

INDENTURE OF TRUST

By and Between

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

Dated as of June 1, 2019

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
STATE OF NEW JERSEY
STUDENT LOAN REVENUE BONDS

INDENTURE OF TRUST

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**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
STATE OF NEW JERSEY
STUDENT LOAN REVENUE BONDS
INDENTURE OF TRUST**

This Indenture of Trust, dated as of June 1, 2019 (hereinafter sometimes referred to as the "Indenture"), by and between the Higher Education Student Assistance Authority (successor to the New Jersey Higher Education Assistance Authority pursuant to N.J.S.A. 18A:71A-1 et seq., effective April 26, 1999), a body corporate and politic constituting an instrumentality of the State, created and existing under the Act, or any board, body, commission, authority, department, or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Authority by the Act shall be given by law (the "Authority"), and Wells Fargo Bank, National Association, a national banking association duly organized and existing under the laws of the United States (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Authority is established and created under and pursuant to the Higher Education Student Assistance Authority Law, P.L. 1999, c. 46, §1, as amended and supplemented, and any successor legislation (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is empowered to make Eligible Student Loans (as hereinafter defined) under its Loan Finance Program (as hereinafter defined); and

WHEREAS, in order to provide funds for such purpose, the Authority is duly authorized to issue and to sell its bonds and refunding bonds pursuant to the provisions of the Act; and

WHEREAS, the Bonds issued hereunder are secured as hereinafter provided solely by the Trust Estate (as hereinafter defined); and

WHEREAS, the execution and delivery of this Indenture and the issuance of Bonds hereunder have been in all respects duly and validly authorized by resolutions duly adopted by the Authority; and

WHEREAS, all acts, proceedings, and things necessary and required by law to make said Bonds, once executed by the Authority and authenticated by the Trustee, the valid and binding legal obligations of the Authority and to constitute and make this Indenture a valid and effective Indenture, have been done, taken, and performed, and the issuance, execution, and delivery of said Bonds and the execution, acknowledgement, and delivery of this Indenture have in all respects been duly authorized by the Authority;

NOW, THEREFORE, THIS INDENTURE WITNESSETH THAT:

ARTICLE I

SHORT TITLE, DEFINITIONS, INTERPRETATION

Section 1.1. Short Title. This Indenture may hereafter be cited by the Authority and is hereinafter sometimes referred to as the “Indenture.”

Section 1.2. Definitions. In this Indenture, the following words and terms shall, unless the context otherwise requires, have the following meanings:

“Account” means any of the trust funds and accounts created and established by, or pursuant to, this Indenture or any Supplemental Indenture, including, except where the context requires otherwise, the Rebate Fund and the Excess Yield Fund.

“Accountant” means such reputable and experienced independent certified public accountant or firm of independent certified public accountants as may be selected by the Authority, and may be the accountant or firm who regularly audits the books and accounts of the Authority.

“Accrued Assets” means, with respect to any date, the sum of (i) the principal amount of all Student Loans pledged under this Indenture, (ii) the aggregate value of the amounts on deposit in all the Funds and Accounts (excluding the Rebate Fund and the Excess Yield Fund), (iii) the amount of all accrued and unpaid interest on Student Loans, and (iv) all accrued but unpaid interest on Investment Securities. Accrued Assets shall not include Defaulted Loans.

“Accrued Liabilities” means, with respect to any date, the sum of the principal of and unpaid interest on all Outstanding Bonds, plus all accrued but unpaid Program Expenses.

“Act” means the Higher Education Student Assistance Authority Law, P.L. 1999, c. 46, §1, as amended and supplemented, and any successor legislation.

“Additional Bonds” means any Bonds, including Refunding Bonds, issued subsequent to the issuance of the Series of Bonds authorized under the First Supplemental Indenture adopted pursuant to this Indenture on a parity therewith and secured by an equal charge and lien on the Trust Estate and payable equally therefrom, as authorized by Article II and Section 7.10(B) hereof.

“Authenticating Agent” means the Trustee or any other Fiduciary as may be authorized pursuant to a Supplemental Indenture to perform the acts required of such agent in conformance with the provisions of this Indenture and such Supplemental Indenture.

“Authority” means the Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State, created and existing under the Act, or any board, body, commission, authority, department, or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Authority by the Act shall be given by law.

“Authorized Denominations” means amounts specified in a Supplemental Indenture for a Series of Bonds.

“Authorized Officer” means (i) the Chairman, Vice Chairman, Treasurer, Secretary, Executive Director, Chief Operating Officer, Chief Financial Officer of the Authority and such other person or persons designated (A) in a Supplemental Indenture or (B) in writing from time to time by the Authority, which designation shall be filed with the Trustee or, (ii) in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Authority then authorized to perform such act or discharge such duty.

“Bond” or “Bonds” means any of the bonds authorized under this Indenture and issued pursuant to a Supplemental Indenture, including any Additional Bonds, but specifically excluding Subordinate Obligations.

“Bond Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Authority and satisfactory to the party requesting such opinion.

“Bond Fees” means periodic fees payable with respect to the financing provided by a Series of Bonds or Subordinate Obligations, including Fiduciary fees, Bond Insurer fees, including the premium to be paid to the Bond Insurer for a Bond Insurance Policy with respect to any Series of Bonds or Subordinate Obligations, Tender Agent fees, Remarketing Agent fees, fees of the provider of a Credit Facility, and any other periodic fees required to be paid in accordance with the provisions of a Supplemental Indenture in connection with the financing provided by a Series of Bonds or Subordinate Obligations; provided, however, that “Bond Fees” shall not include any amount that is actually paid as a Cost of Issuance.

“Bond Insurance Policy” means, with respect to any Series of Bonds or Subordinate Obligations, a bond insurance policy issued by a Bond Insurer insuring the payment when due of the principal of and interest on the Bonds or Subordinate Obligations of such Series.

“Bond Insurer” means, with respect to any Series of Bonds, the bond insurer identified in the applicable Supplemental Indenture as the provider of a Bond Insurance Policy with respect to such Series.

“Bond Year” means the twelve month period beginning on July 1 in any year and ending on June 30 of the immediately succeeding year, except that (i) the first Bond Year with respect to any Series of Bonds shall commence on the date of issuance of such Series of Bonds and end on the following June 30 and (ii) the last Bond Year with respect to any Series of Bonds shall commence on July 1 and shall end on the date on which such Series of Bonds is paid in full.

“Bondholder,” “Owner,” “owner,” “Holder,” or “holder” or words of similar import, when used with reference to a Bond means any person who shall be the registered owner of any Outstanding Bond.

“Business Day” means any day other than a Saturday or Sunday or legal holiday in the State or a day on which banking institutions are authorized or required by law to be closed for commercial banking purposes either in the State of New York, the State of Minnesota or the State or a day on which the New York Stock Exchange is closed.

“Capitalized Interest Fund” means the Capitalized Interest Fund established pursuant to Section 5.3 hereof.

“Cash Flow Statement” means a Certificate of an Authorized Officer:

(i) setting forth, for the then current and each future Bond Year during which Bonds will be Outstanding, and taking into account (a) any Bonds expected to be issued or redeemed in each such Bond Year upon or in connection with the filing of such Certificate, and (b) the interest rate, purchase price and other terms of any Student Loans expected to be made or purchased by the Authority upon or in connection with the filing of such Certificate:

(1) the amount of Revenues and Recoveries of Principal expected to be received in each such Bond Year that are reasonably expected to be available to make Debt Service payments, and

(2) the aggregate Debt Service for each such Bond Year on all Bonds reasonably expected to be Outstanding, together with Program Expenses, Servicing Fees and Bond Fees; and

(ii) showing that in each such Bond Year the aggregate of the amounts set forth in clause (i)(1) of this definition is sufficient to pay when due the aggregate of the amounts set forth in clause (i)(2) of this definition and any minimum amount required to maintain a Parity Percentage requirement established in any Supplemental Indenture; provided, that such definition as it relates to a Series of Bonds may be amended from time to time by the Authority. The Cash Flow Statement shall be prepared using assumptions as provided in the applicable Supplemental Indenture.

“Certificate” means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Indenture or (ii) the report of an Accountant or an Authorized Officer as to audits or other procedures called for by this Indenture, as the case may be.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, or any successor legislation.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the Authority and related to the authorization, sale and issuance of Bonds or Subordinate Obligations, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, Bond Insurance Policy premiums (to the extent payable from the proceeds of any Bonds pursuant to the Supplemental Indenture authorizing such Bonds), fees and expenses of the provider of any Credit Facility or Liquidity Facility, underwriting fees, if any, initial fees and charges of any Fiduciary, legal fees including bond and underwriter counsel fees and charges, fees and disbursements of consultants and professionals, cost of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds and Subordinate Obligations and any other cost, charge or fee in connection with the original issuance of Bonds.

“Counsel’s Opinion” means an opinion signed by (i) the Attorney General, assistant attorney general or deputy attorney general of the State or (ii) an attorney or firm of attorneys of recognized standing in the field of law to which such opinion relates selected by the Authority.

“Credit Facility” means any credit arrangement provided by a financial institution or insurance company in connection with the issuance of a Series of Bonds as set forth in a Supplemental Indenture, including, without limitation, letters of credit, lines of credit, Bond Insurance Policies, and surety bonds, pursuant to an agreement between such financial institution or insurance company and the Authority, including any Funding Instrument.

“Debt Service” means, with respect to any particular Bond Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Bond Year, plus (ii) any Principal Installments of such Bonds payable during such Bond Year, plus (iii) any Redemption Price of such Bonds payable during such Bond Year, but shall not include the purchase price of Bonds which may be required to be purchased other than as part of a regularly scheduled mandatory sinking fund redemption, including redemptions required pursuant to the terms of any Credit Facility or Liquidity Facility, relating to any Bonds bearing interest as a variable rate, as such Debt Service shall be calculated by the Authority and confirmed by the Trustee.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund established pursuant to Section 5.3 hereof.

“Debt Service Reserve Fund Requirement” means, as of any date of calculation, an amount equal to the aggregate of amounts specified as the Debt Service Reserve Fund Requirement amount required to be deposited in the applicable Account within the Debt Service Reserve Fund, in each Supplemental Indenture authorizing a Series of Bonds or Subordinate Obligations; provided, however, that the amount of Tax-Exempt Obligation proceeds applied to satisfy the Debt Service Reserve Fund Requirement shall not exceed the maximum amount permitted by the Code, and any difference between such permissible amount and the Debt Service Reserve Fund Requirement shall be funded by the Authority from sources other than the proceeds of Tax-Exempt Obligations.

“Defaulted Loan” means, except as otherwise provided in a Supplemental Indenture, a Student Loan originated pursuant to the NJCLASS Loan Program (including Student Loans transferred from Prior Indentures) payable in monthly installments which has reached 180 days of delinquency and has been classified in the Authority’s loan file as a Defaulted Loan or a Student Loan originated pursuant to the NJCLASS Loan Program (including Student Loans transferred from Prior Indentures) payable less frequently than in monthly installments which has reached 240 days of delinquency and has been classified in the Authority’s loan file as a Defaulted Loan.

“Defaulted Loan Purchase Price” means the amount of unpaid principal and unpaid accrued interest on a Defaulted Loan as of the date of default as calculated by the Authority.

“Department” means the United States Department of Education or any successor to its functions.

“Depository” means, to the extent permitted by law, the trust department of any commercial bank or trust company or national banking association or any commercial bank, trust company or national banking association selected by the Authority or the Trustee as a depository of moneys or securities held under the provisions of this Indenture and may include the Trustee or any Paying Agent.

“Eligible Student Loan” or “Eligible Loan” means any fixed or variable interest rate Student Loan made to finance or refinance post-secondary education that is (i) transferred, acquired or purchased into this Trust Estate from a Prior Indenture, (ii) satisfies the administrative rules of the NJCLASS Loan Program as in effect from time to time or (iii) is made pursuant to a pilot program authorized by the Authority and, in each case, that is made in accordance with the credit criteria set forth in the Supplemental Indenture applicable to the disposition of the proceeds of Bonds and Subordinate Obligations issued pursuant to such Supplemental Indenture to finance or refinance such Student Loan and which may be made by the Authority to an eligible borrower, the proceeds of which Student Loan are used to finance or refinance education costs, including accrued, capitalized or deferred interest on such Student Loan, pursuant to the Act and which may be purchased or otherwise financed or refinanced by the Authority pursuant to the Act; provided however, that any Supplemental Indenture may restrict the ‘Eligible Loans’ which may be purchased or acquired with the proceeds of Bonds or Subordinate Obligations issued pursuant to such Supplemental Indenture to certain specified types of Student Loans satisfying the administrative rules of the Authority’s NJCLASS Loan Program (or any successor thereto) as in effect from time to time or pursuant to an authorized pilot program in effect from time to time.

“Event of Default” means any of the events specified in Section 10.1 hereof.

“Excess Yield Fund” means the Excess Yield Fund authorized pursuant to Section 5.3 hereof.

“Favorable Opinion” means a Bond Counsel’s Opinion addressed to the Authority and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Act and this Indenture, including any Supplemental Indenture, and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the applicable Series of Tax-Exempt Obligations.

“Federally Taxable Obligations” means Bonds or Subordinate Obligations so designated by the Supplemental Indenture pursuant to which they are issued, the interest on which shall not be excludable from gross income of the owners thereof for federal income tax purposes.

“Fiduciary” means the Trustee, the Registrar, the Authenticating Agent, any Depository, any Paying Agent and any such additional fiduciary as may be authorized pursuant to a Supplemental Indenture, or any or all of them as may be appropriate.

“Fiscal Year” means a twelve-month period adopted by the Authority as its fiscal year for accounting purposes.

“Fixed Rate Bonds” means any Bonds or Subordinate Obligations which bear interest at a fixed, non-variable interest rate from the date such Bonds are issued until the stated maturity date or the date fixed for redemption, as the case may be.

“Funding Instrument” means any surety bond, insurance policy, letter of credit or other similar obligation satisfying in whole or in part the Debt Service Reserve Fund Requirement for a Series of Bonds or Subordinate Obligations described in a Supplemental Indenture and deposited in the applicable Series Account within the Debt Service Reserve Fund in accordance with the provisions of Section 5.3(C) hereof and applicable Supplemental Indenture.

“Governmental Obligations” means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America), (ii) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clause (i), (iii) the interest component of REFCORP Strips which have been stripped by request to the Federal Reserve Bank of New York, provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (iv) certificates evidencing ownership of the right to the payment of the principal of and/or interest on obligations described in clause (i), known as “CATS” or “TIGRS”.

“Guarantor” means (i) any guarantor of Eligible Loans provided the Trustee and the Authority shall have received, so long as Bonds are secured by a Credit Facility, the written consent of the Credit Facility provider or, in the event Bonds are not secured by a Credit Facility, a Rating Agency Condition from all applicable Rating Agencies, or (ii) any successor to any such guarantor.

“Gross Defaulted Loan Collections” means, with respect to a Defaulted Loan, all amounts collected by the Authority with respect to such Defaulted Loan, including principal, interest and any other amounts collected, including any amounts collected after such Defaulted Loan becomes a Purchased Defaulted Loan.

“Indenture” means this Indenture of Trust and any amendments or supplements made pursuant to a Supplemental Indenture in accordance with its terms.

“Indexing Agent” means a corporation, association or investment banking institution having skill and expertise in connection with the determination of an interest rate to be borne by variable rate obligations, as may be appointed by the Authority pursuant to the terms of the Supplemental Indenture authorizing Variable Rate Obligations, to assist in determining the rate of interest to be borne by such Variable Rate Obligations.

“Interest Payment Date” means, with respect to any Bond or Subordinate Obligation any date upon which interest on such Bond or Subordinate Obligation is due and payable in accordance with its terms.

“Interest Rate Exchange Agreement” means an agreement between the Authority and a counterparty (having a rating from Moody’s of at least A2 without collateral or A3 with collateral) confirming a transaction which is an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, corridor transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of these transactions, entered into pursuant to Section 5.5(D) hereof.

“Investment Securities” means any of the following securities legal for the investment of Bond or Subordinate Obligation proceeds and funds on deposit in the Accounts established hereunder at the time of purchase thereof and subject to any additional rating limitations by any Rating Agency set forth in a Supplemental Indenture:

- (i) (a) Cash (fully insured by the Federal Deposit Insurance Corporation), (b) U.S. Treasury Obligations, or (c) obligations fully and unconditionally guaranteed as to timely

payment of principal and interest by the Department of Treasury of the United States of America.

(ii) Federal Housing Administration debentures rated in the highest rating category by Moody's.

(iii) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America rated in the highest rating category by Moody's:

a) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;

c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and

d) Federal National Mortgage Association (FNMA) senior debt obligations.

(iv) Unsecured certificates of deposit, time or demand deposits, and bankers' acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated "Prime-1" by Moody's.

(v) Deposits the aggregate amounts of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least \$15 million.

(vi) Commercial paper (having original maturities of not more than 270 days) rated "Prime-1" by Moody's.

(vii) Money market funds rated in the highest rating category by S&P, and if rated by Moody's, rated in the highest rating category by Moody's.

(viii) "State Obligations," which means:

a) direct general obligations of any state of the United States of America the unsecured general obligation debt of which is rated at least "A2" by Moody's or any obligation fully and unconditionally guaranteed by any state whose unsecured general obligation debt is so rated;

b) direct general short-term obligations of any state agency rated "MIG-1" by Moody's; or

c) special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated "Aa3" or better by Moody's.

(ix) Pre-refunded municipal obligations rated "Aaa" by Moody's meeting the following requirements:

- a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the Trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the Authority of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;
- b) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;
- c) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by a Verification Report;
- d) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or Trustee in trust for owners of the municipal obligations;
- e) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and
- f) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the Trustee or escrow agent.

(x) Repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A2" Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has long-term debt rated at least "A2" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least "A2" Moody's and acceptable to Credit Facility Provider (each an "Eligible Provider"), provided that:

- a) (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral");
- b) the Trustee or a third party acting solely as agent therefore or for the Authority (the "Custodian") has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;
- c) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send reports to the Trustee, the Authority and Credit Facility Provider setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

- d) the repurchase agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of Credit Facility Provider and ten (10) days prior notice to each Rating Agency;
 - e) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;
 - f) the repurchase agreement shall provide that if during its term the provider's rating by Moody's is withdrawn or suspended or falls below "A2" by Moody's, the provider must notify the Authority, the Trustee and Credit Facility Provider within five (5) days of receipt of such notice and within sixty (60) days of such withdrawal, suspension or downgrade, the provider shall either: (i) provide a written guarantee acceptable to Credit Facility Provider, or (ii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within sixty (60) days, the provider shall, at the direction of the Trustee (who shall give such direction if so directed by Credit Facility Provider) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Authority or the Trustee.
- (xi) Investment agreements: with a domestic or foreign bank or corporation the long-term debt of which is rated at least "Aa3" by Moody's, and acceptable to Credit Facility Provider (each an "Eligible Provider"); provided that:
- a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;
 - b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Authority and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;
 - c) the provider shall send monthly reports to the Trustee, the Authority and Credit Facility Provider setting forth the balance the Authority or Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;
 - d) the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;
 - e) the investment agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of Credit Facility Provider and ten (10) days prior notice to each Rating Agency;
 - f) the Authority, the Trustee and Credit Facility Provider shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

g) the Authority, the Trustee and Credit Facility Provider shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (b) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

h) the investment agreement shall provide that if during its term:

- 1) the provider's rating by Moody's falls below "Aa3", the provider shall within ten (10) days of receipt of publication of such downgrade, either (A) provide a written guarantee provided by an Eligible Provider acceptable to Credit Facility Provider, (B) assign the agreement to an Eligible Provider, or (C) repay the principal of and accrued but unpaid interest on the investment at no cost to the Authority;
- 2) the provider's rating by Moody's is withdrawn or suspended or falls below "A2", the provider must, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Credit Facility Provider), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or Trustee.

i) in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is Eligible Collateral and in addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee, the Authority and Credit Facility Provider setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

j) the investment agreement shall state and an opinion of counsel shall be provided to the Authority, the Credit Facility Provider, and the Trustee, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

k) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Credit Facility Provider), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts

invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate.

(xii) The New Jersey Cash Management Fund, if permitted under the terms of the applicable Supplemental Indenture.

For the avoidance of doubt, for so long as any Bonds or Subordinate Obligations are rated by Moody's, Investment Securities shall maintain the following criteria:

- A. each Investment Security must mature before the Payment Date when its funds are needed to pay Debt Service on the Bonds.
- B. the Depository holding any Investment Securities must maintain a current rating of A2 or P-1;
- C. the securities must have a fixed principal amount at maturity;
- D. if the rating of a depository institution at which an account is held falls below the lowest rating set forth in A above, any accounts held with such institution should be moved within one month to an appropriately rated entity;
- E. U.S. trust accounts must maintain a minimum rating of Baa3 or P-3 for Aaa rated domestic transactions;
- F. investments should be made in the currency of the funds being invested; and
- G. U.S. money market funds must be rated Aaa by Moody's.

Each of the Investment Securities may be purchased by the Trustee or through an Affiliate of the Trustee.

"IREA Payment Obligation" means all payment and reimbursement obligations of the Authority to a counterparty of an Interest Rate Exchange Agreement entered into in connection with Bonds or Subordinate Obligations.

"Issue Date" means, with respect to each Series, the date of delivery of the Bonds of such Series.

"Liquidity Facility" means an insurance policy, letter of credit, line of credit, standby purchase agreement or other agreement or facility issued by a financial institution, insurance company or association pursuant to which the Authority may obtain funds for payment of the principal of and accrued interest on Bonds or Subordinate Obligations upon the tender of such Bonds or Subordinate Obligations for purchase by the holder thereof or upon the redemption of such Bonds by the Authority.

"Loan Finance Program" means (i) the program for the financing or refinancing of Eligible Student Loans pursuant to the NJCLASS Loan Program established by the Authority pursuant to the Program Documentation, as the same may be amended from time to time, and, in particular, as such term is used herein to the extent that such program is financed through the issuance of Bonds or Subordinate Obligations or from amounts otherwise available out of the moneys and assets held or pledged pursuant to this Indenture.

“Maximum Interest Rate” means, with respect to any particular Series of Variable Rate Obligations, a numerical rate of interest which shall be set forth in the Supplemental Resolution for such Series of Bonds or Subordinate Obligations that shall be the maximum rate of interest such Series of Variable Rate Obligations may bear at any time.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns.

“Net Defaulted Loan Collections” means, with respect to a Defaulted Loan, the excess of (a) Gross Defaulted Loan Collections for such Defaulted Loan, less (b) the Authority’s costs and expenses incurred in collecting such Defaulted Loan in an amount not to exceed thirty (30%) percent of the Gross Defaulted Loan Collections for such Defaulted Loan.

“NJCLASS Loan Program” means the New Jersey College Loans to Assist State Students Loan Program for the financing or refinancing of the making of student loans pursuant to the Act and the administrative rules promulgated thereunder, as the same may be amended and supplemented from time to time consistent with the Act, such administrative rules, and this Indenture, but only to the extent that such program is financed through the issuance of Bonds or Subordinate Obligations or from amounts otherwise available out of the moneys and assets held or pledged pursuant to this Indenture.

“Option Bonds” means Bonds or Subordinate Obligations which by their terms may be tendered by and at the option of the holders thereof for payment by the Authority prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the holder thereof.

“Origination” or “Originate” means the process of making, acquiring by purchase or issuing a Student Loan by the Authority.

“Origination Period” with respect to any Series of Bonds or Subordinate Obligations shall have the meaning set forth in the applicable Supplemental Indenture.

“Outstanding” when used with reference to Bonds or Subordinate Obligations means, as of any date, all Bonds or Subordinate Obligations, including any Bonds or Subordinate Obligations held in custody for the benefit of any provider of a Credit Facility or a Liquidity Facility under a Supplemental Indenture, theretofore or thereupon being authenticated and delivered under this Indenture except:

(1) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) on or after any purchase date for Bonds subject to tender pursuant to the provisions of any Supplemental Indenture, all Bonds or portions thereof (excluding any Bonds held in custody for the benefit of any provider of a Credit Facility or Liquidity Facility under a Supplemental Indenture) which are tendered or deemed to have been tendered for purchase, provided that moneys sufficient for such purchase are on deposit with the Tender Agent;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Section 3.3, 3.7, 3.8, 6.6 or 9.6 hereof;

(4) any Bond deemed to have been paid as provided in Section 12.1(B) hereof; provided, however, that in the event that the principal and/or interest due on any Bonds shall be paid by a Credit Facility provider pursuant to its Credit Facility for such Bonds, such Bonds so paid shall remain Outstanding for all purposes of this Indenture and the applicable Supplemental Indenture, shall not be deemed defeased or otherwise satisfied and shall not be considered paid by the Authority, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Owners of such Bonds shall continue to exist and shall run to the benefit of the Credit Facility provider, and the Credit Facility provider shall be subrogated to the rights of such Owners; and

(5) any Variable Rate Obligation which shall be deemed to have been purchased by the Tender Agent in connection with any event which requires that a Bondholder tender its Variable Rate Obligations which are the subject of such notice and which are not delivered on the date required by the Supplemental Indenture authorizing such Series of Variable Rate Obligations.

“Parity Percentage” means, unless otherwise set forth in a Supplemental Indenture, as of any particular date of calculation, the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities.

“Parity Percentage Requirement” for purposes of Section 5.5(A)(xiv) herein and with respect to all Bonds issued and Outstanding means, when, as of any particular date of calculation, after reserving the Debt Service requirements to be made on the next succeeding Payment Date, the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities is at least the percentage provided for in the most recently adopted Supplemental Indenture.

“Paying Agent” means the Trustee or any commercial bank or trust company or national banking association designated as paying agent for a Series of Bonds, and its successor or successors hereafter appointed in the manner herein provided.

“Payment Date” means a Principal Payment Date, an Interest Payment Date or any date on which the payment of principal or redemption price of or interest on Subordinate Obligations comes due, or, in each case, the next succeeding Business Day if such day is not a Business Day.

“Principal Installment” means, as of any Principal Payment Date, the aggregate principal amount of Outstanding Bonds maturing on such date.

“Principal Payment Date” means, with reference to any Series or portion of a Series of Bonds, the date upon which all or a portion of the Outstanding principal amount of any Bond within such Series becomes payable by reason of the maturity thereof or by operation of redemption from Sinking Fund Payments, as such date is set forth in the applicable Supplemental Indenture.

“Prior Indentures” means, collectively, (i) the Indenture of Trust, dated as of June 1, 2009, between the Authority and Wells Fargo Bank, National Association, as Trustee, as amended and supplemented, (ii) the Indenture of Trust, dated as of January 1, 2010 between the Authority and Wells Fargo Bank, National Association, as Trustee, as amended and supplemented, (iii) the Indenture of Trust, dated as of June 1, 2010 between the Authority and Wells Fargo Bank, National Association, as Trustee, as amended and supplemented, (iv) the

Indenture of Trust, dated as of June 1, 2012, between the Authority and Wells Fargo Bank, National Association, as Trustee, as amended and supplemented, and (v) the Indenture of Trust, dated as of May 1, 2018, between the Authority and Wells Fargo Bank, National Association, as Trustee, as amended and supplemented.

“Program Documentation” means the administrative rules of the Authority relating to the NJCLASS Loan Program, and all documentation adopted or used by the Authority for the NJCLASS Loan Program, and the Authority’s Policy and Procedural Manual for the NJCLASS Loan Program as in effect on the date of execution of this Indenture and as revised, amended, altered, or supplemented from time to time.

“Program Expenses” means all of the Authority’s expenses in carrying out and administering the Loan Finance Program under this Indenture and shall include, without limiting the generality of the foregoing, (a) salaries, supplies, acquisition fees, loan collection costs, verification agent fees, fees of any Liquidity Facility or Credit Facility provider under a Supplemental Indenture, utilities, mailing, labor, travel, payments for pension, retirement, health and hospitalization, and life and disability insurance benefits, materials, office rent or mortgage payment, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, audit, management, consulting, and banking service fees and expenses, fees, expenses and indemnities of the Fiduciaries, (b) Servicing Fees, and (c) Bond Fees. Program Expenses may also include amounts for establishing and maintaining reserves to pay operating costs and reasonable reserves for losses and expenses estimated to be incurred by the Authority, required writedowns and/or reductions in principal of Student Loans and amounts appropriate to reimburse the Authority for Program Expenses paid from other sources not paid from the proceeds of the Bonds or Subordinate Obligations.

“Purchased Defaulted Loan” means a Defaulted Loan (i) for which an amount of Gross Defaulted Loan Collections at least equal to the Defaulted Loan Purchase Price for such Defaulted Loan has been deposited into the Revenue Fund and deemed applied to pay such Defaulted Loan Purchase Price for such Defaulted Loan, and (ii) that has been removed from the portfolio of active Student Loans reported on the NJCLASS Loan Program accounting records and financial statements by the Authority in accordance with Section 5.6 hereof.

“Rating Agency” means Moody’s or any other nationally recognized securities rating organization to the extent such organization has been requested by the Authority to issue a rating on the Bonds or Subordinate Obligations (or one or more Series thereof) and such organization has issued and continues to apply a rating on such Bonds or Subordinate Obligations at the time in question.

“Rating Agency Condition” means a letter or press release or other published written release from any Rating Agency then providing a rating for one or more Series of Bonds or Subordinate Obligations confirming that the underlying rating on such Series of Bonds or Subordinate Obligations, without giving effect to any Credit Facility, will not be lowered or withdrawn as a result of the action proposed to be taken by the Authority.

“Rebate Fund” means the Rebate Fund authorized pursuant to Section 5.3 hereof.

“Record Date” means, except as otherwise provided in a Supplemental Indenture, the 15th day of the month immediately preceding each Payment Date.

“Recoveries of Principal” means, other than Gross Defaulted Loan Collections, all amounts received by the Authority from or on account of any Student Loan as a recovery, return or repayment of the principal amount of such Student Loan, including scheduled, delinquent and advance payments, payouts or prepayments, proceeds from insurance or any guarantees or proceeds from the sale, assignment or other disposition of such Student Loan, in each case to the extent such payments or proceeds are received with respect to the principal of such Student Loan.

“Redemption Price” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

“Refunded Obligations” means, with respect to any Series of Refunding Bonds, any Bonds, Notes or other obligations previously issued pursuant to this Indenture or bonds, notes or other obligations previously issued pursuant to any Prior Indenture or any other resolution, indenture, agreement or other similar authorizing document of the Authority, to be refunded or purchased by the Authority from the proceeds of such Refunding Bonds.

“Refunding Bonds” means Bonds issued to refund any Refunded Obligations.

“Registrar” means the agent of the Authority at the office of which Bonds may be presented for registration, transfer, or exchange as provided in Section 3.4 hereof and, unless specifically stated otherwise, in a particular Supplemental Indenture with respect to Bonds authorized thereunder, means the Trustee.

“Remarketing Agent” means any remarketing agent for any Variable Rate Obligations which shall be appointed by the Authority pursuant to a Supplemental Indenture authorizing such Variable Rate Obligations, and its successor or successors, acting for the purpose of remarketing any Variable Rate Obligations which have been tendered for purchase by the holders thereof in order to obtain funds which are necessary to pay the purchase price of such Variable Rate Obligations upon the tender thereof, or any other corporation, banking institution or investment banking firm which may at any time be substituted in its place pursuant to the terms of a Supplemental Indenture or the agreement appointing the Remarketing Agent.

“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, assistant 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 Indenture and the other transaction documents to which such Person is a party.

“Revenue Fund” means the Revenue Fund established pursuant to Section 5.3 hereof.

“Revenues” means all payments, proceeds, charges and other income received by the Authority from or on account of any Student Loan, including scheduled, delinquent and advance payments of, and any insurance proceeds with respect to, interest on any Student Loan, any late fees and any Gross Defaulted Loan Collections, and all interest earned or gain realized from the investment of amounts in any Account (other than amounts required to be deposited to or on deposit in the Rebate Fund or the Excess Yield Fund); but excludes (a) any

amount retained by the Servicer of any Student Loan as compensation for services rendered in connection with the servicing of such Student Loan, and (b) Recoveries of Principal.

“S&P” means Standard and Poor’s Ratings Service, a division of The McGraw Hill Companies Inc., a New York corporation, its successors and assigns.

“Secretary” means the Secretary of the Department or any successor to the Secretary’s function.

“Series” means all of the Bonds or Subordinate Obligations authenticated and delivered on original issuance in a simultaneous transaction, pursuant to the same Supplemental Indenture and designated as a Series in such Supplemental Indenture regardless of variations in maturity, interest rate, method of determining such interest rate, Sinking Fund Payments or other provisions, and any Bonds or Subordinate Obligations thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds or Subordinate Obligations as herein provided.

“Servicer” means an organization with which the Authority has entered into a Servicing Acknowledgement with respect to Student Loans, and any successors and assigns; if the Authority shall then be servicing any or all of the Student Loans itself, the term “Servicer” shall be deemed to include, or mean, the Authority.

“Servicing Acknowledgement” means any acknowledgement of servicing between the Authority and a Servicer, or between the Trustee and the Authority, in its capacity as a Servicer, when it is acting as such, and any supplements and amendments thereto, under which the Servicer, including the Authority when it is acting in such capacity, agrees to administer Student Loans and collect Revenues, and any successor acknowledgements entered into in accordance with this Indenture.

“Servicing Fees” means all those fees payable to a Servicer, including the Authority, when it is acting as the Servicer, as compensation for its services pursuant to a Servicing Acknowledgement or the Program Documentation.

“Sinking Fund Payment” means, as of any particular date of calculation, the amount required to be paid by the Authority on a future Principal Payment Date for the retirement of Outstanding Bonds which mature after said future Principal Payment Date, but does not include any amount payable by the Authority by reason of the maturity of a Bond or by call for redemption at the election of the Authority.

“State” means the State of New Jersey.

“Student Loan” means any Eligible Loan (i) made or acquired by the Authority by the expenditure of amounts in the Student Loan Fund or (ii) transferred to the Trust Estate from a Prior Indenture.

“Student Loan Fund” means the Student Loan Fund established pursuant to Section 5.3 hereof.

“Subaccount” means any subaccount within an Account created pursuant to Section 5.3(H) hereof.

“Subordinate Obligations” means any bonds, notes or other obligations, payable on a subordinate basis to the Bonds as provided by paragraph (ix) of Section 5.5(A) hereof, and issued pursuant to a Supplemental Indenture as authorized by Sections 2.5 and 7.10(C) hereof.

“Supplemental Indenture” means any Indenture supplemental to or amendatory of this Indenture, executed by the Authority and the Trustee and effective in accordance with Article VIII hereof.

“Tax-Exempt Obligations” means Bonds or Subordinate Obligations which were delivered upon original issuance with a Bond Counsel’s Opinion that interest on such Bonds or Subordinate Obligations are excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code or any successor provisions thereto.

“Tax Agreement” means a Tax Regulatory Agreement or other document of similar purpose and intent executed in connection with any Series of Tax-Exempt Obligations with respect to compliance with the requirements of the Code.

“Tender Agent” means any tender agent which shall be appointed by the Authority pursuant to a Supplemental Indenture authorizing Variable Rate Obligations, and its successor or successors, in connection with the purchase of Variable Rate Obligations which are tendered by the holders thereof, or any other banking institution, corporation or investment banking firm which may be substituted therefor pursuant to the terms of a Supplemental Indenture or the terms of the agreement appointing the Tender Agent.

“Termination Payments” means, with respect to any Interest Rate Exchange Agreement, the settlement amount to be paid by the Authority or counterparty to the Interest Rate Exchange Agreement by reason or on account of the early termination of the Interest Rate Exchange Agreement.

“The Depository Trust Company” or “DTC” means The Depository Trust Company, New York, New York, and its successors and assigns and any other corporation or entity performing similar securities depository functions.

“Trust Estate” means all the property, assets, rights and interests pledged and assigned to the Trustee pursuant to Section 5.2 hereof.

“Trustee” means Wells Fargo Bank, National Association, currently at its corporate office located in Minneapolis, Minnesota, and its successor or successors and any other person at any time substituted in its place pursuant to this Indenture.

“Variable Rate Obligations” means any Bonds or Subordinate Obligations which are designated by the Supplemental Indenture for such Series of Bonds or Subordinate Obligations to bear interest at a variable rate of interest.

Section 1.3. Interpretation.

(A) In this Indenture, unless the context otherwise requires:

(i) the terms “hereby,” “hereof,” “herein,” “hereunder” and similar terms, as used in this Indenture, refer to this Indenture, and the term “heretofore” means before, and the term “hereafter” means after, the date of this Indenture;

(ii) words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa;

(iii) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, limited liability companies, corporations and other legal entities, including public bodies, as well as natural persons;

(iv) any headings preceding the texts of the several Articles and Sections of this Indenture and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(v) this Indenture shall be governed by and construed in accordance with the applicable laws of the State;

(vi) the verbs “originate,” “make,” “finance” and “acquire,” when used with reference to a Student Loan, shall be construed to include (i) the purchase or other acquisition, or refinancing or refunding of such Student Loan or (ii) the participation by the Authority, either alone or with others, in the making or purchase thereof;

(vii) references to the payment of the Bonds shall be deemed to include reference to the payment of interest and Redemption Price, if any, thereon;

(viii) except as otherwise provided in a Supplemental Indenture, references to time shall mean the applicable local time in the City of Trenton, New Jersey; and

(ix) references to Sections and Articles, unless otherwise indicated, refer to Sections and Articles in this Indenture.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Authority, the Fiduciaries, the counterparty to an Interest Rate Exchange Agreement, the provider of a Credit Facility, the issuer of a Funding Instrument, the provider of a Liquidity Facility and the Owners of the Bonds or Subordinate Obligations, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Authority, shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, the counterparty to an Interest Rate Exchange Agreement, the provider of a Credit Facility, the issuer of a Funding Instrument, the provider of a Liquidity Facility and the Owners of the Bonds or Subordinate Obligations.

(C) If any one or more of the covenants or agreements provided herein on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements, shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Indenture or of the Bonds.

(D) (i) In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Authority, Trustee and the Holders from time to time of the Bonds; and the security interest granted and the pledge and assignment made in this Indenture and the covenants and agreements therein set forth to be

performed on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, all except as expressly provided in Section 5.5(A)(ix), Section 10.1 and Section 10.3 of this Indenture.

(ii) The security interest granted and the pledge and assignment made in this Indenture shall also secure the Authority's payment obligations to the provider of any Credit Facility pursuant to the terms thereof and of this Indenture.

ARTICLE II
TERMS OF BONDS

Section 2.1. Authorization for Indenture, Bonds and Subordinate Obligations.

This Indenture and the issuance of Bonds and Subordinate Obligations hereunder have been duly authorized by the Authority and the principal amount of Bonds and Subordinate Obligations that may be issued from time to time hereunder is not limited except as provided herein or by law. The Authority has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes of the Authority and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and Subordinate Obligations and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes of the Authority.

Section 2.2. Limited Obligation of Authority. The Bonds and Subordinate Obligations are limited, not general, obligations of the Authority payable solely from the Trust Estate, subject to the application thereof to the purposes and on the conditions permitted by this Indenture.

Section 2.3. Authorization for Issuance of Bonds and Subordinate Obligations in Series. Bonds or Subordinate Obligations are hereby authorized to be issued from time to time hereunder in one or more Series without limitation as to amount except as may be provided herein, in a Supplemental Indenture, or by law. Bonds or Subordinate Obligations may be issued as Federally Taxable Obligations only if so provided in the Supplemental Indenture authorizing such Bonds or Subordinate Obligations. No Bonds or Subordinate Obligations shall be issued unless they are part of an issue described in a Supplemental Indenture and until the conditions contained in Section 2.5 hereof and, in the case of Refunding Bonds, Section 2.6 hereof are satisfied.

Section 2.4. Issuance and Delivery of Bonds or Subordinate Obligations. After their authorization by the Authority, Bonds or Subordinate Obligations may be executed by or on behalf of the Authority and delivered to the Trustee for authentication and, upon compliance by the Authority with the requirements of Sections 2.5 and 7.10(B) hereof and, in the case of Refunding Bonds, Section 2.6 hereof, the Trustee shall thereupon authenticate and deliver such Bonds or Subordinate Obligations to or upon the order of the Authority.

Section 2.5. Conditions Precedent to Delivery of Bonds or Subordinate Obligations. The Bonds or Subordinate Obligations of each Series shall be authenticated and delivered upon the order of the Authority, but only upon the receipt by the Trustee of the following:

(A) a certified copy of the Supplemental Indenture authorizing such Series of Bonds or Subordinate Obligations, executed by the Authority and the Trustee, which shall specify:

(i) the authorized principal amount and designation of such Bonds or Subordinate Obligations;

(ii) the purposes for which such Bonds or Subordinate Obligations are issued, which shall be one or more of the following: (a) the making of deposits into the Student Loan Fund, (b) the making of deposits to the extent necessary to increase the balance in the Debt Service Reserve Fund to the amount, if any, required by this Indenture or such

Supplemental Indenture, (c) the refunding of any Refunded Obligations, (d) the payment of Costs of Issuance, or (e) any combination of the foregoing;

(iii) the dated dates and maturity dates of such Series of Bonds or Subordinate Obligations;

(iv) the interest rates, if any, and the method or formula of determining interest rates which are not fixed rates of interest and principal amounts payable upon such Bonds or Subordinate Obligations (or the manner of determining such rates or amounts) and the Payment Dates therefor,

(v) the denominations of, and the manner of dating, numbering and lettering such Bonds or Subordinate Obligations;

(vi) subject to Section 7.3 hereof, the Paying Agent and the places of payment of such Bonds or Subordinate Obligations or the manner of appointing and designating the same;

(vii) the Debt Service Reserve Fund Requirement, and the amount, if any, required to be deposited in the Debt Service Reserve Fund from the proceeds of the Bonds or Subordinate Obligations of such Series or by the deposit of a Funding Instrument in such Debt Service Reserve Fund so that the amount on deposit therein will equal the Debt Service Reserve Fund Requirement;

(viii) the funds, Accounts or Subaccounts to which monies are to be deposited;

(ix) provisions concerning the forms of such Bonds or Subordinate Obligations and of the Trustee's certificate of authentication;

(x) any other provisions deemed advisable by the Authority as shall not conflict with the provisions hereof;

(xi) the Redemption Price, if any, of and, subject to the provisions of Article VI hereof, the redemption terms for such Bonds or Subordinate Obligations;

(xii) the amounts and due dates of the Sinking Fund Payments, if any, for any of such Bonds or Subordinate Obligations and any other applicable provisions relating to such Sinking Fund Payments;

(xiii) provisions, if any, for furnishing a Credit Facility or Liquidity Facility with respect to such Series; and

(xiv) whether the Bonds or Subordinate Obligations of such Series are Federally Taxable Obligations.

(B) Either or both of, or a combination of, a Counsel's Opinion and a Bond Counsel's Opinion to the effect that: (i) the Supplemental Indenture authorizing the Bonds or Subordinate Obligations of such Series and this Indenture have been duly and lawfully authorized, executed, and delivered by the Authority and are valid and binding upon, and enforceable against, the Authority (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting rights and remedies of creditors and to the application of equitable

principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against State agencies and authorities in the State); (ii) such Supplemental Indenture and this Indenture create the valid pledge and assignment which they purport to create of the Trust Estate, including Revenues and Recoveries of Principal, moneys and securities on deposit in any of the Funds and Accounts established hereunder (except the Rebate Fund and the Excess Yield Fund), including the investments, if any, thereof, subject to the application of such amounts to the purposes and on the conditions permitted by such Supplemental Indenture and this Indenture; (iii) upon the execution, authentication and delivery thereof, such Bonds or Subordinate Obligations will have been duly and validly authorized and issued by the Authority and constitute the valid and legally binding limited obligations of the Authority enforceable in accordance with their terms (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting rights and remedies of creditors and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against State agencies and authorities in the State); and (iv) interest on Bonds or Subordinate Obligations which are Tax-Exempt Obligations will be excludable from gross income for federal income tax purposes (subject to such exceptions as may be necessary with regard to future compliance by the Authority with federal income tax requirements, including those regarding the use and investment of Bond proceeds and other funds);

(C) a written order as to the delivery of such Bonds or Subordinate Obligations, signed by an Authorized Officer;

(D) evidence of the receipt by the Trustee of the amount of the proceeds of such Bonds or Subordinate Obligations to be deposited with the Trustee pursuant to Section 4.1 hereof, which shall be conclusively established by the executed Certificate of the Trustee so stating;

(E) in the case of additional obligations issued pursuant to Section 7.10 hereof, evidence that the provisions of Section 7.10 hereof have been complied with as of the date of delivery of such Series; and

(F) such further documents and moneys as are required by the provisions of Article VIII hereof or of any Supplemental Indenture entered into pursuant to Article VIII hereof.

Section 2.6. Conditions Precedent to Delivery of Refunding Bonds. In addition to the requirements of Section 2.5 hereof, Refunding Bonds of any Series shall be authenticated by the Trustee only upon the receipt by the Trustee of:

(A) evidence of the receipt by the Trustee of irrevocable instructions to the Trustee to give due notice of the purchase, payment or redemption of all the Refunded Obligations to be refunded and the tender, payment or redemption dates, if any, upon which such Refunded Obligations are to be purchased, paid or redeemed, which shall be conclusively established by the executed Certificate of the Trustee so stating;

(B) if Refunded Obligations are to be redeemed subsequent to the next succeeding forty-five (45) days, evidence of the receipt by the Trustee of irrevocable instructions to the Trustee to mail or provide electronic dissemination if authorized by DTC, as provided in Article VI hereof, notice of the purchase or redemption of such Bonds on a specified date prior to their purchase or redemption date, which shall be conclusively established by the executed Certificate of the Trustee so stating; and

(C) evidence of the receipt by the Trustee of either (i) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect purchase, payment or redemption at the applicable Redemption Price of the Refunded Obligations to be refunded, together with accrued interest on such Refunded Obligations to the purchase date, due date or redemption date, or (ii) Governmental Obligations (not subject to redemption at the option of the issuer thereof) for the purpose of effecting a refunding of Refunded Obligations, the principal of and interest on which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable principal or Redemption Price of the Refunded Obligations to be refunded, together with accrued interest on such Refunded Obligations to the redemption date or dates of purchase or maturity thereof. Such receipt shall be conclusively established by the executed Certificate of the Trustee so stating.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.1. Place, Medium of Payment, Denomination, Maturities, Credit or Liquidity Facilities, Form and Date.

(A) Principal or Redemption Price, if applicable, of the Bonds are payable upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent. Interest on the Bonds will be paid by check or draft drawn upon the Paying Agent and mailed to registered owners at the addresses shown on the registration books maintained by the Registrar, provided that, at the written request of the registered owner of at least \$1,000,000 principal amount of Bonds (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. Payment as aforesaid shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) The Payment Dates with respect to a Series of Bonds shall be as set forth in the Supplemental Indenture authorizing such Bonds. Interest, if any, on each Bond shall be payable as set forth in the Supplemental Indenture authorizing such Series of Bonds.

(C) Bonds shall be issued in fully registered form, without coupons.

(D) All Series of Bonds shall be dated as provided in the Supplemental Indenture authorizing such Series of Bonds. Bonds of any Series issued prior to the first Interest Payment Date, if any, applicable to Bonds of such Series shall bear interest from their dated date, but Bonds issued on or subsequent to the first Interest Payment Date applicable to Bonds of such Series shall bear interest from the Interest Payment Date next preceding the date of authentication thereof (unless such date of authentication shall be an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date). If, however, as shown by the records of the Trustee and Registrar, interest on such Series of Bonds shall be in default, the Bonds issued in lieu of such Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the Bonds surrendered.

(E) With respect to any Series of Bonds, the Authority may provide by Supplemental Indenture for the use of a book-entry-only system with The Depository Trust Company or other similar entity including alternate methods of paying Bonds.

(F) The interest rate or rates on Bonds of any Series or any Bonds within a Series may be fixed or variable as shall be set forth in the Supplemental Indenture authorizing such Bonds.

(G) Payment of the principal or Redemption Price, if applicable, of, or interest on, the Bonds of any Series may be payable from or secured by a Credit Facility or Liquidity Facility as shall be set forth in the Supplemental Indenture authorizing such Bonds. The provider of any such Credit Facility or Liquidity Facility may be granted such rights to consent to or approve of action required or permitted hereunder as shall be set forth in the Supplemental Indenture authorizing the Series of Bonds benefiting from such Credit Facility or Liquidity Facility, which rights may be granted to the exclusion of the Owners of the Bonds of such Series.

Section 3.2. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise.

Section 3.3. Interchangeability of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its duly authorized attorney, may at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the Trustee may make as provided in Section 3.6 hereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity bearing the same rate of interest and Authorized Denominations of any Bonds of the same Series; provided, however, that the exchange of Bonds may be restricted by the Supplemental Indenture pursuant to which such Bonds are issued.

Section 3.4. Negotiability, Transfer and Registry. Except as provided in any Supplemental Indenture, all the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration, transfer and exchange contained in this Indenture and in the Bonds. So long as any of the Bonds remain Outstanding, the Authority shall maintain and keep, at the designated corporate trust office of the Registrar, which may be one or more banks or trust companies or national banking associations appointed by the Authority, books for the registration, transfer and exchange of Bonds. Upon presentation thereof for such purpose at said office, the Authority shall register or cause to be registered in such books, and permit to be transferred thereon, any Bonds pursuant to such reasonable regulations as it or the Registrar may prescribe. So long as any of the Bonds remain Outstanding, the Authority shall make all necessary provisions to permit the exchange of Bonds at the designated corporate trust office of the Registrar.

Section 3.5. Transfer of Bonds.

(A) Each Bond shall be transferable only upon the books of the Authority, which shall be kept for such purpose at the designated corporate trust office of the Registrar, by the registered owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its duly authorized attorney. Upon the transfer of any such Bond, the Authority shall issue in the name of the transferee a new Bond or Bonds, of the same aggregate principal amount, Series, priority, interest rate and maturity as the surrendered Bond.

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

Section 3.6. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute, and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer,

and, except (i) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, or (ii) as otherwise provided herein, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sums shall be paid by the Bondholder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Authority shall not be obligated to issue, exchange or transfer any Bond during a period beginning on the opening of business on the Record Date and ending on the related Interest Payment Date or during a period beginning on the opening of business on the date Bonds are selected for redemption and ending on the date of the mailing of notice of such redemption, or transfer or exchange Bonds called or being called for redemption, except the unredeemed portion of Bonds being redeemed in part.

Section 3.7. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute and the Authenticating Agent shall authenticate a new Bond of like Series, interest rate, maturity, principal amount and other terms of the Bond so mutilated, destroyed, stolen or lost. In the case of a mutilated Bond, such new Bond shall be delivered only upon surrender and cancellation of such mutilated Bond. In the case of a Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond shall be delivered only upon filing with the Trustee of evidence satisfactory to establish to the Authority and the Trustee that such Bond has been destroyed, stolen or lost and to prove the ownership thereof and upon furnishing the Authority and the Trustee with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond pursuant to this Section 3.7 shall comply with such other reasonable regulations as the Authority and the Trustee may prescribe and pay such expenses as the Authority and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it. Evidence of such cancellation shall be filed with the Authority at its request.

Section 3.8. Preparation of Definitive Bonds; Temporary Bonds.

(A) Definitive Bonds of any Series shall be typewritten, lithographed, printed or prepared in such other fashion as is acceptable to the initial purchasers of the Bonds of such Series. Until definitive Bonds are prepared, the Authority may execute and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bonds are issued, in Authorized Denominations or any multiple thereof, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. Upon surrender of such temporary Bonds for exchange and cancellation, the Authority at its own expense shall prepare and execute and, without charge to the Owner thereof, deliver in exchange therefor, at the designated corporate trust office of the Trustee, definitive Bonds, of the same aggregate principal amount, Series and maturity, bearing the same rate of interest and having the same terms as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall be in all respects entitled to the same benefits and security as definitive Bonds issued pursuant to this Indenture.

(B) All temporary Bonds surrendered in exchange for definitive Bonds shall be forthwith cancelled by the Trustee.

Section 3.9. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bond, together with all Bonds purchased by the Trustee, and all Bonds

surrendered to the Trustee in accordance with Sections 3.7 or 3.8 herein, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be cancelled or otherwise destroyed by the Trustee in accordance with its retention policy then in effect.

Section 3.10. Execution and Authentication.

(A) After their authorization pursuant to a Supplemental Indenture, Bonds of a Series may be executed pursuant to or on behalf of the Authority and delivered to an Authenticating Agent for authentication. The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of the Chairman or other Authorized Officer, or in such other manner as may be required by law or the resolution authorizing the Bonds of a Series. The corporate seal of the Authority (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved, or otherwise reproduced thereon and attested to by the manual or facsimile signature of the Secretary or other Authorized Officer, or in such other manner as may be required by law or the resolution authorizing the Bonds of a Series. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office or be so employed. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Authority, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(B) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Indenture authorizing such Bonds, executed manually by the Authenticating Agent. No Bond shall be entitled to any right or benefit under this Indenture or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Authenticating Agent. Such certificate of Authenticating Agent upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated was issued and delivered under this Indenture and that the Owner thereof is entitled to the benefits hereof.

(C) Issuance of Bonds in the form of book-entry securities shall take place upon the completion of such acts as may be specified and in the manner which may be specified in the Supplemental Indenture authorizing such issuance.

Section 3.11. Subordinated Obligations. The Authority is hereby authorized to issue from time to time Subordinated Obligations, the provisions for issuance and general terms and provisions of which shall be set forth in the Supplemental Indenture authorizing such Subordinated Obligations, subject however in all cases, to the provisions of Section 5.5(A)(ix), Section 10.1 and Section 10.3 hereof. Subordinated Obligations may be issued for any purpose for which Bonds may be issued as described herein.

Section 3.12. FATCA. Each Owner, by its acceptance of a Bond or a beneficial interest in a Bond, agrees to provide and shall provide to the Trustee, Paying Agent and/or the Authority (or other person responsible for withholding of taxes) with the Tax Identification Information. Further, each Owner is deemed to understand, acknowledge and agree that the Trustee, Paying Agent and Authority have the right to withhold on payments with respect to a Bond (without any corresponding gross-up) where an applicable party fails to comply with the requirements set forth in the preceding sentence or the Trustee, Paying Agent or Authority is otherwise required to so withhold under applicable law. The Authority hereby covenants with the

Trustee that the Authority will provide the Trustee with sufficient information so as to enable the Trustee to determine whether or not the Trustee is obliged to make any withholding, including FATCA Withholding Tax, in respect of any payments with respect to a Bond (and if applicable, to provide the necessary detailed information to effectuate any withholding, including FATCA Withholding Tax, such as setting forth applicable amounts to be withheld). The parties agree that the Trustee shall be released of any liability relating to its actions and compliance under this Section 3.12 and FATCA. Notwithstanding any other provisions herein, the term 'applicable law' for purposes of this Section 3.12 includes U.S. federal tax law and FATCA. Upon request from the Trustee or Paying Agent, the Authority will provide such additional information that it may have to assist the Trustee or the Paying Agent in making any withholdings or informational reports. For purposes of this Section 3.12, "FATCA" means Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereunder or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, any published intergovernmental agreement entered into in connection with the implementation of the foregoing and any fiscal or regulatory legislation, rules or official practices adopted pursuant to such published intergovernmental agreement, "FATCA Withholding Tax" means any withholding or deduction required pursuant to FATCA" and "Tax Identification Information" means information and/or properly completed and signed tax certifications sufficient to eliminate the imposition of or determine the amount of any withholding of tax, including FATCA Withholding Tax, determine that such recipient of payment has complied with such recipient's obligations under FATCA or otherwise allow the Issuer, Paying Agent and Trustee to comply with their respective obligations under FATCA.

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER AMOUNTS

Section 4.1. Application of Bond Proceeds, Accrued Interest and Premium.

Except as otherwise provided in a Supplemental Indenture, the proceeds of sale of any Series of Bonds or Subordinate Obligations (other than the proceeds of Refunding Bonds or the proceeds from the remarketing of any Bonds) shall, as soon as practicable upon the delivery of the Bonds or Subordinate Obligations by the Trustee pursuant to Section 2.5 hereof, be applied as follows:

(A) the amount, if any, necessary to cause the aggregate amount on deposit in the Debt Service Reserve Fund to at least equal the Debt Service Reserve Fund Requirement immediately following the time of such delivery shall be deposited in the Debt Service Reserve Fund, together with such additional amounts, if any, as may be specified in the Supplemental Indenture authorizing such Series;

(B) upon the delivery of a Series of Bonds or Subordinate Obligations, the amount, if any, received as capitalized interest as designated by a Supplemental Indenture, shall be deposited in the Capitalized Interest Fund unless otherwise provided in a Supplemental Indenture;

(C) upon the delivery of a Series of Bonds or Subordinate Obligations, the amount, if any, received at such time as a premium above the aggregate principal amount of such Bonds or Subordinate Obligations shall be applied by the Trustee as specified in the Supplemental Indenture authorizing such Series, and the amount, if any, received as accrued interest as designated by a Supplemental Indenture, shall be deposited in the Revenue Fund unless otherwise provided in a Supplemental Indenture; and

(D) the balance remaining after such deposits have been made shall be deposited in the Student Loan Fund.

Section 4.2. Application of Proceeds of Refunding Bonds. The proceeds of Refunding Bonds shall be deposited as provided in the Supplemental Indenture authorizing such Bonds.

Section 4.3. Application of Amounts Pledged as Security for Bonds Defeased. The balance of any Account or Fund which is pledged as security for any Series of Bonds shall be applied, upon the defeasance of such Series through the application of the proceeds of Refunding Bonds issued pursuant to this Indenture, as prescribed in the Supplemental Indenture authorizing such Refunding Bonds.

ARTICLE V

PLEDGE OF INDENTURE; ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 5.1. Pledge Effected by Indenture. The Trust Estate is pledged and assigned pursuant to this Indenture in accordance with the terms and conditions of this Indenture. To the fullest extent provided by the Act and other applicable laws, the Trust Estate shall immediately be subject to the lien of this Indenture without any physical delivery thereof or further act, and such lien shall be valid and binding against all parties having claims in tort, contract, or otherwise against the Authority, irrespective of whether such parties have notice hereof.

Section 5.2. Establishment of Trust Estate; Pledge. In order to secure in the following order of priority (1) first, equally and ratably on a parity basis one with the other (except as hereinafter provided in Section 5.5(A)(ix), Section 10.1 and Section 10.3 hereof): (a) the payment of the principal and Redemption Price of, the interest on and the purchase price of the Bonds at any time issued and Outstanding under this Indenture according to their tenor and effect; and (b) the performance and observance of all of the covenants and conditions in said Bonds and herein contained; (2) second, except as otherwise provided in a Supplemental Indenture, to the Authority's obligations under any Interest Rate Exchange Agreements; (3) third, except as otherwise provided in a Supplemental Indenture, (a) the obligations of the Authority incurred pursuant to any Credit Facility or Liquidity Facility that may, from time to time, be in effect with respect to any Bonds; and (b) except as otherwise provided in a Supplemental Indenture, the performance and observance of the covenants and conditions contained in any such Credit Facility or Liquidity Facility, and (4) fourth, on a subordinate basis as provided herein and in a Supplemental Indenture, the payment of the principal of, interest on and other amounts payable in respect of Subordinate Obligations, all of the following property, assets, rights and interests (including all proceeds thereof) (the "Trust Estate") are hereby pledged by the Authority and a security interest in the Trust Estate is hereby granted pursuant to the Act, to the Trustee and its successors and assigns in trust forever (subject to the terms and conditions hereof) for the benefit of the Bondholders, the counterparties to any Interest Rate Exchange Agreements, the providers of any Credit Facility or Liquidity Facility, and the holders of any Subordinate Obligations, as their interests may appear:

(A) All Revenues and Recoveries of Principal;

(B) The Student Loans and notes evidencing the same and all extensions and renewals thereof; and

(C) All moneys and securities from time to time held by the Trustee under the terms of this Indenture (excluding moneys and securities held, or required to be deposited, in the Rebate Fund or the Excess Yield Fund) and any and all other real or personal property of every name and nature, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Authority to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

Section 5.3. Establishment or Authorization of Student Loan Fund, Revenue Fund, Debt Service Reserve Fund, Capitalized Interest Fund, Rebate Fund and Excess Yield Fund. In order to best effectuate the making and acquiring of Student Loans, the payment of the principal of and interest on the Bonds and Subordinate Obligations and to provide for the proper administration of all moneys received as proceeds of the Bonds and

Subordinate Obligations, there are hereby created and established the following Funds and Accounts:

(A) The Student Loan Fund. Except as otherwise provided in a Supplemental Indenture, there shall be credited to the Student Loan Fund, the following:

(i) all proceeds from the sale of the Bonds (excluding accrued interest, original issue premium and capitalized interest, if any, and to the extent required by the Supplemental Indenture relating to a Series of Bonds or Subordinate Obligations, the Debt Service Reserve Fund Requirement pertaining to the Series of Bonds or Subordinate Obligations), other than proceeds of Refunding Bonds;

(ii) Recoveries of Principal subject to any limitations set forth in a Supplemental Indenture; and

(iii) all moneys required or directed to be transferred to the Student Loan Fund pursuant to this Indenture or any Supplemental Indenture. All moneys in the Student Loan Fund shall be used for the purposes and disbursed as provided in Section 5.4 hereof.

The Student Loan Fund shall constitute a part of the “New Jersey College Loans to Assist State Students (NJCLASS) Loan Fund” under the Act and the “Higher Education Student Assistance Fund” under the Act, in each case to the extent applicable.

(B) The Revenue Fund. Except as otherwise provided in a Supplemental Indenture, there shall be credited to the Revenue Fund:

(i) original issue premium, if any, and accrued interest, if any, from the sale of the Bonds,

(ii) any amounts transferred from the Capitalized Interest Fund pursuant to Section 5.8 hereof,

(iii) all Revenues,

(iv) any amounts transferred from the Student Loan Fund pursuant to Section 5.4(A)(iv) hereof,

(v) any amounts transferred from the Debt Service Reserve Fund pursuant to Section 5.7 hereof; and

(vi) any other amounts required or directed to be deposited therein pursuant to a Supplemental Indenture and any other amounts available therefor and determined by the Authority to be deposited therein from time to time.

(C) The Debt Service Reserve Fund. Except as otherwise provided in a Supplemental Indenture, there shall be credited to the Debt Service Reserve Fund the following:

(i) the Debt Service Reserve Fund Requirement, if any, from initial proceeds of the Bonds or Subordinate Obligations and/or by the provisions of a Funding Instrument, and/or from such other moneys of the Authority as specified in the Supplemental Indenture authorizing the Series,

(ii) to the extent the amount available to be drawn under a Funding Instrument on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, funds shall be deposited therein to the extent required by Sections 5.5(A)(vi) and 5.7 hereof until the amount of cash and Investment Securities on deposit in the Debt Service Reserve Fund together with amount available to be drawn under a Funding Instrument therein, is equal to the Debt Service Reserve Fund Requirement, and

(iii) such other amounts as are required or directed to be deposited in or transferred to the Debt Service Reserve Fund pursuant to Sections 5.4 or 7.15 hereof or any other provisions of this Indenture or any Supplemental Indenture.

The Authority, with respect to any Series of Bonds or Subordinate Obligations, may cause to be deposited into the Debt Service Reserve Fund, cash or a Funding Instrument in an amount equal to the difference between the Debt Service Reserve Fund Requirement for such Series of Bonds or Subordinate Obligations and the cash and Investment Securities, if any, then on deposit or being deposited in the applicable Subaccount in the Debt Service Reserve Fund. The Authority may, at any time, substitute cash or a Funding Instrument comprising the Debt Service Reserve Fund Requirement for any series of Bonds or Subordinate Obligations for a Funding Instrument, or cash, respectively.

The provider, if any, of the Funding Instrument shall be rated in one of the two highest rating categories (without regard to any numerical or other modifier) by each Rating Agency, or shall have such other qualifications as shall be set forth in the Supplemental Indenture authorizing the issuance of such Series of Bonds or Subordinate Obligations.

(D) The Capitalized Interest Fund. Except as otherwise provided in a Supplemental Indenture, there shall be credited to the Capitalized Interest Fund the amount, if any, received as capitalized interest from the sale of Bonds or Subordinate Obligations or other funds of the Authority as designated by a Supplemental Indenture.

(E) The Rebate Fund and the Excess Yield Fund. The Authority hereby also authorizes the Trustee to establish special Accounts to be held by the Trustee and to be called the Rebate Fund and the Excess Yield Fund. Such Accounts are not included within the Trust Estate. The Trustee shall make deposits to and withdrawals from the Rebate Fund and the Excess Yield Fund at such time and in the manner specified by the Authority acting in accordance with the terms of each Tax Agreement.

(F) All Accounts shall be held and maintained by the Trustee and shall be identified by the Authority and the Trustee according to the designations herein provided in such manner as to distinguish such Accounts from the accounts established by the Authority for any other of its obligations. All moneys or securities held by the Trustee or any Fiduciary pursuant to this Indenture (other than the Rebate Fund and the Excess Yield Fund) shall be held in trust, as set forth in this Indenture, including for the benefit of the Bond owners, and applied only in accordance with the provisions of this Indenture.

(G) An Authorized Officer of the Authority may authorize the Trustee to establish Subaccounts or additional Accounts as it may deem necessary or as required by a Supplemental Indenture. Any Subaccount or Account established under the Revenue Fund, the Debt Service Reserve Fund, the Capitalized Interest Fund, and the Student Loan Fund shall be held and maintained as a separate Account or Subaccount solely for the purpose of tracking the investment and receipts of money and Student Loans, if required by a Tax Agreement delivered

in connection with any Series of Tax-Exempt Obligations or if in Bond Counsel's Opinion it is necessary to do so.

Section 5.4. Student Loan Fund.

(A) Moneys in the Student Loan Fund shall be used, except as otherwise provided herein or in any Supplemental Indenture, only for the following purposes:

(i) to pay Costs of Issuance, including the initial fees of any provider of a Credit Facility under a Supplemental Indenture, and the initial fees of the Trustee or other Fiduciary and any loan application fees, if such fees are to be paid from the proceeds of any Series of Bonds, as set forth in a Supplemental Indenture;

(ii) upon receipt of a disbursement list or other written direction of the Authority, to make or acquire Eligible Loans, subject to the provisions and requirements of this Indenture or any Supplemental Indenture;

(iii) in the event of foreclosure of the lien of the Trustee on the Trust Estate, for transfer to the Revenue Fund;

(iv) after any funds on deposit in the Capitalized Interest Fund have been transferred and expended as provided herein or in an applicable Supplemental Indenture, (i) to make deposits to the Revenue Fund for the purpose of paying Principal Installments or interest on Bonds, whether at maturity or earlier redemption, if there are insufficient funds on deposit in the Revenue Fund for the payment of Principal Installments or interest on Bonds on any Payment Date and/or (ii) to make deposits to the Debt Service Reserve Fund to the extent of any deficiency therein;

(v) periodically upon the written direction of the Authority, after the above payments and/or transfers have been made, to make deposits to the Revenue Fund to pay Program Expenses (including Servicing Fees or Bond Fees), if any, not otherwise paid, retained or provided for by the Authority from moneys under this Indenture, subject to any payment limitations set forth in a Supplemental Indenture;

(vi) to make deposits to the Revenue Fund required pursuant to Sections 5.4(B) or 5.4(C) of this Indenture;

(vii) to make such other deposits or transfers as may be required by a Supplemental Indenture;

(viii) subject to the provisions of the Tax Agreement, all investment income on the Student Loan Fund shall be credited as received to the Revenue Fund; and

(ix) any amount remaining in the Student Loan Fund after the Bonds are no longer Outstanding shall be applied as an Authorized Officer may direct for any lawful Authority purpose under the Act.

For any disbursement to finance the Origination of an Eligible Loan, the written direction of the Authority shall include the principal amount of such Eligible Loan and the type of Student Loan it constitutes. As to each such disbursement, the Authority hereby covenants that it will comply with the requirements of applicable federal and State law and that (i) the disbursement to be made is a proper charge against the Student Loan Fund, all requirements of this

Indenture and any Supplemental Indenture in connection therewith have been met and, in connection with disbursements pursuant to Section 5.4(A)(ii) hereof, no Event of Default has occurred and is continuing, and (ii) if the disbursement is to finance the acquisition of Eligible Loans, the electronic or paper promissory note or notes with respect to each such Eligible Loan so purchased has been delivered to the Trustee; provided that if the delivery of the promissory note or notes is not required under applicable law to perfect the security of the Eligible Loan, the Trustee may make a disbursement to finance the Origination of an Eligible Loan without receipt of the promissory note or notes. The Trustee shall be entitled to rely on a Counsel's Opinion with respect to the perfection of security of an Eligible Loan prior to making any disbursement without receipt of a promissory note or notes.

(B) At any time, except as otherwise provided in any Supplemental Indenture, the Authority may direct the Trustee in writing to apply amounts in the Student Loan Fund to the redemption or retirement of Bonds in accordance with their terms and the provisions of Article VI hereof, but only if there is delivered to the Trustee, along with such direction, a Certificate of an Authorized Officer stating that, in the judgment of the Authority, such transfer or application would not materially and adversely affect the security pledged to the payment of any Bonds remaining Outstanding during or subsequent to the completion of such transfer or application.

(C) In the event that the Authority determines, in its reasonable judgment, that it shall, by law or otherwise, become, for more than a temporary period, unable to finance Eligible Loans pursuant to this Indenture or shall suffer unreasonable burdens or excessive liabilities in connection therewith, the Authority shall with all reasonable dispatch deliver to the Trustee a Certificate of an Authorized Officer stating the occurrence of such an event and setting forth the amount, if any, required to be retained in the Student Loan Fund for the purpose of meeting any existing obligations of the Authority payable from the Student Loan Fund, and the Trustee, after reserving therein the amount stated in such Certificate, shall transfer any balance remaining in the Student Loan Fund to the Revenue Fund to be applied as set forth in Section 5.5 of this Indenture.

Section 5.5. Use and Disbursements of Revenue Fund Moneys.

(A) Except as otherwise provided herein or in a Supplemental Indenture, the Paying Agent shall, upon written direction (except with respect to disbursements in clauses (iv), (vi), (viii) and (ix) which shall not require written direction of the Authority) make disbursements from available funds in the Revenue Fund as follows and in the following order of priority:

(i) Periodically, as directed in writing by an Authorized Officer of the Authority, to the Rebate Fund or the Excess Yield Fund such amounts as are required to be transferred therein to satisfy the requirements of the Tax Agreement;

(ii) Periodically, as directed in writing by an Authorized Officer of the Authority, the amounts required to pay Bond Fees, if required by the terms of any Supplemental Indenture to be paid prior to the payment of other Program Expenses;

(iii) Periodically, as directed in writing by an Authorized Officer of the Authority, subject to any limitations set forth in a Supplemental Indenture, after the above payments have been made, the amount necessary to pay Program Expenses then unpaid and not otherwise paid or provided for from moneys under this Indenture; provided that with respect to Program Expenses paid to the Authority, such amounts can be applied by the Authority for any lawful purpose of the Authority free and clear of the lien of this Indenture;

(iv) Into a payment account to be used by the Trustee therefor, (a) on or before each Interest Payment Date, the amount required to pay the interest payable on the Bonds on such date; (b) on or before each Principal Payment Date, the amount of Principal Installments for the Bonds coming due on such date; and (c) on any such date, the amount required to reimburse the provider of any Credit Facility or Liquidity Facility issued for the Bonds for making any such payment, if any;

(v) On or before the due date thereof, the amount of any IREA Payment Obligation with respect to Bonds (but only to the extent that such disbursement will not result in a deficiency in the amounts required to make the payments required by clauses (i) through (iv) above on the later of such date or the next succeeding Interest Payment Date); provided that the Authority may, by Supplemental Indenture, provide for IREA Payment Obligations with respect to Bonds (other than Termination Payments) to be paid on parity with the disbursements to be made pursuant to clause (iv) above, and provided further that the Authority may, by Supplemental Indenture, provide for Termination Payments to be disbursed only after the transfers and payments set forth in clauses (i) through (vii) have been made;

(vi) Into a payment account to be used by the Trustee therefor, subject to such limitations on the payment of interest on Subordinate Obligations as may be set forth in the Supplemental Indenture authorizing such Subordinate Obligations and after the above payments have been made, on or before each Interest Payment Date, the amount required to pay the interest payable on the Subordinate Obligations on such date;

(vii) On the first date that funds are available therefor, after taking into account any funds appropriated for this purpose by the Legislature of the State pursuant to the Act and deposited into the Debt Service Reserve Fund, (a) the amount required to reimburse the provider of a Funding Instrument for the amount of any draw and all amounts due and payable with respect to a draw under such Funding Instrument and (b) to the Debt Service Reserve Fund, until the amount of cash and Investment Securities on deposit, together with any amounts available to be drawn under a Funding Instrument therein, is equal to any Debt Service Reserve Requirement;

(viii) Into a payment account to be used by the Trustee therefor, on or before each Principal Payment Date, the amount of Sinking Fund Payments for the Bonds coming due on such date;

(ix) Into a payment account to be used by the Trustee therefor, and only provided all Principal Installments on the Bonds have been paid and no Bonds remain Outstanding: (a) on or before each Payment Date on which principal of the Subordinate Obligations comes due, the amount of principal for the Subordinate Obligations coming due on such date; (b) on or before each Payment Date on which a sinking fund payment for Subordinate Obligations comes due, the amount of sinking fund payments for the Subordinate Obligations coming due on such date; and (c) on any such date, the amount required to reimburse the provider of any Credit Facility or Liquidity Facility for making any such payment, if any;

(x) On or before the due date thereof, the amount of any IREA Payment Obligation with respect to Subordinate Obligations (but only to the extent that such disbursement will not result in a deficiency in the amounts required to make the payments required by clauses (i) through (vii) above on the later of such date or the next succeeding Interest Payment Date);

(xi) On each Interest Payment Date, as directed by the Authority, transfer into the Student Loan Fund (1) the amount, if any, of any transfers made from the Student Loan

Fund into the Revenue Fund to satisfy any deficiencies therein as required by Section 5.7 hereof, until the amount on deposit in the Student Loan Fund has been replenished by the amount of such transfers or (2) prior to termination of the Recycling Period, the amount, if any, directed in writing by the Authority to be transferred to the Student Loan Fund to originate or acquire additional Student Loans; provided, however, that with respect to any transfer pursuant to this clause (xi), the Trustee shall have received a Certificate from an Authorized Officer of the Authority that such disbursement would not cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (x) above;

(xii) On or before any redemption date, subject to any reservation of funds required to be reserved pursuant to such Supplemental Indenture, the amount required to pay the Redemption Price of and interest on the Bonds to be redeemed on such date and if permitted or required to be redeemed pursuant to the terms of any Supplemental Indenture authorizing the issuance of Subordinate Obligations, the amount required to pay the Redemption Price of and interest on Subordinate Obligations to be redeemed on such date; provided that no such payment of the Redemption Price of any Bonds or Subordinate Obligations being redeemed shall cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (x) above;

(xiii) Periodically, the amount required, if any, to purchase Student Loans from other trust estates of the Authority; provided that any such Student Loans shall meet any and all requirements to be Eligible Loans as set forth in any Supplemental Indenture and shall be purchased for an amount equal to the outstanding principal balance thereof plus accrued but unpaid interest to the date of purchase;

(xiv) Periodically, if the Parity Percentage Requirement as required by any Supplemental Indenture for a Series of Bonds or Subordinate Obligations has been satisfied after the transfers and payments set forth in clauses (i) through (xii) have been made and after reservations of any funds required by a Supplemental Indenture, any funds remaining in the Revenue Fund may be applied by an Authorized Officer of the Authority, at the written direction of the Authority, free and clear of the lien or the pledge of this Indenture to the purpose of the Loan Finance Program or any other lawful Authority purpose under the Act, including to reimburse the Authority for any of its reserves transferred and deposited in the Student Loan Fund or to make a cash deposit to the Student Loan Fund of any Prior Indenture or new indenture in connection with the issuance of student loan revenue bonds and provided further that the Parity Percentage Requirement is satisfied after the release of any funds pursuant to this sub-clause (xiv);

(xv) On any date of purchase of Bonds upon the written request of the Authority by its Authorized Officer, the amount required for payment of the principal portion of the purchase price of the Bonds to be purchased; provided, however, that with respect to any transfer pursuant to this clause (xv), the Trustee shall have received a Certificate from an Authorized Officer of the Authority that such disbursement would not cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (xii) above. The Trustee shall purchase the Bonds as directed by the Authority at the most advantageous price as determined by the Authorized Officer; provided that the purchase price in both cases shall be at par or less but without premium, plus accrued interest;

(xvi) Additional payments required to be made with respect to any prepayments of obligations under any Credit Facility or Liquidity Facility and payment of all other obligations due and payable under any Credit Facility or Liquidity Facility, provided, however, that with respect to any transfer pursuant to this clause (xvi), the Trustee shall have received a Certificate from an Authorized Officer of the Authority that such disbursement would not cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (xii) above; and

(xvii) At the direction of the Authority and in connection with a partial refunding of the Bonds, an amount not greater than the principal amount of the Bonds being paid from the proceeds of the Refunding Bonds may be transferred to be used for any lawful Authority purpose under the Act, provided, however, that with respect to any transfer pursuant to this clause (xvii), the Trustee shall have received a Certificate from an Authorized Officer of the Authority that such disbursement would not cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (xii) above and provided further that the Parity Percentage Requirement is satisfied after any refunding as provided in this clause (xvii).

Subject to the provisions of the Tax Agreement, all investment income from the Revenue Fund shall remain deposited in and be credited as received to the Revenue Fund.

(B) As soon as practicable after the sixtieth (60th) day preceding any Principal Payment Date on which Sinking Fund Payments shall become due and payable, the Trustee shall proceed to call for redemption in accordance with Article VI hereof, on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in an amount equal to the unsatisfied balance of such Sinking Fund Payment.

(C) Upon any purchase or redemption (other than redemption from Sinking Fund Payments) of Bonds of any Series and maturity for which Sinking Fund Payments shall have been established, there shall be credited toward each such Sinking Fund Payment thereafter to become due, unless otherwise directed by the Authority, an amount bearing the same ratio to such Sinking Fund Payments as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Payments to be so credited.

(D) Any other provision of this Indenture, including without limitation this Section 5.5, to the contrary notwithstanding, in connection with the issuance of any Series of Bonds pursuant to a Supplemental Indenture, the Authority may, to the extent permitted by the laws of the State, enter into Interest Rate Exchange Agreements with other authorities, governmental agencies, private persons, firms, or corporations (collectively referred to in this paragraph (D) as a "person") pursuant to which the Authority shall agree to pay to such person all or a portion of the Revenues in exchange for such person agreeing to timely pay to the Trustee moneys to be used to pay all or a portion of the debt service on the Bonds or the Program Expenses when due, provided that prior to and in connection with entering into such contract, the Authority shall deliver to the Trustee (i) the consent of the Credit Facility provider or a Rating Agency Condition from each Rating Agency rating the Bonds, (ii) a Counsel's Opinion to the effect that the execution and delivery of such contract is authorized under this Indenture and the laws of the State and (iii) a Bond Counsel's Opinion to the effect that the execution, delivery and performance of such contract shall not adversely affect the exclusion from gross income of interest on the then Outstanding Tax-Exempt Obligations.

(E) In the event of the refunding of any Bonds, the Trustee shall, if the Authority so directs and subject to the terms of any related Supplemental Indenture, withdraw from the Revenue Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Refunded Obligations and deposit such amounts in a special fund with itself as trustee or escrow agent to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Refunded Obligations or for such other purpose as the Authority shall direct in writing; provided that such withdrawal shall not be made unless immediately thereafter the Refunded Obligations shall be deemed to have been paid pursuant to subsection (B) of Section 12.1 hereof.

(F) Notwithstanding anything to the contrary contained herein, Gross Defaulted Loan Collections deposited into the Revenue Fund shall be deemed applied to pay the Defaulted Loan Purchase Price of Defaulted Loans as determined by the Authority and in accordance with Section 5.6 hereof.

Section 5.6. Use of Revenue Fund Moneys to Purchase Defaulted Loans.

(A) Pursuant to Section 5.3(B) hereof, all Revenues, including Gross Defaulted Loan Collections, shall be credited to the Revenue Fund. In accordance with this Section 5.6 and any Supplemental Indenture, (i) the portion of Revenues constituting Gross Defaulted Loan Collections shall be deemed applied to pay the Defaulted Loan Purchase Price of Defaulted Loans from the Trust Estate and (ii) Revenues, including Gross Defaulted Loan Collections, shall pay Program Expenses, including costs and expenses incurred in connection with recovering Gross Defaulted Loan Collections.

(B) The Authority shall keep, or cause to be kept, proper records with respect to (i) any Student Loan that becomes a Defaulted Loan, including the date on which such Student Loan became a Defaulted Loan and the Defaulted Loan Purchase Price for such Defaulted Loan, (ii) the aggregate amount of Gross Defaulted Loan Collections that have been deposited into the Revenue Fund, (iii) the amount of any Program Expenses incurred in connection with recovering Gross Defaulted Loan Collections, and (iv) the aggregate amount of Net Defaulted Loan Collections, which shall at all reasonable times be subject to the inspection of the Trustee.

(C) In the event that the amount of Gross Defaulted Loan Collections deposited into the Revenue Fund is in an amount at least equal to the Defaulted Loan Purchase Price of the oldest Defaulted Loan currently pledged to the Trust Estate, such Defaulted Loan Purchase Price shall be deemed to have been paid from the Gross Defaulted Loan Collections and such Defaulted Loan shall be deemed to have been purchased by the Authority.

(D) Promptly upon 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.

(E) Notwithstanding anything to the contrary contained herein, with respect to any Purchased Defaulted Loan, all Gross Defaulted Loan Collections collected by the Authority with respect to such Purchased Defaulted Loan shall be deemed to be Revenues and credited to the Revenue Fund in accordance with Section 5.3(B) hereof.

(F) Any Purchased Defaulted Loan may be repledged to the Trust Estate and a security interest granted therein by the Authority.

Section 5.7. Use and Disbursements of Debt Service Reserve Fund Moneys.

(A) Except as may be set forth in any Supplemental Indenture, in the event that there is on any Payment Date a deficiency in the amounts in the Revenue Fund (after making any required deposit to the Revenue Fund from the Capitalized Interest Fund and Student Loan Fund pursuant to Sections 5.7 and 5.4 hereof) to be applied to the payment of Principal Installments of or interest on the Bonds, the Trustee shall make up such deficiency by transfer of moneys for that purpose from the Debt Service Reserve Fund. In the event that the Debt Service Reserve Fund has been funded in whole or in part with a Funding Instrument, the Trustee shall draw on such Funding Instrument on any Payment Date to the extent that the cash and Investment Securities then on deposit in the Debt Service Reserve Fund, if any, are insufficient to make any required transfer from the Debt Service Reserve Fund to the Revenue Fund to pay Principal Installments of or interest on any Bonds on such Payment Date. If a disbursement to pay Principal Installments of or interest on the Bonds is made from funds drawn under a Funding Instrument pursuant to this Section 5.7, the Authority shall reimburse the provider of such Funding Instrument from funds thereafter deposited to the Debt Service Reserve Fund in accordance with Section 5.5(A)(vii)(a), provided that amounts available from any funds appropriated by the Legislature of the State for this purpose shall only be applied to the principal amount of such drawing. After making any such reimbursement, the amount available to be drawn under the Funding Instrument shall be reinstated up to the amount of such reimbursement. Upon reinstatement of the Funding Instrument, the amount available to be drawn under the Funding Instrument, together with the amount of cash and Investment Securities then on deposit in the Debt Service Reserve Fund, and the amount available to be drawn under any other Funding Instrument then on deposit in the Debt Service Reserve Fund, shall be at least equal to the Debt Service Reserve Fund Requirement. The Authority may establish Accounts within the Debt Service Reserve Fund, including, without limitation, by any Supplemental Indenture providing for the deposit of moneys or a Funding Instrument into such Account within the Debt Service Reserve Fund, and the Authority may provide in such Supplemental Indenture or otherwise that such moneys and/or Funding Instrument deposited in the Account within the Debt Service Reserve Fund and income on Investment Securities therein shall be applied only to a particular Series of Bonds. Unless the Authority establishes by Supplemental Indenture or otherwise Accounts within the Debt Service Reserve Fund, all funds deposited into the Debt Service Reserve Fund pursuant to this Section 5.7 will be available for all Bonds.

(B) Amounts on deposit in the Debt Service Reserve Fund, including income on Investment Securities, may also be applied in conjunction with the final payment of the principal of and interest on the last Outstanding Bonds under this Indenture as directed by the Authority; provided that to the extent amounts on deposit in the Debt Service Reserve Fund are required to make up a deficiency in the Revenue Fund for the final payment of the principal of and interest on the last Outstanding Bonds, such funds shall be used as provided in paragraph (A). To the extent that the amount of cash and Investment Securities on deposit in the Debt Service Reserve Fund, together with the amount available to be drawn under any Funding Instrument then on deposit in the Debt Service Reserve Fund, exceeds the Debt Service Reserve Fund Requirement, as required hereunder, the Authority shall direct the Trustee to transfer such excess to the Revenue Fund for further transfer to the Rebate Fund or the Excess Yield Fund, provided that such direction shall be in accordance with any applicable provisions of the Tax Agreement.

In the event of the refunding of any Bonds, the Trustee shall, if the Authority so directs but subject to the terms of the related Supplemental Indenture, withdraw from the Debt Service

Reserve Fund a *pro rata* portion of the amounts accumulated therein with respect to the Refunded Obligations and deposit such amounts in a special fund with itself as trustee or escrow agent to be held for the payment of the Principal Installments or Redemption Price, if applicable, of and interest on the Refunded Obligations or for such other purpose as the Authority shall direct in writing; provided that such withdrawal shall not be made unless (a) immediately thereafter the Refunded Obligations shall be deemed to have been paid pursuant to subsection B of Section 12.1 hereof, and (b) the amount remaining in the Debt Service Reserve Fund, after giving effect to the issuance of the Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Fund Requirement with respect to all Outstanding Bonds which are not being refunded.

The Authority shall at all times maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement and do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Authority or the Trustee under the terms and provisions of this Indenture.

Section 5.8. Use and Disbursements of Capitalized Interest Fund Moneys. Unless the use and disbursement of funds on deposit in the Capitalized Interest Fund is otherwise specified in the applicable Supplemental Indenture for a Series of Bonds, on or prior to each Interest Payment Date, to the extent funds on deposit in the Revenue Fund are insufficient to pay interest due and payable on the Bonds on such Interest Payment Date, the Trustee shall transfer from the Capitalized Interest Fund, to the extent funds are available therefor, to the Revenue Fund, the amount required such that funds on deposit in the Revenue Fund are sufficient to pay interest due on the Bonds on such Interest Payment Date.

Section 5.9. Deposits.

(A) Until such time as deposited pursuant to this subsection (A), all moneys held by the Trustee will be held within the corporate trust department of the Trustee. In order to permit such amounts to be available for use at the time when needed, any amounts held in trust under this Indenture by any Fiduciary or Depository as such, including amounts held by the Trustee, may, if and as directed by the Authority, be deposited in the commercial banking department of such Fiduciary or Depository which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary or Depository; provided such amounts are secured in accordance with Section 5.9(B), the commercial banking department maintains the same rating as the corporate trust department of such Fiduciary or Depository and such funds are held for the benefit of Bondholders.

(B) All amounts deposited with any Fiduciary or Depository pursuant to subsection (A) shall be continuously and fully secured either (i) by lodging with the Trustee as custodian, as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (ii) in such other manner as may then be required by applicable federal or State laws and regulations regarding security for the deposit of public funds. It shall not be necessary, unless required by applicable law, for any Fiduciary to give security under this Section 5.9 for the deposit of any amounts (i) deposited with the Authority or (ii) to the extent that such deposit is insured by the Federal Deposit Insurance Corporation or its successors.

Section 5.10. Investment of Certain Funds.

(A) The Authority shall direct the Trustee from time to time in writing as to the investment of amounts in the Accounts. The Authority shall direct the Trustee to invest and reinvest the moneys in any Account in Investment Securities so that the maturity date or date of redemption at the option of the holder thereof shall coincide as nearly as practicable, but in any case shall not extend beyond, the Business Day prior to the times at which moneys are required to be so expended in accordance with this Indenture or any Supplemental Indenture. The Investment Securities purchased shall be held by the Trustee, or by such other Depository as permitted by this Indenture, and shall be accounted for at all times as part of such Account, and the Trustee, or such other Depository, shall, upon written request, keep the Authority advised as to the details of all such investments. The foregoing notwithstanding, to the extent permitted by applicable law, the Authority may direct the Trustee to commingle moneys in the various Accounts for investment purposes and the Trustee may transfer Investment Securities from Account to Account on the books kept for such purpose without selling such Investment Securities; provided, however, that moneys in the Rebate Fund and the Excess Yield Fund shall not be so commingled. Absent written direction from the Authority, amounts in the Accounts shall remain uninvested. The Authority acknowledges that upon its written request and at no additional cost, it has the right to receive notification after the completion of each purchase and sale of permitted investments or Trustee's receipt of a broker's confirmation. The Authority agrees that such notifications shall not be provided by Trustee hereunder, and Trustee shall make available, upon request and in lieu of notifications, periodic account statements that reflect such investment activity. No statement need be made available for any fund/account if no activity has occurred in such fund/account during such period. Notwithstanding anything herein to the contrary, (i) the Depository shall be a financial institution with such rating as may be required from time to time by any Rating Agency providing a rating on Bonds. If the Depository is downgraded below the rating requirements of any Rating Agency, the Authority shall, within sixty (60) days of such downgrade replace the Depository with a financial institution meeting any Rating Agency rating requirement then in effect.

(B) Except as otherwise provided herein or in a Supplemental Indenture, Investment Securities purchased as an investment of moneys in any Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Account but the income or interest earned and gains realized in excess of losses suffered by an Account due to the investment thereof (other than the Rebate Fund and the Excess Yield Fund), subject to the provisions of the Tax Agreement, and subject in addition in the case of the Debt Service Reserve Fund to Section 5.7 hereof, shall be deposited in the Revenue Fund or shall be credited as Revenues to the Revenue Fund from time to time and reinvested. Earnings and income derived from Investment Securities held in the Rebate Fund and the Excess Yield Fund shall be credited as provided in the Tax Agreement or as otherwise provided by a Supplemental Indenture.

Section 5.11. Valuation and Sale of Investments.

(A) In computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued by the Trustee at their Value, as hereinafter defined, plus accrued interest in each case. "Value," whenever necessary to be determined pursuant to this Indenture or any Supplemental Indenture, means the value of any investments calculated as follows:

- (i) as to any Student Loan, the unpaid principal balance thereof plus any accrued but unpaid interest;

(ii) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times) or are available on a regular basis from Bloomberg Financial Markets or Telerate or other nationally recognized similar service: the average of the bid and asked prices for such investments so published or made available on or most recently prior to such time of determination;

(iii) as to investments the bid and asked prices of which are not published or made available on a regular basis by the sources named in paragraph (i) above: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service, if any;

(iv) as to interest bearing time or demand deposits, certificates of deposit and banker's acceptances: the face amount thereof, plus accrued interest; and

(v) as to any investment not specified above: the value thereof established by prior agreement between the Authority and the Trustee, as provided by Supplemental Indenture or otherwise.

(B) Except as otherwise provided herein, the Trustee shall sell, or present for redemption, any Investment Security whenever it shall be requested in writing by an Authorized Officer to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Account held by it. As set forth hereunder and under Section 5.10 hereof, an Investment Security may be credited on a *pro rata* basis to more than one Account and need not be sold in order to provide for the transfer of amounts from one Account to another.

Section 5.12. Final Balances. Upon payment of all principal or Redemption Price, if applicable, of, and interest on, the Bonds, all amounts required to reimburse the issuer of any Credit Facility for making any such payment and upon payment of all other sums properly due and payable hereunder (including all fees, charges and expenses of any Fiduciary which are properly due and payable hereunder as of such date), all moneys remaining in all Accounts, except moneys held by the Trustee pursuant to Section 5.13 hereof, shall be remitted to the Authority.

Section 5.13. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if money sufficient to pay such Bond shall have been deposited in a separate account held by the Trustee, all liability of the Authority to the owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on such owner's part under this Indenture or on, or with respect to, said Bond.

Subject to the applicable laws of the State, any moneys so deposited with and held by the Trustee not so applied to the purchase or payment of Bonds within three years after the date on which the trusts created hereunder are discharged and satisfied pursuant to Section 12.1 of this Indenture, shall be paid by the Trustee to the providers of any Credit Facilities, to the extent

of any amounts owing to them, and then shall be applied in accordance with any applicable escheat or unclaimed property laws of the State.

Section 5.14. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee under any provisions of this Indenture shall be held by the Trustee in trust and applied for the purposes herein specified.

Section 5.15. Rebate Fund and Excess Yield Fund Not a Part of Trust Estate. Notwithstanding anything in this Indenture to the contrary, neither the Rebate Fund nor the Excess Yield Fund is a part of the Trust Estate created by this Indenture for the benefit and security of the Bonds or otherwise.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.1. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article VI, at such times, at such Redemption Prices and upon such other terms as may be specified in this Indenture, in the Bonds and in the respective Supplemental Indenture authorizing the issuance of such Bonds.

Section 6.2. Redemption at the Election or Direction of the Authority.

(A) In the case of any redemption of Bonds other than as provided in Section 6.3 hereof, the Authority shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the principal amounts of the Bonds of such Series and maturities to be redeemed (which redemption date, Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority, subject to subsection (B) of this Section 6.2 and any other limitations with respect thereto contained in or permitted by this Indenture or any Supplemental Indenture) and of any moneys to be applied to the payment of the Redemption Price. Except as otherwise set forth in a Supplemental Indenture or as otherwise agreed to by the Trustee, such notice shall be given not less than two (2) Business Days prior to the date on which the Trustee is required to give notice of such redemption to the Bondholders pursuant to Section 6.5 hereof or the applicable Supplemental Indenture. In the event notice of redemption shall have been given as provided in Section 6.5 hereof, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise the Authority, shall, prior to the redemption date, pay or cause to be paid to the appropriate Paying Agent or Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, together with accrued but unpaid interest to the redemption date, for all the Bonds to be redeemed. The Authority shall promptly notify the Trustee in writing of all such payments made by the Authority to a Paying Agent.

(B) Except as otherwise set forth in a Supplemental Indenture, any redemption of Bonds of a Series as provided in this Article VI or in any Supplemental Indenture shall be (i) applied first to the redemption of any Variable Rate Obligations then owned by, or held for the benefit of, an issuer or provider of a Liquidity or Credit Facility and (ii) applied among the maturities of the Bonds of such Series then Outstanding as the Authority shall direct.

Section 6.3. Redemption Otherwise Than at Authority's Election or Direction.

Whenever by the terms of this Indenture or any Supplemental Indenture, the Trustee is required to redeem Bonds otherwise than at the election or direction of the Authority, and subject to and in accordance with the terms of the Supplemental Indenture, this Article VI and, to the extent applicable, Article V hereof, the Trustee shall select the redemption date of the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price to the appropriate Paying Agents.

Section 6.4. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of like Series, priority and maturity, except as otherwise specified in the applicable Supplemental Indenture, the Trustee shall select the Bonds or portions thereof to be redeemed *pro rata*, subject to any applicable procedures of DTC, in Authorized Denominations provided that the aggregate principal amount of each Bond remaining Outstanding following such redemption shall be in an Authorized Denomination.

Section 6.5. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 6.2 hereof and when redemption of Bonds is required by this Indenture pursuant to Section 6.3 hereof, the Trustee shall give notice of the redemption of such Bonds. Such notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Bonds called for redemption, which moneys are or will be available for redemption of Bonds, such 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. Such notice shall be given by first class mail, or otherwise in accordance with the procedures of any applicable Depository, not less than twenty (20) nor more than forty-five (45) days before the redemption date, unless otherwise specified in the applicable Supplemental Indenture, to the registered Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but failure so to mail any such notice to any one or more of the Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption of Bonds with respect to Owners to whom such notice was made; provided, however, that shorter periods before the redemption date during which notice pursuant to this Section 6.5 must be given may be prescribed by a Supplemental Indenture as to Bonds issued pursuant to such Supplemental Indenture. The Authority may modify in a Supplemental Indenture the notice requirements for redemption of the Bonds authorized by such Supplemental Indenture in order to conform to the requirements of DTC or any other applicable securities depository for a Series of Bonds or to provide for other or additional forms of, times for, and methods of giving notice.

Section 6.6. Payment of Redeemed Bonds. Notice having been given by mail in the manner provided in Section 6.5 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the designated office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than the entire principal amount of a Bond, the Authority shall execute, the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered at the option of the owner, Bonds of like Series, priority and maturity in Authorized Denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys shall not be available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not

been called for redemption. If a conditional notice of redemption has been delivered as provided in Section 6.5 hereof and the condition does not occur on or before the scheduled redemption date, the Trustee shall give notice in the same manner as notice of redemption is provided to the effect that no redemption occurred on the scheduled redemption date.

Section 6.7. Mandatory Tender for Purchase of Bonds in Lieu of Optional Redemption. Whenever any Bonds are subject to redemption at the option of the Authority, the Authority may, upon notice to the Trustee, elect to call such Bonds for mandatory tender for purchase in lieu of optional redemption at a purchase price equal to the then applicable Redemption Price of such Bonds. The Authority shall give notice to the Trustee of its election pursuant to this Section 6.7 given not less than two (2) Business Days prior to the date on which the Trustee is required to give notice of such mandatory tender for purchase to the Bondholders (or such shorter period as shall be acceptable to the Trustee). The provisions of this Indenture or any Supplemental Indenture applicable to the redemption of Bonds at the option of the Authority shall also apply to a mandatory tender for purchase of such Bonds in lieu of optional redemption.

ARTICLE VII

PARTICULAR COVENANTS

The Authority covenants and agrees with the Trustee and the Owners of the Bonds as follows:

Section 7.1. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid, but only from the Trust Estate as herein provided, the principal or Redemption Price of every Bond and Subordinate Obligation and the interest, if any, thereon, at the dates and places and in the manner stated in the Bonds and the Subordinate Obligations, according to the true intent and meaning thereof.

Section 7.2. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. Notwithstanding the foregoing, in the event that the maturity of any of the Bonds or the time for payment of any claims for interest shall be extended by the Authority, such Bonds or claims for interest shall not be entitled to the benefit of this Indenture (including the benefit of any Credit Facility or Funding Instrument) or to any payment out of the Accounts established pursuant to this Indenture, including the investments, if any, thereof, or out of any assets or revenues pledged hereunder prior to benefits accorded to or the payment of the principal of all Bonds the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 7.3. Offices for Servicing Bonds. The Authority shall at all times maintain an office or agency where Bonds may be presented for registration, transfer or exchange and where notices, presentations and demands upon the Authority in respect of the Bonds or of this Indenture may be served. The Authority shall designate such Fiduciaries, in addition to or replacing the Trustee as to the agencies to which they are appointed, as Paying Agents or Registrar or Authenticating Agent as it may deem appropriate under the provisions of any Supplemental Indenture.

Section 7.4. Power to Issue Bonds and Subordinate Obligations and Pledge Revenues, Recoveries of Principal, Funds and Other Property. The Authority is duly authorized under all applicable laws to authorize and issue the Bonds and the Subordinate Obligations and the Authority is duly authorized under all applicable laws to adopt and deliver this Indenture and to pledge the Trust Estate purported to be pledged hereby in the manner and to the extent herein provided. The Trust Estate so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto prior to the pledge created hereby, and all action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds, any Subordinate Obligations and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of this Indenture. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate, including rights therein pledged under this Indenture, and all the rights of the Bondholders and the holders of any Subordinate Obligations issued under this Indenture against all claims and demands of all persons whomsoever.

Section 7.5. Further Assurance. At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the Trust Estate hereby pledged or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

Section 7.6. Tax Covenants.

(A) The Authority covenants that it will not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on Bonds, other than Federally Taxable Obligations, under Section 103 of the Code. In furtherance of the foregoing covenants, the Authority covenants to comply with any Tax Agreement.

(B) Notwithstanding any other provision of this Indenture to the contrary, including in particular Article XII hereof, the covenants contained in this Section 7.6 shall survive the defeasance or payment in full of the Tax-Exempt Obligations.

Section 7.7. Accounts and Reports.

(A) The Authority shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all of its transactions relating to the Student Loans and all Accounts established by this Indenture or any Supplemental Indenture which shall at all reasonable times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(B) The Authority shall annually, within 180 days after the close of each Fiscal Year, file with the Trustee audited financial statements for such Fiscal Year which set forth in reasonable detail:

(i) a statement of net assets for the Authority, showing the assets and liabilities of the Loan Finance Program at the end of such Fiscal Year;

(ii) a statement of the Authority's revenues and expenses and changes in net accounts in accordance with the categories or classifications established by the Authority for its operating and program purposes as to the Loan Finance Program, and showing the revenues and expenses of such Loan Finance Program during such Fiscal Year; and

(iii) a statement of cash flows of the Loan Finance Program as of the end of such Fiscal Year.

The financial statements shall be accompanied by an Accountant's Certificate stating that the financial statements examined present fairly the financial position of the Authority with respect to the Loan Finance Program at the end of the Fiscal Year, the results of its operations and changes in fund balance for the period examined, in conformity with generally accepted accounting principles.

(C) Any such financial statements may be presented on a consolidated or combined basis with other reports of the Authority, so long as such financial statements for the Loan

Finance Program are separately identified and only to the extent that such basis of reporting shall be consistent with that required under subsection (B) of this Section 7.7.

Section 7.8. Loan Finance Program.

(A) The Authority shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the provisions of this Indenture and sound banking practices and principles, subject to the Act: (1) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the Loan Finance Program, to finance Eligible Loans pursuant to this Indenture or to pay other obligations of the Authority required to be paid under this Indenture, (2) do all such acts and things as shall be necessary to receive and collect Revenues and Recoveries of Principal sufficient to pay the Bonds, Bond Fees and the Program Expenses and (3) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority to protect its rights with respect to, to maintain any insurance on and to enforce all terms, covenants and conditions of Student Loans.

(B) No amount in the Student Loan Fund shall be expended or applied for the purpose of financing an Eligible Loan, and no Eligible Loan shall be financed, unless (except to the extent that a variance from such requirements is required by an agency or instrumentality of the United States of America insuring or guaranteeing the payment of an Eligible Loan) the Authority has determined that the loan is an Eligible Loan and that such loan is subject to being repurchased by the seller, if any, if such Eligible Loan does not comply with the provisions of the Program Documentation.

(C) The Authority may at any time sell, assign, transfer or otherwise dispose of Student Loans (i) at a price at least equal to the principal amount thereof (plus accrued and unpaid borrower interest) when (a) the amounts on deposit in the Accounts, excluding the Rebate Fund and the Excess Yield Fund, are at least equal to the principal amount of the Outstanding Bonds plus accrued interest and accrued and unpaid Program Expenses or to pay current Debt Service on the Bonds or; (ii) at a price equal to or lower than the principal amount thereof (plus borrower accrued interest) when the Authority delivers to the Trustee a Certificate showing that either (a) the Revenues and Recoveries of Principal expected to be received assuming such sale, assignment, transfer or other disposition of such Student Loan would be at least equal to the Revenues and Recoveries of Principal expected to be received assuming no such sale, assignment, transfer or other disposition of such Student Loan or (b) assuming such sale, assignment, transfer or other disposition (1) the Authority shall remain able to pay Debt Service on the Bonds and Program Expenses on a timely basis or (2) the amounts on deposit in the Revenue Fund and the Student Loan Fund (including the Student Loans therein) based on the principal amount of the Student Loans and the then current market value of the cash and securities in such Accounts, will be at least equal to the principal amount of the Outstanding Bonds plus accrued interest on the Bonds and Program Expenses, if any, not reasonably expected to be paid from the Revenue Fund or (iii) to another trust account of the Authority if the Authority delivers to the Trustee a Cash Flow Certificate showing that the Revenues and Recoveries of Principal expected to be received assuming such sale, assignment, transfer or other disposition of such Student Loan shall be sufficient to enable the Authority to pay Debt Service on the Bonds and Program Expenses on a timely basis. Accrued interest is to be taken into account as appropriate on both the asset and liability side of such statement. The Authority may also sell Student Loans if necessary to prevent the occurrence of an Event of Default; provided, however, if such sale is lower than the principal amount thereof (plus accrued and

unpaid borrower interest), the Authority shall either comply with the foregoing or obtain the prior written consent of all Credit Facility providers.

Section 7.9. Personnel and Servicing of Programs.

(A) The Authority shall at all times appoint, retain and employ competent personnel for the purpose of carrying out the Loan Finance Program and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges. All persons employed by the Authority shall be qualified for their respective positions.

(B) The Authority shall duly and properly service all Student Loans and enforce the payment and collection of all payments of principal and interest in accordance with the provisions of the Act or shall cause such servicing to be done by a Servicer evidencing, in the judgment of the Authority, the capability and experience necessary to adequately service Student Loans in accordance with the Act and any Servicing Acknowledgment. All amounts received by the Authority from enforcement and collection of payments shall be deposited into the Revenue Fund within two Business Days after receipt thereof, except as otherwise may be set forth in a Supplemental Indenture or servicing agreement.

Section 7.10. Issuance of Additional Obligations and Subordinate Obligations.

(A) The Authority shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Trust Estate, except that (i) Additional Bonds may be issued from time to time, subject to the provisions of paragraph (B) hereof, subsequent to the issuance of all Series of Bonds authorized under the first Supplemental Indenture adopted pursuant to this Indenture, on a parity with the Bonds of such initial issuance of one or more Series of Bonds, and secured by an equal charge and lien on the Trust Estate and payable equally therefrom, (ii) Interest Rate Exchange Agreements may be entered into from time to time with the priority and secured as provided herein and (iii) Subordinate Obligations may be issued from time to time pursuant to paragraph (C) hereof.

(B) No Additional Bonds shall be issued under this Indenture unless:

(i) the principal amount of the Additional Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to applicable law, will not exceed in aggregate principal amount any limitation thereon imposed by law;

(ii) prior to the issuance and delivery of any such Additional Bonds, the Authority has obtained a Rating Agency Condition with respect to such issuance and delivery;

(iii) the provisions of Sections 2.4., 2.5, any conditions for the issuance of Additional Bonds set forth in any Supplemental Indenture and, in the case of Refunding Bonds, Section 2.6, shall have been complied with as of the date of delivery of such Series; and

(iv) at the time of issuance of such Additional Bonds, the Authority shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture except, in the case of Refunding Bonds, if the initial application of the proceeds of such Bonds shall cure such default.

(C) The Authority expressly reserves the right to issue Subordinate Obligations for any purpose for which Additional Bonds may be issued hereunder subordinate to the Bonds issued hereunder, and payable from the Revenue Fund as described in subparagraphs (vi) and (ix) of Section 5.5 hereof upon satisfaction of the following conditions:

(i) the principal amount of the Subordinate Obligations then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to applicable law, will not exceed in aggregate principal amount any limitation thereon imposed by law;

(ii) prior to the issuance and delivery of any such Subordinate Obligations, the Authority has obtained a Rating Agency Condition with respect to such issuance and delivery; and

(iii) at the time of issuance of such Subordinate Obligations, the Authority shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture.

(D) The Authority hereby expressly reserves the right to maintain in effect and issue other obligations under Prior Indentures and to adopt one or more additional general resolutions or indentures, for its purposes, including the same purposes as those of the Loan Finance Program, and reserves the right to issue other obligations not payable from the Trust Estate for such purposes.

Section 7.11. Compliance With Conditions Precedent. The Authority shall see that upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, or will have happened or been performed, and such Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by law.

Section 7.12. General. The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of this Indenture in accordance with the terms of such provisions.

Section 7.13. Maintenance of Accounts. The Authority at all times shall maintain the Student Loan Fund, the Revenue Fund, the Capitalized Interest Fund, the , the Debt Service Reserve Fund, the Rebate Fund and the Excess Yield Fund created and established by Section 5.3 of this Indenture and do and perform or cause to be done and performed each and every act and thing with respect to each such Account or Subaccount provided to be done or performed by or on behalf of the Authority or the Trustee under the terms and provisions of Article V of this Indenture.

Section 7.14. Debt Service Reserve Fund. The Authority at all times shall maintain the Debt Service Reserve Fund created and established by Section 5.3 of this Indenture and the Authority and the Trustee shall do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Authority or the Trustee under the terms and provisions of this Indenture, any Supplemental Indenture or of the Act. The Authority hereby determines that the Debt Service Reserve Fund shall constitute a part of the “New Jersey Higher Educational Assistance Capital Reserve Fund” under the Act.

The Authority shall at all times maintain in the Debt Service Reserve Fund an amount or Funding Instrument in an amount equal to the Debt Service Reserve Fund Requirement. The Authority will file all notices and requests with the Governor of the State as may be necessary or desirable to obtain payment of any amounts appropriated by the New Jersey State Legislature to restore the Debt Service Reserve Fund to the amount required pursuant to the Act.

Notwithstanding anything herein to the contrary, the Authority shall not be obligated to deposit any moneys into the Debt Service Reserve Fund except from moneys in the Trust Estate or moneys available to the Authority as provided in Section 7.15 hereof.

Section 7.15. Deficiency Statement. The Authority shall semi-annually by May 1 and November 1 of each year cause the Trustee to value the Debt Service Reserve Fund. The Chairman of the Authority shall annually, on or before December 1 of each year, make and deliver to the Governor of the State in accordance with the Act, a Certificate stating the sums, if any, required to restore the Debt Service Reserve Fund to the amount required pursuant to *N.J.S.A. 18A:71A-25* or to reimburse the provider of any Funding Instrument deposited into the Debt Service Reserve Fund for any draws thereunder. Sums received from the State in accordance with said section of the Act shall be deposited upon receipt in the Debt Service Reserve Fund and applied in accordance with the terms of this Indenture and any Supplemental Indenture.

The Act provides that, in order to maintain the Debt Service Reserve Fund Requirement, the State will make an annual appropriation to the Authority for deposit in the Debt Service Reserve Fund, in the amount certified by the Chairman of the Authority as described above as the amount necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement. However, all moneys to be paid to the Authority pursuant to the provisions of the Act described in this Section 7.15 are subject to appropriation by the Legislature of the State (the "State Legislature") for such purpose from time to time. The State Legislature has no legal obligation to make such appropriations, and the provisions of the Act described herein do not constitute a legally enforceable obligation on the part of the State, nor does it create a debt or liability of the State.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.1. Supplemental Indentures Not Requiring the Consent of Bondholders. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture not requiring the consent of Bondholders may be executed and delivered by the Authority and the Trustee for the following purposes:

(A) to close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on the authentication and delivery of Bonds or the issuance of other evidences of indebtedness,

(B) to add to the covenants and agreements of the Authority in this Indenture other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with this Indenture as then in effect,

(C) to add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Indenture as then in effect;

(D) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in this Indenture;

(E) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, the pledge of the Trust Estate, including Revenues, Recoveries of Principal or of any other revenues or assets;

(F) to modify any of the provisions of this Indenture in any respect whatever, but only if (i) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds initially delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(G) to authorize the issuance of one or more Series of Bonds and to prescribe the terms and conditions upon which such Bonds may be issued, including specifically the payment priority of any Interest Rate Exchange Agreement entered into with respect to such Series of Bonds, provided that in no event shall payments under an Interest Rate Exchange Agreement be afforded a higher priority than the payment of Debt Service on any Bonds;

(H) to create additional special trust accounts for the further securing of all Bonds issued pursuant to this Indenture if along with such Supplemental Indenture there is filed a Bond Counsel's Opinion to the effect that the creation and operation of such account will in no way impair the existing security of the Owner of any Outstanding Bond;

(I) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture;

(J) to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as then in effect;

(K) to provide for additional duties of the Trustee in connection with the Student Loans or for a successor Trustee;

(L) to satisfy the requirements of a Rating Agency in order to obtain, maintain or improve any rating (including any underlying rating on credit-enhanced Bonds) with respect to any of the Bonds;

(M) to provide for the orderly sale or remarketing of Bonds;

(N) to make any other change which, in the judgment of the Trustee acting in reliance on a Bond Counsel's Opinion, is necessary or desirable to maintain the tax-exempt status of interest on the Tax-Exempt Obligations; or

(O) to make any change which, in the judgment of the Trustee acting in reliance upon a Counsel's Opinion, which may be a Bond Counsel's Opinion, to the extent the Trustee deems such opinion desirable, does not adversely affect the interest of any Bondholder.

Section 8.2. Supplemental Indenture Effective Only Upon Consent of Bondholders. At any time or from time to time, a Supplemental Indenture may be executed and delivered subject to consent by Bondholders in accordance with and subject to the provisions of Article IX hereof. Any such Supplemental Indenture shall become fully effective in accordance with its terms upon the execution and delivery thereof by the Authority and the Trustee and upon compliance with the provisions of Article IX hereof.

Section 8.3. General Provisions.

(A) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article VIII and Article IX hereof. Nothing in this Article VIII or Article IX hereof shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any Indenture, resolution, act or other instrument pursuant to the provisions of Section 7.5 or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which is to be delivered to said Fiduciary pursuant to this Indenture.

(B) Any Supplemental Indenture permitted or authorized by Section 8.1 hereof may be entered into by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Section. Every Supplemental Indenture filed with the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Authority.

(C) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Section 8.4. Consent of the Credit Facility Provider in Lieu of Consent of Bondholders. Anything in this Indenture to the contrary notwithstanding, whenever consent of the Owners of a specified percentage in aggregate principal amount of the Bonds of any

particular Series then Outstanding shall be required to approve an action, determination or election hereunder, including but not limited to the execution and delivery of a Supplemental Indenture pursuant to Sections 8.2 or 9.2 hereof and direction of remedies upon the occurrence of an Event of Default, the Credit Facility provider, if any, for such Bonds acting alone, but subject to Section 12.6 hereof, may consent to and approve such action, determination or election, and the consent of the Owners of a specified percentage in aggregate principal amount of the Bonds then Outstanding shall not be required.

ARTICLE IX
AMENDMENTS

Section 9.1. Mailing of Notice of Amendment. Any provision of this Article IX for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid (i) to each registered Owner of Bonds then Outstanding at its address, if any, appearing upon the registry books of the Authority and (ii) to the Trustee, provided it shall not be effective as to the Trustee until it is received by a Responsible Officer of the Trustee.

Section 9.2. Powers of Amendment. Except as provided in Article VIII hereof, any modification of or amendment to this Indenture and of the rights and obligations of the Authority, the provider of a Credit Facility under a Supplemental Indenture and of the Owners of the Bonds of any particular Series, may be made by a Supplemental Indenture and in the event such Supplemental Indenture shall be entered into pursuant to Section 8.2 hereof, with the written consent given as provided in Section 9.3 hereof (i) of the Owners of at least 51% in principal amount of the 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. If any such modification or amendment will not take effect so long as any Bonds of any specified maturity remain Outstanding however, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 9.2. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section 9.2, Bonds shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Owners of such Bonds. The Trustee may in its sole discretion, in reliance in good faith on a Counsel's Opinion or a Bond Counsel's Opinion satisfactory to it, which reliance shall constitute full protection for the Trustee, determine whether or not in accordance with the foregoing powers of amendment, the Bonds of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Authority and all Owners of Bonds.

Section 9.3. Consent of Bondholders.

(A) A copy of any Supplemental Indenture making a modification or amendment which is not permitted by the provisions of Section 8.1 hereof (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee on behalf of the Authority to the Owner of any Bond to be affected by such proposed amendment or modification. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 9.2 hereof and (b) a Bond Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into by the Authority in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the Authority.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.14 hereof. A Certificate executed by the Trustee stating that it has examined such proof and that such proof is sufficient in accordance with such Section 11.14 shall be conclusive that the consents have been given by the Owners of the Bonds described in such Certificate of the Trustee. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section 9.3(B) is filed. The fact that a consent has not been revoked may likewise be proved by a Certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Authority and the Trustee shall retain for its files, a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this Section 9.3(C) shall be given to Bondholders by the Authority by mailing such notice to the Bondholders not more than ninety (90) days after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The Authority shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 9.3(C) to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Bonds after the filing with the Trustee of the proof of the first mailing of the notice of such consent.

Section 9.4. Modifications by Unanimous Consent. Notwithstanding anything to the contrary contained herein, the terms and provisions of this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds hereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Indenture and the consent of the Owners of all the Bonds then Outstanding, such consent to be given as provided in Section 9.3 hereof, but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders. No notice of any such modification, amendment, assent or publication thereof shall be required.

Section 9.5. Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article IX, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article IX. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a Certificate of an Authorized Officer, upon which the Trustee may rely describing all Bonds so to be excluded.

Section 9.6. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in Article VIII hereof or this Article IX may and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Bond at such effective date and presentation of its Bond for the purpose at the designated corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds modified to conform to such action in the opinion of the Trustee and the Authority shall be prepared, executed, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, upon surrender of such Outstanding Bond.

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.1. Events of Default. Each of the following events is an “Event of Default”:

(A) payment of the principal, Sinking Fund Payment, or Redemption Price of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or upon the tender thereof in accordance with the provisions of the Supplemental Indenture authorizing the issuance of Variable Rate Obligations, shall not be made when and as the same becomes due; or

(B) payment of any installment of interest on any of the Bonds shall not be made when and as the same shall become due; or

(C) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any applicable bankruptcy law or similar law for the relief of debtors are instituted by the Authority (other than such proceedings instituted by the Authority against other parties); or

(D) the Authority shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in any Supplemental Indenture or the Bonds, and such failure, refusal or default shall continue for a period of ninety (90) days after written notice thereof by the Trustee, a Credit Facility provider or the Owners of not less than 100% in principal amount of the Outstanding Bonds; or

(E) with respect to any Series of Bonds, the occurrence of any Event of Default pursuant to the Supplemental Indenture authorizing such Series.

Notwithstanding the foregoing, for so long as any Bonds shall be Outstanding under this Indenture, a failure to pay the principal, Sinking Fund Payment, or Redemption Price of or interest on any Subordinate Obligations when and as the same shall become due shall not constitute an Event of Default under this Indenture unless there shall also have occurred and then be continuing an Event of Default described in paragraph (A) of this Section 10.1 with respect to the Bonds.

Section 10.2. Remedies.

(A) Upon actual knowledge or the receipt of written notice by a Responsible Officer of the Trustee of the happening and continuance of any Event of Default specified in Section 10.1 hereof, the Trustee shall promptly notify the Authority, the Rating Agencies, each counterparty to an Interest Rate Exchange Agreement, the provider of any Credit Facility or Liquidity Facility, and each Fiduciary of the existence of such Event of Default and may proceed, and, upon the written request of the Owners of not less than 25% in principal amount of the Outstanding Bonds with respect to an Event of Default specified in paragraphs (A), (B), (C) or (E) of Section 10.1 hereof and upon the written request of the Owners of not less than 100% in principal amount of the Outstanding Bonds with respect to an Event of Default specified in paragraph (D) of Section 10.1 hereof, shall proceed, in its own name, subject to the provisions of Article XI hereof, and each Supplemental Indenture, to protect and enforce the rights of the Bondholders by such of the following remedies, as the Trustee shall deem most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the Authority to receive and collect Revenues and Recoveries of Principal adequate to carry out the covenants and agreements as to, and the assignment of, the Student Loans and to require the Authority to carry out any other covenants or agreements with Bondholders and to perform its duties as prescribed by law;

(ii) by bringing suit upon the Bonds;

(iii) by action or suit in equity, to require the Authority to account as if it were the trustee of an express trust for the Owners of the Bonds;

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds; or

(v) upon the occurrence of an Event of Default specified in paragraphs (A), (B) or (C) of Section 10.1 hereof or as otherwise provided in a Supplemental Indenture in a manner that is not prejudicial to the interests of the holders of any Series of Bonds then Outstanding the Trustee shall, but (subject to the provisions in any Supplemental Indenture) only at the written direction of the Owners of not less than 25% in principal amount of the then Outstanding Bonds, declare the principal of all of the Bonds to be immediately due and payable, whereupon the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding. If all defaults shall be cured, then the Trustee shall, upon written direction of the Owners of not less than 25% in principal amount of then Outstanding Bonds, annul such declaration and its consequences. In the event that all Bonds are declared due and payable, the Trustee shall at the direction of such Owners, sell Student Loans and Investment Securities.

(B) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled (subject to the provisions in any Supplemental Indenture) to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Authority for principal, interest, or otherwise, under any provisions of this Indenture or a Supplemental Indenture or of the Bonds, with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection permitted by the laws of the State and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Authority for any portion of such amounts remaining unpaid, with such interest, costs and expenses as may be permitted by the laws of the State, and to collect from the Authority any moneys adjudged or decreed to be payable; provided, that the obligation of the Authority to make any payments under this paragraph (B) shall be limited to the extent of the Trust Estate available therefor.

(C) Upon the occurrence of any Event of Default, and on the filing of suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under this Indenture, the Trustee shall (subject to the provisions in any Supplemental Indenture) be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and Recoveries of Principal and of the assets of the Authority relating to the Trust Estate and the Loan Finance Program, pending such proceedings, with such powers as the court making such appointment shall confer.

(D) Except upon the occurrence and during the continuance of an Event of Default hereunder, the Authority hereby expressly reserves and retains the privilege to receive and, subject to the terms and provisions of this Indenture, to keep or dispose of, claim, bring suit upon or otherwise exercise, enforce or realize upon its rights and interest in and to the Student Loans and the proceeds of any collections therefrom, and neither the Trustee nor any Bondholder shall in any manner be or be deemed to be an indispensable party to the exercise of any such privilege, claim or suit.

Section 10.3. Priority of Payments After Default.

(A) In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of principal or Redemption Price of and interest then due on the Bonds, such funds (other than funds held for the payment of a particular Series of Bonds which have theretofore become due at maturity) and any other amounts received or collected by the Trustee acting pursuant to this Article X, after providing for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners of the Bonds, if any, and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Indenture, shall be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, and to the reimbursement of the provider of any Credit Facility for making any such payment under a Credit Facility in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment then due on the Bonds, then to the payment thereof ratably, according to the amounts of interest due on such date, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid Principal Installments of or Redemption Price of any Bonds which shall have become due, to the reimbursement of the provider of any Credit Facility for making any such payment under a Credit Facility, and, if the amounts available shall not be sufficient to pay in full all the Principal Installments then due on the Bonds, then to the payment thereof ratably, according to the amounts of Principal Installments of or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

THIRD: Except as otherwise provided by Supplemental Indenture, to the payment to the persons entitled thereto of the unpaid payments payable by the Authority under the Interest Rate Exchange Agreements which shall have become due, and if the amounts available shall not be sufficient to pay in full all such payments, then to the payment thereof ratably, according to the amounts so due on such date, to the persons entitled thereto, without any discrimination or preference.

FOURTH: To the reimbursement of any and all amounts due and payable to the issuer of a Funding Instrument, including accrued interest thereon;

FIFTH: To the payment to the persons entitled thereto of all installments of interest then due on Subordinate Obligations in the order of the maturity of such

installments, and, if the amount available shall not be sufficient to pay in full any installment then due on the Subordinate Obligations, then to the payment thereof ratably, according to the amounts of interest due on such date, to the persons entitled thereto, without any discrimination or preference; and

SIXTH: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Subordinate Obligations which shall have become due and, if the amounts available shall not be sufficient to pay in full all the Subordinate Obligations due, then to the payment thereof ratably, according to the amounts of principal or redemption price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, then first, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, and to the reimbursement of the provider of any Credit Facility or Liquidity Facility for making any such payment, ratably, according to the amounts due respectively for principal and interest on the Bonds then due and unpaid or reimbursed, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; second, except as otherwise provided by Supplemental Indenture, to the payment of amounts then due and unpaid upon Interest Rate Exchange Agreements ratably according to the amounts due to the person entitled thereto; third, to the provider of any Credit Facility or Liquidity Facility, any amounts due and payable; and fourth, except as otherwise provided by the applicable Supplemental Indenture, to the payment of the principal and interest then due and unpaid upon the Subordinate Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Obligations over any other Subordinate Obligations ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Obligations.

(iii) If the principal of all the Bonds shall have been declared immediately due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of this Article X or any Supplemental Indenture, then, subject to the provisions of Section 10.2(A)(v) hereof in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of Section 10.3(A)(i) hereof.

(B) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section 10.3, such moneys shall, subject to the provisions of any Supplemental Indenture, be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such moneys with a Paying Agent, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of

application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Owner of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 10.4. Termination of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 10.5. Right of Bondholders to Direct Proceedings. Subject to Section 8.4 of this Indenture, the Owners of not less than 25% in principal amount of the Bonds, with respect to an Event of Default specified in paragraphs (A), (B), (C) or (E) of Section 10.1 hereof, and the Owners of not less than 50% in principal amount of the Bonds with respect to an Event of Default specified in paragraph (D) of Section 10.1 hereof, shall have the right, at any time during the continuance of an Event of Default, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or if the Trustee shall not have been furnished with the security or indemnification described in Section 11.1(L) hereof.

Section 10.6. Limitation on Rights of Bondholders.

(A) Except as otherwise specifically provided by Section 10.2(A) hereof or by this Section 10.6, no Owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Indenture unless such Owner is an Owner of one or more Bonds then Outstanding, and such Owner previously shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25% or 50%, as provided in Section 10.2 hereof, in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the losses, fees, costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy hereunder or by law. It is understood and intended that, except as otherwise above provided, no one or more Owners of the Bonds hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder with respect to the Bonds or this Indenture, except in the manner

herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of Owners of the Outstanding Bonds. Nothing contained in this Article X shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on its Bonds, or the obligation of the Authority to pay the principal of and interest on each Bond issued hereunder to the Owner thereof at the time and place in said Bond expressed.

(B) Anything to the contrary notwithstanding contained in this Section 10.6, or any other provision of this Indenture, each Owner of any Bond by acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph (B) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder or group of Bondholders holding at least 25% or 50%, as provided in Section 10.2 hereof, in principal amount of the Bonds then Outstanding, or to any suit instituted by any Bondholder in accordance with paragraph (A) of this Section 10.6 for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

Section 10.7. Possession of Bonds by Trustee Not Required. All rights of action under this Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof in the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 10.8. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 10.9. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given by this Indenture to the Trustee and the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 10.10. Notice of Event of Default. The Trustee shall give to the Bondholders, the Rating Agencies, and the provider of any Credit Facility notice of each Event of Default hereunder actually known by a Responsible Officer of the Trustee within ten (10) days after actual knowledge or receipt of written notice of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (i) to all Owners of Bonds, as the names and addresses of such Owners appear upon the books for registration and transfer of Bonds as kept by the Trustee, (ii) to the providers of any Credit Facility at such

address as is specified in the applicable Supplemental Indenture, and (iii) to such other persons as is required by law.

ARTICLE XI

CONCERNING THE FIDUCIARIES

Section 11.1. Appointment and Acceptance of Duties of Trustee. Wells Fargo Bank, National Association is hereby appointed as Trustee. By executing this Indenture, the Trustee hereby accepts the trusts, duties and obligations imposed upon it by this Indenture and agrees to perform such trusts, duties and obligations, but only upon and subject to the following express terms and conditions:

(A) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent corporate trustee would exercise or use in the circumstances in the conduct of its own affairs.

(B) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act, upon the opinion or advice of counsel concerning all matters hereof, and may in all cases be reimbursed hereunder for reasonable compensation paid to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Trustee may request, rely and act or refrain from acting in accordance with an opinion of counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reliance upon such opinion of counsel.

(C) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or collecting any insurance moneys, or for the validity of the execution by the Authority or sufficiency of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of, or filing of documents related to, the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority, except as set forth in subsection (J) of this Section 11.1. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(D) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

(E) The Trustee may conclusively rely upon and shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, email or communication by other electronic means or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons.

Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the registered owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(F) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate believed in good faith to be genuine and correct, signed on behalf of the Authority by an Authorized Officer, or such other person or persons as may be designated for such purposes by resolution of the Authority, as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (J) of this Section 11.1, or of which by said subsection it is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an Authorized Officer of the Authority to the effect that a resolution in the form therein set forth has been adopted by the Authority as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(G) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(H) The Trustee shall not be required to give any bond or surety in respect to the execution of its rights and obligations hereunder.

(I) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or by law. The Trustee shall not be under any liability for interest on any moneys received hereunder.

(J) The Trustee shall not be required to take notice or be deemed to have knowledge of any default, Event of Default, event or information, or be required to act upon any default, Event of Default, event or information (including the sending of any notice) unless a Responsible Officer of the Trustee has actual knowledge, or has received written notice thereof, and in the absence of such knowledge or notice, the Trustee may conclusively assume there is no default or Event of Default except as aforesaid and the Trustee shall have no duty to take any action to determine whether such default, Event of Default or event has occurred.

(K) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof as a condition of such action by the Trustee, reasonably and in good faith deemed necessary by the Trustee, for the purpose of establishing the right of the Authority to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(L) Before taking any action hereunder, whether permissive or mandatory, the Trustee may require that security and/or indemnification reasonably satisfactory to it be furnished for the reimbursement of all fees and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from negligence or willful misconduct by reason of any action so taken.

(M) If the Trustee receives different or conflicting instructions or directions from more than one group of Bondholders each of which is provided in accordance with this Indenture, the Trustee shall act in accordance with the instructions or directions provided by the Bondholders representing the larger aggregate principal amount of Bonds then Outstanding.

(N) Recitals, statements and representations contained in any document in the nature of an official statement or offering circular, preliminary or final, relating to any Series of Bonds shall not be taken or construed as made by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness or truth of the same. Except for information concerning the Trustee provided by the Trustee, if any, the Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted or delivered to any Bondholder in the nature of an official statement or offering circular, preliminary or final.

(O) Delivery of any reports, information and documents to the Trustee provided for herein is for informational purposes only and the Trustee's receipt of such reports (including monthly distribution reports) and any publicly available information, shall not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Authority's or the Servicer's compliance with any of its representations, warranties or covenants hereunder.

(P) Knowledge of the Trustee shall not be attributed or imputed to Wells Fargo Bank, National Association's other roles in the transaction and knowledge of the Paying Agent and the Registrar shall not be attributed or imputed to each other or to the Trustee (other than those where the roles are performed by the same group or division within Wells Fargo Bank, National Association or otherwise share the same Responsible Officers), or any affiliate, line of business, or other division of Wells Fargo Bank, National Association (and vice versa).

(Q) Notwithstanding anything to the contrary herein or otherwise, under no circumstance will the Trustee be liable for special, punitive, indirect, or consequential loss or damage of any kind whatsoever (including lost profits), whether or not foreseeable, even if the Trustee is actually aware of or has been advised of the likelihood of such loss or damage.

(R) The Trustee need not investigate or re-calculate, evaluate, certify, verify or independently determine the accuracy of any numerical information, report, certificate, information, statement, representation or warranty or any fact or matter stated in any such document and may conclusively rely as to the truth of the statements and the accuracy of the information therein.

(S) Before the Trustee acts or refrains from taking any action under this Indenture, it may require an officer's certificate and/or an opinion of counsel from the party requesting that the Trustee act or refrain from acting in form and substance acceptable to the Trustee, the costs of which (including the Trustee's reasonable attorney's fees and expenses) shall be paid by the party requesting that the Trustee act or refrain from acting. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such officer's certificates and/or opinions of counsel.

(T) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee unless it shall be conclusively determined that the Trustee was negligent in ascertaining the pertinent facts, provided, however, that the Trustee shall have no obligation to conduct any investigation into such facts except as otherwise required pursuant to this Indenture. The Trustee shall not be liable for any action it takes or omits to take in good faith (a) which is authorized or within its rights or powers under this Indenture or (b) which the Trustee in good faith believes is within its rights or powers under this Indenture.

(U) The Trustee shall not be required to expend or risk its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties, or the exercise of any of its rights or powers.

(V) The Trustee shall not be liable with respect to any action it takes or omits to take in accordance with a direction received by it from the Authority or the required Owners in accordance with the terms of this Indenture and the other documents related thereto.

(W) The Trustee shall incur no liability if, by reason of any provision of any future law or regulation thereunder, or by any force majeure event, including but not limited to natural disaster, act of war or terrorism, or other circumstances beyond its reasonable control, the Trustee shall be prevented or forbidden from doing or performing any act or thing which the terms of this Indenture provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Indenture or any other document related thereto.

(X) Notwithstanding anything to the contrary in this Indenture, the Trustee shall not be required to take any action that is not in accordance with applicable law.

(Y) Neither the Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any collateral securing the Bonds, for the legality, enforceability, effectiveness or sufficiency of this Indenture and the documents related thereto for the creation, perfection, continuation, priority, sufficiency or protection of any of the liens, or for any defect or deficiency as to any such matters, or for monitoring the status of any lien or performance of the collateral.

(Z) The Trustee shall not be liable for any action or inaction of the Authority, the Servicer, or any other party (or agent thereof) to this Indenture or any related document and may assume compliance by such parties with their obligations under this Indenture or any related agreements, unless a Responsible Officer of the Trustee shall have received written notice to the contrary.

(AA) The Trustee shall have no duty to see to, or be responsible for the correctness or accuracy of, any recording, filing or depositing of this Indenture or any agreement referred to herein, or any financing statement or continuation statement evidencing a security interest, or to see to the maintenance of any such recording or filing or depositing or to any rerecording, refilling or re-depositing of any thereof.

Section 11.2. Appointment and Acceptance of Duties of Paying Agents, Bond Registrar and Other Fiduciaries.

(A) The Authority shall appoint one or more Paying Agents and a Registrar for the Bonds and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 11.13 hereof for a successor Paying Agent, along

with such other Fiduciaries as may be required in connection with any Bonds in accordance with the provisions of and by designation in the Supplemental Indenture authorizing such Bonds. The Trustee is hereby appointed as Paying Agent, as Registrar and as Authenticating Agent and the Paying Agent, the Registrar and the Authenticating Agent shall be entitled to the rights, protections, benefits and immunities afforded to the Trustee under this Indenture.

(B) Each Paying Agent, Registrar and other Fiduciary (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by a written instrument of acceptance executed and delivered to the Authority and the Trustee which shall include the address to which notice may be delivered in accordance with Section 12.3 of this Indenture.

(C) The principal or corporate trust offices of the Paying Agents are hereby designated as the respective agents of the Authority for the payment of the Bonds.

(D) If at any time or times the Trustee shall have determined, or shall have been advised by Counsel satisfactory to it, that it is necessary or prudent to appoint a separate or co-Trustee under this Indenture (each, a "co-Trustee") (i) in order to comply with the legal requirements of any applicable jurisdiction; or (ii) in order to effectuate the exercise of any one or more of the powers, rights or remedies of the Trustee hereunder, then the Trustee shall be entitled, without the consent of the Authority and regardless of whether an Event of Default hereunder shall have occurred, to appoint an additional institution to serve as co-Trustee hereunder (whose costs, fees and expenses in carrying out (i) and (ii) hereof shall be borne by the Authority), with such powers as may be provided in the instrument of appointment; and to vest in each such institution any property, title, right or power deemed necessary or desirable, subject to the provisions of this Section 11.2.

(E) Each co-Trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such co-Trustee shall not be greater than those conferred or imposed upon the Trustee, and such rights and powers shall be exercisable only jointly with the Trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such co-Trustee subject to the provisions of subsection (E)(iv) of this Section 11.2

(ii) The Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any co-Trustee appointed under this Section 11.2.

(iii) Neither the Trustee nor any separate trustee or co-Trustee under this Indenture shall be liable by reason of any act or omission or the appointment of the Trustee or any other trustee or co-Trustee under this Indenture.

(iv) No power given to such co-Trustee shall be separately exercised hereunder by such co-Trustee except with the consent in writing of the Trustee, anything herein contained to the contrary notwithstanding.

(F) Should any instrument in writing from the Authority be required by the co-Trustee so appointed or removed by the Trustee in order to vest in and confirm to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on

request, be executed, acknowledged and delivered by the Authority. In case any co-Trustee, or a successor shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such co-Trustee.

Section 11.3. Responsibility of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or in respect of the security afforded by this Indenture, and no Fiduciary shall incur any responsibility in respect thereof. Any Authenticating Agent appointed as herein provided shall, however, be responsible for its representations contained in its certificate on the Bonds. No Fiduciary shall be under any obligation or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Authority. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others.

Section 11.4. Evidence on Which Fiduciaries May Act. Each Fiduciary and, in the case of Variable Rate Obligations, the Remarketing Agent, the Indexing Agent and the Tender Agent shall be protected in acting upon any notice, Indenture, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any Account, such matter (unless other evidence of respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer or by another Fiduciary if so specified herein or in the applicable Supplemental Indenture, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its sole discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Neither the Trustee nor any successor Trustee or other Fiduciary shall be liable to the Authority, the Owners of any of the Bonds, any provider of a Credit Facility or Liquidity Facility or any other person for any act or omission done or omitted to be done by such Fiduciary in reliance upon any instruction, direction or certification received by the Trustee pursuant to this Indenture or for any act or omission done or omitted in good faith and without negligence and willful misconduct. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer. Notwithstanding any other provisions of this Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Bondholders as if there were no Credit Facility.

Section 11.5. Compensation.

(A) Unless otherwise determined by contract between the Authority and a Fiduciary, the Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture.

(B) The Authority hereby agrees, to the extent permitted by State law, to reimburse and hold harmless each Transaction Party from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever (including reasonable attorney's fees and expenses and court costs) (collectively, "Losses") which such Transaction Party may incur in connection with the performance by such Transaction Party of its obligations under this Indenture including those incurred in connection with any action, claim or suit brought to enforce any Transaction Party's right to indemnification; provided, however, that the Authority shall not be required to reimburse and hold harmless any Transaction Party for any Losses caused in whole or in part by such Transaction Party's negligence, bad faith, or willful misconduct arising out of or as a result of such Transaction Party's performing its obligations under this Indenture or undertaking any transaction contemplated by this Indenture; and further provided, that the foregoing is subject to the limitations of the provisions of the New Jersey Tort Claims Act, *N.J.S.A. 59:2-1 et seq.*, and the New Jersey Contractual Liability Act, *N.J.S.A. 59:13-1 et seq.*

(C) Each Fiduciary, by accepting its appointment as such under this Indenture, agrees that such Fiduciary (i) shall give the Authority prompt notice in writing of any actual or potential claim described above, and the institution of any suit or action; (ii) shall not adjust, settle or compromise any such claim, suit or action without the consent of the Authority; and (iii) shall permit the Authority, at the Authority's sole discretion, to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action. The procedures set forth in this clause (C) shall not apply to any claim under clause (B) above of any attorney's fees, costs, and expenses incurred by such Transaction Party in connection with any enforcement (including by means of any action, claim or suit) by such Transaction Party of any claim under clause (B) above or other obligation of the Authority.

(D) While the New Jersey Contractual Liability Act, *N.J.S.A. 59:13-1 et seq.*, is not applicable by its terms to claims arising under contracts with the Authority, each Fiduciary, by accepting its appointment as such under this Indenture, agrees that such statute (except *N.J.S.A. 59:13-9*) shall be applicable to all claims against the Authority arising under this Section 11.5.

(E) The reimbursement obligation provided in this Section 11.5 does not apply to or extend to any indemnification which may be given by any Fiduciary to any other Person.

(F) The reimbursement provisions set forth in this Section 11.5 shall survive termination or assignment of this Indenture and the resignation or removal of the parties hereto.

Section 11.6. Permitted Acts and Functions. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. Any Fiduciary may act as Depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount

of the Bonds then Outstanding. Any Fiduciary may be a participant in the Loan Finance Program and may sell Eligible Loans to the Authority. Any Fiduciary may be an underwriter in connection with the sale of the Bonds or of any other securities offered or issued by the Authority.

Section 11.7. Resignation of Trustee. Subject to the provisions of a Supplemental Indenture, the Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than sixty (60) days written notice to the Authority, and mailing notice thereof specifying the date when such resignation shall take effect, to the registered owners of Bonds and each Rating Agency, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 11.9 hereof, in which event such resignation shall take effect immediately on the appointment of such successor. Notwithstanding any other provision of this Indenture, no removal, resignation, or termination of the Trustee shall take effect until a successor shall be appointed.

Section 11.8. Removal of Trustee. Subject to the provisions of a Supplemental Indenture, the Trustee shall be removed by the Authority if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority. The Authority may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Authority by filing with the Trustee an instrument signed by an Authorized Officer.

Section 11.9. Appointment of Successor Trustee.

(A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Authority covenants and agrees that it will thereupon appoint a successor Trustee. The Authority shall mail notice of any such appointment made by it within twenty (20) days after such appointment to all Owners of Bonds.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Authority written notice, as provided in Section 11.7 hereof, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Every successor Trustee appointed pursuant to this Section 11.9 shall be a trust company or commercial bank duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000, unless a higher amount is required in a Supplemental Indenture, and authorized by law to act as the Trustee.

Section 11.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such

predecessor Trustee, with like effect as if originally named as Trustee, but the Trustee ceasing to act shall nevertheless, on the request of the Authority, or of its successor Trustee, upon payment in full of all fees, costs and expenses, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify each Fiduciary of its appointment as Trustee. Upon the effectiveness of the resignation or removal of the Trustee, such Trustee's authority to act pursuant to this Indenture shall terminate and such Trustee shall have no further responsibility or liability whatsoever for performance of this Indenture as Trustee.

Section 11.11. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor to such Fiduciary under Section 11.9 or Section 11.13 hereof and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 11.12. Adoption of Certificate of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the successor Trustee, and in all such cases such certificate shall have the full force provided anywhere in said Bonds or in this Indenture.

Section 11.13. Resignation or Removal of the Paying Agents, Registrar and Other Fiduciaries and Appointment of Successors.

(A) Any Paying Agent may, the Registrar may and any Fiduciary (other than the Trustee) may, at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days written notice to the Authority, the Trustee, and the Bondholders. Any Paying Agent, the Registrar and any Fiduciary (other than the Trustee) shall be removed by the Authority at any time, for such cause as shall be determined in the sole discretion of the Authority by an instrument signed by an Authorized Officer and filed with such Paying Agent, Registrar or other Fiduciary and with the Trustee. Any successor Paying Agent, Registrar or Fiduciary (other than the Trustee) shall be appointed by the Authority and (subject to the requirements of Section 7.3 hereof or any Supplemental Indenture) shall be a trust company or commercial bank having the powers of a trust company, having a reported capital and surplus aggregating at least \$75,000,000, and willing and able to accept the office of Paying Agent, Registrar or Fiduciary (other than the Trustee), as the case may be, on

reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Notwithstanding any other provision of this Indenture, no resignation or removal of any Paying Agent, Registrar or Fiduciary shall take effect until a successor shall be appointed. If in a proper case no appointment of any successor Transaction Party shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after such Transaction Party shall have given to the Authority written notice, as provided in Section 11.7 hereof, or after a vacancy in the office of such Transaction Party shall have occurred by reason of its inability to act, such Transaction Party may apply to any court of competent jurisdiction to appoint a successor Transaction Party. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Transaction Party.

(B) In the event of the resignation or removal of any Paying Agent, Registrar or Fiduciary (other than the Trustee), such Paying Agent, Registrar or Fiduciary (other than the Trustee) shall, after payment of its fees, costs and expenses, pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed.

Section 11.14. Evidence of Signatures of Bondholders and Ownership of Bonds.

(A) Any request, consent or other instrument which this Indenture may require (or permit) to be executed by Bondholders may be executed by such Bondholders or by their attorneys pursuant to powers of attorney or instruments of similar tenor and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its sole discretion require further or other proof in cases where it deems the same desirable.

The fact and date of the execution by any Bondholder or its attorney of such instrument may be proved by the Certificate, which need not be acknowledged or verified, of an officer of a bank or trust company, financial institution or other member of the National Association of Securities Dealers, Inc. satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which such notary public or other officer purports to act, that the person signing such request or other instrument acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(B) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

(C) Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 11.15. Preservation and Inspection of Documents. All Fiduciaries under the provisions of this Indenture or any Supplemental Indenture shall maintain adequate records relating to the performance of their duties consistent with industry practices, which records,

including, without limitation, the registration books of Bondholders, shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, any Bondholder and any Credit Facility provider and their agents and their representatives, any of whom may make copies thereof.

Section 11.16. Directions to Trustee. Except for the specific instances in which this Indenture expressly permits the Authority to give the Trustee directions orally which are promptly confirmed in writing, any directions given by the Authority to the Trustee must be in writing.

ARTICLE XII

DEFEASANCE, MISCELLANEOUS PROVISIONS

Section 12.1. Defeasance.

(A) If the Authority shall pay or cause to be paid to the Owners of the Bonds, the principal or Redemption Price of and interest to become due thereon, at the times and in the manner stipulated therein and in this Indenture, and pay or cause to be paid (i) to each Fiduciary its fees, costs and expenses, (ii) to each Credit Facility provider or Liquidity Facility provider all amounts owing under each Credit Facility or Liquidity Facility or agreements relating thereto, (iii) to each counterparty to each Interest Rate Exchange Agreement all amounts owing under each Interest Rate Exchange Agreement and (iv) to the holders of any Subordinate Obligations, the principal or redemption price of and interest to become due thereon, at the times and in the manner stipulated therein, then the pledge of the Trust Estate, including any Revenues, Recoveries of Principal, and other moneys, securities, funds and property hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to this Indenture which are not required for the payment of Bonds not theretofore surrendered for such payment. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series the principal or Redemption Price of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security hereunder and thereunder and all covenants, agreements and obligations of the Authority to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding the foregoing and subsection (B) below, the provisions of this Indenture relating to payment, registration, transfer and redemption of Bonds shall remain in effect until final maturity or the redemption date of the Bonds.

(B) Bonds or interest installments (in each case, other than on Bonds held in custody for the benefit of a Credit Facility or Liquidity Facility provider under a Supplemental Indenture) for the payment of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Authority of funds for such payment or otherwise) shall, at the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section 12.1. Except as otherwise provided in any Supplemental Indenture, all Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section 12.1 if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article VI hereof notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or noncallable Governmental Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (ii) above has been

made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 12.1 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of said Bonds and (iv) in the event said Bonds are not payable within the next succeeding ninety (90) days, the Authority shall have delivered to the Trustee a verification report prepared by an Accountant verifying that the deposits made pursuant to this subsection (B) are sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds. Neither Governmental Obligations or moneys deposited with the Trustee pursuant to this Section 12.1 nor principal or interest payments on any such Governmental Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price of and interest on said Bonds unless at all times following such use or withdrawal there shall be deposited with the Trustee moneys and noncallable Governmental Obligations the principal of and the interest in which when due will provide moneys which shall be sufficient to pay when due the principal or Redemption Price of and interest due or to be due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and the Authority shall have delivered to the Trustee prior to such withdrawal or use a verification report as described in clause (iv) above verifying the deposit after taking into account such withdrawal or use; but any cash received from such principal or interest payments on such noncallable Governmental Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge.

(C) The deposit required by subsection (B) hereof may be made with respect to Bonds within any particular maturity, in which case such maturity of Bonds shall no longer be deemed to be Outstanding under the terms of this Indenture, and the Owners of such defeased Bonds shall be secured only by such trust funds and not by any other part of the Trust Estate, and this Indenture shall remain in full force and effect to protect the interests of the Owners of Bonds remaining Outstanding thereafter.

Section 12.2. No Recourse Under Indenture or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority contained in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any officer, employee or agent of the Authority in its individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds, amounts due under any Interest Rate Exchange Agreement or the principal of and interest on any Subordinate Obligations or for any claim based thereon or on this Indenture against any officer, employee or agent of the Authority or against any natural person executing the Bonds.

Section 12.3. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Indenture or by any Supplemental Indenture to be given to or filed with the Authority, the Trustee, any other Fiduciary, or the Rating Agencies shall be deemed to have been sufficiently given or filed for all purposes if and when delivered or sent by registered or certified mail, return receipt requested, postage prepaid:

(A) To the Authority, to New Jersey Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, P.O. Box 545, Trenton, New Jersey 08625, Attention: Chief Financial Officer.

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

(B) To the Trustee, Paying Agent, Registrar or Authenticating Agent, to Wells Fargo Bank, National Association, 600 S. 4th Street, MAC N9300-061, Minneapolis, MN 55479 Attention: Corporate Trust Services – Asset-Backed Administration (telephone no. (612) 667-8058) (email: ctsabsservicer@wellsfargo.com).

(C) To any other Fiduciary, to such address as such Fiduciary shall indicate in the acceptance of office filed by each such Fiduciary pursuant to Section 11.2(B) of this Indenture.

(D) To Moody's, to Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, 25th Floor, New York, New York 10007, Attention: ABS/RMBS Monitoring Department.

(E) To any counterparty of an Interest Rate Exchange Agreement, provider of a Credit Facility or Liquidity Facility, to the address specified in any Supplemental Indenture.

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

Section 12.4. Governing Law/Waiver of Jury Trial. This Indenture shall be construed pursuant to the laws of the State. The parties hereto submit to the non-exclusive jurisdiction of the State. 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 INDENTURE.

Section 12.5. Notices to Rating Agencies. The Authority shall provide written notice to any Rating Agency then rating the Outstanding Bonds of any Series, to the address specified by such Rating Agency for such purposes, upon the occurrence of any of the following:

- (A) substitution or replacement of the Trustee;
- (B) any amendment to this Indenture and any Supplemental Indenture pursuant to which Bonds are then Outstanding or any amendment to any Credit Facility or Liquidity Facility pursuant to a Supplemental Indenture;
- (C) redemption or mandatory tender for purchase of any Outstanding Bonds of any Series;
- (D) any amendments to the Servicing Acknowledgement; and
- (E) an Event of Default.

Section 12.6. References to the Credit Facility and Liquidity Facility Provider(s). During such period or periods of time when (a) a Credit Facility provider shall not have in effect its Credit Facility, (b) a Credit Facility provider shall be in default under or shall have wrongfully

refused payment in accordance with the terms of its Credit Facility, (c) a Credit Facility provider shall be insolvent, or (d) a final non-appealable order of a court having competent jurisdiction in the premises shall be entered declaring any provision of a Credit Facility (other than provisions of the Credit Facility relating to service of process or relating to matters that solely benefit the Credit Facility provider) at any time, for any reason, invalid and not binding on the Credit Facility provider, or declaring any provision of the Credit Facility (other than provisions of the Credit Facility relating to service of process or relating to matters that solely benefit the Credit Facility provider) null and void, all consents, approvals, directions, appointments or requests, if any, of such Credit Facility provider set forth in this Indenture or any Supplemental Indenture shall not be required.

During such period or periods of time when (a) a Liquidity Facility provider shall not have in effect its Liquidity Facility (unless such Liquidity Facility provider owns custody bonds), (b) a Liquidity Facility provider shall be in default under or shall have wrongfully refused payment in accordance with the terms of its Liquidity Facility, (c) a Liquidity Facility provider shall be insolvent, or (d) a final nonappealable order of a court having competent jurisdiction in the premises shall be entered declaring any provision of a Liquidity Facility (other than provisions of the Liquidity Facility relating to service of process or relating to matters that solely benefit the Liquidity Facility provider) at any time, for any reason, invalid and not binding on the Liquidity Facility provider, or declaring any provision of the Liquidity Facility (other than provisions of the Credit Facility relating to service of process or relating to matters that solely benefit the Liquidity Facility provider) null and void, all consents, approvals, directions, appointments or requests, if any, of such Liquidity Facility provider set forth in this Indenture or any Supplemental Indenture shall not be required.

Section 12.7. Effective Date. This Indenture shall take effect upon its execution and delivery.

Section 12.8. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.9. Patriot Act. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements established under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001) and its implementing regulations (collectively, USA PATRIOT Act), each of the Trustee and the Paying Agent in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with each of the Trustee and the Paying Agent. Each party hereby agrees that it shall provide each of the Trustee and the Paying Agent with such information as each of the Trustee or Paying Agent may request from time to time in order to comply with any applicable requirements of the Patriot Act.

Section 12.10. Multiple Roles. The parties expressly acknowledge and consent to Wells Fargo Bank, National Association acting in the multiple capacities of Paying Agent, Registrar, Authenticating Agent, and in the capacity as Trustee. Wells Fargo Bank, 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 Wells Fargo Bank, National Association of express duties set forth in this 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 Wells Fargo Bank, National Association.

Section 12.11. Form of Bonds; Trustee's Certificate of Authentication. Subject to the provisions of this Indenture, the form of Bonds of each Series and the Trustee's Certificate of Authentication shall be substantially the following tenor with such variations, omissions and insertions as are required or permitted by this Indenture or as required by any Supplemental Indenture:

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, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THIS BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 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, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
STUDENT LOAN REVENUE [REFUNDING] BOND, SERIES 20__-__

No R-

<u>Dated Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
	%		
REGISTERED OWNER:	CEDE & CO		
PRINCIPAL AMOUNT:	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 _____ and _____, commencing _____ (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 Wells Fargo Bank, National Association (together with its successors as Paying Agent, the "Paying Agent") which is currently 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 Wells Fargo Bank, 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 referred to herein shall have the meanings given thereto in the Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its Student Loan Revenue [Refunding] Bonds, Series 20__-__ (the "20__-__ 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 \$_____ 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 _____, 20__ (the "Bond Resolution") and equally and ratably secured under an Indenture of Trust dated as of June 1, 2019 and a _____ Supplemental Indenture, dated as of _____, 20__, each by and between the Authority and Wells Fargo Bank, National Association, as Trustee (together with its successors in trust, the "Trustee") as the same from time to time has been or may be amended, modified or supplemented by supplemental indentures (such Indenture and any and all such supplemental indentures, including, without limitation, the First Supplemental Indenture, being herein collectively called the "Indenture") for the purpose of, among other things, originating Eligible Loans pursuant to the Act.

The Authority has issued the 20__-__ under the Indenture, (collectively, the "20__-__ Bonds" and, together with any additional bonds hereafter issued under the Indenture, referred to as the "Bonds"). The Indenture pledges for the payment of the Bonds, subject to the terms and conditions of the Indenture, the Student Loans (defined in the 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 Indenture (collectively, the "Trust Estate").

Reference is hereby made to the Bond Resolution and the 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. Copies of the Bond

Resolution and the Indenture are on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 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 Bond Resolution and the Indenture.

Pursuant to the Indenture, additional bonds equally secured, all except as expressly provided in Section 5.5(A)(ix), Section 10.1 and Section 10.3 of the Indenture by the pledge and covenants made in the Indenture with the 20__-__ Bonds may be issued from time to time in one or more Series for the purposes set forth therein.

The 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 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 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

[The 20__-__ Bonds shall be subject to redemption as follows:

INSERT REDEMPTION PROVISIONS]

This Bond shall neither be entitled to any security, right, or benefit under the Bond Resolution and the 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 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, all as of the Dated Date.

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

(SEAL)

By: _____

[Authorized Officer]

Attest:

By: _____

[Secretary]

[Authorized Officer]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 20__-__ Bonds described herein.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Authenticating Agent

By: _____
Authorized Signatory

Authentication Date: _____, 20__.

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 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

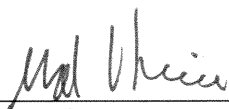
Date:		
Signature Guaranteed:		<p>NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the 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>NOTICE: 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 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: _____

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

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

By: 
Gerald V. Traino
Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION


By: _____
Scott Olmsted
Vice President

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

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

By: _____
Gerald V. Traino
Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By:  _____
Scott Olmsted
Vice President