or portion thereof on Form ABS 15G (“Form 15G”) promulgated by the SEC on the EMMA website in satisfaction of the requirements under Section 15E(s)(4)(A) of the Exchange Act.

(v) No portion of any Form 15G contains any names, addresses or other personal identifiers with respect to any individuals, or any other personally identifiable or other information that would be associated with an individual including, without limitation any “nonpublic personal information” within the meaning of Title V of the Gramm Leach Bliley Act, also known as the Financial Services Modernization Act of 1999 (15 U.S.C. § 6801, *et seq.*).

(w) The Series 2023 Bonds are exempted from the credit risk retention requirements of Section 15G of the Exchange Act.

**8. CONDITIONS PRECEDENT TO CLOSING.** The Representative, on behalf of the Underwriters, has entered into this Purchase Contract in reliance upon the representations, warranties, covenants and agreements of the Authority herein and the performance by the Authority of its obligations hereunder, both as of the date hereof and as of the date of Closing, subject to the provisions set forth in Paragraph 4(a) hereof. The Underwriters’ obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) At the time of the Closing: (i) the Act and the Program Documentation shall be in full force and effect, the Indenture, the Continuing Disclosure Agreement and the Acknowledgement shall be duly authorized and, where applicable, executed and delivered and in full force and effect, the Authorizing Resolution shall be duly adopted and in full force and effect, and all such documents shall be in the form certified to the

Underwriters on the date hereof, and shall not have been amended, modified or supplemented since the date hereof except as may have been agreed to, in writing, by the Representative, and the Authority shall have duly adopted and authorized and there shall be in full force and effect such additional resolutions and agreements as shall, in the opinion of Bond Counsel and the Attorney General of the State (the “Attorney General”), be necessary in connection with the transactions contemplated hereby; and (ii) the Authority and the Trustee shall perform or have performed all undertakings contemplated in this Purchase Contract, the Act, the Program Documentation, the Authorizing Resolution, the Indenture, the Acknowledgement and the Continuing Disclosure Agreement to be performed simultaneously with or prior to Closing.

(b) The Series 2023 Bonds shall have been duly authorized, executed, authenticated and delivered in accordance with the provisions of the Authorizing Resolution and the Indenture.

(c) The Underwriters shall have the right to terminate this Purchase Contract and cancel their obligation to purchase, accept delivery of and pay for the Series 2023 Bonds by notification to the Authority of their election to do so if, at any time on or after the date hereof and at or prior to the Closing: (i) the marketability of the Series 2023 Bonds or the market prices of the Series 2023 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2023 Bonds, in the professional judgment of the Underwriters, shall have been materially and adversely affected by (A) an amendment to the Constitution of the United States or the Constitution of the State or (B) any newly enacted federal or State legislation or (C) any final decision of any federal or State court or (D) any final ruling or regulation of the Treasury Department of the United States, the Internal Revenue Service, or other federal or State authority, in any case affecting the tax status of the Authority, its property or income, its securities (including the Series 2023 Bonds) or the interest thereon, or any tax exemption granted or authorized by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the “Code”) or the Act; or (ii) legislation shall be enacted by the Congress of the United States, or any legislation, ordinance, rule or regulation shall be enacted by any governmental body, department or agency of the State or a final decision by a federal court (including the Tax Court of the United States) or a court of the State shall be rendered, or a final ruling, regulation, release or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other federal or State agency shall be made, or any other event shall occur, with respect to federal or State taxation upon revenues or other income of the general character of interest on the Series 2023 Bonds, subjecting to federal or State taxation the interest (including original issue discount) received on bonds of the general character of the Series 2023 Bonds (except such matters that have been specifically described in the Official Statement under the heading “TAX MATTERS” with respect to the Series 2023 Bonds), or which would have the effect of changing, directly or indirectly, the federal or State income tax consequences of interest (including original issue discount) on securities of the general character of the Series 2023 Bonds in the hands of the holders thereof which, in the Representative’s reasonable opinion, materially and adversely affects the marketability of the Series 2023 Bonds; or (iii) a stop order, ruling, regulation or statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency

having jurisdiction of the subject matter shall have been issued or made (which is beyond the control of the Underwriters or the Authority to prevent or avoid) to the effect that the issuance, offering or sale of obligations of the general character of the Series 2023 Bonds is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the registration provisions of the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended; or (iv) legislation shall have been enacted by the Congress of the United States of America or a final decision by a court of the United States of America shall have been rendered, or a final ruling, regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall have been made, to the effect that securities of the Authority or of any similar public body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Indenture is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or (v) there shall have occurred a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets is such as to materially and adversely affect the marketability of the Series 2023 Bonds, or the declaration of a general banking moratorium by the United States, New York State or State authorities having jurisdiction or material disruption in commercial banking or securities settlement or clearance services insofar as they relate to the municipal market; or (vi) the United States shall have become engaged in any new outbreak of or any escalation of existing hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any new outbreak of or any escalation of existing hostilities or other national or international calamity or crisis, or escalation thereof, the effect of which on the financial markets of the United States of America, in the Representative's reasonable opinion, materially and adversely affects the ability of the Underwriters to enforce confirmations of or contracts for the sale of the Series 2023 Bonds; or (vii) an event described in subparagraph (m) of Paragraph 7 hereof shall have occurred, or any condition shall exist which, in the reasonable judgment of the Representative, either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any materially adverse respect, or (C) requires or has required an amendment of or supplement to the Official Statement, and such event or condition, in the reasonable judgment of the Representative, materially adversely affects (I) the marketability of the Series 2023 Bonds or (II) the ability of the Underwriters to enforce confirmations of or contracts for the sale of the Series 2023 Bonds; or (viii) a default shall have occurred in the payment of principal of or interest on outstanding obligations of the Authority which, in the Representative's reasonable opinion, materially and adversely affects the marketability of the Series 2023 Bonds; or (ix) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or (x) any change in or particularly affecting the Authority, the Act, the Indenture, the other transaction documents, the Program Documentation or the revenues and assets pledged as security for the Series 2023 Bonds as the foregoing matters are described in the Official Statement, which in the professional judgment of the

Representative materially impairs the investment quality of the Series 2023 Bonds; or (xi) any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Series 2023 Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Indenture, the other transaction documents, the Program Documentation or the existence or powers of the Authority with respect to its obligations under the Indenture and the other transaction documents and the Program Documentation; or (xii) any rating of the Series 2023 Bonds shall have been changed, including a negative in credit watch status, or withdrawal by any Rating Agency or S&P Global Ratings (“S&P”) shall fail to assign a rating of at least “AA (sf)” to the Senior Series 2023 Bonds or “BBB (sf)” to the Subordinate Series 2023 Bonds, or, after assigning such ratings, shall have publicly announced that it is considering a change, including a negative in credit watch status, or withdrawal of such ratings and such action, in the Representative’s reasonable opinion, materially and adversely affects the marketability of the Series 2023 Bonds; or (xiii) there occurs any material adverse change in the financial affairs and condition of the Authority from those reflected in or contemplated by the Official Statement, in the Representative’s reasonable opinion, materially and adversely affects the marketability of the Series 2023 Bonds.

(d) At or prior to the Closing, the Representative shall receive two (2) copies of each of the following documents:

(i) certified copies of the Act and the Rules, certified as of the date of Closing by an Authorized Officer to be true and correct copies thereof;

(ii) certified copies of the Authorizing Resolution and the Original Indenture, certified as of the date of the Closing by an Authorized Officer to be a true and correct copies thereof;

(iii) an executed copy of the Second Supplemental Indenture;

(iv) executed copies of the Acknowledgement and the Continuing Disclosure Agreement complying with the requirements set forth in Rule 15c2-12;

(v) certified copies of the Program Documentation, certified as of the date of Closing by an Authorized Officer to be true and correct copies thereof;

(vi) the approving opinion, dated the date of Closing and addressed to the Authority, of Bond Counsel substantially in the form attached to the Official Statement as Appendix B, with dates and dollar amounts completed in such form;

(vii) a letter of Bond Counsel dated the date of Closing and addressed to the Representative, as representative of the Underwriters, to the effect that the opinion referred to in subparagraph (d)(vi) above may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters;

(viii) an opinion of Bond Counsel dated the date of Closing and addressed to the Representative, as representative of the Underwriters, and the Authority, covering the matters set forth in Exhibit D hereto and such other matters as reasonably may be requested by Counsel to the Underwriters;

(ix) an opinion or opinions of Bond Counsel dated the date of Closing and addressed to the Trustee and the Representative, as representative of the Underwriters, required pursuant to Article VIII of the Original Indenture;

(x) the opinion of Kutak Rock LLP, Counsel to the Underwriters, dated the date of the Closing, in form and substance satisfactory to the Representative;

(xi) a certificate or certificates of the Authority, dated the date of Closing, signed by an Authorized Officer:

(1) stating that no litigation is pending or, to his knowledge, threatened in any court to restrain or enjoin the issuance or delivery of any of the Series 2023 Bonds, or the collection of revenues pledged or to be pledged to pay the principal of, redemption premium, if any, and interest on the Series 2023 Bonds, or in any way contesting or affecting the validity of the Series 2023 Bonds, the Authorizing Resolution, the Indenture, the Acknowledgement, the Continuing Disclosure Agreement, the Act, the Program Documentation, the Loan Finance Program, the Pilot Loan Refinance Program or this Purchase Contract, or the collection of such revenues or the pledge thereof, or the performance by the Authority of the provisions of the foregoing, or contesting or seeking to limit the powers of the Authority or any authority for the issuance of the Series 2023 Bonds;

(2) stating that no litigation is pending or, to his knowledge, threatened against the Authority involving the Loan Finance Program or the Pilot Loan Refinance Program or any of the property or assets under the control of the Authority which involves the possibility of any judgment or liability which may materially adversely affect the security for the Series 2023 Bonds or materially adversely affect the Authority, the Loan Finance Program or the Pilot Loan Refinance Program;

(3) certifying that, as of the date of Closing, the representations, warranties, covenants and agreements contained in Paragraph 7 of this Purchase Contract are true and correct and that the Authority has performed all its respective agreements herein and therein contained that are required to be performed at or simultaneously with Closing;

(4) stating that he and the staff of the Authority have carefully examined the Preliminary Official Statement and the Official Statement

and that, in his and the staff's opinion, the Preliminary Official Statement as of its date and as of the date of this Purchase Contract and the Official Statement as of its date and as of the date of Closing did not and do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; provided, however, that he expresses no opinion as to information contained in or omitted from the Official Statement concerning DTC or under the headings "THE SERIES 2023 BONDS—Book-Entry-Only System" and "UNDERWRITING" therein.

(5) certifying that the Series 2023 Bonds, the Indenture, the Continuing Disclosure Agreement and the Acknowledgement have been duly authorized, executed and delivered by the Authority and are in full force and effect; and

(6) certifying reasonable expectations of the Authority to the effect that the Series 2023 Bonds will not be "arbitrage bonds" within the meaning of Section 148 of the Code and as to other federal tax matters;

(xii) a letter(s) from S&P assigning to the Senior Series 2023 Bonds a rating not less than "AA (sf)" and to the Subordinate Series 2023 Bonds a rating not less than "BBB (sf)," which ratings shall be in effect on the date of Closing;

(xiii) copies of all other opinions, affidavits, letters, certificates and other documents which are to be delivered at or prior to the delivery of the Series 2023 Bonds pursuant to the Indenture;

(xiv) a certificate dated on or before the date of Closing, which shall be true and correct as of such date, signed by an authorized officer of Computershare Trust Company, National Association ("Computershare"), in form and substance satisfactory to Counsel for the Underwriters and the Attorney General, to the effect that (A) the duties and obligations under the Indenture of Computershare, as Trustee, Registrar and Paying Agent for the Series 2023 Bonds and as Dissemination Agent under the Continuing Disclosure Agreement have been duly accepted by Computershare, (B) the acceptance by Computershare and compliance with the respective provisions thereof will not conflict with or constitute a breach of or default under any law, administrative regulation, consent decree or any agreement or other instrument to which it is subject, (C) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by Computershare of its respective obligations under the Indenture and the Continuing Disclosure Agreement have been obtained and are in full force and effect; and as to the incumbency of the persons signing the Indenture, the Continuing Disclosure Agreement and other documents required hereby and thereby, (D) compliance by Computershare with *N.J.S.A. 52:32-60.1*;

(xv) the opinion of Counsel to Computershare, dated the date of Closing, addressed to the Authority and the Underwriters, and satisfactory in form and substance to Bond Counsel, Underwriters' Counsel, the Authority, and the Attorney General including, inter alia, an opinion that there are no actions, proceedings or investigations pending or threatened against Computershare, before any court, administrative agency or tribunal that might materially and adversely affect the performance by Computershare of its obligations under, or the validity or enforceability of, the Indenture and the Continuing Disclosure Agreement;

(xvi) the (A) opinion of the Attorney General, dated the date of Closing, addressed to the Authority; and (B) Certificate as to No Litigation and Other Matters of the Director of Legal and Governmental Affairs of the Authority, dated the date of Closing, delivered to the Authority and the Underwriters;

(xvii) The Authority and the Representative shall have received the executed Consent Letters;

(xviii) a certificate or certificates of the Authority, as Servicer, dated the date of Closing, evidencing the transfer, cancellation and release of the Transferred NJCLASS Loans from the pledge of the Trust Estate for the 2012-1 Indenture and notation on the Authority's books and records of the transfer as part of the Trust Estate for the Indenture;

(xix) a certificate of the Trustee, dated the date of Closing, evidencing receipt from the Authority of a certified copy of the Authority's books and recordings evidencing the Transferred NJCLASS Loans being released from the 2012-1 Indenture and pledged to the Indenture; and

(xx) such additional certifications, instruments and other documents as Bond Counsel, the Underwriters and Counsel to the Underwriters reasonably may deem necessary or desirable to evidence the truth and accuracy as of the time of Closing of the representations and warranties contained herein and the due performance or satisfaction by the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by it, including, but not limited to, satisfaction of the conditions precedent to transfer of the Transferred NJCLASS Loans pursuant to the 2012-1 Indenture and the refunding and redemption of the Refunded Bonds.

All the opinions, affidavits, letters, evidences, certificates and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the respective provisions hereof and thereof only if they are in form and substance reasonably satisfactory to the Underwriters and Counsel to the Underwriters with respect to the Series 2023 Bonds.

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Contract or if the obligations of the Underwriters shall

be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, and neither the Underwriters nor the Authority shall be under further obligations hereunder except that the respective obligations of the Authority and the Representative for the return of the Good Faith Deposit, as provided in Paragraph 3 hereof, and the payment of expenses, as provided in Paragraph 9 hereof, shall continue in full force and effect.

**9. EXPENSES.**

(a) The Authority acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Series 2023 Bonds. The Authority will pay or cause to be paid, only from the proceeds of the Series 2023 Bonds and/or other available funds of the Authority (but solely to the extent the Series 2023 Bonds are issued), all expenses incident to the performance of its obligations under this Purchase Contract and the fulfillment of the conditions imposed hereunder including, but not limited to: (i) the cost of preparing, executing, electronic posting, marketing, printing, engraving, photocopying, mailing and delivery of the Series 2023 Bonds in the respective forms required by the Indenture and hereby, the Preliminary Official Statement, the Official Statement, and the Authorizing Resolution; (ii) the fees and disbursements of the Trustee and Dissemination Agent and counsel to the Trustee and Dissemination Agent in connection with the issuance of the Series 2023 Bonds; (iii) the fees and expenses of Bond Counsel; (iv) the fees and expenses of Hilltop Securities Inc., as financial advisor; (v) the fees and expenses of Counsel to the Underwriters; and (vi) the fees and expenses of obtaining credit ratings, municipal bond insurance, if any, or any attorneys, auditors, consultants or other parties retained by the Authority in connection with the transactions contemplated hereby and as described in the Official Statement and by the Continuing Disclosure Agreement. The Authority shall be solely responsible for and shall pay for any expenses incurred by the Underwriters on behalf of the Authority's employees and representatives which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives (which may be included as an expense component of the Underwriters' fee) to the extent these, when combined with other Underwriters' fee components, do not exceed the maximum Underwriters' fee set forth in the Authorizing Resolution.

(b) The Underwriters shall pay: (i) the cost of printing this Purchase Contract and the costs of printing Blue Sky memoranda to be used by them; and (ii) certain other expenses incurred by them in connection with the public offering and distribution of the Series 2023 Bonds, excluding the fees and disbursements of Counsel to the Underwriters which shall be paid by the Authority. Certain expenses of the Underwriters may be in the form of inclusion of such expenses in the expense component of the Underwriters' fee.

(c) The Underwriters shall provide the Authority and the State Treasurer with all reports or other documents which the Authority and the State Treasurer may be entitled to pursuant to the Indenture, this Purchase Contract or the other documents executed and delivered in connection herewith or therewith within forty-five (45) days of

Closing, provided, however, that failure to do so shall not void the sale hereunder of the Series 2023 Bonds.

(d) \$50,000 of the funds to be disbursed to the Underwriters for expenses shall be retained by the Trustee (the “Retainage”) until such time as the Representative has provided the Authority and the State Treasurer with all reports or other documents to which the Authority and the State Treasurer may be entitled pursuant to the Indenture, this Purchase Contract or the other documents executed and delivered in connection herewith or therewith. Upon the satisfaction of the conditions set forth in the preceding sentence, the Authority will direct the Trustee to disburse the Retainage to the Representative.

10. **NOTICES.** All notices or other communications to be given under this Purchase Contract shall be sufficiently given when mailed by registered mail, return receipt requested, postage prepaid, with proper address as indicated below. All notices shall be deemed effective as of the date of delivery. All notices and communications shall be addressed as follows:

To the Authority: Higher Education Student Assistance Authority  
4 Quakerbridge Plaza  
P.O. Box 545  
Trenton, New Jersey 08625  
Attention: David Socolow, Executive Director

To the Representative: RBC Capital Markets, LLC  
200 Vesey Street, 9th Floor  
New York, New York 10281  
Attention: Jeffrey J. Wagner, Managing Director

11. **PARTIES IN INTEREST.** This Purchase Contract is made solely for the benefit of the Authority and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. Subject to Paragraph 4(a) hereof, all the Authority’s respective representations, warranties, covenants and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigation made by or on behalf of the Underwriters; (ii) delivery of and payment for the Series 2023 Bonds pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

12. **HEADINGS.** The headings of the Paragraphs of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

13. **COUNTERPARTS.** This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same documents.

14. **COMPLIANCE WITH P.L. 2005, C.271 REPORTING REQUIREMENTS.** The Representative hereby acknowledges for itself and, based upon the representations and warranties received by the Representative from the other Underwriters in the AAU, for the other Underwriters that each Underwriter has been advised of its responsibility to file an annual

disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (“ELEC”) pursuant to *N.J.S.A. 19:44A-20.13* (L. 2005, c.271, section 3) if such Underwriter enters into agreements or contracts, such as this Purchase Contract, with a public entity, such as the Authority, and receives compensation or fees in excess of \$50,000 or more in the aggregate from public entities, such as the Authority, in a calendar year. It is the Underwriters’ responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at [www.elec.state.nj.us](http://www.elec.state.nj.us).

15. **COMPLIANCE WITH P.L. 2012, C.25 REQUIREMENTS.** The Representative hereby acknowledges for itself and, based upon the representations and warranties received by the Representative from the other Underwriters in the AAU, that each Underwriter has complied with the requirements of *N.J.S.A. 52:32-58* and has filed a certification with the Authority that it is not identified on the list of persons engaging in investment activities in Iran.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[Signature to Follow]

16. **GOVERNING LAW.** This Purchase Contract shall be governed by and construed in accordance with the laws of the State of New Jersey.

Very truly yours,

RBC CAPITAL MARKETS, LLC, as  
Representative on behalf of the  
Underwriters

By: \_\_\_\_\_  
Jeffrey J. Wagner  
Managing Director

Accepted at \_\_\_\_\_, Eastern time, as of the date hereof.

HIGHER EDUCATION STUDENT  
ASSISTANCE AUTHORITY

By: \_\_\_\_\_  
Gerald V. Traino  
Chief Financial Officer

**SCHEDULE I**

**LIST OF UNDERWRITERS**

Manager:

RBC Capital Markets, LLC

Co-Manager:

[Siebert Williams Shank & Co., LLC]

**EXHIBIT A**

**PRICING SUMMARY AND REDEMPTIONS**

[TO BE PROVIDED]

## EXHIBIT B

### ISSUE PRICE CERTIFICATE OF THE UNDERWRITERS

Dated: May \_\_, 2023

This Certificate is furnished by RBC Capital Markets, LLC, as representative (the “Representative”) of the other underwriters named in Schedule I (the “Underwriters”) in connection with the sale and issuance by the Higher Education Student Assistance Authority (the “Authority”) of its \$\_\_\_\_\_ Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2023, consisting of: (i) \$\_\_\_\_\_ aggregate principal amount of Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT) (the “Senior Series 2023A Bonds”); (ii) \$\_\_\_\_\_ aggregate principal amount of Senior Student Loan Revenue Bonds, Series 2023B (AMT) (the “Senior Series 2023B Bonds” and, together with the Senior Series 2023A Bonds, the “Senior Series 2023 Bonds”); and (iii) \$\_\_\_\_\_ aggregate principal amount of Subordinate Student Loan Revenue Bonds, Series 2023C (AMT) (the “Subordinate Series 2023 Bonds” and, together with the Senior Series 2023 Bonds, the “Series 2023 Bonds”), issued May \_\_, 2023, and the Representative hereby certifies and represents the following, based upon information available to us:

1. Based on our assessment of the then prevailing market conditions, the Underwriters reasonably expected when they agreed to purchase the Series 2023 Bonds (the “Sale Date”) that the first prices at which at least 10% of each maturity of each series of the Series 2023 Bonds would be sold by the Underwriters to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the “Public”) would be prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those listed for each maturity of each series of the Series 2023 Bonds on Schedule A hereto (the “Initial Offering Prices”).

2. As of the date of this certificate, for each Maturity of the Series 2023 Bonds, the first price at which at least 10% of such Maturity of the Series 2023 Bonds was sold to the Public is the respective price listed in Schedule A hereto.

3. Bond Counsel has advised us that the yield on the Series 2023 Bonds generally means the discount rate that, when used in computing the present value on the delivery date of all unconditionally payable payments of principal of and interest on the Series 2023 Bonds to maturity, produces an amount equal to the aggregate issue price of the Series 2023 Bonds (defined as the initial offering prices or yields to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which prices a substantial amount of such Series 2023 Bonds of each maturity of each series of the Series 2023 Bonds was sold, and without allowance for discount or any fees in connection with the issuance thereof).

None of the Series 2023 Bonds which are subject to optional early redemption: (i) is subject to optional redemption within five (5) years of the Issue Date (as defined in that certain Indenture of Trust, dated as of May 1, 2021, by and between the Authority and Computershare Trust Company, National Association as successor to Wells Fargo Bank, National Association,

as trustee, as amended and supplemented); or (ii) bears interest at increasing interest rates (*i.e.*, a stepped coupon bond).

The yield on the Series 2023 Bonds as calculated above and applying the special yield rule for certain issues subject to early optional redemption set forth in § 1.148-4(b)(3) of the Regulations and described above is \_\_\_\_%. Attached hereto and made a part hereof as Schedule B is a proof of arbitrage yield schedule.

4. We have been advised by Bond Counsel that the weighted average maturity of an issue of bonds is the sum of the products of the issue price of each maturity which is a part of the issue and the years to maturity (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue. Assuming that the initial Public Offering Prices are the issue prices of the Series 2023 Bonds and that the entire issue price of the Series 2023 Bonds (for this purpose) is \$\_\_\_\_\_, the weighted average maturity of the Series 2023 Bonds is \_\_\_\_\_ years.

We understand that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate and by McManimon, Scotland & Baumann, LLC, in connection with rendering its opinion to the Authority that the interest on the Series 2023 Bonds is not includable in gross income of the owners thereof for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

RBC CAPITAL MARKETS, LLC as  
Representative on behalf of the  
Underwriters

By: \_\_\_\_\_  
Name: Jeffrey J. Wagner  
Title: Managing Director

Dated: May \_\_, 2023

**EXHIBIT C**

**P.L. 2005, C.51 and Executive Order No. 117 (2008)  
CERTIFICATION OF NO CHANGE**

I, JEFFREY J. WAGNER, Managing Director of RBC Capital Markets, LLC (the “Representative”), in reliance upon the representations and warranties made to the Representative in the Agreement Among Underwriters, dated April \_\_, 2023, by the other Underwriters (collectively, the “Underwriters”) listed in Schedule I to the Bond Purchase Contract, dated April \_\_, 2023, by and between the Representative, acting on its own behalf and on behalf of the other Underwriters, and the New Jersey Higher Education Student Assistance Authority (the “Authority”), on behalf of itself and the other Underwriters, in connection with the Authority’s \$\_\_\_\_\_ Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2023, consisting of: (i) \$\_\_\_\_\_ aggregate principal amount of Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT); (ii) \$\_\_\_\_\_ aggregate principal amount of Senior Student Loan Revenue Bonds, Series 2023B (AMT); and (iii) \$\_\_\_\_\_ aggregate principal amount of Subordinate Student Loan Revenue Bonds, Series 2023C (AMT), do hereby certify, on behalf of the Representative and the Underwriters, that all information, certifications and disclosure statements previously provided in connection with P.L. 2005, c.51 and Executive Order No. 117 (2008), are true and correct as of the date hereof, and that all such statements have been made with full knowledge that the Authority and the State of New Jersey shall rely upon the truth of the statements contained therein and in the Purchase Contract.

**IN WITNESS WHEREOF**, I have hereunto set my hand this \_\_th day of May, 2023.

**RBC CAPITAL MARKETS, LLC**

By \_\_\_\_\_  
Name: Jeffrey J. Wagner  
Title: Managing Director

## EXHIBIT D

### Matters To Be Covered In Supplemental Opinion of Bond Counsel

1. The Authority has full right, power and authority to adopt, enter into, execute and deliver, as applicable, the Authorizing Resolution, the Purchase Contract, the Indenture, the Continuing Disclosure Agreement and the Acknowledgement and to perform its respective obligations thereunder.

2. The Purchase Contract, the Authorizing Resolution, the Acknowledgement, the Continuing Disclosure Agreement and the Indenture, have been duly authorized, adopted, executed and delivered by the Authority, as applicable, and constitute valid and binding obligations of the Authority enforceable in accordance with their respective terms, except to the extent that the enforceability of such may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally and by the application of general principles of equity, including those relating to equitable subordination, and the Preliminary Official Statement has been duly approved and the Official Statement has been duly approved, signed and delivered by the Authority.

3. All consents or approvals of any federal or State regulatory agency required in connection with the Authority's adoption, execution, delivery and performance of the Purchase Contract, the Indenture, the Authorizing Resolution, the Acknowledgement and the Continuing Disclosure Agreement (excluding those relating to the "Blue Sky" law or other securities regulations of any jurisdictions), have been obtained.

4. The offer and sale of the Series 2023 Bonds are not subject to registration with the Securities and Exchange Commission under Section 3(a)(2) of the Securities Act of 1933, as amended, and the Indenture is not required to be qualified as an indenture under the Trust Indenture Act of 1939, as amended.

5. The statements contained on the front cover page of the Preliminary Official Statement and the Official Statement relating to tax matters and the information in the Preliminary Official Statement and the Official Statement under the captions "SUMMARY STATEMENT," "INTRODUCTION," "PURPOSE OF THE SERIES 2023 BONDS," "THE SERIES 2023 BONDS" (other than under the subheading "Book-Entry-Only System"), "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS," "CERTAIN INVESTMENT CONSIDERATIONS," "ESTIMATED SOURCES AND USES OF FUNDS," "LEGALITY FOR INVESTMENT AND DEPOSIT," "TAX MATTERS," "LEGALITY," "CONTINUING DISCLOSURE," "QUARTERLY REPORTING," and "MISCELLANEOUS" and in Appendices A, B and C thereto insofar as such statements contained under such captions or Appendices purport to summarize certain provisions of the Series 2023 Bonds, the Indenture, the Continuing Disclosure Agreement, and conclusions or descriptions of federal or State law, were, as of the respective dates of the Preliminary Official Statement and the Official Statement, and are, as of the date of Closing, reasonable and accurate summaries thereof in all material respects.

6. Based upon their participation in the preparation of the Preliminary Official Statement and the Official Statement as Bond Counsel and without having undertaken to determine independently the accuracy, completeness or adequacy of the statements contained in the Preliminary Official Statement and the Official Statement (except as noted in Paragraph 5 above), the Preliminary Official Statement as of its date and as of the date of the Purchase Contract and the Official Statement as of its date and as of the date of Closing, nothing has come to the attention of Bond Counsel which would lead them to believe that the Preliminary Official Statement and the Official Statement (except for the financial and statistical data included therein as to which no view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact which should be included therein for the purpose for which the Preliminary Official Statement and the Official Statement is intended to be used, or which is required or necessary to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

**EXHIBIT E**

**FORM OF AUDITOR CONSENT LETTERS  
([PRELIMINARY OFFICIAL STATEMENT][FINAL OFFICIAL STATEMENT])**

The Board of Directors  
New Jersey Higher Education Student  
Assistance Authority

We agree to the inclusion in the [Preliminary Official Statement][final Official Statement], dated [April \_\_, 2023][April \_\_, 2023], relating to the \$\_\_\_\_\_ aggregate principal amount of New Jersey Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2023, consisting of: (i) \$\_\_\_\_\_ aggregate principal amount of Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT); (ii) \$\_\_\_\_\_ aggregate principal amount of Senior Student Loan Revenue Bonds, Series 2023B (AMT); and (iii) \$\_\_\_\_\_ aggregate principal amount of Subordinate Student Loan Revenue Bonds, Series 2023C (AMT), of our report dated October 21, 2022 with respect to the financial statements of New Jersey Higher Education Student Assistance Authority (the “Authority”) as of and for the years ended June 30, 2022 and 2021, which collectively comprise the Authority’s basic financial statements, and to references in said final Official Statement to CliftonLarsonAllen LLP under the caption “ANNUAL FINANCIAL STATEMENTS.”

Very truly yours,

CLIFTONLARSON ALLEN LLP

Mount Laurel, New Jersey  
[April \_\_, 2023][April \_\_, 2023]