

STATE BUDGET AND CONTROL BOARD

Meeting of Tuesday, June 18, 2013 -- 10:00 A. M.

Room 252, Edgar A. Brown Building

AGENDA INDEX

<u>Item</u>	<u>Agency</u>	<u>Subject</u>
A.	STATE EDUCATION ASSISTANCE AUTHORITY	
B.	ADOPTION OF PROPOSED AGENDA	
C.	MINUTES OF PREVIOUS MEETING	
D.	BLUE AGENDA	
1.	State Treasurer's Office	Bond Counsel Selection
2.	Division of General Services	Easements
3.	Division of General Services	Real Property Conveyances
4.	Executive Director	Revenue Bonds
5.	Executive Director	Economic Development (2013 Ceiling Allocation)
E.	REGULAR SESSION	
1.	Executive Director	Update – Identity Theft RFP
2.	Division of State Budget	Permanent Improvement Projects
3.	Division of General Services	College of Charleston Lease – Fitness Center
4.	Division of General Services	College of Charleston Lease – Fountain Walk
5.	Division of General Services	Department of Health and Human Services Lease
6.	University of South Carolina	Not Exceeding \$14,000,000 Principal Amount Athletic Facilities Revenue Bonds, Series 2014A of the University of South Carolina, and Athletic Facilities Revenue Anticipation Notes
7.	Budget and Control Board	Future Meeting
8.	Department of Commerce	Approval of Not Exceeding \$120,000,000 General Obligation State Economic Development Bonds; Bridge Financing and Inter-Agency Agreement; and Acquisition and Lease of Real Property
F.	EXECUTIVE SESSION	
1.	Department of Commerce	Contractual Matters

STATE EDUCATION ASSISTANCE AUTHORITY

Meeting of Tuesday, June 18, 2013 -- 10:00 A. M.

Governor's Conference Room, Wade Hampton Building

REGULAR SESSION AGENDA INDEX

Item

No.

Agency

Subject

A. ADOPTION OF PROPOSED AGENDA

B. REGULAR SESSION

1. Education Assistance Authority Petition for Ceiling Allocation Request
2. Education Assistance Authority Resolution Authorizing South Carolina State
Education Assistance Authority Student Loan
Revenue Bonds, 2013 Series, in a Principal Amount
Not Exceeding \$30,000,000

C. ADJOURNMENT

STATE EDUCATION ASSISTANCE AUTHORITY
MEETING OF June 18, 2013

REGULAR SESSION

ITEM NUMBER 2

AGENCY: Education Assistance Authority

SUBJECT: Not Exceeding \$30,000,000 State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series

The Authority is asked to adopt a resolution authorizing the State Treasurer to make arrangements necessary for the offering and sale of South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series, in a principal amount not exceeding \$30,000,000, and other matters incident thereto.

AUTHORITY ACTION REQUESTED:

Adopt a resolution authorizing the State Treasurer to make arrangements necessary for the offering and sale of South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series, in a principal amount not exceeding \$30,000,000, and other matters incident thereto.

ATTACHMENTS:

Sanders 5/23/13 letter; Resolution

May 23, 2013

8906 Two Notch Rd. • Columbia, SC 29223
www.scstudentloan.org • 800-347-2752 • 803-798-0916

Delbert H. Singleton Jr.
S.C. State Budget and Control Board
601 Wade Hampton Office Building
Columbia, SC 29201

Re: Petition for 2013 Ceiling Allocation Request from South Carolina State Education Assistance Authority

Dear Delbert:

In 1971, the General Assembly of South Carolina established the State Education Assistance Authority (the "Authority") as a public instrumentality of the State and empowered it to provide financial assistance to residents of South Carolina (the "State") through the making or guaranteeing of student loans. The Authority is governed by its members, who are by statute the members of the State Budget and Control Board. The Authority acts through its contractual agent, the South Carolina Student Loan Corporation (the "Corporation"), a private non-profit corporation. Student loans originated under the Federal Family Education Loan Program ("FFELP Loans") have historically made up the primary source of loan volume until the federal government nationalized the student loan program in 2010. Additional loans to students are made under the Corporation's Palmetto Assistance Loan Program ("PAL Loans") and this program was not nationalized by the federal government. The Authority has designated the Corporation to serve as a central statewide lender and, to date, over 2.09 million FFELP Loans and PAL Loans totaling over \$8.3 billion have been made to more than 488,000 students and parents as citizens of the State. Of this amount, the Corporation has made over 49,000 PAL Loans to more than 30,000 students and parents totaling approximately \$389 million. These PAL Loans are needed by families to cover the costs above the amounts funded by grants, scholarships and federal loans. PAL Loans are not guaranteed by the Authority nor are they backed by the State or a federal program of reinsurance.

As of April 30, 2013 the Authority had approximately \$62 million of tax-exempt student loan revenue bonds outstanding. Proceeds derived from the sale of these bonds have been used to permanently finance FFELP Loans and PAL Loans made by the Corporation to students and parents. There is a need to issue additional student loan revenue bonds of the Authority to finance additional PAL Loans and such an issuance would have a positive impact on the State. The Authority would require an amount of private activity bond ceiling allocation not exceeding \$30,000,000 for this financing.

South Carolina Code Section 1-11-540(B) (section in the allocation act) provides that "Authorized requests for state ceiling allocations of more than ten million dollars for a single project are deferred until after July first unless the board, after review and comment by the committee, determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than ten million dollars is of such significance that approval of the allocation is warranted."

In this instance, such an allocation is warranted and would have a positive impact on the State. The granting of the approval is warranted for the following reasons:

- ◊ The Corporation could continue to make credit-based, unguaranteed PAL Loans to students & parents without interruption.

- Interest rates on the PAL Loans are lower than larger competitors and the rates borne by Federal PLUS loans. This results in lower educational borrowing costs for the residents of the State. PAL Loans potentially have a 0.25% borrower benefit for borrowers that sign up for ACH payments.
- The Corporation began making PAL Loans in 2012 (when the Authority depleted the bond proceeds from its 2009 transaction) from its own unrestricted cash in reliance upon a reimbursement resolution signed by the State Treasurer. The Corporation would like to be reimbursed for a portion of the expenditures it has made for the benefit of the Authority when the student loan revenue bonds for this transaction are issued.
- The Corporation currently holds approximately \$13 million of PAL Loans and loan origination volume for the 2013-14 academic year which begins in early August is estimated at \$15-20 million.
- Since the Authority is able to issue student loan revenue bonds at favorable tax-exempt interest rates, it is in a position to pass the interest cost savings on to students and parents and provide a low fixed rate loan. This cost savings is of tremendous benefit in helping more citizens access higher education opportunities.
- Granting the allocation at the June meeting would allow the Authority to prepare for and issue student loan revenue bonds in time for the setting of the PAL Loan interest rate and disbursement of PAL Loan funds for use by students and parents for the fall educational semester which is prior to the next meeting of the Budget and Control Board.

The Authority is asked to adopt a petition to the Budget and Control Board requesting a private activity bond ceiling allocation to the Authority in the amount of \$30 million.

Very truly yours,



Charlie C. Sanders, Jr.

cc: Curtis Loftis
F. Richard Harmon, Jr.
Harry R. Brown
Rion D. Foley
M. William Youngblood

A RESOLUTION

AUTHORIZING THE STATE TREASURER OF SOUTH CAROLINA TO MAKE ARRANGEMENTS NECESSARY FOR THE OFFERING AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS, 2013 SERIES, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$30,000,000, AND OTHER MATTERS INCIDENT THERETO.

FINDINGS OF FACT AND INTENT OF RESOLUTION

As an incident to the adoption of this resolution and the issuance of the Bonds provided for herein, the State Education Assistance Authority (the "Authority") finds, as a fact, that each of the statements hereinafter set forth is in all respects true and correct:

1. The Authority is a body politic and corporate and a public instrumentality of the State of South Carolina. It was created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the Code of Laws of South Carolina 1976, as amended (the "Act"). The constitutionality of the Act was tested and upheld in *Durham vs. McLeod*, et. al., 259 SC 409, 192 SE2d 202; appeal dismissed 413 US 902.

2. The Authority consists of the members from time to time of the State Budget and Control Board of South Carolina (the "State Board") who, by reason of their offices, constitute the membership of the Authority.

3. The Authority was created in order to provide a means of making loans to or on behalf of "Students," as such term is defined by the Act, in order to enable them to attend "Eligible Institutions," as such term is defined in the Act. Such program of the Authority is administered by a nonprofit corporation designated by the Authority as its central, statewide lender and incorporated under the name of South Carolina Student Loan Corporation (the "Corporation").

4. The purposes, inter alia, of the Authority and the Corporation are to finance and refinance the acquisition and the making of Student Loans.

5. The Authority anticipates issuing not exceeding \$30,000,000 of 2013 Series Student Loan Revenue Bonds (the "2013 Series Bonds") and has submitted its Petition to the State Board for an allocation of the State's private activity bond ceiling for calendar year 2013 to the Authority.

6. At its meeting of August 13, 2009, the Authority authorized "A 2009 PAL GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" effective October 29, 2009 (the "2009 PAL General Resolution").

7. At its meeting of August 13, 2009, the Authority authorized the "2009 PAL LOAN AGREEMENT, SECURITY AND PLEDGE AGREEMENT" effective October 29, 2009 (the "2009 PAL Loan Agreement").

8. There has been presented to this meeting the form of a 2013 Series Resolution authorizing the issuance of the 2013 Series Bonds. In order to avoid the necessity of convening a meeting of the Authority on the date of sale of the 2013 Series Bonds, the Authority has determined to authorize

the State Treasurer to make arrangements for the sale, award and delivery of the 2013 Series Bonds upon the conditions set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, AS FOLLOWS:

1. The 2013 PAL Series Resolution in the form presented to this meeting, with such additions or other changes, including but not limited to material additions or other material changes, as the State Treasurer shall approve, his execution thereof to be conclusive evidence of such approval, is hereby authorized. The 2013 PAL Series Resolution shall be dated as of and become effective on the date of sale and award of the 2013 Series Bonds.

2. The 2009 PAL General Resolution in the form attached is hereby acknowledged. If the financing team recommends that a new trust estate be established for the issuance of the 2013 Series Bonds, the State Treasurer is hereby authorized to use the attached form of 2009 PAL General Resolution as the template for a new 2013 PAL General Resolution with such additions or other changes, including but not limited to material additions or other material changes, as the State Treasurer shall approve, his execution thereof to be conclusive evidence of such approval. The 2013 PAL General Resolution, if any, shall be dated as of and become effective on the date of sale and award of the 2013 Series Bonds.

3. The 2009 PAL Loan Agreement in the form attached is hereby acknowledged. If the financing team recommends that a new trust estate be established for the issuance of the 2013 Series Bonds, the State Treasurer is hereby authorized to use the attached form of 2009 PAL Loan Agreement as the template for a new 2013 PAL Loan Agreement with such additions or other changes, including but not limited to material additions or other material changes, as the State Treasurer shall approve, his execution thereof to be conclusive evidence of such approval. The 2013 PAL Loan Agreement, if any, shall be dated as of and become effective on the date of sale and award of the 2013 Series Bonds.

4. The State Treasurer is hereby authorized and directed to (a) proceed with the sale of the 2013 Series in an aggregate principal amount not exceeding \$30,000,000, maturing as set forth in the 2013 Series Resolution relating to the 2013 Series Bonds or earlier (including, without limitation, the par amount, maturity schedule, interest rate mechanism and redemption provisions thereof), and to engage one or more other underwriters and other parties required to accomplish the sale of bonds upon such terms as he shall deem appropriate; (b) with respect to the 2013 Series Bonds, execute a bond purchase agreement with the underwriter(s); (c) execute and deliver, on behalf of the Authority, the Official Statement relating to the offering of the 2013 Series Bonds, and such further documents as he shall deem necessary to arrange the offering of the 2013 Series Bonds; (d) execute and deliver such other documents as he shall deem necessary to arrange the award and delivery of the 2013 Series Bonds upon the terms set forth in the 2009 PAL General Resolution or a 2013 PAL General Resolution (if applicable), the 2009 PAL Loan Agreement or a 2013 PAL Loan Agreement (if applicable), and the 2013 PAL Series Resolution, including, without limitation, the approval of the applicable elected representative in accordance with Section 147(f) of the Internal Revenue Code; (e) take or undertake any other action necessary to effect the issuance of the bonds and accomplish the purposes hereof.

5. It is intended that this Resolution shall constitute a bond resolution or comparable action within the meaning of Section 1-11-530(B) of the Code of Laws of South Carolina 1976, as amended.

6. This authorization for the issuance of the 2013 Series Bonds in an amount not exceeding \$30,000,000 is contingent upon the favorable consideration by the State Board of the Authority's Petition for an allocation of the State's private activity bond ceiling for calendar year 2013.

7. This resolution shall take effect immediately.

ATTACHMENTS

- (1) 2009 PAL General Resolution
- (2) 2009 PAL Loan Agreement
- (3) Form of 2013 PAL Series Resolution

A 2009 PAL GENERAL RESOLUTION

PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE
EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS
AND OTHER MATTERS RELATING THERETO.

Effective October 29, 2009

TABLE OF CONTENTS

ARTICLE I

SHORT TITLE, DEFINITIONS, CONSTRUCTION

Section 101.	Short Title.....	2
Section 102.	Definitions	2
Section 103.	Construction	16

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201.	Authorization for 2009 PAL General Resolution	16
Section 202.	2009 PAL General Resolution to Constitute Contract.....	16
Section 203.	Obligation of Bonds	17
Section 204.	Authorization of Bonds	17
Section 205.	Authorization for Bonds in Series	17
Section 206.	Issuance and Delivery of Bonds	18
Section 207.	Conditions Precedent to Authentication and Delivery of Bonds	19
Section 208.	Provisions for Refunding Issue.....	20

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301.	Date of Series	21
Section 302.	Medium of Payment; Form and Date	21
Section 303.	Legends	21
Section 304.	Execution.....	21
Section 305.	Negotiability, Transfer and Registration	21
Section 306.	Regulations with Respect to Exchanges and Transfers	22
Section 307.	Bonds Mutilated, Destroyed, Stolen or Lost.....	22
Section 308.	Preparation of Definitive Bonds; Temporary Bonds	22
Section 309.	Authentication of Bonds	23
Section 310.	Book-Entry Form Authorized.....	23
Section 311.	Escheat.....	23

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 401.	Deposits in Funds and Accounts	23
--------------	--------------------------------------	----

ARTICLE V

PLEDGE EFFECTED; ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF TRUST ESTATE

Section 501.	The Pledge of the Trust Estate Effected by this 2009 PAL General Resolution	24
Section 502.	Establishment of Funds and Accounts.....	25
Section 503.	Program Fund	26
Section 504.	General Revenue Fund	27
Section 505.	Application of Moneys in Other Funds and Accounts.....	31
Section 506.	Investment of Funds and Accounts.....	32
Section 507.	Notes, Bonds and Other Obligations	32

ARTICLE VI

PARTICULAR COVENANTS OF THE AUTHORITY

Section 601. Effect of Covenants 33
Section 602. Payment of Bonds..... 33
Section 603. Covenant to Administer All Aspects of the Student Loan Finance Program..... 33
Section 604. Covenant to Make Only Financed Student Loans; to Make Collections; to Comply at all Times with the Act, the 2009 PAL General Resolution and the PAL Program Manual 33
Section 605. Enforcement of Financed Student Loans and Borrower Benefits..... 34
Section 606. Offices for Registering Bonds 34
Section 607. Further Assurances 34
Section 608. Powers as to Bonds and Pledge 34
Section 609. Accounts and Reports 35
Section 610. Personnel and Servicing of Student Loan Finance Program 35
Section 611. Compliance with Conditions Precedent..... 35
Section 612. Waiver of Laws 35
Section 613. Student Loan Finance Program 35
Section 614. Extension of Payment of Bonds 36
Section 615. The Debt Service Reserve Fund 36
Section 616. Continuing Disclosure 36
Section 617. Tax Covenant 36
Section 618. Guaranty Agreements and Enforcement..... 37
Section 619. Status as Eligible Lender 37
Section 620. Servicing Covenants 37

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

Section 701. Modification and Amendment Without Consent..... 37
Section 702. Supplemental Resolutions Effective with Consent of Bondholders 38
Section 703. General Provisions Relating to Supplemental Resolutions 38
Section 704. Powers of Amendment with Consent of Bondholders..... 39
Section 705. Mailing of Notices 40
Section 706. Modifications by Unanimous Action..... 40
Section 707. Exclusion of Bonds..... 40
Section 708. Notation on Bonds..... 40

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 801. Events of Default 41
Section 802. Remedies 41
Section 803. Limitation on Action 43
Section 804. Priority of Payments After Default..... 43
Section 805. Termination of Proceedings..... 44
Section 806. Remedies Not Exclusive..... 44
Section 807. No Waiver of Default 44
Section 808. Notice of Event of Default..... 44

ARTICLE IX

CONCERNING FIDUCIARIES

Section 901. Trustee 45
Section 902. Appointment and Acceptance of Duties of Paying Agents..... 45
Section 903. Responsibility of Fiduciaries 45

Section 904.	Evidence on Which Fiduciaries May Act.....	46
Section 905.	Compensation.....	46
Section 906.	Permitted Acts and Functions.....	47
Section 907.	Resignation of Trustee.....	47
Section 908.	Removal of Trustee.....	47
Section 909.	Appointment of Successor Trustee.....	47
Section 910.	Transfer of Rights and Property to Successor Trustee.....	47
Section 911.	Merger or Consolidation.....	48
Section 912.	Adoption of Authentication.....	48
Section 913.	Resignation or Removal of the Paying Agent or Registrar and Appointment of Successors.....	48
Section 914.	Filing of Financing Statements.....	48
Section 915.	Appointment of Co-Trustee.....	49
Section 916.	Representations and Warranties of Trustee.....	49
Section 917.	Trustee's Duty to Service Financed Student Loans.....	50

ARTICLE X

REDEMPTION OF BONDS

Section 1001.	Privilege of Redemption and Redemption Price.....	50
Section 1002.	Redemption at the Election or Direction of the Authority.....	50
Section 1003.	Redemption Otherwise than at Authority's Election or Direction.....	50
Section 1004.	Selection of Bonds to be Redeemed.....	50
Section 1005.	Notice of Redemption.....	51
Section 1006.	Payment of Redeemed Bonds.....	51
Section 1007.	Asset Release Upon Refunding.....	51

ARTICLE XI

MISCELLANEOUS

Section 1101.	Defeasance.....	52
Section 1102.	Evidence of Signatures of Bondholders and Ownership of Bonds.....	53
Section 1103.	Moneys Held for Particular Bonds.....	54
Section 1104.	Parties in Interest.....	54
Section 1105.	No Recourse Under Resolution or on Bonds.....	54
Section 1106.	Notices.....	54
Section 1107.	Severability.....	55
Section 1108.	Headings.....	55
Section 1109.	Conflict.....	55
Section 1110.	Effective Date.....	55

- EXHIBIT A REQUISITION FOR COSTS OF ISSUANCE
- EXHIBIT B FORM OF CERTIFICATION RE: WITHDRAWALS FROM LOAN ACCOUNT

BE IT RESOLVED BY THE SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, IN MEETING DULY ASSEMBLED:

FINDINGS OF FACT AND
INTENT OF RESOLUTION

As an incident to the adoption of this 2009 PAL General Resolution (hereinafter referred to as the "2009 PAL General Resolution") and the issuance of the Bonds provided for herein, the South Carolina State Education Assistance Authority (the "Authority") finds, as a fact, that each of the statements hereinafter set forth is in all respects true and correct:

1. The Authority is a body politic and corporate and a public instrumentality of the State of South Carolina. It was created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the 1976 Code (the "Act"). The constitutionality of the Act was tested and upheld in Durham v. McLeod, et al., 259 S.C. 409, 192 S.E.2d 202; appeal dismissed 413 U.S. 902.

2. The Authority consists of the members from time to time of the State Budget and Control Board of South Carolina who, by reason of their offices, constitute the membership of the Authority.

3. The Authority was created in order to provide a means of making loans to or on behalf of "Students", as such term is defined by the Act, in order to enable them to attend "Eligible Institutions", as such term is defined in the Act.

4. The South Carolina Student Loan Corporation (the "Corporation") is a private, not-for-profit corporation established in 1973 under Title 33, Chapter 31, Code of Laws of South Carolina, 1976, as amended, and received its final 501(c)(3) designation on February 18, 1975. Under its Restated and Amended Articles of Incorporation, it has the power to receive, invest, administer and disburse funds for educational purposes and to make, handle, service and deal with various types of student loans.

5. The purposes, *inter alia*, of the Authority and its contractual agent, the Corporation, are to finance Student Loans.

NOW THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, AS FOLLOWS:

ARTICLE I

SHORT TITLE, DEFINITIONS, CONSTRUCTION

Section 101. Short Title. This 2009 PAL General Resolution may hereafter be cited by the Authority, and is hereinafter sometimes referred to, as the “2009 PAL General Resolution”.

Section 102. Definitions. Unless the context clearly indicates some other meaning, the following words and terms when capitalized herein shall, for all purposes of this 2009 PAL General Resolution, have the following meanings:

“Accepted Servicing Procedures” shall mean with respect to any Financed Student Loan serviced by the Servicer, procedures (including collection procedures) that comply with applicable federal, state and local law, that are in accordance with standards set by the Secretary with respect to Financed FFELP Loans and in accordance with the PAL Program Manual with respect to Financed Private Loans. Such Financed Student Loans shall also be serviced in accordance with the accepted student loan servicing practices of prudent lending institutions which service student loans of the same type in the United States.

“Account or Accounts” shall mean one or more of the separate accounts which are established within Funds created pursuant to this 2009 PAL General Resolution.

“Act” shall mean Chapter 115 of Title 59 of the Code of Laws of South Carolina, 1976, as amended, as existing at the date of adoption of this 2009 PAL General Resolution, or as thereafter amended.

“Adjusted Equity Amount” shall have the meaning set forth in Section 1.2 of the 2009 PAL Loan Agreement.

“Applicable Rating Criteria for Investment Obligations” shall mean:

(a) for as long as Fitch is a Rating Agency, a rating by a Nationally Recognized Rating Service no lower than AA (or the equivalent) or F-1+ (or the equivalent), as appropriate;;

(b) for as long as Moody’s is a Rating Agency, a rating by Moody’s no lower than (i) with respect to Investment Obligations with maturities less than 3 months (or providers of such investments), A1 and P-1, (ii) with respect to Investment Obligations with maturities less than 6 months but at least 3 months (or providers of such investments), Aa3 and P-1, or (iii) with respect to Investment Obligations with maturities of 6 months or more (or providers of such investments), Aaa and P-1; provided that, if such Investment Obligations consist of money market funds as described herein, such Investment Obligations must bear a rating by Moody’s of Aaa;

(c) for as long as S&P is a Rating Agency, a rating by S&P no lower than AA, A-1+, or AAAM-G, as appropriate; and

(d) other Rating Agency criteria subject to a Rating Agency Condition.

“Assigned Revenues” shall mean all revenues at any time received by or payable to the Corporation in respect of any Financed Student Loans, including all repayments, of interest on any Financed Student Loans, Recoveries of Principal, Interest Subsidy Payments, Special Allowance Payments and earnings on investment of moneys within the Finance Loan Fund of the Corporation under

the 2009 PAL Loan Agreement, all as assigned by the Corporation to the Authority under the 2009 PAL Loan Agreement and then by the Authority to the Trustee pursuant to this 2009 PAL General Resolution.

“Authority” shall mean the South Carolina State Education Assistance Authority, a body politic and corporate and a public instrumentality of the State of South Carolina.

“Authorized Denomination” shall mean such denominations as shall be authorized in any Series Resolution.

“Authorized Newspaper” shall mean a newspaper of general circulation in the State.

“Authorized Officer” shall mean (a) in the case of the Authority, the Chairman of the Authority, the State Treasurer, any Deputy State Treasurer or any other person designated as such in a Certificate signed by the State Treasurer and filed with the Trustee, and (b) in the case of the Corporation, the Chairman, President, Secretary, Chief Financial Officer, Chief Operating Officer or any other officer of the Corporation designated as such in a Certificate signed by the President and filed with the Trustee.

“Bond” or “Bonds” shall mean any South Carolina State Education Assistance Authority Student Loan Revenue Bonds of any Series authorized by an applicable Series Resolution and issued under this 2009 PAL General Resolution.

“Bondholder” shall mean the registered owner of a Bond Outstanding, including the Securities Depository.

“Business Day” shall mean any day other than (a) a Saturday or Sunday or (b) a day on which the designated notice address office location of the Trustee or the Paying Agent is required or authorized to be closed or (c) a day on which The New York Stock Exchange is closed.

“Capitalized Interest Fund” shall mean the Fund so designated which is created by Section 502.

“Cash Flow Certificate” shall mean a certificate prepared by or on behalf of the Authority setting forth, for the period extending from the date of such certificate to the payment in full of the Bonds then Outstanding, (a) all Revenues Available for Debt Service expected to be received during such period; (b) the application of all such Revenues Available for Debt Service in accordance with this 2009 PAL General Resolution; (c) the resulting balances and parity ratio; and (d) establishing under all assumptions and scenarios requested by each Rating Agency that anticipated Revenues Available for Debt Service will be at least sufficient to pay the principal of and interest on the Bonds when due, to pay all other amounts payable under this 2009 PAL General Resolution when due and to meet any required parity ratio.

“Certificate” shall mean a document signed by an Authorized Officer attesting to or acknowledging the circumstances or other matters therein stated.

“Class” shall mean Bonds all sharing the same payment priority.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time or the Internal Revenue Code of 1954, as amended, as applicable. Each reference to a Section of the Code herein, shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such sections which are applicable to the Bonds or the use of the proceeds thereof.

“Continuing Disclosure Undertaking” shall mean the covenant of the Authority described in Section 616 and more fully set forth in each Series Resolution.

“Corporation” shall mean the South Carolina Student Loan Corporation, a private, not-for-profit corporation established in 1973 under Title 33, Chapter 31, Code of Laws of South Carolina, 1976, as amended, acting in its capacity as an Eligible Lender or as agent of the Authority in administering certain components of the Student Loan Insurance Program, and its successors and assigns.

“Cost of Issuance Account” shall mean the account so designated which is established pursuant to Section 502.

“Costs of Issuance” shall mean when used with respect to any Series of Bonds, the costs of issuing such Series of Bonds as may be limited by the Code.

“Counsel’s Opinion” shall mean an opinion in writing, including supplemental opinions thereto, signed by such attorney or firm of attorneys of recognized national standing as bond counsel on student loan revenue bond transactions as may be selected by the Authority.

“Cumulative Sinking Fund Payment” shall mean any payment described in Sections 504(b)(viii) and (ix) designated as payable on a particular date within the Series Resolution authorizing any Series of Bonds.

“Cumulative Sinking Fund Payment Date” shall mean each date on which a Cumulative Sinking Fund Payment is to be made in accordance with an applicable Cumulative Sinking Fund Payment Schedule.

“Cumulative Sinking Fund Payment Schedule” shall mean the schedule of payments to be made in accordance with a Series Resolution.

“Custodian Agreement” shall mean any agreement between the Authority and the Corporation relating to the custody or possession of any of the Financed Student Loans.

“Debt Service Fund” shall mean the Fund so designated which is created by Section 502.

“Debt Service Reserve Fund” shall mean the Fund so designated which is created by Section 502.

“Debt Service Reserve Requirement” shall mean, as of any particular date of calculation, the sum of the amounts designated for each Series of Bonds in the Series Resolution related thereto as the “Debt Service Reserve Requirement” in respect of such Series; provided that, the Debt Service Reserve Requirement shall in no event exceed the amount permitted as a reasonably required reserve or replacement fund for tax-exempt bonds under Section 148 of the Code. The Debt Service Reserve Requirement may be composed of cash, Investment Obligations or Reserve Alternative Instruments or any combination of the foregoing, as the Authority may determine.

“Default Payment” shall mean moneys received, realized or recovered through proceedings taken by the Authority or the Corporation in the event of default in respect of any Financed Student Loan or in respect of any insurance on or guarantee with respect to any Financed Student Loan, including moneys received pursuant to a contract of insurance in respect of any Financed Student Loan.

“Defeasance Obligations” shall mean non-callable direct obligations of, or obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by, the United States of America to the extent that such securities are a legal investment of funds of the Authority.

“Department Reserve Fund” shall mean the Fund so designated which is created by Section 502.

“Department Reserve Fund Amount” shall mean costs for expenses for payments due and payable by the Corporation to the U.S. Department of Education related to the Financed FFELP Loans or any other payment due and payable to a Guaranty Agency relating to its guaranty of Financed FFELP Loans or any other payment due to the Corporation, another entity or trust estate, if amounts due under this 2009 PAL General Resolution to the U.S. Department of Education or a Guaranty Agency with respect to Financed FFELP Loans were paid by the Corporation, such other entity or trust estate, pursuant to a joint sharing agreement, an intercreditor agreement or otherwise.

“Department Reserve Fund Requirement” shall mean as of any date, an amount equal to the Department Reserve Fund Amount of the Authority for the current month and such additional amount as the Authority deems appropriate all as evidenced by a Certificate of the Authority; provided, in no event shall the Department Reserve Fund Requirement exceed the limitation set forth in Section 505(d).

“Deposit Account Control Agreement” shall mean any agreement among a commercial bank, the Authority and the Corporation relating to the perfection of a security interest in a bank account representing monies held in the Finance Loan Fund.

“Derivative Payment” shall mean a payment required to be made by or on behalf of the Authority due to a Reciprocal Payor pursuant to a Derivative Product (excluding Termination Payments).

“Derivative Payment Date” shall mean, with respect to a Derivative Product, any date specified in the Derivative Product on which both or either of the Derivative Payment and/or a Reciprocal Payment is due and payable under the Derivative Product.

“Derivative Product” shall mean a written contract or agreement between the Authority and a Reciprocal Payor entered into pursuant to the 2009 PAL General Resolution.

“Eligible Institution” shall mean any educational institution which is an eligible institution as described in the Higher Education Act and also so described in the Act.

“Eligible Lender” shall mean the Corporation and all other entities which are eligible lenders as described in the Higher Education Act (including but not limited to “eligible lender trustees”), which have in force a contract with a Guaranty Agency providing for loan guarantees to be issued by such Guaranty Agency to such entity under the Higher Education Act and the Act.

“Event of Default” shall have the meaning specified in Article VIII of this 2009 PAL General Resolution.

“Event of Insolvency” shall mean the occurrence of one or more of the following events:

- (a) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of the Authority or the Corporation;

(b) the commencement by or against the Authority or the Corporation of a case or other proceeding seeking liquidation, reorganization or other relief with respect to the Authority or the Corporation for its debts under any bankruptcy, insolvency or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for the Authority or the Corporation or any substantial part of its property;

(c) the making by the Authority or the Corporation of an assignment for the benefit of creditors;

(d) the inability or failure of the Authority or the Corporation to generally pay its debts as they become due or any admission by the Authority or the Corporation in writing of its inability to pay its debts as they become due;

(e) the declaration of a moratorium with respect to the payment of the debts of the Authority or the Corporation; or

(f) the initiation by the Authority or the Corporation of any action in furtherance of or to authorize any of the foregoing.

“FFELP Loan” shall mean a student loan having the following characteristics:

(a) such obligation constitutes an instrument, account or a general intangible as defined in the UCC as in effect in the jurisdiction that governs the perfection of the interests therein;

(b) the borrower thereunder is an eligible borrower under the Higher Education Act;

(c) such obligation represents advances of money made by an Eligible Lender to or on behalf of a student attending, enrolled or having been enrolled at an Eligible Institution, evidenced by one or more promissory notes;

(d) such obligation is an obligation the payment of principal of and interest on which is guaranteed by a Guaranty Agency and reinsured as to principal amount and interest by the Secretary to the maximum extent then authorized under the Higher Education Act and agreements entered into by a Guaranty Agency and the Secretary pursuant to the Higher Education Act; or such an obligation for which there is a commitment by the Secretary to so insure or by the Guaranty Agency and the Secretary to so guarantee and reinsure;

(e) such obligation, together with the related note that evidences the FFELP Loan represents the genuine, legal, valid and binding payment obligation of the related borrower, enforceable by or on behalf of the holder thereof against such borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and similar laws relating to creditors’ rights generally and subject to general principles of equity; and that has not been satisfied, subordinated or rescinded and no right of rescission, setoff, counterclaim or defense has been asserted or, to the Authority’s knowledge, overtly threatened in writing with respect to such FFELP Loan;

(f) such obligation is originated or financed using funds from the Trust Estate not in excess of the Value thereof unless a Rating Agency Condition has been satisfied;

(g) such obligation provides or, when the payment schedule with respect thereto is determined, will provide for payments on a periodic basis that fully amortize the Principal Balance thereof by its original stated maturity date, as such stated maturity date may be modified in accordance with any applicable deferral or forbearance periods granted in accordance with applicable laws or program requirements, including those of the Higher Education Act or any Guaranty Agreement;

(h) such obligation is subject to a Perfected Interest;

(i) such obligation is an obligation for which the granting of a security interest does not contravene or conflict with any law or regulation or require the consent or approval of, or notice to, any Person;

(j) such obligation is the subject of a valid Guaranty Agreement with an eligible Guaranty Agency under the Higher Education Act and as to which a Guaranty Agency Event of Default has not occurred;

(k) such obligation qualifies the holder thereof to receive guarantee payments equal to the highest amount authorized under the Higher Education Act of principal and interest from the Guaranty Agency and qualifies the Guaranty Agency to receive payments thereon from the Secretary pursuant to a Federal Reimbursement Contract;

(l) such obligation is an obligation with respect to which the Corporation is not in default in any material respect in the performance of any of its covenants and agreements made in the applicable Guaranty Agreement and/or Federal Reimbursement Contract;

(m) such obligation is an obligation with respect to which all amounts due and payable to the Secretary or a Guaranty Agency, as the case may be, have been paid in full; and

(n) the payment terms thereof have not been altered or amended other than in accordance with the Higher Education Act and the interest rate of which is the highest rate allowed by the Higher Education Act except as may be permitted as borrower benefits under the Student Loan Finance Program, this 2009 PAL General Resolution and any applicable Series Resolution.

“Federal Reimbursement Contract” shall mean any agreement between a Guaranty Agency and the Secretary providing for the payment by the Secretary of amounts authorized to be paid pursuant to the Higher Education Act, including (but not necessarily limited to) partial reimbursement of amounts paid or payable upon defaulted Financed FFELP Loans and other student loans guaranteed or insured by the Guaranty Agency and Interest Subsidy Payments to holders of qualifying student loans guaranteed by the Guaranty Agency.

“Fiduciary” or “Fiduciaries” shall mean the Trustee and any successor, the Registrar, any Paying Agent, or any of or all of them, as may be appropriate.

“Finance Loan” shall mean any loan made to the Corporation by the Authority under the 2009 PAL Loan Agreement from proceeds derived from the sale of Bonds issued hereunder.

“Finance Loan Fund” shall have the meaning ascribed to it in the 2009 PAL Loan Agreement.

“Financed FFELP Loans” shall mean, collectively, (a) FFELP Loans financed by the Corporation with amounts deposited to the Loan Account or credited to the Finance Loan Fund of the Corporation, (b) FFELP Loans substituted or exchanged for other FFELP Loans described in the foregoing clause (a) pursuant to Section 613, (c) FFELP Loans that become part of the Trust Estate as a result of a refunding of other bonds of the Authority, and (d) FFELP Loans from other sources pledged as part of the Trust Estate, but, in any event, shall not include FFELP Loans released as security under the 2009 PAL Loan Agreement and 2009 PAL General Resolution (each, a “Financed FFELP Loan”).

“Financed Private Loans” shall mean, collectively, (a) Private Loans financed by the Corporation with amounts deposited to the Loan Account or credited to the Finance Loan Fund of the Corporation, (b) Private Loans substituted or exchanged for other Private Loans described in the foregoing clause (a) pursuant to Section 613, (c) Private Loans that become part of the Trust Estate as a result of a refunding of other bonds of the Authority, and (d) Private Loans from other sources pledged as part of the Trust Estate, but, in any event, shall not include Private Loans released as security under the 2009 PAL Loan Agreement and 2009 PAL General Resolution (each, a “Financed Private Loan”).

“Financed Student Loans” shall mean, collectively, (a) Student Loans financed by the Corporation with amounts deposited to the Loan Account or credited to the Finance Loan Fund of the Corporation, (b) Student Loans substituted or exchanged for other Student Loans described in the foregoing clause (a) pursuant to Section 613, (c) Student Loans that become part of the Trust Estate as a result of a refunding of other bonds of the Authority, and (d) Student Loans from other sources pledged as part of the Trust Estate, but, in any event, shall not include Student Loans released as security under the 2009 PAL Loan Agreement and 2009 PAL General Resolution (each, a “Financed Student Loan”).

“Fiscal Year” shall mean each annual period which begins on July 1 in any calendar year and ends on June 30 in the following calendar year or other period if modified by the Authority.

“Fitch” shall mean Fitch Ratings, its successors and their assigns.

“Fund” or “Funds” shall mean one or more of the special trust funds which are created hereby.

“General Revenue Fund” shall mean the Fund so designated which is created by Section 502.

“Guaranty Agency” shall mean the Authority acting in its capacity as a state guaranty agency under the Higher Education Act or other authorized guaranty agency under the Higher Education Act.

“Guaranty Agency Event of Default” shall mean an event which permits a Guaranty Agency to not pay claims on Financed FFELP Loans.

“Guaranty Agreements” shall mean the blanket guarantee or other guarantee agreements by or from any Guaranty Agency to the Corporation for the purpose of guaranteeing Financed FFELP Loans, and any amendment of any of the foregoing entered into in accordance with the provisions thereof or hereof.

“Higher Education Act” shall mean the United States Higher Education Act of 1965 including any regulations thereto, as amended, or any successor legislation or regulation pursuant to which programs are established for the direct federal insurance of student loans, reinsurance of loans (including FFELP Loans) insured by a Guaranty Agency, and other purposes.

“Interest Account” shall mean the account so designated within the Debt Service Fund which is created by Section 502.

“Interest Payment Date” shall mean any date upon which interest on the Bonds of any Series shall be payable as specified in the applicable Series Resolution in accordance with Section 205(b).

“Interest Subsidy Payments” shall mean interest subsidy payments payable in respect to any Financed FFELP Loans by the Secretary under Section 428 of the Higher Education Act.

“Investment Obligations” shall mean any of the investments authorized by Section 11-9-660, Code of Laws of South Carolina, 1976, as amended; provided that such investments and/or providers, as applicable, meet the Applicable Rating Criteria for Investment Obligations during the time that such Investment Obligations comprise a portion of the Trust Estate.

“Issue Date” shall mean, with respect to Bonds of a particular Series, the date specified and determined by the Series Resolution authorizing such Bonds as the date on which such Bonds are issued.

“Loan Account” shall mean the Account so designated within the Program Fund which is created by Section 502.

“Majority of the Bondholders” shall mean the registered owners of not less than a majority in aggregate principal amount of the Bonds Outstanding.

“Mandatory Sinking Fund Installment” shall mean the principal amount of Bonds of all Series which pursuant to the applicable Series Resolutions the Authority is unconditionally required to redeem on any particular date (such that failure to redeem such principal amount is, regardless of the availability of moneys therefor, an Event of Default).

“Moody’s” shall mean Moody’s Investors Service, Inc., its successors and their assigns.

“Nationally Recognized Rating Service” shall mean any of S&P, Moody’s and Fitch (or the successor to any) or other nationally recognized securities rating agency.

“Operating Costs” shall mean all of the Authority’s and the Corporation’s expenses in carrying out and administering the Student Loan Finance Program under this 2009 PAL General Resolution and shall include, without limiting the generality of the foregoing, Servicing Fees, salaries, acquisition fees, supplies, utilities, mailing, labor, materials, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses, Rating Agency fees, fees and expenses, if any, incurred in remarketing the Bonds, fees and expenses of the Fiduciaries in accordance with Section 905, Costs of Issuance not otherwise paid or provided for from the proceeds of Bonds, travel, payments for pension, thrift savings, retirement, health and hospitalization, and life and disability insurance benefits, all to the extent properly allocable to a financing under this 2009 PAL General Resolution.

“Operating Fund” shall mean the Fund so designated which is created by Section 502.

“Operating Fund Requirement” shall mean as of any date, an amount equal to the Operating Costs of the Authority and the Corporation for the current month and such additional amount as the Authority deems appropriate, but not more than four months of Operating Costs in total as limited pursuant to Section 505(c).

“Outstanding” when used with reference to any Bonds, shall mean, as of any date, all Bonds theretofore or then being authenticated and delivered under this 2009 PAL General Resolution except:

(a) any Bonds canceled by the Trustee at or prior to such date;

(b) Bonds (or portions thereof) for the payment of which there shall be held in trust under this 2009 PAL General Resolution (whether at or prior to the Stated Maturity Date) (i) cash, equal to the principal amount or Redemption Price thereof, with interest to the Stated Maturity Date or Redemption Date, as applicable, or (ii) Defeasance Obligations in amounts sufficient to pay the Redemption Price on such Bonds when due;

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III; and

(d) Bonds deemed to have been paid as provided in Section 1101.

“PAL Program Manual” shall mean the South Carolina Student Loan Corporation Palmetto Assistance Loan (PAL) Program Policies and Procedures Manual revised November 1, 2009, that outlines policy and procedure and is used for the Financed Private Loans first disbursed on or after July 1, 2009, as may be amended from time to time.

“Parity Percentage” shall mean the ratio expressed as a percentage of (a) the Value of the Trust Estate, to (b) the sum of the principal amount of and accrued interest on all Bonds then Outstanding, accrued but unpaid Operating Costs not funded in the Operating Fund on any given date, excess yield liability pursuant to Section 504(d) not deposited to the Rebate Fund on any given date, any Rebate Amount not deposited to the Rebate Fund on any given date and any accrued but unpaid Department Reserve Fund Amounts not funded in the Department Reserve Fund on any given date.

“Paying Agent” shall mean any bank with trust powers or trust company so designated pursuant to Section 902, and its successor or successors hereafter appointed, as paying agent for any Series of Bonds.

“Payment Date” shall mean any Interest Payment Date and any date established for the payment of principal or Redemption Price all in accordance with the applicable Series Resolution.

“Perfected Interest” shall mean a security interest in personal property as to which all necessary steps to perfect the same under the Higher Education Act and the UCC, as applicable, have been taken.

“Person” shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, incorporated organization or government or any agency or political subdivision thereof.

“Principal Account” shall mean the account so designated within the Debt Service Fund created by Section 502.

“Principal Balance” when used with respect to a Financed Student Loan, shall mean the unpaid principal amount thereof (including any unpaid interest thereon that has been capitalized as authorized under the Higher Education Act or the Student Loan Finance Program) as of a given date.

“Principal Installment” shall mean, as of the date of calculation and with respect to any Series of Bonds Outstanding, (a) the principal amount of Bonds of such Series due on a Stated Maturity Date; (b) the unsatisfied balance of any Mandatory Sinking Fund Installments in a principal amount equal to said unsatisfied balance of such Mandatory Sinking Fund Installments on the redemption dates set forth in the

applicable Series Resolution; (c) if such future dates coincide as to different Bonds of such Series, the sum of the unsatisfied balance of Mandatory Sinking Fund Installments and principal amount of Bonds due on such date; and (d) the principal amount of Bonds duly called for any redemption pursuant to any Series Resolution.

“Principal Installment Date” shall mean any date upon which any Principal Installment on Bonds of any Series shall be due and payable pursuant to the applicable Series Resolution.

“Private Loan” shall mean a student loan having the following characteristics:

(a) such obligation constitutes an instrument, account or a general intangible as defined in the UCC as in effect in the jurisdiction that governs the perfection of the interests therein;

(b) the borrower thereunder is an eligible borrower under the PAL Program Manual;

(c) such obligation represents advances of money made by the Corporation to or on behalf of a student attending, enrolled or having been enrolled at an institution in accordance with the PAL Program Manual, evidenced by one or more promissory notes;

(d) such obligation, together with the related note that evidences the Private Loan represents the genuine, legal, valid and binding payment obligation of the related borrower, enforceable by or on behalf of the holder thereof against such borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and similar laws relating to creditors’ rights generally and subject to general principles of equity; and that has not been satisfied, subordinated or rescinded and no right of rescission, setoff, counterclaim or defense has been asserted or, to the Authority’s knowledge, overtly threatened in writing with respect to such Private Loan;

(e) such obligation is originated or financed using funds from the Trust Estate not in excess of the Value thereof unless a Rating Agency Condition has been satisfied;

(f) such obligation provides or, when the payment schedule with respect thereto is determined, will provide for payments on a periodic basis that fully amortize the Principal Balance thereof by its original stated maturity date, as such stated maturity date may be modified in accordance with any applicable deferral or forbearance periods granted in accordance with applicable laws or program requirements, including those set forth in the PAL Program Manual;

(g) such obligation is subject to a Perfected Interest;

(h) such obligation is an obligation for which the granting of a security interest does not contravene or conflict with any law or regulation or require the consent or approval of, or notice to, any Person; and

(i) the payment terms thereof have not been altered or amended other than in accordance with the PAL Program Manual and the interest rate of which is the highest rate allowed by the PAL Program Manual except as may be permitted as borrower benefits under the Student Loan Finance Program, and this 2009 PAL General Resolution and any applicable Series Resolution.

“Program Fund” shall mean the Fund so designated which is created by Section 502.

“Rating Agency” or “Rating Agencies” shall mean any Nationally Recognized Rating Service to the extent any such rating service has been requested in writing by the Authority to issue a rating on one or more Series of Bonds and such rating service has issued and continues to maintain a rating on such Bonds at the time in question.

“Rating Agency Condition” shall mean, as of any date, a letter from each Rating Agency addressed to the Trustee confirming that the action proposed to be taken by the Authority as described in such letter will not, in and of itself, result in a downgrade of such Rating Agency’s rating on any Bonds Outstanding or cause such Rating Agency to suspend or withdraw its rating on any Bonds Outstanding.

“Rebate Amount” shall mean the excess of (a) the aggregate amount earned from the date of delivery of a Series of Bonds (the interest on which is intended to be excluded from gross income) on the investment of Gross Proceeds (within the meaning of Section 148 of the Code) in Nonpurpose Investments (within the meaning of said Section 148) over (b) the amount that would have been earned on such Nonpurpose Investments (other than amounts attributable to such excess) and the amounts then invested at a rate equal to the Yield (within the meaning of said Section 148) on the Bonds, plus any income attributable to such excess.

“Rebate Fund” shall mean the Fund so designated which is created by Section 502.

“Record Date” shall mean such date as shall be determined in the applicable Series Resolution with respect to payments to be made thereunder.

“Reciprocal Payments” shall mean any payment to be made to, or for the benefit of, the Authority under a Derivative Product.

“Reciprocal Payor” shall mean any counterparty under a Derivative Product.

“Recoveries of Principal” shall mean all amounts received in respect of payment of principal on Financed Student Loans, including Default Payments, scheduled, delinquent and advance payments, payouts or prepayments, and proceeds from the sale, assignment or other disposition of a Financed Student Loan.

“Recycling Period” shall mean the period provided in any applicable Series Resolution with such period in the most recent Series Resolution superseding any previous Series Resolution.

“Redemption Date” shall mean a date fixed for redemption of Bonds subject to redemption pursuant to any applicable redemption provision of this 2009 PAL General Resolution and any Series Resolution.

“Redemption Price” shall mean the total of principal, premium (if any) and accrued but unpaid interest on any Bond redeemed on a Redemption Date.

“Refunding Bonds” shall mean all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to Section 208.

“Registrar” shall mean the Paying Agent, and its successor or successors hereafter appointed, as registrar for any Series of Bonds.

“Reserve Alternative Instrument” shall mean an insurance policy or surety bond or irrevocable letter of credit or guaranty deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for the deposit of cash and Investment Obligations in satisfaction of the Debt Service Reserve Requirement. The Reserve Alternative Instrument shall be payable (upon the giving of notice as required thereunder) to remedy any deficiency in the appropriate subaccounts in the Interest Account and the Principal Account in order to provide for the timely payment of interest and principal (whether at the Stated Maturity Date or to pay a Mandatory Sinking Fund Installment therefor). The provider of a Reserve Alternative Instrument shall be (a) an insurer that has been assigned a rating which continuously meets the Reserve Alternative Instrument Applicable Rating Criteria, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have been assigned a rating which continuously meets the Reserve Alternative Instrument Applicable Rating Criteria. The Rating Agencies and the Trustee shall be given prior written notice describing such Reserve Alternative Instrument.

“Reserve Alternative Instrument Applicable Rating Criteria” shall mean:

(a) for as long as Fitch is a Rating Agency, a rating by a Nationally Recognized Rating Service no lower than AA (or the equivalent) and F-1+ (or the equivalent), as appropriate;

(b) for as long as Moody’s is a Rating Agency, a rating by Moody’s no lower than (i) short term ratings of P-1 (or the equivalent) and long term ratings of A1 (or the equivalent) or (ii) if only a long term rating is applicable, long term ratings of Aa3 (or the equivalent), as appropriate; and

(c) for as long as S&P is a Rating Agency, a rating by S&P no lower than the highest rating on any Outstanding Bonds or A-1, A-1+ or AAAM-G, as appropriate.

“Revenues Available for Debt Service” shall mean all amounts received with respect to and from the assets comprising the Trust Estate.

“Secretary” shall mean the United States Secretary of Education, or any other officer, board, body, commissioner or agency succeeding to the functions thereof under the Higher Education Act.

“Securities Depository” shall mean any institution defined as such under any applicable Series Resolution.

“Senior Bonds” shall mean any Bonds so designated in the applicable Series Resolution authorizing such Senior Bonds.

“Senior Parity Percentage” shall mean the ratio expressed as a percentage of (a) the Value of the Trust Estate to (b) the sum of the principal amount of and accrued interest on all Senior Bonds then Outstanding, accrued but unpaid Operating Costs not funded in the Operating Fund on any given date, excess yield liability pursuant to Section 504(d) not deposited to the Rebate Fund on any given date, any Rebate Amount not deposited to the Rebate Fund on any given date and any accrued but unpaid Department Reserve Fund Amounts not funded in the Department Reserve Fund on any given date.

“Series” shall mean all of the Bonds authenticated and delivered pursuant to a Series Resolution and designated therein as a Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds pursuant thereto and hereto.

“Series Resolution” shall mean a resolution of the Authority authorizing the issuance of a Series of Bonds in accordance with the terms and provisions hereof, adopted by the Authority in accordance with Section 205.

“Servicer” shall mean the Corporation and any other organization with which the Authority has entered into a servicing agreement and, in any case, so long as such party acts as servicer of Financed Student Loans.

“Servicing Fees” shall mean the fees payable by the Authority to the Servicer to cover, inter alia, the Servicer’s reasonable and necessary expenses for operation and administration of the Student Loan Finance Program. The fees shall cover, but are not limited to, the Authority’s and the Corporation’s reasonable and necessary expenses for operation and administration of the Student Loan Finance Program including those expenditures made for the purchase of furniture and equipment as well as those expenditures associated with the operation and maintenance of the facilities of the Authority and the Corporation.

“Special Allowance Payments” shall mean special allowance payments authorized to be made by the Secretary in respect of the Financed FFELP Loans pursuant to Section 438 of the Higher Education Act or similar allowances authorized from time to time by federal law or regulation.

“S&P” shall mean Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc., its successors and their assigns.

“State” shall mean the State of South Carolina.

“Stated Maturity Date” shall mean, with respect to any Bond, the date designated as such in a Series Resolution related to a Series of Bonds and on which the final payment of principal of and interest on a Bond is due and payable, to the extent not previously paid.

“Student Loan” shall mean FFELP Loans and Private Loans.

“Student Loan Finance Program” shall mean and include any acts or things done by the Authority or the Corporation pursuant to the Act and this 2009 PAL General Resolution for the purpose of making Student Loans available pursuant to the Act.

“Student Loan Insurance Program” shall mean the guarantee program of the Authority authorized by the Act related to FFELP Loans.

“Subordinate Bonds” shall mean any Bonds that are so designated in the Series Resolution authorizing such Bonds.

“Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this 2009 PAL General Resolution or any Series Resolution adopted by the Authority in accordance with Article VII.

“Tax Exemption Certificate” shall mean any agreement or certificate delivered in connection with the issuance of each Series of Bonds issued under the authorization of Section 144(b) of the Code, to establish the Authority’s continuing compliance with Section 148 of the Code and all regulations applicable thereto.

“Termination Payment” shall mean, with respect to a Derivative Product, any Termination Payment payable by the Authority under such Derivative Product relating to an early termination of such Derivative Product by the Reciprocal Payor, as the non-affected party or non-defaulting party, after the occurrence of a termination event or Event of Default specified in such Derivative Product.

“Transaction Documents” shall mean this 2009 PAL General Resolution, the 2009 PAL Loan Agreement, any applicable Series Resolution or Supplemental Resolution, any Bonds and any Derivative Product.

“Trust Estate” shall mean (together with any proceeds with respect to any of the following) (a) all rights, title and interest of the Authority (i) under the 2009 PAL Loan Agreement, including the master promissory note which evidences the Finance Loans and the Finance Loan Fund, and (ii) in the Financed Student Loans and all amounts required to be paid to the Authority by the Corporation under the 2009 PAL Loan Agreement, including, without limitation, all Assigned Revenues; (b) all rights, title and interest of the Authority under any Deposit Account Control Agreement; (c) all rights, title and interest of the Authority under any Custodian Agreement; (d) all moneys and securities from time to time held by the Trustee under the terms of this 2009 PAL General Resolution (excluding moneys and securities held, or required to be deposited, in the Rebate Fund and the Department Reserve Fund), and (e) 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.

“Trustee” shall mean The Bank of New York Mellon Trust Company, National Association and the successor or successors thereto and any other corporation which may at any time be substituted in its place pursuant to Article IX.

“2009 PAL General Resolution” shall mean this 2009 PAL General Resolution as the same may be amended or supplemented from time to time in accordance with the terms hereof.

“2009 PAL Loan Agreement” shall mean that certain 2009 PAL Loan Agreement, Security and Pledge Agreement, dated as of October 29, 2009, between the Authority and the Corporation providing for Finance Loans to the Corporation and the assignment by the Corporation to the Authority of the Assigned Revenues, the Financed Student Loans (including the notes and other instruments evidencing the same) and all amounts on deposit within the Finance Loan Fund as collateral for the repayment of such Finance Loans, the Bonds and all other amounts payable hereunder.

“UCC” shall mean the Uniform Commercial Code as in effect in the State, as amended.

“Value” on any calculation date when required under this 2009 PAL General Resolution shall mean the value of the Trust Estate calculated by the Servicer as to (a) and (b) below and by the Trustee as to (c) through (e), inclusive, below, as follows:

(a) with respect to any Financed FFELP Loan, the unpaid Principal Balance, accrued but unpaid interest, Interest Subsidy Payment or Special Allowance Payment that is required to be paid to the Corporation for the benefit of the Authority with respect to such Financed FFELP Loan and that is required pursuant hereto to be transferred to the Trustee, less the unguaranteed portion of Financed FFELP Loans in claims status;

(b) with respect to any Financed Private Loan (i) being less than 180 days delinquent and (ii) which has not been extinguished by bankruptcy proceedings, the unpaid Principal Balance and accrued but unpaid interest;

(c) with respect to any funds of the Authority held under this 2009 PAL General Resolution and credited to any Fund or Account except the Rebate Fund, the Department Reserve Fund and the Operating Fund on deposit in any commercial bank or as to any banker's acceptance or repurchase agreement or investment contract, the amount thereof plus accrued but unpaid interest;

(d) with respect to any Investment Obligations of an investment company, the bid price of the shares as reported by the investment company plus accrued but unpaid interest; and

(e) subject to Section 506(b), as to other investments, the fair market value based on accepted industry standards and from accepted industry providers, such as Financial Times Interactive Data Corporation, or other provider selected by the Trustee.

"Yield Reduction Payments" shall mean the definition for such term established in the Code.

Section 103. Construction. In this 2009 PAL General Resolution, unless the context otherwise requires:

Articles and Sections referred to by number shall mean the corresponding articles and Sections of this 2009 PAL General Resolution.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities including public bodies, as well as natural persons.

The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this 2009 PAL General Resolution, refer to this 2009 PAL General Resolution or sections or subsections of this 2009 PAL General Resolution and the term "hereafter" means after the date of adoption of this 2009 PAL General Resolution.

Nothing in this 2009 PAL General Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Authority, the Corporation, the Fiduciaries, and the Bondholders, any right, remedy or claim under or by reason of this 2009 PAL General Resolution 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 parties specified in the preceding sentence.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. Authorization for 2009 PAL General Resolution. This 2009 PAL General Resolution is adopted pursuant to the Act to provide a method of permanent financings for the Student Loan Finance Program.

Section 202. 2009 PAL General Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall purchase and hold the same from time to time,

the provisions of this 2009 PAL General Resolution and any Series or Supplemental Resolution shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the Bondholders from time to time of the Bonds, and such provisions are covenants and agreements with such Bondholders which the Authority hereby determines to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by the Authority, shall be for the equal benefit, protection and security of the registered owners of any and all Bonds of like Class and Series which shall be of equal rank without preference, priority or distinction among all Bonds of the same Class and Series.

Section 203. Obligation of Bonds. This 2009 PAL General Resolution creates a continuing pledge and first perfected lien on the Trust Estate to secure the full and final payment of the principal and Redemption Price of and interest on all Outstanding Bonds. The Bonds shall be special obligations of the Authority, payable only from the Trust Estate pledged by the Authority to the Trustee hereunder, for the payment of the principal or Redemption Price of, and interest on, said Bonds. The Bonds shall contain on their face a statement that the Authority is not obligated to pay the principal or Redemption Price thereof or the interest thereon except from the revenues, funds and assets pledged for their payment, that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal or Redemption Price thereof or the interest thereon and that such Bonds shall not be deemed to constitute a debt, liability or obligation of the State or of any political subdivision thereof other than the Authority.

Section 204. Authorization of Bonds. In order to provide sufficient funds for the Student Loan Finance Program, which Student Loan Finance Program is hereby adopted, confirmed and approved, Bonds of the Authority, each to be entitled "Student Loan Revenue Bonds", are hereby authorized to be issued from time to time without limitation as to amount except as may be limited by the Act, and such Bonds shall be issued in one or more Series, as provided herein, subject to the terms, conditions and limitations established by the Act, in this 2009 PAL General Resolution and in the applicable Series Resolution.

Section 205. Authorization for Bonds in Series. (a) From time to time as authorized by this 2009 PAL General Resolution and subject to the terms, limitations and conditions established in this 2009 PAL General Resolution, the Authority may authorize the issuance of a Series of Bonds upon adoption of a Series Resolution, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of this Article. The Bonds of each Series shall, in addition to the title "Student Loan Revenue Bonds", bear a letter or number Series (and if applicable Class within a Series) designation as may be necessary to distinguish them from the Bonds of every other Series (and if applicable Class within a Series) and shall designate the year in which the Series is issued. Bonds of any Series may be authorized to be issued in such forms as may be provided in the applicable Series Resolution.

(b) Each Series Resolution authorizing the issuance of a Series of Bonds shall include a determination by the Authority to the effect that the issuance of said Series of Bonds is necessary to provide funds to be used and expended for the Student Loan Finance Program and shall specify and determine:

(i) the authorized principal amount of said Series of Bonds;

(ii) the purpose for which such Series of Bonds is being issued, which shall be to provide funds for the purposes authorized by the Act and this 2009 PAL General Resolution, including one or more of the following: (A) making a Finance Loan to the Corporation for financing Financed Student Loans, including the payment of legal, financing and other expenses incidental thereto or the payment of temporary indebtedness incurred by the Authority or the Corporation to

obtain funds for such purposes all in accordance with and subject to the applicable Series Resolution; (B) making of deposits in amounts, if any, required or permitted by this 2009 PAL General Resolution to be paid into any Fund or Account from the proceeds of such Series of Bonds; or (C) refunding of Bonds issued hereunder or other bonds or indebtedness of the Authority;

(iii) the title and designation of, the manner of numbering and lettering, and the denomination or denominations of the Bonds of such Series;

(iv) the Issue Date of the Bonds of such Series;

(v) the interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series and the Interest Payment Dates of such Bonds;

(vi) the Redemption Price or Redemption Prices and the Redemption Date or Redemption Dates and other terms of redemption (if any) and selection of Bonds for redemption applicable to any of the Bonds of such Series;

(vii) the Paying Agent or Paying Agents appointed by such Series Resolution for such Bonds as provided in Section 902;

(viii) the Stated Maturity Date or Stated Maturity Dates of such Bonds and the amounts thereof, including the amount and date of each Mandatory Sinking Fund Installment;

(ix) any other applicable redemption requirement (including Cumulative Sinking Fund Payments) for the Bonds of such Series and the method of satisfying the same;

(x) the manner in which Bonds of such Series are to be sold and provisions for the sale thereof;

(xi) the forms for the Bonds of such Series;

(xii) a statement as to whether interest on the Bonds to be issued is intended to be (A) excluded from the gross income of the beneficial owners thereof under the authorization of Section 144(b) of the Code, or (B) included in gross income for federal income tax purposes;

(xiii) designation of the Derivative Products and Reciprocal Payor, if applicable;

(xiv) any terms and conditions to be imposed on Private Loans to be financed with Bonds of such Series; and

(xv) any other provisions deemed advisable by the Authority, not in conflict with or in substitution for the provisions of this 2009 PAL General Resolution.

(c) The Authority may in a Series Resolution authorize an Authorized Officer to determine on its behalf the items set forth in Section 205(b) above, and such other matters as shall be further provided therein with respect to the details of the Series of Bonds. Such determinations shall be set forth in a Certificate of an Authorized Officer which Certificate shall be filed among the official records of the Authority.

Section 206. Issuance and Delivery of Bonds. After their authorization by a Series Resolution, Bonds of a Series may be executed by or on behalf of the Authority in accordance with Section 304 and

delivered to the Trustee for authentication, and upon compliance by the Authority with the special requirements, if any, set forth in such Series Resolution and with the requirements of Section 207, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Authority.

Section 207. Conditions Precedent to Authentication and Delivery of Bonds. Except as provided by Sections 306, 307 and 308, the Trustee shall authenticate and deliver to or upon the order of the Authority any Bonds authorized to be issued pursuant to this 2009 PAL General Resolution only upon receipt by the Trustee of:

- (a) a copy of the Series Resolution authorizing the Series, certified by an Authorized Officer of the Authority;
- (b) a Certificate of an Authorized Officer of the Authority as to the delivery of such Bonds and describing such Bonds to be authenticated and delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered, and stating the purchase price of such Bonds;
- (c) an approving Counsel's Opinion;
- (d) a Certificate of an Authorized Officer of the Authority directing the deposit in the Debt Service Reserve Fund (which may be in the form of a Reserve Alternative Instrument if permitted pursuant to the terms hereof) of so much (if any) of (i) the proceeds of the Bonds to be issued, upon their issuance, sale and delivery or (ii) such other funds of the Authority, so that the aggregate amount then held by the Trustee in said Fund is equal to the Debt Service Reserve Requirement;
- (e) a Certificate of an Authorized Officer of the Authority stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this 2009 PAL General Resolution or any Series Resolution;
- (f) a Certificate of an Authorized Officer of the Authority establishing that for the current and each future Fiscal Year until all Bonds to be Outstanding after the delivery of the Bonds of such Series are no longer Outstanding, Revenues Available for Debt Service in each such Fiscal Year are anticipated to be fully sufficient to pay when due principal of, premium, if any, and interest on all Bonds Outstanding, as well as Department Reserve Amounts and Operating Costs for each such Fiscal Year, which Certificate may rely upon data and computations made on behalf of the Authority;
- (g) the amount of the proceeds of the Series to be deposited in any Fund or Account and such further documents, moneys and securities as are required hereby or by the applicable Series Resolution;
- (h) evidence of ratings, if any, by each Rating Agency and a Rating Agency Condition (if any Bonds are and will remain Outstanding);
- (i) UCC-1 financing statements and evidence that appropriate arrangements have been made for the filing of such UCC-1 financing statements; and
- (j) a Certificate of an Authorized Officer of the Corporation as to the consent of the Corporation to the issuance of Bonds under such Series Resolution.

Section 208. Provisions for Refunding Issue. (a) One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all or any Bonds Outstanding hereunder or bonds outstanding under another resolution of the Authority. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys or securities determined by the Authority to be available therefor, if any, to accomplish such refunding and to make such deposits as are required by the provisions of the Act, this Section and of the Series Resolution authorizing such Series of Refunding Bonds.

(b) The Bonds of a Series of Refunding Bonds issued to refund Bonds issued hereunder and other bonds of the Authority may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 207) of:

(i) except in the case of Bonds to be paid at the Stated Maturity Date, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds or bonds outstanding under another resolution to be redeemed from any of the proceeds of such Series on the Redemption Date or Dates specified in such instructions;

(ii) either:

(A) moneys in an amount sufficient, without any investment thereof, to effect payment of principal or the applicable Redemption Price of the Bonds or bonds outstanding under another resolution to be refunded, together with interest due or to become due on such Bonds or bonds to the Stated Maturity Date or such Redemption Date, which moneys shall either be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective registered owners of Outstanding Bonds or outstanding bonds being refunded, or

(B) Defeasance Obligations sufficient to comply with the provisions of Section 1101, and any moneys required pursuant to said section (with respect to all or any part of the Outstanding Bonds or outstanding bonds being refunded) which Defeasance Obligations or evidence thereof and moneys shall be held in a segregated trust account and used only as provided in said section; and

(iii) a Certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements of this subsection, and the Trustee shall be entitled to rely on such Certificate.

(c) The Trustee shall furnish to the Authority at the time of delivery of the Refunding Bonds a certificate (which may be based upon a verification report of a certified public accountant) stating that, as of the Issue Date, upon receipt of the amounts described in (b)(ii) above, it will hold in trust the moneys and/or Defeasance Obligations required to effect such payment in full of the Outstanding Bonds or outstanding bonds being refunded, and accrued interest thereon.

(d) Any balance of the proceeds of such Refunding Bonds shall be deposited in such funds or accounts as shall be specified in the Series Resolution authorizing such Series of Refunding Bonds.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. Date of Series. Each Series of Bonds shall be dated as of, shall bear interest and shall mature on the dates prescribed in the applicable Series Resolution.

Section 302. Medium of Payment; Form and Date. The Bonds shall be payable, with respect to principal and interest, 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, and on such date or dates as is authorized by the applicable Series Resolution.

The Bonds shall be issued in such form, including book entry form, and payable in such manner as is provided in the applicable Series Resolution.

Section 303. 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 2009 PAL General Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Authority prior to the delivery thereof.

Section 304. Execution. The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of an Authorized Officer and the seal of the Authority (or facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of such officer or employee of the Authority as shall be directed by the Series Resolution authorizing the issuance thereof, or in such other manner as may be required by law. 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 persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond of a Series 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.

Section 305. Negotiability, Transfer and Registration. (a) Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the office of the Trustee, by the Bondholder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Bondholder or his duly authorized attorney. Upon the transfer of any such Bond, the Authority shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount, Class, Series, Stated Maturity Date and interest rate as the surrendered Bond.

(b) The Authority and any Fiduciary may deem and treat the person in whose name any Outstanding Bond shall be registered upon the books of the Authority, including any Securities Depository holding such Bonds in book-entry form, 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 or Redemption Price, if any, of and interest on, such Bond and for all other purposes. All such payments so made to any such Bondholder or upon his 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.

(c) So long as any of the Bonds shall remain Outstanding, the Authority shall maintain and keep, at the office of the Trustee, books for the registration and transfer of Bonds; and upon presentation thereof for such purpose at said office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Authority shall make all necessary provisions to permit the exchange of Bonds at the office of the Trustee.

Section 306. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this 2009 PAL General Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. 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 (a) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, (b) in the case of a Bond issued upon the first exchange or transfer of a Bond or Bonds surrendered for such purpose after the first authentication and delivery of any of the Bonds of the same Series, or (c) as otherwise provided in this 2009 PAL General Resolution, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the Authority nor the Trustee shall be required (a) to transfer or exchange Bonds of any Series for a period of 10 days next preceding an Interest Payment Date on the Bonds of such Series or next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption or (b) to transfer or exchange any Bonds previously called for redemption.

Section 307. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Class, Series, Stated Maturity Date, interest rate and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trustee with indemnity satisfactory to it and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Authority and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be canceled by it and evidence of such cancellation shall be given to the Authority. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal benefits with all other Bonds of the same Class and Series issued under this 2009 PAL General Resolution in the Trust Estate for the benefit of the Bondholders.

Section 308. Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 304, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Authority, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, deliver in exchange therefor, at the office of the Trustee, definitive Bonds, of the same aggregate principal amount, Class and Series, Stated Maturity Date and interest rate as the temporary Bonds surrendered.

Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security with respect to the Trust Estate as definitive Bonds issued pursuant to this 2009 PAL General Resolution.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith canceled by the Trustee and disposed of by the Trustee in accordance with its customary procedures.

Section 309. Authentication of Bonds. Each Bond shall bear thereon a certificate of authentication, substantially in the following form, duly completed and manually executed by the Trustee:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the Student Loan Revenue Bonds, Series _____, of the South Carolina State Education Assistance Authority.

Section 310. Book-Entry Form Authorized. The Authority may in any applicable Series Resolution provide for the issuance of a Series of Bonds in book-entry form.

Section 311. Escheat. All money that the Trustee shall have withdrawn from the Debt Service Fund or shall have received from any other source and set aside or delivered to any Paying Agent for the purpose of paying any of the Bonds hereby secured, either at the Stated Maturity Date or by purchase or call for redemption, shall be held in trust for the respective Bondholders.

All money that is so set aside and that remains unclaimed by the Bondholders for a period of five years after the date on which such Bonds have become payable shall be treated as abandoned property pursuant to the provisions of the Uniform Unclaimed Property Act (Title 27, Chapter 18, Code of Laws of South Carolina, 1976, as amended) shall govern its disposition.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 401. Deposits in Funds and Accounts. (a) Accrued interest, if any, received upon the delivery of any Series of Bonds shall be deposited in the Interest Account of the Debt Service Fund. The amount, if any, received as a premium over the principal amount of such Series of Bonds upon delivery of such Series shall be deposited in the Loan Account unless otherwise specified in the Series Resolution authorizing such Series.

(b) There shall be deposited in the Debt Service Reserve Fund an amount sufficient, together with other available moneys of the Authority, to cause the amount on deposit in such Debt Service Reserve Fund, to at least equal the Debt Service Reserve Requirement immediately after issuance of any Series of Bonds. The Debt Service Reserve Requirement may also be satisfied by a Reserve Alternative Instrument if permitted pursuant to the terms hereof.

(c) The amount, if any, specified in the Series Resolution to be deposited in the Capitalized Interest Fund shall be deposited in such Fund.

(d) The amount, if any, specified in the Series Resolution to be deposited in the Operating Fund shall be deposited in such Fund.

(e) The amount, if any, specified in the Series Resolution to be deposited in the Department Reserve Fund shall be deposited in such Fund.

(f) There shall be deposited in the Cost of Issuance Account an amount sufficient to pay Costs of Issuance for each Series of Bonds as are not otherwise provided for.

(g) The remaining proceeds derived from the sale of any Series of Bonds shall be deposited in the appropriate subaccount of the Loan Account.

ARTICLE V

PLEDGE EFFECTED; ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF TRUST ESTATE

Section 501. The Pledge of the Trust Estate Effected by this 2009 PAL General Resolution. (a) The Authority hereby pledges and assigns for the payment of the principal (or, if the Bonds have been duly called for redemption, the Redemption Price) of and interest on Bonds, in accordance with their terms and the provisions of this 2009 PAL General Resolution and the applicable Series Resolution, and all other payment obligations hereunder subject only to the provisions of this 2009 PAL General Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth in this 2009 PAL General Resolution, the Trust Estate to the Trustee for the benefit of the Trustee and the Bondholders. It is expressly understood that there shall be released from the lien of this pledge such Financed Student Loans as may be sold or transferred by the Authority or by the Corporation to the extent that such sale or transfer is authorized hereunder.

(b) The Trust Estate shall immediately be subject to the lien of the pledge of this Section 501 without any physical delivery thereof or further act, and the lien of said pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority. The security interest granted herein with respect to the Financed Student Loans shall be perfected in the manner provided by the Higher Education Act and the UCC, as applicable.

(c) It is expressly understood that, subject to the limitations set forth herein, in any Series Resolution or Supplemental Resolution, there shall be released from the lien of this pledge such Trust Estate assets as may be sold, disposed of or transferred by the Authority or the Corporation to the extent that such sale, disposition or transfer is directed by a Certificate of an Authorized Officer of the Authority. The Trustee shall, upon receipt of a Certificate from such Authorized Officer and subject to the provisions of this 2009 PAL General Resolution and any Series Resolution or Supplemental Resolution, take all actions reasonably necessary to effect the release of any Trust Estate assets from the lien of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement, as applicable, as directed by such Certificate to permit the sale, disposition or transfer of such Trust Estate assets.

Subject to the limitations set forth in the preceding paragraph and elsewhere in this 2009 PAL General Resolution or the 2009 PAL Loan Agreement, upon receipt of such Certificate of an Authorized Officer, the Trustee shall execute instruments provided by such Authorized Officer to release such Trust Estate assets from the lien of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement, as applicable, or convey the Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement. No party relying upon an instrument executed by the Trustee as provided in this Article shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

The Trustee shall, at such time as there are no Bonds Outstanding and all amounts due and owing hereunder, release any remaining portion of the Trust Estate from the lien of this 2009 PAL General Resolution and release to the Authority or its assigns any funds then on deposit in the Funds and Accounts.

Section 502. Establishment of Funds and Accounts. The Authority hereby establishes the following funds and accounts to be maintained by the Trustee for the benefit of the Bondholders:

- (a) Program Fund
 - Loan Account
 - Tax Exempt Bond Subaccount
 - Taxable Bond Subaccount
 - Cost of Issuance Account
- (b) General Revenue Fund
- (c) Debt Service Fund
 - Interest Account
 - Principal Account
- (d) Capitalized Interest Fund
- (e) Operating Fund
- (f) Department Reserve Fund
- (g) Debt Service Reserve Fund
- (h) Rebate Fund

Each of the above Funds and Accounts, in addition to other Accounts from time to time established at the direction of the Authority, shall be held in a segregated trust account in the corporate trust division of the Trustee and maintained by the Trustee pursuant to the provisions of this 2009 PAL General Resolution. The Trust Estate shall be administered as a separate and distinct trust estate from the trust estates created under any of the Authority's other general resolutions or master indentures and each Fund or Account created hereunder and the assets therein shall be segregated from all other funds of the Authority.

The Series Resolution for any Series of Bonds may provide for the creation of separate Accounts within any Fund or separate subaccounts within any Account, into which moneys representing proceeds of such Series, moneys set aside for the payment of such Series, or moneys otherwise allocable to such Series shall be deposited or credited. Notwithstanding the creation of such Accounts or subaccounts, moneys therein shall be available for any purpose for which other moneys in the Fund of which such Account is a part or the Account of which such subaccount is a part, as the case may be, are authorized to be applied or used.

Section 503. Program Fund. (a) The Trustee shall establish and create within the Program Fund a Cost of Issuance Account and a Loan Account which may contain a Tax Exempt Bond Subaccount and a Taxable Bond Subaccount.

(b) The Trustee shall from time to time pay out, or permit the withdrawal of, moneys credited to the Cost of Issuance Account, free and clear of any lien, pledge or assignment in trust created by this Article, for the purpose of paying in the manner herein authorized any Costs of Issuance for which provision is not otherwise made, upon receipt by said Trustee of a written requisition substantially in the form of Exhibit A hereto signed by an Authorized Officer of the Authority stating with respect to each payment to be made:

- (i) the item for which payment is to be made,
- (ii) the name of the person or party to whom the payment is to be made,
- (iii) the amount to be paid, and
- (iv) that the amount to be paid from such Account pursuant to such requisition is a proper charge thereon.

Upon receipt of each such requisition properly drawn subject to the limitations in the applicable Series Resolution, the Trustee shall deliver a check, draft or wire transfer drawn upon the Cost of Issuance Account for the payment of each item. Upon receipt of a Certificate signed by an Authorized Officer of the Authority to the effect that all Costs of Issuance in respect of each Series of Bonds have been paid, the Trustee shall transfer in accordance with the directions contained in said Certificate, any moneys remaining in the Cost of Issuance Account to the Loan Account or the General Revenue Fund.

(c) (i) From the proceeds of each Series of Bonds, there shall be deposited into the Loan Account the amounts required by Section 401.

(ii) Except as otherwise specifically directed herein, amounts in the Loan Account shall be expended and applied by the Trustee, upon the written direction of the Authority and in accordance with the 2009 PAL Loan Agreement, to make the Finance Loans to the Corporation for the purpose of financing Student Loans. The Corporation shall certify that amounts to be withdrawn from the Loan Account will be used by the Corporation to finance Student Loans, shall include the origination price for such Financed Student Loans, shall have attached a loan list of such Student Loans (upon request of the Trustee) and shall certify that all requirements of the 2009 PAL Loan Agreement have been met. Such Certificate shall be in substantially the form of Exhibit B hereto.

(iii) Upon each initial deposit of Bond proceeds in the Loan Account, the Corporation shall furnish the Trustee with a schedule of dates on which it is estimated by the Corporation that Student Loans will be financed. The Corporation may from time to time amend the estimated schedule of dates so furnished. After such estimated schedule or amended estimated schedule has been furnished to the Trustee, the Trustee shall at the direction of the State Treasurer invest and reinvest the moneys in said Account, in Investment Obligations so that the stated maturity date or date of redemption at the option of the holder of such Investment Obligations shall mature not later than the dates reflected in such estimated schedule for the financing of Student Loans. Such Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of the Loan Account, and the Trustee shall keep the Corporation and the Authority advised as to the details of all such investments. The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Obligations purchased by it as an

investment for the Loan Account whenever it shall be necessary in order to provide moneys to make any authorized payment from the Loan Account.

(iv) The Trustee shall keep records in respect of withdrawals of moneys from the Loan Account for the purpose of financing Student Loans.

(v) The Authority may, at any time, as provided in an applicable Series Resolution, direct the Trustee in writing to transfer any monies in the Loan Account to the Principal Account of the Debt Service Fund and shall so direct the Trustee to make such transfer to effect a mandatory redemption of Bonds to the extent that monies deposited in the Loan Account have not been expended to finance Student Loans prior to the date set forth therefor in any applicable Series Resolution. In the event the Student Loan Finance Program is discontinued by law or otherwise, the Authority shall deliver to the Trustee, and to each Rating Agency, a Certificate signed by an Authorized Officer stating that such program has been discontinued and setting forth the amount, if any, required to be expended from the Loan Account to acquire Student Loans for which commitments to acquire or make remain outstanding. The Trustee, upon receipt of such Certificate and after reserving in the Loan Account the amounts required therefor as set forth in such Certificate of the Authority, shall transfer the balance of the moneys remaining in the Loan Account to the Principal Account of the Debt Service Fund, to effect a mandatory redemption of Bonds.

Section 504. General Revenue Fund. (a) All moneys received by or on behalf of the Authority as assets of, or with respect to, the Trust Estate shall be deposited promptly, but no later than two Business Days from the receipt thereof, to the credit of the General Revenue Fund. There may also be paid into the General Revenue Fund, at the option of the Authority, any moneys received by the Authority from any other source, unless required to be otherwise applied.

(b) Not later than the 10th day of each calendar month (unless an Authorized Officer of the Authority directs the Trustee in a Certificate to do so more frequently or as specifically provided in a Series Resolution), the Trustee shall withdraw from the General Revenue Fund and, to the extent that there are amounts in the General Revenue Fund available therefor, make deposits to the credit of the Funds and Accounts, together with such other payments as are set forth below, in the amounts and in order of priority as follows:

(i) First, to the Department Reserve Fund, an amount that, when added to the amount therein will equal the Department Reserve Fund Requirement as determined and directed by the Authority subject to Section 505(d).

(ii) Second, to the Rebate Fund for Rebate Amounts as set forth in Section 504(c) and, if elected by the Authority, amounts for Yield Reduction Payments as set forth in Section 504(d). Such amounts, if any, shall be set forth in a Certificate of an Authorized Officer of the Authority provided to the Trustee not later than 90 days after the end of a Fiscal Year or earlier if applicable.

(iii) Third, to the Operating Fund, an amount that, when added to the amount therein will equal the Operating Fund Requirement as determined and directed by the Authority subject to Section 505(c).

(iv) Fourth, to the Interest Account, and segregated in a subaccount therein for Senior Bonds and any Derivative Product on parity with Senior Bonds an amount such that, if the same amounts are so paid and credited to such subaccount from the same source on the same day of each succeeding calendar month thereafter prior to the next Interest Payment Date or Derivative Payment

Date, as applicable, the aggregate of the amounts so paid and credited to the subaccount, when added to any amount on deposit in such subaccount on the day of the calculation, would on such Interest Payment Date or Derivative Payment Date, as applicable, be equal to the interest on all Outstanding Senior Bonds or any Derivative Payment on all Derivative Products on parity with Senior Bonds, as applicable, accrued and unpaid as of such date. In the event that different Interest Payment Dates or Derivative Payment Dates, as applicable, are established in respect of different Senior Bonds and any Derivative Product on parity with Senior Bonds, deposits in the subaccount of the Interest Account shall be made in accordance with the foregoing calculation applied separately to each such different Senior Bonds or Derivative Products. The Authority may direct the Trustee in a Certificate to retain additional amounts in such Interest Account but no more than the estimated amount of interest to be paid on Senior Bonds and Derivative Payments on Derivative Products on the next Interest Payment Date or Derivative Payment Date, as applicable.

(v) Fifth, to the Interest Account, and segregated in a subaccount therein for Subordinate Bonds and any Derivative Product on parity with Subordinate Bonds an amount such that, if the same amounts are so paid and credited to such subaccount from the same source on the same day of each succeeding calendar month thereafter prior to the next Interest Payment Date or Derivative Payment Date, as applicable, the aggregate of the amounts so paid and credited to the subaccount, when added to any amount on deposit in such subaccount on the day of the calculation, would on such Interest Payment Date or Derivative Payment Date, as applicable, be equal to the interest on all Outstanding Subordinate Bonds or any Derivative Payment on all Derivative Products on parity with Subordinate Bonds, as applicable, accrued and unpaid as of such date. In the event that different Interest Payment Dates or Derivative Payment Dates, as applicable, are established in respect of different Subordinate Bonds and any Derivative Product on parity with Subordinate Bonds, deposits in the subaccount of the Interest Account shall be made in accordance with the foregoing calculation applied separately to each such different Subordinate Bonds or Derivative Products. The Authority may direct the Trustee in a Certificate to retain additional amounts in such Interest Account but no more than the estimated amount of interest to be paid on Subordinate Bonds and Derivative Payments on Derivative Products on the next Interest Payment Date or Derivative Payment Date, as applicable.

(vi) Sixth, to the Principal Account, whenever a Principal Installment of Senior Bonds is to fall due within one year of the date of transfer, an amount such that, if the same amounts are so paid and credited to the Principal Account from the same source on the same day of each succeeding calendar month thereafter prior to the next day upon which a Principal Installment is due, the aggregate of the amounts so paid and credited to the Principal Account, when added to any amount on deposit in the Principal Account on the day of the calculation and segregated therein for such purpose, would on such Principal Installment Date be equal to the amount of all accrued and unpaid Principal Installments of Senior Bonds estimated to be due as of such date. In the event that different dates (within one year of the date of transfer) on which Principal Installments fall due are established in respect of different Series of Senior Bonds, deposits in the Principal Account shall be made in accordance with the foregoing calculation applied separately to each such different Series. The Authority may direct the Trustee in a Certificate to retain additional amounts in such Principal Account but no more than the estimated amount of principal to be paid on Senior Bonds on the next applicable Principal Installment Dates.

(vii) Seventh, to the Principal Account, whenever a Principal Installment of Subordinate Bonds is to fall due within one year of the date of transfer, an amount such that, if the same amounts are so paid and credited to the Principal Account from the same source on the same day of each succeeding calendar month thereafter prior to the next day upon which a Principal Installment is due, the aggregate of the amounts so paid and credited to the Principal Account, when added to any

amount on deposit in the Principal Account on the day of the calculation and segregated therein for such purpose, would on such Principal Installment Date be equal to the amount of all accrued and unpaid Principal Installments of Subordinate Bonds estimated to be due as of such date. In the event that different dates (within one year of the date of transfer) on which Principal Installments fall due are established in respect of different Series of Subordinate Bonds, deposits in the Principal Account shall be made in accordance with the foregoing calculation applied separately to each such different Series. The Authority may direct the Trustee in a Certificate to retain additional amounts in such Principal Account but no more than the estimated amount of principal to be paid on Subordinate Bonds on the next applicable Principal Installment Dates.

(viii) Eighth, to the Principal Account, an amount such that, if available amounts are so paid and credited to the Principal Account from the same source on the same day of each succeeding calendar month thereafter, then prior to the next day upon which a Cumulative Sinking Fund Payments for Senior Bonds is to fall due within one year of the date of transfer, the aggregate of the amounts so paid and credited to the Principal Account, when added to any amount on deposit in the Principal Account on the day of the calculation and segregated therein for such purpose, would on such Cumulative Sinking Fund Payment Date be equal to (but not exceed) the amount of all accrued and unpaid Cumulative Sinking Fund Payments for such Senior Bonds as of such date; provided, that, if Revenues Available for Debt Service are not sufficient to pay Cumulative Sinking Fund Payments with respect to each Series, then payments shall be made on a pro rata basis based upon the amount of the Cumulative Sinking Fund Payments due, as adjusted. The amount of such insufficiency shall be added to the next payment or date, as applicable, contemplated by the applicable Cumulative Sinking Fund Payment Schedule.

(ix) Ninth, to the Principal Account, an amount such that, if available amounts are so paid and credited to the Principal Account from the same source on the same day of each succeeding calendar month thereafter, then prior to the next day upon which a Cumulative Sinking Fund Payment for Subordinate Bonds is to fall due within one year of the date of transfer, the aggregate of the amounts so paid and credited to the Principal Account, when added to any amount on deposit in the Principal Account on the day of the calculation and segregated therein for such purpose, would on such Cumulative Sinking Fund Payment Date be equal to (but not exceed) the amount of all accrued and unpaid Cumulative Sinking Fund Payments for such Subordinate Bonds as of such date; provided, that, if Revenues Available for Debt Service are not sufficient to pay Cumulative Sinking Fund Payments with respect to each Series, then payments shall be made on a pro rata basis based upon the amount of the Cumulative Sinking Fund Payments due, as adjusted. The amount of such insufficiency shall be added to the next payment or date, as applicable, contemplated by the applicable Cumulative Sinking Fund Payment Schedule.

(x) Tenth, to the Debt Service Reserve Fund, so much as may be required so that the amount therein shall equal the Debt Service Reserve Requirement.

(xi) Eleventh, upon receipt by the Trustee of a Certificate of the Authority setting forth any amounts necessary to pay unpaid Termination Payments due on a Derivative Payment Date and any other Derivative Payment. Amounts paid shall be credited to a Reciprocal Payor who has provided a Derivative Product secured on a parity with the Senior Bonds, provided that such amounts shall not be paid unless the Senior Parity Percentage is greater than or equal to 120% after such payment is made or a Rating Agency Condition is provided to the Trustee.

(xii) Twelfth, upon receipt by the Trustee of a Certificate of the Authority setting forth any amounts necessary to pay unpaid Termination Payments due on a Derivative Payment Date

and any other Derivative Payment. Amounts paid shall be credited to a Reciprocal Payor who has provided a Derivative Product secured on a parity with the Subordinate Bonds, provided that such amounts shall not be paid unless the Senior Parity Percentage is greater than or equal to 120% after such payment is made or a Rating Agency Condition is provided to the Trustee.

(xiii) Thirteenth, upon receipt by the Trustee of a Certificate of the Corporation setting forth an amount that, subject to any limitations set forth in the most recent Cash Flow Certificate, may be paid to the Corporation and used solely for the Student Loan Finance Program, such amount may be paid to the Corporation and so used, provided that such amounts shall not be paid unless (A) the Senior Parity Percentage is greater than or equal to 120% after such payment is made or a Rating Agency Condition is provided to the Trustee and (B) the Value of the Trust Estate after such payment is made shall be not less than the sum of the principal amount of and accrued interest on all Bonds then Outstanding, any accrued but unpaid Operating Costs not funded in the Operating Fund, any excess yield liability pursuant to Section 504(d) not deposited to the Rebate Fund, any Rebate Amount not deposited to the Rebate Fund, any accrued but unpaid Department Reserve Fund Amounts not funded in the Department Reserve Fund and the Adjusted Equity Amount.

(xiv) Fourteenth, during any Recycling Period, the balance, if any, shall be transferred to the Loan Account (subject to any limitations imposed in an applicable Certificate, Series Resolution, or Supplemental Resolution). Such amounts shall be allocated to the various subaccounts of the Loan Account as directed by the Authority.

(xv) Fifteenth, the balance, if any, shall be transferred to the Principal Account to effect a mandatory redemption of Bonds or Cumulative Sinking Fund Payments (as directed in an applicable Series Resolution, Certificate of the Authority, Supplemental Resolution or in the absence of any such direction as directed in Section 1004).

(c) Within 90 days after the end of a Fiscal Year with respect to each Series of Bonds issued hereunder with the intention that the interest thereon be excluded from the gross income of the owners thereof, the Authority shall file or cause to be filed with the Trustee a report setting forth the Rebate Amount and shall deposit or cause the deposit into the Rebate Fund of any and all Rebate Amounts. Moneys in the Rebate Fund, including investment earnings thereon, if any, shall not be subject to the pledge of this 2009 PAL General Resolution. Amounts deposited in the Rebate Fund shall be applied to pay Rebate Amounts or Yield Reduction Payments owed to the United States pursuant to Section 148 of the Code. The Trustee, upon receipt of written instructions from the Authority shall pay out of amounts in the Rebate Fund each Rebate Amount or each Yield Reduction Payment. Other than its duty to invest moneys in accordance with Section 506, the Trustee shall have no responsibility for compliance with Section 148 of the Code or any Regulations thereunder including calculation for payment of any Rebate Amounts or Yield Reduction Payments. The Authority may direct the Trustee in a Certificate to withdraw excess amounts from the Rebate Fund and deposit such withdrawal into the General Revenue Fund.

(d) For any Series of Bonds issued hereunder with the intention that the interest thereon be excluded from the gross income of the Bondholders thereof, the Authority shall annually prepare or cause to be prepared a report of the yield on Financed Student Loans and shall carry out a program of repayment incentives or take other action required to assure yield compliance under Section 148 of the Code. The Authority may (i) cause moneys in the Rebate Fund to be used to make Yield Reduction Payments or (ii) fund its program of repayment incentives and borrower benefits through interest and principal forgiveness and/or reduction or otherwise if it determines that such actions are necessary and permitted under the Code to maintain arbitrage yield compliance on the Financed Student Loans. A copy of each such annual report shall be provided to the Trustee.

Section 505. Application of Moneys in Other Funds and Accounts. (a) Moneys in each subaccount of the Interest Account shall be applied to pay interest when due on the related Bonds and Derivative Payments.

(b) Unless directed otherwise in a Series Resolution, moneys in each subaccount of the Principal Account shall be applied to pay when due Principal Installments and Cumulative Sinking Fund Payments with respect to the related Bonds. There shall be deposited in the Principal Account, whenever Bonds have been duly called for redemption and such redemption is to occur within 30 days, an amount equal to the Redemption Price of Bonds to be redeemed on such Redemption Date.

(c) Moneys in the Operating Fund shall be applied as directed by the Authority to pay Operating Costs as required by this 2009 PAL General Resolution. Such Operating Costs shall not be increased beyond the level reflected in a closing Cash Flow Certificate provided to each Rating Agency prior to the issuance of a Series of Bonds hereunder unless the Trustee shall first receive a Rating Agency Condition.

(d) Amounts in the Department Reserve Fund shall be applied as directed by the Authority to pay Department Reserve Fund Amounts as required by this 2009 PAL General Resolution. Such amounts on deposit shall not exceed three months of Department Reserve Fund Amounts as determined by the Authority. If the Authority determines that excess funds are on deposit in the Department Reserve Fund, the Authority may direct the Trustee in a Certificate to transfer such excess to the General Revenue Fund.

(e) Notwithstanding any provision hereof pertaining to the application of moneys in any Fund or Account (except the Rebate Fund and Department Reserve Fund), amounts deposited in all Funds and Accounts shall be used for the payment of principal of and interest on the Senior Bonds first and then on the Subordinate Bonds if there would otherwise be a default in payment. The order of Funds and Accounts from which moneys are to be transferred in the event that deposits of moneys in the General Revenue Fund to the Interest Account and Principal Account are insufficient to avoid a default in payment of principal of or interest on the Bonds shall be as follows: the Capitalized Interest Fund, the Loan Account, the Finance Loan Fund (as set forth in the 2009 PAL Loan Agreement), the Debt Service Reserve Fund and then the Operating Fund.

(f) Unless directed otherwise in a Series Resolution or Supplemental Resolution, moneys shall in no event be transferred to or maintained in the Debt Service Reserve Fund, the Department Reserve Fund or the Operating Fund in excess of, respectively, the Debt Service Reserve Requirement (as valued on at least a quarterly basis), the Department Reserve Fund Requirement or the Operating Fund Requirement. Any moneys therein in excess of the amounts herein prescribed shall be transferred following such valuation to the General Revenue Fund; provided, that moneys transferred from the Debt Service Reserve Fund that were derived from the proceeds of Bonds the interest on which is excluded from the gross income of the Bondholders thereof for federal income tax purposes shall be deposited to the Principal Account and applied to pay principal on such Bonds. If at any time the balance in the Debt Service Reserve Fund (not constituting Reserve Alternative Investments), together with other available funds of the Authority on deposit with the Trustee, shall be sufficient to retire all Bonds Outstanding and subject to retirement, such balance may be applied at the direction of the Authority to retire all Bonds Outstanding.

(g) There shall be deposited into the Capitalized Interest Fund the amount, if any, set forth in a Series Resolution. On each date that amounts are withdrawn from the General Revenue Fund in Section 504(b), to the extent there are insufficient moneys in the General Revenue Fund to make one or more of the transfers required by Sections 504(b)(i)—504(b)(vii), the Trustee shall withdraw from the Capitalized Interest Fund on the date that amounts are withdrawn from the General Revenue Fund pursuant to Section

504(b), an amount equal to such deficiency and to deposit such amount in the General Revenue Fund. All amounts on deposit in the Capitalized Interest Fund shall be transferred to the credit of the General Revenue Fund on the date set forth in a Series Resolution.

Section 506. Investment of Funds and Accounts. (a) Subject to any limitations set forth in a Series Resolution, moneys in each Fund and Account shall be invested at the written direction of an Authorized Officer of the Authority, consistent with the required uses of such moneys, in Investment Obligations. Investment Obligations are deemed to be part of the Fund or Account for which purchased, and gains and losses on Investment Obligations are to be credited or charged to the Fund or Account for which the Investment Obligations were purchased. Interest earned on Investment Obligations in all Funds and Accounts, however, is part of the Trust Estate and shall be deposited, as earned, in the General Revenue Fund.

(b) In computing the amount in any Fund or Account held by the Trustee under the provisions of this 2009 PAL General Resolution, Investment Obligations purchased as an investment of moneys therein shall be valued at par if such Investment Obligations will mature within 30 days at their par amount; otherwise such obligations shall be valued at their market value. Valuation made on any particular date shall include the amount of interest then earned or accrued to such date on any Investment Obligations. Accrued income for all funds and accounts shall be deemed to be attributable to the General Revenue Fund as provided in Section 506(a). All such valuations shall be made on at least a quarterly basis unless otherwise provided in a Series Resolution.

(c) Except as otherwise provided herein, the Trustee shall sell at a price approved by an Authorized Officer of the Authority, or present for redemption, any Investment Obligation so purchased as an investment whenever it shall be directed in writing by an Authorized Officer of the Authority so to do or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by it.

(d) It shall not be necessary for any Paying Agent to give security for the deposit of any moneys which it held in trust for the payment of principal of, Redemption Price, if any, or interest on any Bonds.

Section 507. Notes, Bonds and Other Obligations. The Authority may, at any time or from time to time, issue notes, bonds and other obligations having such terms and provisions and secured by a pledge of such moneys or other assets of the Authority as the resolution authorizing the same shall provide; provided, however, that any pledge to the holders of any such notes, bonds or other obligations, of the Trust Estate, any Fund or Account or other moneys or assets of the Authority pledged or assigned to the Trust Estate under this 2009 PAL General Resolution shall be, and shall be expressed to be, subordinate in all respects to the pledge or assignment on the Trust Estate created under this 2009 PAL General Resolution, and subject in all respects to the provisions of this 2009 PAL General Resolution concerning the permitted application of such pledged moneys and assets comprising the Trust Estate. It is expressly understood that the Authority may make or otherwise finance student loans with moneys not constituting Trust Estate assets other than those Financed Student Loans financed pursuant to the terms of this 2009 PAL General Resolution, provided, that such program does not in any way jeopardize or impair the pledge or assignment of any revenues or other assets for the benefit of the Bondholders, hereunder, or any rights of the Bondholders hereunder.

ARTICLE VI

PARTICULAR COVENANTS OF THE AUTHORITY

Section 601. Effect of Covenants. The Authority hereby particularly covenants with the Fiduciaries and the Bondholders and makes provisions which shall be a part of the contract with such Fiduciaries and Bondholders, to the effect and with the purposes set forth in the following Sections of this Article.

Section 602. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid (but only from the Trust Estate), the principal of the Bonds of each Series hereafter authorized and the interest thereon (or, if Bonds have been duly called for Redemption, the Redemption Price), at the dates and places and in the manner mentioned in the Bonds according to the true intent and meaning thereof. On each Payment Date, the Trustee shall transfer to the Paying Agent from the Interest Account and the Principal Account, as applicable, sums sufficient to pay such principal of, premium, if any, and interest on the Bonds (or, if Bonds have been duly called for Redemption, the Redemption Price) on the Payment Date. In the event that such transfer has not been effected prior to noon on the Payment Date, the Paying Agent shall immediately notify the Trustee.

Section 603. Covenant to Administer All Aspects of the Student Loan Finance Program. The Authority shall administer, operate and diligently perform or cause the Corporation to administer, operate and diligently perform all acts and things required to administer, operate and maintain the Student Loan Finance Program in strict compliance with the Act, in such manner as to assure that such program and the Financed FFELP Loans made thereunder will continue to benefit from the Federal Reimbursement Contracts, federal programs of insurance and reinsurance of FFELP Student Loans, pursuant to the Higher Education Act, or from any other federal statute providing for any such federal program of insurance or reinsurance, and to assure continued entitlement to receive any applicable Interest Subsidy Payments and Special Allowance Payments, with respect to all Financed FFELP Loans and otherwise in accordance with the Higher Education Act. The Authority further covenants to administer the program for Private Loans in accordance with all requirements of this 2009 PAL General Resolution and the PAL Program Manual.

Section 604. Covenant to Make Only Financed Student Loans; to Make Collections; to Comply at all Times with the Act, the 2009 PAL General Resolution and the PAL Program Manual. Only Student Loans eligible to be financed pursuant to this 2009 PAL General Resolution and the Act shall be financed from Bond proceeds, or from funds replaced by Bond proceeds from proceeds of Finance Loans. The Authority or the Corporation, as the case may be, shall collect all principal and interest payments on all the Financed Student Loans and, all grants, subsidies, donations, insurance payments, Special Allowance Payments and all Default Payments from the Secretary or the Guaranty Agency which relate to Financed Student Loans. The Authority or the Corporation, as the case may be, shall use due diligence in perfecting all claims for payment related to such Financed FFELP Loans from the Secretary and the Guaranty Agency as rapidly as possible. The Corporation shall assign to the Guaranty Agency such Financed FFELP Loans for payment of guarantee or insurance benefits. The Authority shall comply, and cause the Corporation to comply, with all United States statutes, rules and regulations which apply to the Student Loan Finance Program and all servicing activities on the Financed Student Loans. The Authority shall, at all times, comply, and cause the Corporation to comply, with all provisions of this 2009 PAL General Resolution and the PAL Program Manual. The Authority and the Corporation shall not make changes to the PAL Program Manual without first obtaining a Rating Agency Condition unless such change is required by law or regulation, in which case the Authority or the Corporation will provide each Rating Agency with a copy of such change. The Authority shall timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Higher

Education Act, the Act, the Financed Student Loans, the Guaranty Agreements and other agreements to which the Authority or the Corporation on behalf of the Authority is a party relating to the Trust Estate.

Section 605. Enforcement of Financed Student Loans and Borrower Benefits. The Authority shall diligently, directly or through agents, enforce, or cause the Corporation to enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Financed Student Loans and all agreements and guarantee and insurance contracts in connection therewith, including the prompt payment of all principal and interest payments and all other amounts due thereunder. Except as permitted or required by applicable law, the PAL Program Manual or as set forth herein, neither the Authority nor the Corporation shall release the obligations of any student borrower under any Financed Student Loan and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Bondholders under or with respect to each Financed Student Loan and all agreements in connection therewith. Neither the Authority nor the Corporation shall consent or agree to or permit any amendment or modification of any Financed Student Loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Bondholders under this 2009 PAL General Resolution. Subject to any limitation set forth in a Series Resolution or a Supplemental Resolution, consistent with the provisions of this Section 605, the Authority or the Corporation may settle a default or cure a delinquency on any Financed Student Loan on such terms as shall be determined by the Authority or the Corporation to be prudent, may grant forbearance or forgiveness of a Financed Student Loan or may provide a program of borrower benefits with respect to such Financed Student Loans.

Section 606. Offices for Registering Bonds. The Authority shall at all times cause to be maintained an office or agency where Bonds may be presented for registration, transfer, exchange or payment and where notices, presentations and demands in respect of the Bonds or of this 2009 PAL General Resolution may be served. The Authority hereby appoints the Trustee as agent to maintain such office or agency for the registration, transfer or exchange of Bonds, and for the service of such notices, presentations and demands. The Authority hereby appoints the Paying Agent as agent to maintain such offices or agencies for the payment of Bonds.

Section 607. Further Assurances. At any time and at all times the Authority shall 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, assigning and confirming all and singular the rights, assets and revenues pledged or assigned hereunder, or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

Section 608. Powers as to Bonds and Pledge. The Authority is duly authorized pursuant to law to authorize and issue the Bonds and to adopt this 2009 PAL General Resolution and to pledge the revenues and assets pledged by this 2009 PAL General Resolution in the manner and to the extent provided in this 2009 PAL General Resolution. The Authority and the Corporation are duly authorized pursuant to law to enter into the 2009 PAL Loan Agreement and the Corporation is so authorized to assign all the Assigned Revenues, the Financed Student Loans (including the notes and other instruments evidencing the same) and all amounts on deposit within the Finance Loan Fund thereunder. The revenues and assets pledged hereunder or under the 2009 PAL Loan Agreement are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, such pledge or assignment, and all action on the part of the Authority or the Corporation to that end has been duly and validly taken. The Bonds and the provisions of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement are and will be the valid and legally enforceable obligations of the Authority and the Corporation in accordance with their terms. The Authority and the Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment of the revenues and assets pledged under this 2009 PAL General Resolution or to be assigned under the 2009 PAL Loan

Agreement and all the rights of the Bondholders under this 2009 PAL General Resolution against all claims and demands of all persons whomsoever.

Section 609. Accounts and Reports. (a) The Authority shall keep proper books and accounts in which complete and accurate entries shall be made of all transactions relating to the Student Loan Finance Program, and all Funds and Accounts established by this 2009 PAL General Resolution, which shall at all reasonable times be subject to the inspection of the Trustee and the registered owners of an aggregate of not less than 5% in principal amount of Bonds of any Series then Outstanding or their representatives duly authorized in writing.

(b) The Authority shall cause the Corporation to provide its annual audited financial statements to the Authority and the Trustee within 120 days from the end of the Fiscal Year and such annual audited financial statement shall be posted on the website of the Corporation.

Section 610. Personnel and Servicing of Student Loan Finance Program. The Authority shall at all times cause to be appointed, retained and utilized competent and qualified personnel for the purpose of carrying out the Student Loan Finance Program and the Student Loan Insurance 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 and all persons so employed shall be qualified for their respective positions. Independent contractor companies may be engaged to perform any such duties upon notice to the Trustee and the Rating Agencies. However, no such notice is required if the Authority or Corporation engages temporary personnel or consultants.

Section 611. Compliance with Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this 2009 PAL General Resolution or a Series Resolution to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, shall have happened and shall have been performed, and such Bonds, together with all indebtedness of the Authority, shall be within every debt and other limit prescribed by law.

Section 612. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this 2009 PAL General Resolution, any Series or Supplemental Resolution, or the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority.

Section 613. Student Loan Finance Program. (a) The Authority covenants that the Corporation shall not finance with proceeds of Bonds issued hereunder (and made available to the Corporation by way of a Finance Loan), any Student Loan unless (i) such financing is authorized by the Series Resolution authorizing the Series of Bonds, the proceeds of which are to be so applied, and (ii) such student loan is a Student Loan. All Financed Student Loans pledged hereunder and under the 2009 PAL Loan Agreement shall be held by the Corporation and credited to the Finance Loan Fund.

(b) The Authority also covenants that it will not and will not permit the Corporation to sell, transfer or otherwise dispose of Financed Student Loans unless (i) the Authority first obtains a Rating Agency Condition, (ii) the Authority has been directed to make any such sale pursuant to Article VIII, (iii) it has complied with the asset release requirement upon a refunding set forth in Section 1007, or (iv) all Outstanding Bonds are (subject to the provisions set forth in any applicable Series Resolution) redeemed or defeased within 30 days of such sale, transfer or disposal.

(c) If necessary or desirable for administrative purposes or, with respect to any particular Student Loan, if requested by the borrower, the Corporation may substitute Student Loans for (or

purchase for cash at Value) existing Financed Student Loans if the substituted Student Loans have characteristics (including principal amount, maturity date, interest rate and borrower benefits which shall be no greater than the Student Loans being substituted) which are substantially similar to the characteristics of the substituted Financed Student Loans, and the Trustee shall have received a Certificate of the Corporation certifying that such substitution (or purchase for cash at Value) will not materially adversely affect the Authority's ability to pay principal and interest on the Bonds and all other payment obligations under this 2009 PAL General Resolution. In addition, the Corporation may substitute one or more Student Loans (of approximately the same aggregate Principal Balance and accrued borrower interest as the substituted Financed Student Loans) for existing Financed Student Loans in order to (i) evidence the additional obligations of borrowers whose Student Loans have been previously Financed hereunder; or (ii) substitute Financed Student Loans which are no longer eligible to be Financed Student Loans hereunder. Any such Financed Student Loans so transferred to this 2009 PAL General Resolution in exchange for Student Loans previously Financed from the Loan Account shall, for all purposes of this 2009 PAL General Resolution, be deemed to have been Financed with moneys in the Loan Account and shall be credited to the Finance Loan Fund. No such substitution shall be permitted if the Value of such Student Loans being transferred to this 2009 PAL General Resolution in such substitution, combined with the Value of all prior transfers, exceeds 10% of the aggregate Value of the Trust Estate since the applicable Issue Date unless a Rating Agency Condition is obtained. Each Rating Agency shall be provided notice of such substitution by the Authority and the Authority shall provide a report summarizing the change in the characteristics of the Financed Student Loans. If there is a purchase for cash at Value as set forth in this Section, such cash shall be deposited into the General Revenue Fund.

Section 614. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the Stated Maturity Date of any of the Bonds or claims for interest by the purchase or funding of such Bonds, or claims for interest by any other arrangement.

Section 615. The Debt Service Reserve Fund. The Authority shall at all times maintain the Debt Service Reserve Fund pursuant to Article V and shall do and perform or cause to be done and performed each and every act and thing with respect to such fund provided to be done or performed under the terms and provisions of Article V.

Section 616. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out or cause to be carried out all of the provisions of the Continuing Disclosure Undertaking set forth in each Series Resolution. Notwithstanding any other provision of this 2009 PAL General Resolution, failure of the Authority to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the registered owners of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section.

Section 617. Tax Covenant. (a) With respect to Bonds the interest on which is intended to be excluded from the gross income of the owners thereof pursuant to the authorization of Section 144(b) of the Code, the Authority covenants that it will not take any action, or fail to take any action or inaction, or permit any action or inaction to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, with any such action or inaction that would adversely effect the exclusion from gross income for federal income tax purposes of the interest on the Bonds under Section 103 of the Code.

(b) The Authority covenants that it will take any action required to ensure that all Financed Student Loans shall at all times constitute "acquired purpose obligations" within the meaning of Section

148 of the Code and to that end shall carry out a program of interest rate reductions, loan forgiveness, make yield reduction payments or take other action to comply with restrictions on excess yield set forth in the Code from time to time.

(c) In furtherance of the foregoing covenants, the Authority covenants to comply with each Tax Exemption Certificate. Notwithstanding any other provision of this 2009 PAL General Resolution to the contrary, including in particular Section 1101, the covenants contained in this Section 617 shall survive the defeasance or payment in full of the Bonds.

Section 618. Guaranty Agreements and Enforcement. The Corporation shall maintain or cause to be maintained in effect all Guaranty Agreements, diligently and promptly enforce or cause to be enforced its rights thereunder and take or cause to be taken, all commercially reasonable steps, actions and proceedings necessary or appropriate for the enforcement of all material terms, covenants and conditions of each Financed Student Loan, including the prompt payment of all principal and interest payments and all other amounts due with respect to such Financed Student Loans, including all Interest Subsidy Payments and Special Allowance Payments, guaranty payments, except for such deferments and forbearance permitted under the Higher Education Act, as applicable. The Authority shall not permit any Financed Student Loan to be guaranteed by any guaranty agency or entity other than a Guaranty Agency.

Section 619. Status as Eligible Lender. All Financed FFELP Loans shall be originated by an Eligible Lender. The Corporation shall maintain its status as an "eligible lender" under the Higher Education Act.

Section 620. Servicing Covenants. From the date hereof until all of the obligations of the Authority hereunder and under the other Transaction Documents are paid in full, the Servicer shall service, administer and make collections with respect to the Financed Student Loans in accordance in all material respects with Accepted Servicing Procedures.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

Section 701. Modification and Amendment Without Consent. Notwithstanding any other provisions hereof, the Authority may, with the consent of the Corporation as provided in Section 5.2 of the 2009 PAL Loan Agreement and without the consent of Bondholders, adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. A copy of such filing shall also be sent by the Authority to each Rating Agency.

(a) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in this 2009 PAL General Resolution as may be set forth in a Rating Agency Condition, and, in the opinion of the Trustee, who shall be entitled to rely exclusively upon a Counsel's Opinion, shall not materially and adversely affect the interest of the Bondholders;

(b) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this 2009 PAL General Resolution as may be set forth in a Rating Agency Condition, provided that 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 2009 PAL General Resolution, and, in the opinion of the Trustee, who shall be entitled to rely exclusively upon a Counsel's Opinion, shall not materially and adversely affect the interest of the Bondholders;

(c) to confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of this 2009 PAL General Resolution;

(d) to cure any ambiguity or defect or inconsistent provision in this 2009 PAL General Resolution or to insert such provisions clarifying matters or questions arising under this 2009 PAL General Resolution as are necessary or desirable as may be set forth in a Rating Agency Condition; provided such cure or additional provisions and agreements shall not in the opinion of the Trustee, who shall be entitled to rely exclusively upon a Counsel's Opinion, materially and adversely affect the interest of the Bondholders;

(e) to take any action that may be required to maintain compliance with the Higher Education Act, the Code or other law applicable to the Student Loan Finance Program;

(f) to add provisions allowing derivatives, interest rate swap agreements, interest rate caps or other similar hedging contracts to this 2009 PAL General Resolution upon receipt of a Rating Agency Condition;

(g) to maintain the tax-exempt status of the interest on a Series of Bonds; or

(h) upon receipt of a Rating Agency Condition.

Section 702. Supplemental Resolutions Effective with Consent of Bondholders. The provisions of this 2009 PAL General Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the provisions of Sections 704, 705 and 706, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. A copy of such filing shall also be sent by the Authority to each Rating Agency.

Section 703. General Provisions Relating to Supplemental Resolutions. This 2009 PAL General Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article VII. Nothing contained in this Article VII shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 706 or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this 2009 PAL General Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Resolution adopted by the Authority when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly adopted in accordance with the provisions of this 2009 PAL General Resolution, is authorized by this 2009 PAL General Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms.

The Trustee is hereby authorized to accept delivery of a certified copy of any Supplemental Resolution permitted or authorized pursuant to the provisions of this 2009 PAL General Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on a Counsel's Opinion that such Supplemental Resolution is authorized by the provisions of this 2009 PAL General Resolution.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the Authority without the written consent of the Trustee or Paying Agent affected thereby.

Section 704. Powers of Amendment with Consent of Bondholders. Any modification or amendment of this 2009 PAL General Resolution and of the rights and obligations of the Authority and of the Bondholders, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in this Section, of the registered owners of at least a majority in principal amount of the Bonds Outstanding of each affected Class at the time such consent is given. Unless with the unanimous written consent of all Bondholders however, no such amendment shall

- (a) permit a change in the terms of redemption or Stated Maturity Date of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount thereof or the rate of interest thereon,
- (b) reduce the percentage of Bonds the consent of the Bondholders of which is required to effect such amendment, or
- (c) change the existing preferences or priorities of Bonds over any other Bonds or create any new preferences or priorities.

A copy of such Supplemental Resolution (or brief summary thereof or reference thereto) together with a request to Bondholders for their consent thereto, shall promptly after adoption be mailed by the Authority to Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until

- (a) there shall have been filed with the Trustee (i) the written consents of registered owners of the percentage of Outstanding Bonds specified in this Section and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly adopted and filed by the Authority in accordance with the provisions of this 2009 PAL General Resolution, is authorized by this 2009 PAL General Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms, and
- (b) a notice shall have been mailed as hereinafter in this Section provided.

Each such consent 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 1102. A certificate or certificates filed with the Trustee that the Trustee has examined such proof and that such proof is sufficient in accordance with Section 1102 shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates. Any such consent shall be binding upon the registered owner of the Bonds giving such consent and, anything in this 2009 PAL General Resolution to the contrary notwithstanding, upon any subsequent registered owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Bondholder thereof has notice thereof), unless such consent is revoked in writing by the registered owner of such Bonds giving such consent or a subsequent registered owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the registered owners of the required percentage of Bonds shall have filed their consents to the Supplemental

Resolution, the Trustee shall make and file with the Authority a written statement that such Bondholders have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the registered owners of the required percentages of Bonds and will be effective as provided in this Section, shall be given to Bondholders by the Authority by mailing such notice to Bondholders as provided in Section 705 (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). The Authority shall file with the Trustee proof of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent and the Bondholders at the expiration of 30 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 30-day period; provided, however, that the Authority, the Trustee, and any Paying Agent during such 30-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 705. Mailing of Notices. Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only

- (a) to each Bondholder at his address, if any, appearing upon the registry books of the Authority, and
- (b) to the Trustee.

Section 706. Modifications by Unanimous Action. Notwithstanding anything contained in the foregoing provisions of this Article VII, the rights and obligations of the Authority and of the Bondholders and the terms and provisions of the Bonds or of this 2009 PAL General Resolution may be modified or amended in any respect upon the adoption of a Supplemental Resolution by the Authority and the consent all of the Bondholders, such consent to be given as provided in Section 704; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto in addition to the consent of the Authority and of the Bondholders.

Section 707. Exclusion of Bonds. Unless the Authority owns all of the Bonds Outstanding, Bonds, if any, 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 2009 PAL General Resolution, 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 2009 PAL General Resolution. At the time of any consent or other action taken under this 2009 PAL General Resolution, 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 708. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article VII provided 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 any Bondholder at such effective date and upon presentation of his Bond for such purpose at the office of the Trustee suitable notation shall be made on such Bond by the

Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority conform to such action shall be prepared and delivered, and upon demand of the registered owner of any such Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, principal amount, interest rate and Stated Maturity Date then Outstanding, upon surrender of such Bonds.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 801. Events of Default. Each of the following events is hereby declared to be an “Event of Default”:

- (a) default by the Authority in the payment of any installment of interest on the Bonds or Derivative Payment on a Derivative Product, when due;
- (b) default by the Authority in the payment of any Principal Installment or Redemption Price;

provided, however, that, while there are any Senior Bonds Outstanding hereunder, with respect to both clauses (a) and (b) failure to pay any installment of interest or principal on any Subordinate Bonds or any Derivative Payment on a Derivative Product on a parity therewith (after the Trustee has drawn upon the Debt Service Reserve Fund with respect to any interest or principal then due or any Derivative Payment on a Derivative Product on a parity therewith), shall constitute an Event of Default but such failure shall not give rise to the remedy of acceleration unless there is a corresponding failure to make timely payment of interest or principal on a Senior Bond or Derivative Payment on a Derivative Product on a parity therewith; provided further, that, if (i) on any Interest Payment Date or Redemption Date moneys in the Interest Account shall be sufficient to pay an installment of interest, or (ii) if on any Principal Installment Date or Redemption Date moneys in the Principal Account shall be sufficient to pay a Principal Installment or Redemption Price, then in either such event the Trustee shall make the respective payment then due and failure by the Trustee to make such payment shall constitute an Event of Default; provided further that failure to make a Cumulative Sinking Fund Payment shall not constitute an Event of Default;

- (c) failure or refusal by the Authority to comply with the provisions of the Act or default in the performance or observance of any other of the covenants, agreements or conditions contained in this 2009 PAL General Resolution, any Series or Supplemental Resolution or the Bonds, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the registered owners of not less than 25% in principal amount of the Outstanding Bonds. The Rating Agencies shall be notified of such event by the Trustee following such 45-day period;
- (d) an Event of Insolvency for the Authority shall have occurred; or
- (e) an Event of Insolvency for the Corporation shall have occurred.

The Trustee shall give immediate notice to each Rating Agency of any Event of Default under Section 801(a) or (b).

Section 802. Remedies. Upon the happening and continuance of any event described in the foregoing clauses (a) or (b) of Section 801 and subject to the provisions of Section 806, the Trustee shall

independently, but only upon the written request of the registered owners of 25% or more in principal amount of Outstanding Bonds proceed to protect and enforce the rights of the Bondholders by such of the following remedies as they deem most effectual:

(a) enforce, by mandamus or other suit, action or proceedings at law or in equity, all rights of the Bondholders, including the right to require the Authority to receive and collect the Trust Estate assets, adequate to carry out the covenants and agreements as to, and pledge of, such Trust Estate, and to require the Authority to carry out any other covenant or agreement with Bondholders and to perform duties under the Act;

(b) bring suit upon the Bonds;

(c) require the Authority or the Corporation by action or suit to account as if it were the trustee of an express trust for the Bondholders;

(d) enjoin by action or suit any acts or things which may be unlawful or in violation of the rights of the Bondholders;

(e) except as limited with respect to Subordinate Bonds, declare all Bonds due and payable, and if all defaults shall be cured, then, with the written consent of the registered owners of not less than 25% in principal amount of the Outstanding Bonds, to annul such declaration and its consequences; and

(f) in the event that all Bonds are declared due and payable, to sell all Financed Student Loans, Investment Obligations and all other Trust Estate assets to the extent necessary to effect their payment.

Upon the happening of any Event of Default, the Trustee shall have the discretion to do any of the following:

(a) sell Financed Student Loans and Trust Estate assets to the extent necessary if it is determined prior to such sale that the proceeds of such sale are sufficient to pay Bondholders the entire amount of principal of, premium, if any, and interest due; provided however that no acceleration of payment shall be declared until the Trustee shall hold sufficient funds to effect such payment;

(b) sell Financed Student Loans and Trust Estate assets without regard to the sufficiency of proceeds if 100% of the Bondholders direct such sale; or

(c) to the extent funds in the Trust Estate are available therefor, continue to pay principal of and interest on the Bonds and other amounts payable hereunder in accordance with the terms of this 2009 PAL General Resolution.

If the Trustee shall determine to sell the Financed Student Loans hereunder as a remedy upon an Event of Default as set forth herein, the Corporation or its designee is hereby granted the right to purchase such Financed Student Loans for an amount equal to the greater of (a) the Value of the Financed Student Loans as of the cutoff date or the date of sale or (b) an amount sufficient to pay all principal of and interest owing to Bondholders and all accrued fees and expenses of the Trust Estate; provided, such date of sale shall be considered a date of acceleration and the Corporation shall pay on such date of sale all amounts due and owing hereunder as a result of such Event of Default and acceleration of the Bonds. The Corporation shall have 20 Business Days from its receipt of written notice from the Trustee that an Event of Default has occurred hereunder and that the period during which the Corporation may exercise its

option to purchase the Financed Student Loans has commenced, to enter into a written agreement to exercise its option to purchase such Financed Student Loans. Such written agreement shall specify a purchase date occurring no more than 25 Business Days after the Trustee gives written notice that an Event of Default has occurred hereunder.

Section 803. Limitation on Action. No Bondholder shall have any right to institute any action except as authorized in this Article VIII. Nothing herein contained shall impair the right of any Bondholder to enforce payment of principal of, Redemption Price and interest on such Bondholder's Bonds.

Section 804. Priority of Payments After Default. In the event that, upon the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents shall be insufficient for the payment of principal and interest then due on the Bonds of all Series then Outstanding, such funds and any other moneys received or collected pursuant to this Article VIII, shall be applied after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees of and expenses, liabilities and advances incurred or made by the Trustee, including, but not limited to, the fees and expenses of its counsel and other agents, as follows:

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

First: For the payment of Operating Costs and Department Reserve Fund Amounts;

Second: With respect to Senior Bonds or Derivative Products on parity with such Senior Bonds, to the payment to the persons entitled thereto of all installments of interest then due on such Senior Bonds and Derivative Payments (excluding Termination Payments) in the order of such installments and, if the amount available shall not be sufficient to pay in full all the Senior Bonds, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

Third: With respect to Subordinate Bonds or Derivative Products on parity with such Subordinate Bonds, to the payment to the persons entitled thereto of all installments of interest then due on such Subordinate Bonds and Derivative Payments (excluding Termination Payments) in the order of such installments and, if the amount available shall not be sufficient to pay in full all the Subordinate Bonds, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

Fourth: With respect to Senior Bonds, to the payment to the persons entitled thereto of the unpaid principal of any such Senior Bonds, and, if the amounts available shall not be sufficient to pay in full all the Senior Bonds, then to the payment thereof ratably, without any discrimination or preference;

Fifth: With respect to Subordinate Bonds, to the payment to the persons entitled thereto of the unpaid principal of any such Subordinate Bonds, and, if the amounts available shall not be sufficient to pay in full all the Subordinate Bonds, then to the payment thereof ratably, without any discrimination or preference;

Sixth: To pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Senior Bonds;

Seventh: To pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Subordinate Bonds.

If the principal of all of the Bonds shall have become or have been declared due and payable:

First: For the payment of Operating Costs and Department Reserve Fund Amounts;

Second: With respect to the Senior Bonds, to the payment to the persons entitled thereto of all unpaid principal of any Senior Bonds and of installments of interest then due on such Senior Bonds and Derivative Payments (excluding Termination Payments) and, if the amount available shall not be sufficient to pay in full such principal, interest and Derivative Payments, then to the payment of such, without any preference or priority, ratably according to the aggregate amounts due, to the persons entitled thereto;

Third: With respect to the Subordinate Bonds, to the payment to the persons entitled thereto of all unpaid principal of any Subordinate Bonds and of installments of interest then due on such Subordinate Bonds and Derivative Payments (excluding Termination Payments) and, if the amount available shall not be sufficient to pay in full such principal, interest and Derivative Payments, then to the payment of such, without any preference or priority, ratably according to the aggregate amounts due, to the persons entitled thereto;

Fourth: To pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Senior Bonds; and

Fifth: To pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Subordinate Bonds.

Section 805. Termination of Proceedings. In case any proceedings taken on account of any Event of Default shall have been discontinued or abandoned for any reasons, 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 herein conferred shall continue as though no such proceeding had been taken.

Section 806. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Bondholders 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 807. No Waiver of Default. No delay or omission of the Trustee or any Bondholder 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 2009 PAL General Resolution to the Trustee or the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 808. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within 30 days after knowledge 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 an Event of Default shall be given by the Trustee by mailing written notice thereof: (a) to all Bondholders, as the names and addresses of such Bondholders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (b) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (c) to such other persons as is required by law. The Trustee shall give to each Rating Agency notice of each Event of Default within 30 days after

knowledge of the occurrence thereof. The Trustee shall also provide written notice to each Rating Agency of any acceleration hereunder.

ARTICLE IX

CONCERNING FIDUCIARIES

Section 901. Trustee. (a) The Trustee shall signify acceptance of the duties and obligations imposed by this 2009 PAL General Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this 2009 PAL General Resolution.

(b) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, promptly perform such duties and only such duties of the Trustee as are specifically set forth in this 2009 PAL General Resolution and in any Series Resolution. The Trustee shall, during the existence of any Event of Default which has not been cured, promptly exercise such of the rights and powers vested in it by this 2009 PAL General Resolution and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in good faith without negligence which it believes to be authorized hereunder and within its powers. The Trustee shall not be liable for any action taken or omitted by it in good faith at the direction of the Bondholders, as to the time, method and place of conducting any proceedings for any remedy available to the Trustee or the exercise of any power conferred by this 2009 PAL General Resolution.

(d) In carrying out its duties hereunder the Trustee may act directly or through affiliated entities.

Section 902. Appointment and Acceptance of Duties of Paying Agents. Prior to the delivery of each Series of Bonds, a Paying Agent or Agents for the Bonds of such Series shall be appointed in the Series Resolution authorizing such Series unless a book-entry system is directed for a given Series of Bonds in which event the depository under such system shall serve as paying agent. The Trustee and any Paying Agent are hereby designated Fiduciaries for purposes of this Article IX.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this 2009 PAL General Resolution by written instrument of acceptance executed and delivered to the Authority and the Trustee.

The corporate trust office designated by each Paying Agent as its notice address is hereby designated as the office of the Authority for the payment of the interest on and principal of the Bonds.

Section 903. Responsibility of Fiduciaries. The recitals of fact herein, in any Series Resolution 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 2009 PAL General Resolution, any Series Resolution or of any Bonds issued thereunder or in respect of the security afforded by this 2009 PAL General Resolution, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for

its representation contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof in accordance with the provisions hereof or the application of any moneys paid to the Authority or to the Corporation. 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 against all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. The permissive right of any Fiduciary to do things enumerated in this 2009 PAL General Resolution shall not be construed as a duty of such Fiduciary, and such Fiduciary shall be answerable only for its own negligence or willful misconduct.

Section 904. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, 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 and the Trustee shall be under no duty to make any investigation or inquiry as to any statement contained or material referred to in any such instrument. Each Fiduciary may consult with counsel, who may or may not 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, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer of the Authority, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this 2009 PAL General Resolution 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. 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. Each Fiduciary is hereby authorized to accept by facsimile or email transmission any notice, request, order, certificate and opinion required by this 2009 PAL General Resolution or any Series Resolution and shall be protected in relying on any such notice, request, order, certificate and opinion. The Trustee shall be under no duty to make any investigation as to any statement contained in any request, affidavit, certificate, opinion or other document furnished to it, but may accept the same as conclusive evidence of the truth and accuracy of such statement or the correctness of such opinion.

Section 905. Compensation. The Authority shall pay to each Fiduciary from time to time such compensation for all services rendered under this 2009 PAL General Resolution as such Fiduciary and the Authority shall from time to time agree upon in writing, and also all reasonable expenses, charges, counsel fees and other disbursements (including sums to reimburse costs, charges or expenses incurred by it acting in good faith and without negligence hereunder), including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this 2009 PAL General Resolution, but solely from the Trust Estate. If the Trustee is required by governmental agency or court proceedings initiated by a third party to undertake efforts beyond that which are set forth herein, but resulting from and related to being the Trustee hereunder, the Trustee shall promptly notify the Authority of the same in writing. Reimbursement for extraordinary fees and expenses arising from undertaking such efforts shall be made by the Authority only after such notice and upon approval by the Authority, but solely from the Trust Estate. The rights of any Fiduciary under this Section shall survive the resignation or removal of such Fiduciary.

Section 906. Permitted Acts and Functions. The Fiduciaries may become a Bondholder with the same rights they would have if they were not such Fiduciaries. 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 2009 PAL General Resolution, whether or not any such committee shall represent a Majority of the Bondholders.

Section 907. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this 2009 PAL General Resolution by giving not less than 60 days written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in an Authorized Newspaper, and such resignation shall take effect only upon the appointment, acceptance and qualification of a successor trustee, which successor trustee must be an Eligible Lender.

Section 908. Removal of Trustee. 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, and signed by a Majority of the Bondholders or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. The Authority may remove the Trustee at any time, except during the existence of an Event of Default as defined in Section 801, 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 of the Authority. Such removal shall take effect only upon the appointment, acceptance and qualification of a successor Trustee, which successor Trustee must be an Eligible Lender.

Section 909. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a 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 which successor Trustee must be an Eligible Lender. The Authority shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made once within 20 days after such appointment. Such appointment shall take effect only upon the qualification of such successor Trustee.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within 45 days after the Trustee shall have given to the Authority written notice, as provided in Section 907, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or any Bondholder, at the expense of the Authority, 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.

Any Trustee appointed under the provisions of this Section 909 in succession to the Trustee shall be a trust company or bank having the powers of a trust company within or outside of the State, having a capital and surplus aggregating at least \$100,000,000 if there be such a trust company or bank, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this 2009 PAL General Resolution. The Authority shall notify each Rating Agency of the appointment of a successor Trustee (which shall include appointment of a successor Paying Agent, Registrar and Tender Agent).

Section 910. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this 2009 PAL General Resolution 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 written request of the Authority, or of the successor Trustee, 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 2009 PAL General Resolution, 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 the Paying Agents of its appointment as Trustee.

Section 911. 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 909 or Section 913, as applicable, and shall be authorized by law to perform all the duties imposed upon such Fiduciary by this 2009 PAL General Resolution, 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 912. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this 2009 PAL General Resolution 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 predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bond or in this 2009 PAL General Resolution provided that the certificate of the Trustee shall have.

Section 913. Resignation or Removal of the Paying Agent or Registrar and Appointment of Successors. The Paying Agent or the Registrar may at any time resign and be discharged of the duties and obligations created by this 2009 PAL General Resolution by giving at least 60 days' written notice to the Authority and Trustee. The Paying Agent or the Registrar may be removed at any time by an instrument filed with such Paying Agent or the Registrar and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent or Registrar shall be appointed by an Authorized Officer of the Authority and shall be a trust company or bank having the powers of a trust company within or outside the State, having a capital and surplus aggregating at least \$100,000,000, and willing and able to accept the office of Paying Agent or Registrar on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this 2009 PAL General Resolution.

In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee who shall act as Paying Agent until such successor be appointed.

Section 914. Filing of Financing Statements. The Trustee shall file such financing statements and continuation statements as may be necessary under the Higher Education Act and the UCC in order to perfect the Trustee's security interest in the collateral described herein and in the 2009 PAL Loan

Agreement and is authorized to engage Counsel to make such filings. Upon the filing of any such continuation statements, the Trustee shall immediately notify the Authority that the filings have been accomplished and the Authority shall provide to the Trustee, a Counsel's Opinion to the effect that such filings are sufficient to maintain perfection of the security interests granted in this 2009 PAL General Resolution subject to reasonable assumptions and qualifications contained in such Counsel's Opinion.

Section 915. Appointment of Co-Trustee. The Authority and the Trustee shall have power to appoint and upon the request of the Trustee the Authority shall for such purpose join with the Trustee in the execution of all instruments necessary or proper to appoint another corporation or one or more persons approved by the Trustee, either to act as co-trustee or co-trustees jointly with the Trustee of all or any of the property subject to the lien hereof, or to act as separate trustee or trustee of all or any such property, with such powers as may be provided in the instrument of appointment and to vest in such corporation or person or persons as such separate trustee or co-trustee any property, title, right or power deemed necessary or desirable. In the event that the Authority shall not have joined in such appointment within 30 days after the receipt by it of a request so to do, the Trustee may request a court appointment of such co-Trustee. Should any deed, conveyance or instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed for more fully and certainly vesting in and confirming to him or to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. Every such co-trustee and separate trustee shall, to the extent permitted by law, be appointed subject to the following provisions and conditions, namely:

(a) The Bonds shall be authenticated and delivered, and all powers, duties, obligations and rights conferred upon the Trustee in respect of the custody of all money and securities pledged or deposited hereunder, shall be exercised solely by the Trustee; and

(b) The Trustee, at any time by an instrument in writing, may remove any such separate trustee or co-trustee.

Every instrument, other than this 2009 PAL General Resolution, appointing any such co-trustee or separate trustee, shall refer to this 2009 PAL General Resolution and shall incorporate the conditions of this Section 915 expressed, and upon the acceptance in writing by such separate trustee or co-trustee, he, they or it shall be vested with the estate or property specified in such instrument, jointly with the Trustee (except insofar as local law makes it necessary for any separate trustee to act alone), subject to all the trusts, conditions and provisions of this 2009 PAL General Resolution. Any such separate trustee or co-trustee may at any time, by an instrument in writing, constitute the Trustee as his, their or its agent or attorney-in-fact with full power and authority, to the extent authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, them or it, for and on behalf of him, them or its and in his, their or its name. In case any separate trustee or co-trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said separate trustee or co-trustee shall vest in and be exercised by the Trustee until the appointment of a new trustee or a successor to such separate trustee or co-trustee.

Section 916. Representations and Warranties of Trustee. The Trustee is a national banking association duly organized and validly existing in good standing under the laws of the United States. It has all requisite corporate power and authority to perform its obligations under this 2009 PAL General Resolution. The Trustee has taken all corporate action necessary to authorize the performance of its obligations under this 2009 PAL General Resolution. It is an "eligible lender" as such term is defined in Section 435(d) of the Higher Education Act and the Trustee shall maintain its status as an "eligible lender" while any Bonds are Outstanding under this 2009 PAL General Resolution. This 2009 PAL General Resolution constitutes, and each other Transaction Document to be executed by the Trustee when

duly executed and delivered, will constitute, a legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

Section 917. Trustee's Duty to Service Financed Student Loans. The Trustee shall be under no duty to service the Financed Student Loans or to monitor the servicing of the Financed Student Loans; provided, however, upon the occurrence of any Event of Default and for so long as any Event of Default shall be continuing, the Trustee shall monitor the servicing of Financed Student Loans, and if reasonably necessary in the judgment of the Trustee under the circumstances, shall provide for the servicing of Financed Student Loans. The duties of the Trustee under this Section may be performed by the Trustee or by any qualified agent, employee or other entity selected by the Trustee in the exercise of its reasonable judgment and discretion.

ARTICLE X

REDEMPTION OF BONDS

Section 1001. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to the Stated Maturity Date pursuant to a Series Resolution shall be redeemable, upon notice as provided in this Article, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution authorizing such Series.

Section 1002. Redemption at the Election or Direction of the Authority. In the case of any redemption of Bonds otherwise than as provided in Section 1003, the Authority shall give written notice to the Trustee of its election or direction so to redeem, of the Redemption Date, of the Class and Series, of the principal amounts of the Bonds of each Stated Maturity Date of such Class and Series to be redeemed (which Redemption Date, Class, Series, maturities and principal amounts thereof may be determined in its sole discretion, subject to any limitations with respect thereto contained in this 2009 PAL General Resolution and any Series Resolution) and of any moneys to be applied to the payment of the Redemption Price. Such notice shall be given in accordance with a Series Resolution or such shorter period as shall be acceptable to the Trustee in its sole discretion. In the event notice of redemption shall have been given as provided in Section 1005, the Trustee shall, prior to the Redemption Date, pay to the appropriate Paying Agent or Paying Agents from the Debt Service Fund, as provided in Article V, an amount in cash 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, all of the Bonds to be redeemed.

Section 1003. Redemption Otherwise than at Authority's Election or Direction. Whenever by the terms of this 2009 PAL General Resolution, 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 this Article X, 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 from the Debt Service Fund, as provided in Article V.

Section 1004. Selection of Bonds to be Redeemed. Each Series Resolution shall provide for the manner of redemption in the event of redemption of less than all the Outstanding Bonds of a Series. In the absence of direction by a Series Resolution, Supplemental Resolution or Certificate of the Authority, the Trustee shall redeem Bonds in chronological order of the date that Principal Installments are due, subject

to the procedures of the Securities Depository. In the event that Bonds have Principal Installments due on the same date, the Trustee shall first redeem pro rata among any such taxable Bonds and then redeem pro rata among any such tax-exempt Bonds subject to the procedures of the Securities Depository.

Section 1005. Notice of Redemption. Unless otherwise directed in an applicable Series Resolution, when the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 1002, and when redemption of Bonds is required by this 2009 PAL General Resolution pursuant to Section 1003, the Trustee shall give notice in the name of the Authority, of the redemption of such Bonds, which 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 of the Bonds of any like Series and Stated Maturity Date are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so 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 Redemption Date interest thereon shall cease to accrue and be payable. Such notice shall however state that it is a conditional notice and that the redemption shall be cancelled if moneys are not available on the Redemption Date as provided in Section 1006. The Trustee shall mail a copy of such notice in accordance with a Series Resolution.

Section 1006. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 1005, 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 office specified in such notice, together with, a written instrument of transfer duly executed by the Bondholder or his duly authorized attorney, such Bonds, or portion thereof shall be paid at the Redemption Price plus interest accrued and unpaid to the Redemption Date. If there shall be drawn for redemption less than all of a Bond, the Authority shall execute and the Trustee shall authenticate and the Paying Agent deliver, upon the surrender of such Bond, without charge to the Bondholder thereof, for the unredeemed balance of the principal amount of the Bond so surrendered at the option of the Bondholder thereof, Bonds of like Series, interest rate and Stated Maturity Date in any Authorized Denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds (or portions thereof) to be redeemed, together with interest to the Redemption Date, shall be held by any Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the Redemption Date, the redemption shall be cancelled and 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.

Section 1007. Asset Release Upon Refunding. Subject to the limitations in Section 1101, Outstanding Bonds may be refunded and the associated assets transferred and released in conjunction with such refunding from the lien of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement. The amount of assets released may be less than or equal to any of the following as certified by an Authorized Officer of the Authority: (a) if the Parity Percentage is greater than or equal to 120%, such amount that would cause the Parity Percentage immediately following such transfer to equal or exceed the Parity Percentage immediately prior to the refunding transaction, (b) if the Parity Percentage is less than 120%, such amount that would cause the Parity Percentage immediately following such transfer to equal or exceed 120%, or (c) such greater amount referenced in a Rating Agency Condition.

ARTICLE XI

MISCELLANEOUS

Section 1101. Defeasance. (a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to all of the Bondholders the principal or Redemption Price, if applicable, and interest due or to become due thereon and all other payment obligations hereunder at the times and in the manner stipulated therein and in this 2009 PAL General Resolution, then the pledge of the Trust Estate to the Bondholders and other parties secured by the Trust Estate, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority, and upon the request of the Authority, shall 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 2009 PAL General Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds and all other payment obligations hereunder. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the registered owners of all Outstanding Bonds of a particular Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, and all other payment obligations with respect thereto at the times and in the manner stipulated therein and in this 2009 PAL General Resolution, such Bonds shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of the Authority to the registered owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds or interest installments thereon for the payment or redemption of which moneys shall have been set aside and shall be held in trust by Fiduciaries (through deposit by the Authority of funds for such payment or redemption or otherwise) shall, at the due date, Stated Maturity Date or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section. All Outstanding Bonds shall, prior to the Stated Maturity Date or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their Stated Maturity Date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article X notice of redemption on said date of such Bonds, (ii) there shall have been deposited with, or credited to the account (at a Federal Reserve Bank) of, the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due and without reinvestment 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, if any, and interest due and to become due on said Bonds on and prior to the due date, Redemption Date or Stated Maturity Date thereof, as the case may be; provided that, except in the event of a full cash defeasance or a current refunding of less than ninety days to the Stated Maturity Date or Redemption Date, the sufficiency of such moneys or investments must be confirmed to the Authority in a report of an independent certified public accountant, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding ninety 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 registered owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. Neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance 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, if any, and interest on said Bonds; provided that any cash received from such principal or interest

payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such Redemption Date or Stated 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) If, through the deposit of moneys by the Authority or otherwise, the Fiduciaries shall hold, pursuant to this 2009 PAL General Resolution, moneys sufficient to pay the principal and interest to the Stated Maturity Date on all Outstanding Bonds and all other payment obligations hereunder, or in the case of Bonds in respect of which the Authority shall have taken all action necessary to redeem prior to the Stated Maturity Date, sufficient to pay the Redemption Price and interest to such Redemption Date and all other payment obligations hereunder, then at the request of the Authority all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of Outstanding Bonds and payment of all other payment obligations hereunder.

(d) The Trustee shall provide written notice to the Rating Agencies of a defeasance of bonds pursuant to this Section 1101.

Section 1102. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent or other instrument which this 2009 PAL General Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (a) the execution of any such instrument, or of an instrument appointing any such attorney, or (b) the holding by any person of the Bonds shall be sufficient for any purpose of this 2009 PAL General Resolution (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:

(a) the fact and date of the execution by any Bondholder or his 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 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 he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer;

(b) 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 a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary; and

(c) the amount of Bonds transferable by delivery held by any person executing such request or other instrument as a Bondholder, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The ownership of the Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request,

consent or vote of the registered 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 1103. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Bondholders entitled thereto.

Section 1104. Parties in Interest. Nothing in this 2009 PAL General Resolution or in any Series or Supplemental Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Authority, the Trustee, the Paying Agents and the Bondholders any rights, remedies or claims under or by reason of this 2009 PAL General Resolution or any Series Resolution or any covenants, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this 2009 PAL General Resolution and any Series or Supplemental Resolution contained by or on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Paying Agents and the Bondholders from time to time of the Bonds.

Section 1105. No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority contained in this 2009 PAL General Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any director, member, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this 2009 PAL General Resolution against any director, member, officer or employee of the Authority or any natural person executing the Bonds. Such payments of principal or Redemption Price of or interest on the Bonds or claim based thereon or all other payment obligations hereunder shall be payable solely from the Trust Estate created under this 2009 PAL General Resolution and shall not be a general obligation of the Authority or the Corporation.

Section 1106. Notices. All notices to be given hereunder to or by the Authority or the Trustee shall be in writing and shall be properly made if sent by United States mail, postage prepaid, by facsimile transmission, email or other electronic means capable of producing a written record with confirmation of receipt, and addressed as follows:

If to the Authority, addressed to:

South Carolina State Education Assistance Authority
P.O. Box 21487 (29221)
Suite 210, Interstate Center
16 Berryhill Road
Columbia, South Carolina 29210
Attention: President, South Carolina Student Loan Corporation
Facsimile No.: (803) 772-9410
Telephone No.: (803) 772-8939
Email: csanders@scstudentloan.org

If to the Trustee, addressed to:

The Bank of New York Mellon Trust Company, National Association
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Division
Facsimile No.: (904) 645-1931
Telephone No.: (904) 998-4703
Email: bnystudentloan@bnymellon.com

Section 1107. Severability. If any one or more of the covenants, agreements or obligations provided in this 2009 PAL General Resolution on the part of the Authority, Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, such determination will not affect any of the other provisions of this 2009 PAL General Resolution, any Series or Supplemental Resolution or the Bonds.

Section 1108. Headings. Any headings preceding the texts of the several Articles and Sections hereof, 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 2009 PAL General Resolution, nor shall they affect its meaning, construction or effect.

Section 1109. Conflict. All resolutions or parts of resolutions or other proceedings of the Authority in conflict herewith be and the same are repealed insofar as such conflict exists.

Section 1110. Effective Date. This 2009 PAL General Resolution shall take effect immediately as of the effective date shown on its cover page.

EXHIBIT A

REQUISITION FOR COSTS OF ISSUANCE

The undersigned, an Authorized Officer of the South Carolina State Education Assistance Authority, acting under the authorization of Section 503(b) of the 2009 PAL General Resolution of the Authority effective October 29, 2009, hereby certifies that items set forth on the attached schedule constitute Costs of Issuance which are a proper charge against the Cost of Issuance Account of the Program Fund.

The Schedule reflects with respect to each payment to be made:

- (i) the item for which payment is to be made,
- (ii) the name of the person or party to whom the payment is to be made, and
- (iii) the amount to be paid.

Terms used as defined terms in this Requisition and Certification shall have the meanings ascribed thereto in the 2009 PAL General Resolution.

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: _____

EXHIBIT B

FORM OF CERTIFICATION RE: WITHDRAWALS FROM LOAN ACCOUNT

**CERTIFICATION REQUIRED BY
SECTION 503(c)(ii) OF 2009 PAL GENERAL RESOLUTION**

The undersigned, an Authorized Officer of the South Carolina State Education Assistance Authority (the "Authority"), acting under the authorization of Section 503(c)(ii) of "A 2009 PAL GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" effective October 29, 2009 (the "2009 PAL General Resolution") and pursuant to the 2009 PAL Loan Agreement, Security and Pledge Agreement, dated October 29, 2009, between the Authority and the South Carolina Student Loan Corporation (the "Corporation") (the "2009 PAL Loan Agreement") direct that \$ _____ be transferred from the Loan Account under the 2009 PAL General Resolution to the Finance Loan Fund of the Corporation as such fund is defined under the 2009 PAL Loan Agreement.

Wire instructions for deposits to the Finance Loan Fund of the Corporation:

[Bank]
ABA # _____
Account # _____
Attention: _____
Re: _____

The Corporation further certifies that all requirements of the 2009 PAL Loan Agreement have been met in connection with this written direction.

Date: _____

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: _____
Authorized Officer

SOUTH CAROLINA STUDENT LOAN CORPORATION

By: _____
Authorized Officer

2009 PAL LOAN AGREEMENT, SECURITY AND PLEDGE AGREEMENT

This 2009 PAL Loan Agreement, Security and Pledge Agreement (the "2009 PAL Loan Agreement") is entered into between the SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY (the "Authority"), a body politic and corporate and a public instrumentality of the State of South Carolina created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the 1976 Code (as amended, the "Act"), and the SOUTH CAROLINA STUDENT LOAN CORPORATION (the "Corporation"), a South Carolina nonprofit corporation. Terms capitalized and not defined herein shall have the meanings ascribed to said terms in the 2009 PAL General Resolution (as defined below).

THIS 2009 PAL LOAN AGREEMENT CONTAINS AFTER ACQUIRED PROPERTY PROVISIONS

WHEREAS, the Authority has adopted a certain 2009 PAL General Resolution effective October 29, 2009 (the "2009 PAL General Resolution") providing for the issuance of its Student Loan Revenue Bonds (the "Bonds") in series as specified therein; and

WHEREAS, the 2009 PAL General Resolution contains covenants and statements by the Authority concerning the application of proceeds of Bonds of any series which might hereafter be issued pursuant to the 2009 PAL General Resolution, security for all such Bonds, the relationship between the Authority and the Corporation, the Corporation's performance of certain acts, the Corporation's refraining from certain other acts, and remedies that Bondholders and other parties may have against the Authority upon the occurrence of certain events; and the Authority and the Corporation desire to give effect to, and ensure the performance and accuracy of, all such covenants and statements.

NOW, THEREFORE, in consideration of the covenants made herein and in the 2009 PAL General Resolution, and the lending of certain sums by the Authority to the Corporation by way of Finance Loans (as defined below), the Authority and the Corporation agree as follows:

I. THE FINANCE LOANS

1.1. Finance Loans Generally. The Authority hereby agrees, upon the terms hereof and subject to the conditions hereinafter set forth, to make finance loans (the "Finance Loans") to the Corporation, on such date or dates as may be specified by the Corporation beginning November 5, 2009, and extending so long as amounts may remain on deposit in the Loan Account of the Program Fund established pursuant to the 2009 PAL General Resolution (the "Loan Account"). After the date of the issuance and delivery of a Series of Bonds, disbursements of a Finance Loan shall be made by the Trustee, at the direction of an Authorized Officer of the Corporation, from amounts on deposit in the Loan Account and in an amount no greater than the amount in the Loan Account prior to the making of such disbursement. An Authorized Officer of the Corporation shall give at least two business days' prior written notice to the Authority and to the Trustee of any requested disbursement of a Finance Loan. Such notice shall specify (a) the date and the amount thereof, (b) the amount of funds withdrawn constituting previous disbursements of all Finance Loans which have not as of the date of the notice been expended for the financing of Student Loans, and (c) all of the other information required by the 2009 PAL General Resolution. The Corporation may borrow, repay and re-borrow hereunder at any time, up to a maximum

aggregate principal amount as limited by the 2009 PAL General Resolution and this 2009 PAL Loan Agreement.

1.2. Records, Promissory Note and Balance of Finance Loans. The Authority shall cause the Trustee to retain all notices, referred to in the preceding Section, received from the Corporation and to make and keep a record of all amounts transferred to the Corporation from the Loan Account. On the date of the initial Series of Bonds issued under the 2009 PAL General Resolution, the Corporation shall issue and deliver to the Authority a master promissory note (the "Note") in the form of Exhibit A hereto duly executed on behalf of the Corporation and duly endorsed to the Trustee, dated the date of its delivery, and in a principal amount determined in accordance with this Section 1.2. The aggregate amount due on the Finance Loans owed by the Corporation pursuant to the Note shall at all times be equal to the aggregate outstanding principal of the Bonds plus all other amounts due under the 2009 PAL General Resolution plus the Adjusted Equity Amount (defined below), less the value of amounts on deposit and investments, if any, held in any of the funds and accounts under the 2009 PAL General Resolution. The Corporation shall maintain records of the balances of the Finance Loans under the Note and shall make such calculations quarterly. Such records shall constitute conclusive evidence of the balances of Finance Loans under the Note absent manifest error. Adjusted Equity Amount shall mean the greater of (i) zero and (ii) the amount set forth in each Series Resolution or any Certificate less amounts paid by the Corporation for borrower origination fees (which shall include federal default fees) and other borrower benefits with respect to the Financed Student Loans.

1.3. Application of Finance Loan Fund. Amounts in the Finance Loan Fund established pursuant to Section 3.1 shall be used to finance new Student Loans in conformity with all applicable covenants by the Authority or other provisions of the 2009 PAL General Resolution, the PAL Program Manual, each Series Resolution and Supplemental Resolution, the Higher Education Act with respect to FFELP Loans, and the various agreements referred to in the 2009 PAL General Resolution and each Series Resolution and Supplemental Resolution as having been entered into by the Authority with the Secretary pursuant to the Higher Education Act with respect to FFELP Loans. Such Student Loans shall be credited to the Finance Loan Fund on the servicing system and books and records of the Corporation. Funds on deposit in the Finance Loan Fund shall be subject to the same limitations on use as the limitations on the use of amounts on deposit in the Loan Account contained in the 2009 PAL General Resolution and each applicable Series Resolution and Supplemental Resolution, and any amounts on deposit not used to finance Student Loans within the time period specified for use of moneys in the Loan Account of the Program Fund in the applicable Series Resolution shall be transferred to the Trustee for deposit in the General Revenue Fund.

1.4. Assigned Revenues. To secure the payment of all amounts due on the Finance Loans under the Note, the Corporation shall assign all the Assigned Revenues to the Authority as set forth herein and the 2009 PAL General Resolution. No such payment of principal balances shall be allocated to or otherwise associated with any individual draw for a Finance Loan, and the outstanding principal amount due on all the Finance Loans shall at any time be determined only in the aggregate in accordance with Section 1.2. Such payment obligation shall not be a general obligation of the Corporation and shall be limited as set forth herein.

1.5. Consent of Corporation to Assignment by the Authority of Rights Under the 2009 PAL Loan Agreement. The Corporation hereby consents to the assignment by the Authority of all the Authority's rights and interest in this 2009 PAL Loan Agreement and the Note to the Trustee as security for the Bonds.

1.6. Survival of Obligations. The Corporation's obligations hereunder shall continue in force so long as any Bonds or other obligations secured by the Trust Estate are outstanding, regardless of whether there is any amount due on any Finance Loans under the Note.

II. PAYMENT OBLIGATION AND ASSIGNMENT OF COLLATERAL

2.1. Payment Obligation. In consideration of the Finance Loans to be made under the Note by the Authority to the Corporation, the Corporation hereby agrees to pay to the Authority all amounts due under the Note in accordance with Section 1.2, but only to the extent set forth in the following sentence. This payment obligation shall not be a general obligation of the Corporation, but shall be payable solely and only from the Assigned Revenues, the Financed Student Loans and all amounts on deposit in the Finance Loan Fund. The Corporation additionally guarantees, but only from any such moneys and proceeds as described in the preceding sentence, the performance of all covenants of the Authority contained in the 2009 PAL General Resolution, or any Series Resolution or Supplemental Resolution adopted pursuant to the 2009 PAL General Resolution, or in any Bonds.

2.2. Assignment of Collateral Securing Finance Loans under the Note and other Payment Obligations. In consideration of the Finance Loans to be made under the Note by the Authority to the Corporation, the Corporation hereby assigns, transfers and sets over, as security for the Note and the other payment obligations described in Section 2.1, to the Authority all the Assigned Revenues, the Financed Student Loans (including the notes and other instruments evidencing the same) and all amounts on deposit within the Finance Loan Fund. Such assignment shall be immediately effective upon the making of any Finance Loan and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation or the Authority, irrespective of whether such parties have notice thereof.

2.3. Deposit of Assigned Revenues. The Corporation shall deposit all moneys or payments which it shall receive daily with the State Treasurer in its collections sweep account (the "Collections Sweep Account") and an Authorized Officer of the Authority shall identify in a Certificate the amount of Assigned Revenues and shall direct the State Treasurer to transfer such amount daily to the Trustee for deposit in the General Revenue Fund. The Collections Sweep Account is a commingled account which contains all collections on Financed Student Loans and all other student loans held by the Corporation for various trust estates for the student loan finance program of the Authority and the Corporation. All amounts required to be deposited in the General Revenue Fund from the Collections Sweep Account shall be deposited without any further commingling with any other assets of the Corporation.

2.4. Power of Attorney. The Corporation hereby constitutes and appoints the Authority its direct, lawful and irrevocable attorney to demand, receive and enforce the payment from all persons of all amounts representing Assigned Revenues and to give receipts and satisfactions for and to sue for all such amounts. Any such act may be done by the Authority in the name of the Corporation, or in the name of the Authority, with the same force and effect as if done by the Corporation.

III. ESTABLISH FINANCE LOAN FUND; RETURN OF MONEYS; POWER TO CAUSE SALE

3.1. Establishment of Finance Loan Fund and Accounts Therein. The Corporation hereby establishes and creates a special fund to be known as the Finance Loan Fund of the Corporation, to be maintained by the Corporation in a commercial bank. Upon receipt of the proceeds of a Finance Loan made to the Corporation under the Note from moneys within the Loan Account, the Corporation shall deposit in the Finance Loan Fund the proceeds of such disbursement and all further disbursements of Finance Loans made under the Note pursuant to this 2009 PAL Loan Agreement and the 2009 PAL

General Resolution. Amounts on deposit within the Finance Loan Fund of the Corporation shall be applied only to finance Student Loans which shall become Financed Student Loans as set forth in Section 1.3, except to the extent they must be applied in fulfillment of the Corporation's payment obligation as set forth in Section 2.1 or returned to the Authority as provided in Section 1.3 or 3.2. All Financed Student Loans financed from amounts withdrawn from the Finance Loan Fund shall be credited on the servicing system and books and records of the Corporation to such Finance Loan Fund. The Corporation agrees, to the maximum extent allowable by law under the UCC and Higher Education Act, to perfect and to cooperate in the perfection of the security interest granted herein, which shall include but not be limited to, entering into a Deposit Account Control Agreement with any applicable bank that holds the bank account portion of the Finance Loan Fund and the Trustee. The Corporation shall invest moneys in the Finance Loan Fund at the written direction of an Authorized Officer of the Corporation in Investment Obligations.

3.2 Return of Moneys. The Authority may at any time direct the Corporation to transfer any funds on deposit in the Finance Loan Fund not yet expended for the financing of Student Loans, to the Trustee for deposit in the Loan Account, in the Principal Account of the Debt Service Fund or the General Revenue Fund to avoid payment default as described in Section 505(e) of the 2009 PAL General Resolution.

3.3. Power to Cause Sale. The Authority (subject to the 2009 PAL General Resolution) or, under the circumstances described in Section 802 of the 2009 PAL General Resolution, the Trustee acting on behalf of the Authority, may at any time demand that the Corporation sell, to a purchaser or purchasers, any Financed Student Loans, on terms and conditions and subject to the limitations herein or in the 2009 PAL General Resolution, and the Corporation shall comply with such demand. The proceeds of any sale shall be used to satisfy amounts due under the Note as described in Section 1.2 and such amounts shall be deposited with the Trustee in the General Revenue Fund. The balance of the Note shall be adjusted as set forth herein and any excess payment shall be returned to the Corporation. The Authority may demand and, upon such demand, the Corporation shall enter into an agreement with such a purchaser providing for such a sale, except that the Corporation shall have no obligations, without its consent, under such agreement other than to transfer and surrender to such purchaser all its right, title and interest in the Financed Student Loans to be sold. Any such sale or agreement for sale may provide that, upon their sale to the purchaser, all Financed Student Loans sold, together with the revenues therefrom, are released from the lien created under this 2009 PAL Loan Agreement and the 2009 PAL General Resolution. Unless the Authority and the Corporation otherwise agree, any expenses of the Corporation associated with any such sale, and any amounts payable under, or other expenses of the Corporation associated with, any such sale or agreement shall constitute Operating Costs to be paid from moneys in the Operating Fund, as such terms are defined in the 2009 PAL General Resolution.

IV. REPRESENTATIONS AND WARRANTIES

The Corporation represents and warrants that:

4.1. Organization, Corporate Powers, etc. The Corporation (a) is a nonprofit, public benefit corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina, (b) has the corporate power and authority to own its properties and to carry on its activities as now being conducted and (c) has the corporate power to execute, deliver and perform this 2009 PAL Loan Agreement and to borrow Finance Loans under, and to execute and deliver, the Note.

4.2. Authorization, etc. The execution, delivery and performance by the Corporation of this 2009 PAL Loan Agreement, the guarantee and assignments effected hereby, the borrowings

contemplated hereunder and the execution and delivery of the Note (a) have been duly authorized by all requisite corporate action, (b) will not violate (i) any provision of the Act or other law, any order of any court or other agency of government, the Articles of Incorporation or By-laws of the Corporation or (ii) any provision of any agreement or instrument to which the Corporation is a party, or by which it or any of its property is bound, and (c) will not be in conflict with, result in a breach of or constitute, with due notice or lapse of time or both, a default under, any such agreement or instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation except as specifically contemplated by this 2009 PAL Loan Agreement and the 2009 PAL General Resolution.

4.3. Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Corporation) pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation at law or in equity or before or by any Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which involve any of the transactions herein contemplated or involve the possibility of any judgment or liability which may result in any material adverse change in the activities, operations, properties or assets of the Corporation; and the Corporation is not, to the best of its knowledge, in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

4.4. Subsidiaries. The Corporation does not have any subsidiaries.

4.5 Revised Article 9 Representations. (a) This 2009 PAL Loan Agreement creates a valid and continuing security interest in the Financed Student Loans in favor of the Authority, which security interest is prior to all other liens, and is enforceable as such against creditors of and purchasers from the Corporation.

(b) The Financed FFELP Loans are deemed to be “accounts” within the meaning of the applicable UCC by virtue of Section 432(m)(1)(E)(i) of the Higher Education Act.

(c) The Financed Private Loans constitute “instruments” within the meaning of the applicable UCC.

(d) The Corporation owns and has good and marketable title to the Financed Student Loans free and clear of any lien, claim or encumbrance of any Person.

(e) The Authority has caused or will have caused the timely filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Financed Student Loans granted to the Authority under this 2009 PAL Loan Agreement.

(f) Other than the security interest granted to the Authority pursuant to this 2009 PAL Loan Agreement, the Corporation has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Financed Student Loans (other than an interest that will be released prior to the time that such collateral has been pledged pursuant to the terms of this 2009 PAL Loan Agreement). The Corporation has not authorized the filing of and is not aware of any financing statements against the Corporation that include a description of collateral covering the Financed Student Loans other than any financing statement (i) relating to the security interest granted to the Authority under this 2009 PAL Loan

Agreement, or (ii) that has been terminated. The Corporation is not aware of any judgment or tax lien filings against the Corporation.

(g) The Corporation has in its possession all original copies of the Private Loan notes that constitute or evidence the Financed Private Loans. The Private Loan notes that constitute or evidence the Financed Private Loans do not have any marks or notations indicating that they have been pledged, assigned, or otherwise conveyed to any Person other than the Authority. All financing statements filed or to be filed against the Corporation in favor of the Authority in connection herewith describing the collateral shall contain a statement to the following effect: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of the Authority."

(h) The factual certifications, representations and warranties set forth herein shall survive payment in full on all obligations under this 2009 PAL Loan Agreement and cannot be waived, altered or amended without the consent of the Authority.

V. CERTAIN COVENANTS AND AUTHORIZATIONS

5.1. Observance of Covenants in 2009 PAL General Resolution. The Corporation covenants that from the date hereof for so long as any Bonds issued pursuant to the 2009 PAL General Resolution are outstanding or any other amounts are payable pursuant thereto, in addition to all the other covenants herein, the Corporation shall do all such things as the Authority has covenanted in the 2009 PAL General Resolution, or in any Series Resolution or Supplemental Resolution adopted pursuant to the 2009 PAL General Resolution, that the Corporation will do and shall refrain from doing anything that the Authority has so covenanted that the Corporation will not do. The Corporation covenants to maintain the perfection and priority of the security interests created by this 2009 PAL Loan Agreement.

5.2. Amendment of 2009 PAL General Resolution. The Authority covenants that it will not amend the 2009 PAL General Resolution, or after the first Series of Bonds issue any Bonds pursuant to any Series Resolution under the 2009 PAL General Resolution, amend any such Series Resolution or adopt or amend any Supplemental Resolution under the 2009 PAL General Resolution, without first obtaining the written consent of the Corporation to such amendments, Series Resolution or Supplemental Resolution.

5.3. Observance of the Act. The Authority and the Corporation shall at all times abide by the terms of the Act, the regulations promulgated by the Authority pursuant thereto, and the rules, regulations and standards established by the Secretary, and in the event that any conflict shall arise between the provisions hereof and the Act, such rules, regulations or standards, then in such event the terms and provisions of the Act, such rules, regulations or standards shall control.

5.4. Quarterly and Other Reports. In addition to the annual audited financial statements of the Corporation required under Section 609 of the 2009 PAL General Resolution, the Corporation shall submit to the Authority, on a quarterly basis, with a copy to the Trustee a report for the previous quarter setting out all pertinent information concerning the Financed Student Loans. The Corporation shall in addition submit to the Authority, as requested by the Authority, with a copy to the Trustee, all reports containing such information regarding its operations as are necessary in order to enable the Authority promptly to report as required to the Secretary with respect to FFELP Loans or as may be required under continuing disclosure undertaking. The Corporation further covenants to keep such records as may be necessary to make such reports and to afford access thereto, as applicable, at any reasonable time to the Authority or to the Secretary (or other agencies of the United States as designated by the Secretary) in order to assure the correctness of such reports.

5.5. Forbearance. The Corporation is authorized, in its sole discretion, to grant forbearance for the benefit of any student borrower in connection with any Financed Student Loan, including the right to extend the maximum periods for repayment of Financed FFELP Loans, in accordance with the Higher Education Act and any rules, resolutions or standards promulgated by the Secretary thereunder with respect to Financed FFELP Loans and the Corporation shall apply standards with respect to forbearance on Financed Private Loans as set forth in the PAL Program Manual.

5.6. Applications for Interest Subsidy Payments and Special Allowance Payments on FFELP Loans. The Corporation shall make application to the Secretary, on behalf of all students eligible for Interest Subsidy Payments under the Higher Education Act, for all interest due on all Financed FFELP Loans financed to such students, for any period during which such payments are payable. The Corporation shall in addition make application to the Secretary for the Special Allowance Payments on all Financed FFELP Loans.

5.7. Operating Expenses of Corporation. The Authority hereby agrees to pay to the Corporation, to the extent that moneys are available therefor on deposit in the Operating Fund established by the 2009 PAL General Resolution, such amount as may be necessary to cover the actual costs and expenses incurred by the Corporation in connection with the Student Loan Finance Program described in the 2009 PAL General Resolution.

5.8. Reports on Demand for Financed Student Loans. The Corporation shall report periodically to the Authority the demand for Financed Student Loans which the Corporation anticipates in respect to the next succeeding academic year, such reports to be made at such times and in such form as will facilitate a determination by the Authority of the amount of proceeds from the sale of Bonds that will be required for the next succeeding academic year in order to meet, with other available moneys, the anticipated demand for Student Loans for such academic year.

5.9. Schedule for Expected Use of Bond Proceeds. Upon the deposit to the Loan Account of Bond proceeds as provided in the 2009 PAL General Resolution, the Corporation shall furnish the Trustee with the schedule of dates referred to in Section 503(c)(iii) of the 2009 PAL General Resolution.

VI. REMEDIES

6.1. Remedies of Bondholders. Upon the happening of any Event of Default set forth in Section 801 of the 2009 PAL General Resolution, the Trustee or the registered owners of the percentages of Outstanding Bonds set forth in Section 802 of the 2009 PAL General Resolution may proceed against the Corporation to protect and enforce their rights hereunder by any of the remedies authorized therein with reference to the Corporation, as they deem most effectual, under the terms and conditions set forth in Article VIII of the 2009 PAL General Resolution. Such remedies shall be cumulative and shall be in addition to any other remedy existing at law or in equity or by statute.

6.2. Remedies of Authority and Corporation. In the event of breach by the Authority or the Corporation of any provision hereof, the other party shall be entitled to any remedy existing at law or in equity or by statute. The Corporation may at any time be required specifically to perform its duties and other obligations hereunder.

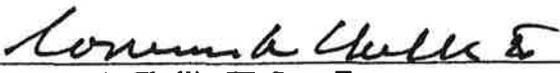
VII. AMENDMENTS

This 2009 PAL Loan Agreement may at any time be amended by mutual written consent of the Authority and the Corporation but only to the extent that as so amended it conforms with the 2009 PAL General Resolution.

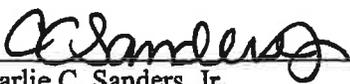
[Execution of document on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this 2009 PAL Loan Agreement, Security and Pledge Agreement to be duly executed and delivered by their proper and duly authorized officers as of October 29, 2009.

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: 
Converse A. Chellis, III, State Treasurer
Authorized Officer

SOUTH CAROLINA STUDENT LOAN
CORPORATION

By: 
Charlie C. Sanders, Jr.
President and CEO

Master Promissory Note

Columbia, South Carolina
_____, 2009

FOR VALUE RECEIVED, the South Carolina Student Loan Corporation, a South Carolina nonprofit corporation with offices at Interstate Center/Suite 210, Columbia, South Carolina 29210, DOES HEREBY PROMISE to pay to the order of the South Carolina State Education Assistance Authority, a body politic and corporate and a public instrumentality of the State of South Carolina, at its office at Wade Hampton Building/State Capitol, Columbia, South Carolina 29201, in lawful money of the United States of America, the amount of money sufficient to pay the aggregate outstanding principal of the Bonds plus all other amounts due under the 2009 PAL General Resolution, plus the Adjusted Equity Amount, less the value of amounts on deposit and investments, if any held in any of the funds and accounts under the 2009 PAL General Resolution. This payment obligation shall not be a general obligation of the Corporation, but shall be payable solely and only from the Assigned Revenues, the Financed Student Loans and amounts on deposit in the Finance Loan Fund of the Corporation all as described in the 2009 PAL Loan Agreement. The amounts due on the Finance Loans made by the payee hereof to the maker hereof is calculated pursuant to Section 1.2 of the 2009 PAL Loan Agreement, Security and Pledge Agreement hereinafter referred to, on such date or dates as specified in such 2009 PAL Loan Agreement, Security and Pledge Agreement.

This Master Promissory Note is the Note referred to and secured as set forth in that certain 2009 PAL Loan Agreement, Security and Pledge Agreement dated as of October 29, 2009, between the maker and the payee hereof, and is entitled to the benefits thereof. The Corporation may borrow, repay and re-borrow hereunder at any time, up to a maximum aggregate principal amount as limited by the 2009 PAL General Resolution and the 2009 PAL Loan Agreement. The Corporation's records of the amounts borrowed from time to time shall be conclusive proof thereof. Upon an Event of Default and subject to the 2009 PAL General Resolution all amounts payable hereunder shall become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Corporation.

SOUTH CAROLINA STUDENT LOAN
CORPORATION

By: _____
Charlie C. Sanders, Jr.
President and CEO

Attest:

By: _____
Its: _____

ENDORSEMENT

FOR VALUE RECEIVED, the SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY (the "Authority"), hereby irrevocably assigns and transfers the foregoing Master Promissory Note to the order of the Trustee under the 2009 PAL General Resolution, without recourse or warranty, except warranty that the Authority has not assigned the foregoing Master Promissory Note to a person other than the Trustee.

IN WITNESS WHEREOF, the Authority has caused this Endorsement to be executed in its name and on its behalf by its duly authorized officer as of the day and year first above written.

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: _____
Converse A. Chellis, III, State Treasurer
Authorized Officer

ACKNOWLEDGMENT OF ASSIGNMENT

The undersigned hereby acknowledges and agrees to the aforesaid assignment of the Master Promissory Note by the Authority to the Trustee.

Dated this ___ day of _____ 2009.

SOUTH CAROLINA STUDENT LOAN
CORPORATION

By: _____
Charlie C. Sanders, Jr.
President and CEO

A SERIES RESOLUTION

PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING [THIRTY MILLION DOLLARS (\$30,000,000)] SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS, 2013 SERIES; AND OTHER MATTERS RELATING THERETO.

Effective _____, 2013

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section 101. Definitions 2

ARTICLE II

CONDITIONS AND TERMS OF 2013 SERIES BONDS

Section 201. Authorization and Purposes of 2013 Series Bonds 4
Section 202. Stated Maturity Dates and Interest Rates 4
Section 203. Method and Place of Payment and Dating of 2013 Series Bonds..... 4
Section 204. Payment of Principal and Interest of 2013 Series Bonds; Acceptance of Terms and
Conditions 5
Section 205. Calculation and Payment of Interest 5
Section 206. Registrar; Paying Agent; Tender Agent, Place of Payment 5
Section 207. Book-Entry System; Recording and Transfer of Ownership of 2013 Series Bonds 6
Section 208. Rating Agency Condition 7
Section 209. CUSIP 7
Section 210. Security Interest Representations 7
Section 211. Covenant Relating to Representative Modeling Lines..... 8

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional Redemption, Prices and Terms 8
Section 302. Mandatory Redemption 8
Section 303. Manner of Redemption of 2013 Series Bonds 9

ARTICLE IV

APPLICATION OF PROCEEDS OF THE 2013 SERIES BONDS
AND OTHER DEPOSITS AND DIRECTION

Section 401. Application of Proceeds; Transfer of Certain Funds..... 9
Section 402. Termination of Capitalized Interest Fund 10
Section 403. Other Contributions..... 10
Section 404. The Debt Service Reserve Requirement..... 10
Section 405. Recycling..... 10
Section 406. Adjusted Equity Amount..... 10

ARTICLE V

CONTINUING DISCLOSURE UNDERTAKING

Section 501. Secondary Market Disclosure 10
Section 502. Failure to Comply..... 11
Section 503. Modification of Undertaking..... 11
Section 504. Termination of the Undertaking..... 11
Section 505. Alternate Filings..... 11

ARTICLE VI

OTHER MISCELLANEOUS ACTIONS

Section 601.	Preliminary and Final Official Statement	11
Section 602.	Approval of Distribution of Material Relating to the 2013 Series Bonds	11
Section 603.	Award of 2013 Series Bonds.....	11
Section 604.	Manner of Execution of 2013 Series Bonds	12
Section 605.	Execution of Closing Papers and Authentication of 2013 Series Bonds.....	12
Section 606.	Repeal Provisions.....	12

EXHIBIT A	Form of 2013 Series Bond
EXHIBIT B	Serial Bonds, Serial Maturity Dates, Term Bonds and Term Maturity Dates
EXHIBIT C	Monthly Reports
EXHIBIT D	Quarterly Report
EXHIBIT E	Current Borrower Benefit Programs
EXHIBIT F	Current Operating Costs Paid Per Annum
EXHIBIT G	Certain Closing Cash Flow Assumptions

BE IT RESOLVED BY THE SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, IN MEETING DULY ASSEMBLED

RECITALS

FINDINGS OF FACT AND INTENT OF RESOLUTION

1. On August 13, 2009, the South Carolina State Education Assistance Authority (the "Authority") approved the form of a resolution entitled "A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" (the "2009 PAL General Resolution") as another, alternative vehicle pursuant to which bonds of the Authority could thereafter be issued. The effective date of the 2009 PAL General Resolution was declared to be October 29, 2009.

2. Certain terms used as defined terms herein shall have the meanings ascribed to said terms in the 2009 PAL General Resolution. In addition, the term "2013 Series Bonds" as used in this 2013 PAL Series Resolution shall mean the South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series, authorized by Section 201. In addition, certain other defined terms shall have the meanings set forth in Article I.

3. On [June 18, 2013], the Authority adopted a resolution (the "Authorizing Resolution") authorizing the State Treasurer of South Carolina to make arrangements necessary for the sale, award and delivery of the 2013 Series Bonds of the Authority. The Authorizing Resolution approved among other things, the subsequent approval of a 2013 PAL Series Resolution, as defined therein, prescribing terms of the proposed 2013 Series Bonds at such time as arrangements for the sale of such 2013 Series Bonds could be made.

4. The Authority hereby determines that the issuance of 2013 Series Bonds is necessary to provide funds to be used and expended to (i) provide financing for certain Private Loans; (ii) reimburse the Corporation in part for Student Loans pledged by the Corporation to secure the Finance Loans under the 2009 PAL Loan Agreement (iii) make deposits to certain accounts established under the 2009 PAL General Resolution; and (iv) pay certain Costs of Issuance for the 2013 Series Bonds, and hereby approves the issuance of the 2013 Series Bonds. The 2013 Series Bonds shall be in substantially the form attached hereto as Exhibit A.

5. There are \$_____ Bonds Outstanding under the 2009 PAL General Resolution.

ARTICLE I

DEFINITIONS

Section 101. Definitions. Unless the context clearly indicates some other meaning, the following words and terms shall, for all purposes of this 2013 PAL Series Resolution, have the following meanings and terms not defined herein shall have the meanings ascribed to them in the 2009 PAL General Resolution:

“Authorized Denominations” shall mean \$5,000 and any integral multiple thereof.

“Beneficial Owner” shall mean, so long as the 2013 Series Bonds are negotiated in the Book-Entry System, any Person who acquires a beneficial ownership interest in a 2013 Series Bond held by the Securities Depository. If at any time the 2013 Series Bonds are not held in the Book-Entry System, Beneficial Owner shall mean Bondholder.

“Book-Entry System” shall mean the system maintained by the Securities Depository described in Section 207.

“Electronic Means” shall mean telecopy, facsimile transmission, email transmission or other similar electronic means of communication capable of producing a written record, including a telephonic communication confirmed by any other method set forth in this definition.

“Interest Accrual Period” shall mean the period during which a 2013 Series Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest shall have been paid (or, if no interest has been paid, from the Issue Date) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any 2013 Series Bond, interest is in default or overdue on such 2013 Series Bonds, such 2013 Series Bond shall bear interest from the date to which interest shall have previously been paid in full or made available for payment in full on Outstanding 2013 Series Bonds. In the event that the Interest Payment Date is defined as the first day of a given month, but interest must be paid on a later day because the first day is not a Business Day, the Interest Accrual Period shall remain unchanged.

“Interest Payment Date” shall mean [February 1, 2014] and each August 1 and February 1 thereafter to and including the Stated Maturity Date.

“Interest Rates” shall mean the interest rates on the Serial Bonds and Term Bonds as set forth in Exhibit B.

“Issue Date” shall mean _____, 2013.

“MSRB” shall mean the Municipal Securities Rulemaking Board and its lawful successors.

“Monthly Report” shall mean the information to be provided in substantially the form as the template presented in Exhibit C and being dated the date of the transfers pursuant to Section 504(b) of the 2009 PAL General Resolution.

“Monthly Report Date” shall mean the 15th day of each calendar month, or if such day is not a Business Day, on the next succeeding Business Day.

“National Repository” shall mean the MSRB (through its Electronic Municipal Market Access (EMMA System) or any other repository designated by the United States Securities and Exchange Commission as a central repository.

“Notice Parties” shall mean the Authority, the Trustee and the Paying Agent.

“Participant,” “Direct Participant” or “Indirect Participant” shall mean a participant in the electronic, computerized book-entry system of transferring beneficial ownership interest in any of the 2013 Series Bonds administered by the Securities Depository.

“Paying Agent” shall mean the Trustee.

“Quarterly Report” shall mean the information to be provided in substantially the form as the template presented in Exhibit D.

“Quarterly Report Date” shall mean the last date of each January, April, July and October.

“Record Date” shall mean the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

“Securities Depository” shall mean The Depository Trust Company and such other securities depository as the Authority may designate in an Authority Certificate delivered to the Trustee.

“Serial Bonds” shall mean the 2013 Series Bonds designated as Serial Bonds maturing on the applicable Serial Maturity Dates as set forth in Exhibit B.

“Serial Maturity Dates” shall mean the dates on which the Serial Bonds mature, as determined herein as set forth in Exhibit B.

“Serial Payments” shall mean the principal payments to be made on the Serial Bonds on the Serial Maturity Dates.

“Stated Maturity Date” shall mean any Serial Maturity Date and any Term Maturity Date.

“Term Bonds” shall mean the 2013 Series Bonds designated as Term Bonds maturing on the applicable Term Maturity Date as set forth in Exhibit B.

“Term Maturity Dates” shall mean the dates on which the Term Bonds mature, as determined herein as set forth in Exhibit B.

“Term Payments” shall mean the principal payments to be made on the Term Bonds on the Term Maturity Dates.

“2009 PAL General Resolution” shall mean the resolution of the Authority entitled “A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO” effective October 29, 2009.

“2013 Series Bonds” shall mean Bonds of the Authority authorized and issued pursuant to this 2013 PAL Series Resolution and the 2009 PAL General Resolution.

“2013 PAL Series Resolution” shall mean this 2013 PAL Series Resolution.

Unless otherwise provided herein, all references to a particular time are to New York City Time.

ARTICLE II

CONDITIONS AND TERMS OF 2013 SERIES BONDS

Section 201. Authorization and Purposes of 2013 Series Bonds.

(a) The issuance of the 2013 Series Bonds is hereby authorized in the aggregate principal amount of _____ Million Dollars (\$_____) to be designated South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series (the “2013 Series Bonds”) and shall constitute Bonds under and shall be entitled to and secured by the benefits, protection and security of the 2009 PAL General Resolution. Interest on such 2013 Series Bonds is intended to be excluded from gross income of the owners thereof under the authorization of Section 144(b) of the Code.

(b) The 2013 Series Bonds are authorized to obtain funds to be used and expended to (i) provide financing for certain Private Loans; (ii) reimburse the Corporation in part for the Student Loans pledged by the Corporation to secure the Finance Loans under the 2009 PAL Loan Agreement; (iii) make deposits to certain accounts established under the 2009 PAL General Resolution; and (iv) pay certain Costs of Issuance for the 2013 Series Bonds.

Section 202. Stated Maturity Dates and Interest Rates. The 2013 Series Bonds shall mature on the Stated Maturity Dates in the amount of the Serial Payments or Term Payments, as applicable, and shall bear interest at the Interest Rates from the date thereof payable on each Interest Payment Date of each year until payment of the principal thereof.

Section 203. Method and Place of Payment and Dating of 2013 Series Bonds. The 2013 Series Bonds shall be issued in the form of fully registered 2013 Series Bonds in Authorized Denominations. The principal of and premium, if any, and interest on the 2013 Series Bonds shall be payable in lawful money of the United States of America.

The principal of and premium, if any, on the 2013 Series Bonds shall be payable to the extent set forth herein on the Serial Maturity Dates, the Term Maturity Dates, or the Redemption Dates, as applicable, at the designated office of the Paying Agent.

The 2013 Series Bonds shall be issued in the form of fully registered bonds without coupons in Authorized Denominations. The 2013 Series Bonds shall initially be registered in the name of Cede & Co., as nominee of the Securities Depository. The Securities Depository shall act as securities depository for the 2013 Series Bonds. Ownership interests in the 2013 Series Bonds shall initially be recorded in book-entry form by Participants of the Securities Depository and the interest of such Participants shall be recorded in book-entry form by the Securities Depository. Payments of principal of and interest on the 2013 Series Bonds shall be made to the Securities Depository.

In the event the Book-Entry System directed by Section 207 is discontinued, the Paying Agent shall maintain a supply of unissued blank bonds to be issued in lieu of bonds mutilated, lost, stolen, or destroyed. Such replacement bonds shall be numbered in such fashion as to maintain a proper record thereof.

Except as may be specifically set forth herein, the Paying Agent, the Trustee and the Authority may treat the registered owner of any 2013 Series Bond as the absolute owner thereof for all purposes, whether or not such 2013 Series Bond shall be overdue, and the Paying Agent, the Trustee and the Authority shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and premium, if any, and interest on such 2013 Series Bond shall be made only to such Bondholder, which payments shall be valid and effectual to satisfy and discharge the liability of such 2013 Series Bond to the extent of the sum or sums so paid. All 2013 Series Bonds paid, at maturity or on earlier redemption, pursuant to the provisions of this Section shall be cancelled by the Paying Agent.

The 2013 Series Bonds shall bear interest at the applicable rate or rates during each applicable Interest Accrual Period until the entire principal amount of the 2013 Series Bonds shall have been paid.

Section 204. Payment of Principal and Interest of 2013 Series Bonds; Acceptance of Terms and Conditions. (a) The interest on the 2013 Series Bonds shall become due and payable on the applicable Interest Payment Dates in each year to and including the applicable Stated Maturity Date, on each applicable Redemption Date and on the date of any acceleration thereof prior thereto. The principal of the 2013 Series Bonds shall become due and payable to the extent set forth herein on the Serial Maturity Dates, the Term Maturity Dates, or the Redemption Dates, as applicable.

(b) By the acceptance of its 2013 Series Bond, each Bondholder and each Beneficial Owner shall be deemed to have agreed to all the terms and provisions of such 2013 Series Bond as specified therein and in this 2013 PAL Series Resolution including, without limitation, the applicable interest rates, mandatory and optional redemption provisions applicable to such 2013 Series Bond, method and timing of redemption. Each Bondholder and each Beneficial Owner further agrees that if, on any date upon which one of its 2013 Series Bonds is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent or the Trustee to pay the full amount due on such 2013 Series Bond, then such Bondholder or such Beneficial Owner shall have no rights under this 2013 PAL Series Resolution other than to receive such full amount due with respect to such 2013 Series Bond and that interest on such 2013 Series Bond shall cease to accrue as of such date.

Section 205. Calculation and Payment of Interest. Interest shall be calculated on the basis of a 360 day year comprised of twelve 30-day months. Payment of interest on each 2013 Series Bonds shall be made on each applicable Interest Payment Date for unpaid interest accrued during the applicable Interest Accrual Period to each applicable Bondholder of record on the applicable Record Date. The Trustee shall provide notice to the Authority of the amount of interest accrued as of the end of each calendar quarter within 15 days of the end of each calendar quarter.

Section 206. Registrar; Paying Agent; Tender Agent; Place of Payment. The Bank of New York Mellon Trust Company, National Association is hereby appointed Registrar and Paying Agent for the 2013 Series Bonds. The principal or Redemption Price of and interest on the 2013 Series Bonds shall be made payable to the Securities Depository as provided in Sections 203 and 207. Subject to the provisions of Section 207, principal of the 2013 Series Bonds shall be paid at the designated office of the Paying Agent, initially Jacksonville, Florida, or at the duly designated office of any duly appointed alternate or successor paying agent, in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts. Interest on the 2013 Series

Bonds shall be paid by check or draft (or other method as described in the 2009 PAL General Resolution) on each Interest Payment Date (as described herein) drawn upon the Paying Agent and mailed to the Bondholders at their addresses as they appear on the registration books maintained at the designated corporate trust office of the Registrar, initially Jacksonville, Florida, as of the Record Date. Interest payable on any Interest Payment Date may be paid by wire transfer, or such other method as is acceptable to the Paying Agent and the Authority, in immediately available funds to a designated account in any bank in the United States to any Bondholder owning \$1,000,000 or more in aggregate principal amount upon written request by such Bondholder received by the Trustee prior to the preceding applicable Record Date.

Section 207. Book-Entry System; Recording and Transfer of Ownership of 2013 Series Bonds.

The 2013 Series Bonds shall be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Securities Depository, and transfers of beneficial ownership of the 2013 Series Bonds shall be made only through the Securities Depository and its Participants in accordance with rules specified by the Securities Depository. Such beneficial ownership must be of an Authorized Denomination of the 2013 Series Bonds of the same maturity or any integral multiple of an Authorized Denomination.

The 2013 Series Bonds shall be issued in fully registered form, one certificate for each of the maturities of the 2013 Series Bonds, in the name of Cede & Co., as the nominee of the Securities Depository. When any principal of, or premium, if any, or interest on the 2013 Series Bonds becomes due, the Authority shall transmit or cause the Trustee to transmit to the Securities Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments shall be made to Cede & Co. or other nominee of the Securities Depository as long as it is the owner of record on the applicable Record Date. Cede & Co. or other nominee of the Securities Depository shall be considered to be the owner of the 2013 Series Bonds so registered for all purposes of this 2013 PAL Series Resolution, including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of the Bondholders.

The Trustee shall notify the Securities Depository of any notice of redemption required to be given pursuant to the 2009 PAL General Resolution or this 2013 PAL Series Resolution, and the Securities Depository shall select applicable 2013 Series Bonds for such redemption.

The Securities Depository is expected to maintain records of the positions of Participants in the 2013 Series Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the 2013 Series Bonds. The Authority and the Trustee make no assurances that the Securities Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the Authority and the Trustee shall have no responsibility for any such maintenance of records or transfer of payments by the Securities Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

If (a) the Securities Depository determines not to continue to act as Securities Depository for the 2013 Series Bonds, or (b) the Authority advises the Securities Depository and the Trustee of the Authority's determination that the Securities Depository is incapable of discharging its duties, the Authority shall attempt to retain another qualified securities depository to replace the Securities Depository. Upon receipt by the Authority or the Trustee of the 2013 Series Bonds together with an assignment duly executed by the discharged Securities Depository, the Authority shall execute and deliver to the successor Securities Depository 2013 Series Bonds of the same principal amount, interest rate and maturity.

If the Authority is unable to retain a qualified successor to the Securities Depository or the Authority determines that it is in the best interest of the Authority not to continue the Book-Entry System of transfer or that the interest of the Beneficial Owners of the 2013 Series Bonds might be adversely affected if the Book-Entry System of transfer is continued, and makes provision to so notify Beneficial Owners of the 2013 Series Bonds by transmitting by Electronic Means an appropriate notice to the Securities Depository, upon receipt by the Authority of the 2013 Series Bonds together with an assignment duly executed by the Securities Depository, the Authority, at its expense, shall, subject to the limitations hereof, execute, and cause to be authenticated and delivered pursuant to the instructions of the Securities Depository, 2013 Series Bonds in fully registered form, in substantially the form set forth in this 2013 PAL Series Resolution, in Authorized Denominations.

Section 208. Rating Agency Condition. The Authority shall obtain a Rating Agency Condition before (i) using amounts in the Loan Account for the financing of Student Loans having different characteristics (including, without limitation, interest rate, repayment and forbearance options or borrower benefits) than those assumed in the most recent cash flows provided to the Rating Agencies with the assumptions in the initial cash flows to be set forth in Exhibit G, (ii) increasing borrower benefits on Financed Student Loans above those listed in Exhibit E, or (iii) beginning or increasing the funding with Trust Estate assets of borrower benefits, origination fees or other fees. The current Operating Costs, as limited by Section 505(c) of the 2009 PAL General Resolution, are set forth on Exhibit F.

Section 209. CUSIP. The Trustee is required to at all times cause each of the 2013 Series Bonds to be assigned a CUSIP number.

Section 210. Security Interest Representations. (a) The 2009 PAL General Resolution creates a valid and continuing security interest (as defined in the applicable UCC) in the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement in favor of the Trustee, which security interest is prior to all other liens, and is enforceable as such against creditors of and purchasers from the Authority.

(b) The 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement constitute "general intangibles" within the meaning of the applicable UCC.

(c) The Authority owns and has good and marketable title to the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement free and clear of any lien, claim, or encumbrance of any Person.

(d) The Authority has caused or will have caused, within ten days, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement granted to the Trustee under the 2009 PAL General Resolution.

(e) Other than the security interest granted to the Trustee pursuant to the 2009 PAL General Resolution, the Authority has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement. The Authority has not authorized the filing of and is not aware of any financing statements against the Authority that include a description of collateral covering the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement other than any financing statement relating to the security interest granted to the Trustee under the 2009 PAL General

Resolution or that has been terminated. The Authority is not aware of any judgment or tax lien filings against the Authority.

(f) The factual certifications, representations and warranties set forth herein shall survive payment in full on all obligations under the 2009 PAL General Resolution and cannot be waived, altered or amended without the consent of the Trustee.

Section 211. Covenant Relating to Representative Modeling Lines. Upon written request of a Rating Agency, the Authority or the Corporation shall provide, or cause to be provided within 60 days, Representative Modeling Lines with respect to the Financed Student Loans as of the end of any month during which the 2013 Series Bonds are Outstanding. Representative Modeling Lines means summary information about the loan portfolio including the total Principal Balance, weighted average coupon, weighted average terms, number of loans and number of borrowers for groups of loans having similar characteristics. The Financed Student Loans shall be grouped based on loan type, payment obligation during interim (Private Loans only), pre- vs. post-4/1/06 (FFELP Loans only), special allowance support level (FFELP Loans only) and guarantee percentage (FFELP Loans only).

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional Redemption, Prices and Terms. The 2013 Series Bonds maturing on or after [August 1, 2024] shall be subject to redemption prior to their respective Stated Maturity Dates at the option of the Authority on and after [August 1, 2023], upon notice as provided in Section 303, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of such 2013 Series Bonds or portions thereof to be so redeemed) and accrued but unpaid interest thereon to the Redemption Date.

If less than all of the 2013 Series Bonds are redeemed pursuant to this section, the Authority may direct the Trustee using a Certificate to redeem: (i) pro rata across all Stated Maturity Dates, (ii) in chronological order by Stated Maturity Dates or (iii) using any other method to the extent a Rating Agency Condition is provided to the Trustee regarding such method. To the extent that less than all the principal due on a Stated Maturity Date is redeemed, such portion shall be redeemed as provided in Section 303.

Section 302. Mandatory Redemption. The 2013 Series Bonds shall be subject to mandatory redemption prior to maturity in whole at any time or in part on any Business Day, at a Redemption Price equal to the principal amount thereof in Authorized Denominations plus interest accrued thereon, if any, to the Redemption Date, without premium, if there are sufficient moneys available to make such redemption on such date. To the extent that more than \$_____ of original proceeds of the 2013 Series Bonds remains in the Loan Account on August 1, 20____, such excess shall be used for a mandatory redemption of the 2013 Series Bonds on _____, unless a Rating Agency Condition is provided to the Trustee. To the extent that more than \$_____ of original proceeds of the 2013 Series Bonds remains in the Loan Account on August 1, 20____, such excess shall be used for a mandatory redemption of the 2013 Series Bonds on the next Interest Payment Date, unless a Rating Agency Condition is provided to the Trustee. To the extent that any original proceeds of the 2013 Series Bonds remain in the Loan Account on January 1, 20____, such amount shall be used for a mandatory redemption of the 2013 Series Bonds within 15 days, unless a Rating Agency Condition is provided to the Trustee.

The 2013 Series Bonds shall also be subject to mandatory redemption: (i) if the Authority shall determine such action is necessary because of a change in law detrimental to the owners or the Beneficial Owners of the 2013 Series Bonds or in order to prevent a default in the payment of principal or interest on the 2013 Series Bonds; (ii) if the Authority shall determine that such action is necessary because it suffers unreasonable burdens or excessive liabilities in administering and maintaining its Student Loan Finance Program under the 2009 PAL General Resolution; or (iii) to the extent that amounts are available for such purpose pursuant to Section 504(b)(xv) of the 2009 PAL General Resolution except that redemptions pursuant to this item (iii) shall be limited to Interest Payment Dates. Upon the occurrence of an event set forth in this Section 302, amounts shall be deposited into the Principal Account to effectuate mandatory redemptions.

If less than all of the 2013 Series Bonds are redeemed pursuant to this Section, the Trustee shall redeem pro rata across all Stated Maturity Dates. To the extent that less than all of the principal due on a Stated Maturity Date is redeemed, such portion shall be redeemed as provided in Section 303.

Section 303. Manner of Redemption of 2013 Series Bonds. The 2013 Series Bonds redeemed in accordance with Section 301 or 302 shall be redeemed in the manner and upon notice as prescribed by Article X of the 2009 PAL General Resolution, including without limitation Sections 1002, 1003 and 1005 thereof. Notices from the Authority to the Trustee pursuant to Section 1002 of the 2009 PAL General Resolution shall be given at least 15 days prior to the Redemption Date or such shorter period as shall be acceptable to the Trustee. Such notice shall be sent by the Trustee to the applicable Bondholders and the Notice Parties not less than 7 days prior to the Redemption Date. To the extent that less than all the principal due on a Stated Maturity Date is redeemed, the portions of the principal due on such Stated Maturity Date to be redeemed shall be selected by the Securities Depository in accordance with its rules and procedures while the 2013 Series Bonds are in book-entry form, or if the 2013 Series Bonds are no longer in book-entry form, the portions of each Stated Maturity Date to be redeemed shall be selected by lot by the Trustee.

ARTICLE IV

APPLICATION OF PROCEEDS OF THE 2013 SERIES BONDS AND OTHER DEPOSITS AND DIRECTION

Section 401. Application of Proceeds; Transfer of Certain Funds. \$ _____ of the 2013 Series Bond proceeds shall be deposited as follows:

(a) \$ _____ to the Cost of Issuance Account to pay the Costs of Issuance for the 2013 Series Bonds;

(b) \$ _____ to the Loan Account to be disbursed to finance Student Loans, including the reimbursement of the Corporation for Student Loans contributed in accordance with Section 403. If excess moneys shall remain in the Loan Account in the amounts and on the dates listed in Section 302, such excess shall be expended to effect a mandatory redemption of the 2013 Series Bonds pursuant to such section;

(c) \$ _____ to the Operating Fund;

(d) \$ _____ to the Department Reserve Fund;

(e) \$ _____ to the Capitalized Interest Fund; and

(f) \$ _____ to the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement for the 2013 Series Bonds.

Section 402. Termination of Capitalized Interest Fund. To the extent amounts in the Capitalized Interest Fund exceed the maximum amount set forth below on the respective dates (or such other dates as may be confirmed in a Rating Agency Condition provided to the Trustee) the Trustee shall transfer such excess to the General Revenue Fund:

September 1, 20__	\$ _____
September 1, 20__	\$ _____
September 1, 20__	\$ _____
September 1, 20__	\$0

Section 403. Other Contributions. Concurrently with the deposits described in Section 401, the Corporation shall cause Private Loans having a Value of \$ _____ at the close of business on _____, 2013 to be pledged and credited for the benefit of the Trust Estate in the Finance Loan Fund established under the 2009 PAL Loan Agreement to be held as security for Bondholders as provided for in the 2009 PAL General Resolution and the 2009 PAL Loan Agreement.

Section 404. The Debt Service Reserve Requirement. The Debt Service Reserve Requirement shall mean with respect to the 2013 Series Bonds an amount equal to the greater of (a) [2%] of the outstanding principal amount thereof or (b) [\$300,000]. Initially such amount shall be \$ _____. Such percentage may be changed upon receipt of a Rating Agency Condition.

Section 405. Recycling. The Authority shall not direct that amounts be transferred to the Loan Account pursuant to the authorization of Section 504(b)(xiv) of the 2009 PAL General Resolution.

Section 406. Adjusted Equity Amount. The Adjusted Equity Amount as referenced in the 2009 PAL Loan Agreement is [\$ _____] based on the contribution detailed in Section 403.

ARTICLE V

CONTINUING DISCLOSURE UNDERTAKING

Section 501. Secondary Market Disclosure. The Authority hereby undertakes, for the benefit of the Beneficial Owners of the 2013 Series Bonds, to provide:

(a) all items required by Act No 442 of the 1994 Acts and Joint Resolutions of the General Assembly of South Carolina;

(b) by not later than each Quarterly Report Date, the Quarterly Report, posted with the National Repository and sent to each Rating Agency; and

(c) and any other items set forth in the Continuing Disclosure Certificate.

The Authority shall cause the Trustee to provide by Electronic Means by not later than each Monthly Report Date, a Monthly Report to the Corporation, each Rating Agency and the Notice Parties that have requested such Monthly Reports from the Authority.

The Authority's financial statements are to be prepared in accordance with generally accepted accounting principles and are to be audited in accordance with generally accepted auditing standards.

Section 502. Failure to Comply. In the event that the Authority fails to comply with the undertaking described in Section 501, any Beneficial Owner of the 2013 Series Bonds or the Trustee may take action to protect and enforce the rights of all Beneficial Owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an Event of Default and shall not result in any acceleration of payment of the 2013 Series Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Beneficial Owners of the 2013 Series Bonds.

Section 503. Modification of Undertaking. The Authority hereby reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that any such modification does not materially impair the interests of the Beneficial Owners, as determined either by parties unaffiliated with the Authority, or by the approving vote of the registered owners of a majority in principal amount of the 2013 Series Bonds pursuant to the terms of this 2013 PAL Series Resolution, as it may be amended from time to time, at the time of the amendment.

Section 504. Termination of the Undertaking. The undertaking set forth in this Article V shall terminate upon payment in full of the principal of, premium, if any, and interest on all of the 2013 Series Bonds.

Section 505. Alternate Filings. The Authority may meet the secondary market disclosure filing requirements described above by filing with any information repository permitted by the United States Securities and Exchange Commission.

ARTICLE VI

OTHER MISCELLANEOUS ACTIONS

Section 601. Preliminary and Final Official Statement. The Preliminary Official Statement (the "Preliminary Official Statement") dated _____, 20__, and the final Official Statement (the "Official Statement") dated _____, 20__, are hereby approved and the action of the State Treasurer or any Deputy State Treasurer in signing the same on behalf of the Authority is hereby ratified, authorized, approved and confirmed.

Section 602. Approval of Distribution of Material Relating to the 2013 Series Bonds. The action of the State Treasurer or any Deputy State Treasurer in authorizing the distribution to potential purchasers of the 2013 Series Bonds of forms of this 2013 PAL Series Resolution, the 2009 PAL General Resolution, the Preliminary Official Statement and the Official Statement is hereby ratified, authorized, approved and confirmed.

Section 603. Award of 2013 Series Bonds. The 2013 Series Bonds may be sold pursuant to a bond purchase agreement (the "Bond Purchase Agreement"), to the underwriters named in the Bond Purchase Agreement and upon the terms and conditions set forth therein. The purchase price will be as

stated in the Bond Purchase Agreement. The action to be taken by the State Treasurer or any Deputy State Treasurer in executing the Bond Purchase Agreement and awarding the 2013 Series Bonds in accordance therewith is hereby approved.

Section 604. Manner of Execution of 2013 Series Bonds. In accordance with Section 304 of the 2009 PAL General Resolution, the 2013 Series Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of an Authorized Officer, and the seal of the Authority shall be reproduced thereon, and attested by the manual or facsimile signature of the Secretary of the Authority.

Section 605. Execution of Closing Papers and Authentication of 2013 Series Bonds. The State Treasurer or any Deputy State Treasurer is each hereby authorized to execute, on behalf of the Authority, any additional certificate or instrument as shall, in his judgment, be necessary to effect delivery of the 2013 Series Bonds. The Trustee is hereby directed to cause the 2013 Series Bonds to be authenticated in accordance with the provisions of the 2009 PAL General Resolution.

Section 606. Repeal Provisions. All resolutions, proceedings or action heretofore taken by the Authority inconsistent with the terms and provisions of this 2013 PAL Series Resolution are hereby repealed to the extent of any such inconsistency.

FORM OF 2013 SERIES BOND

UNITED STATES OF AMERICA
 SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY
 STUDENT LOAN REVENUE BONDS
 2013 SERIES

THIS BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE TRUST ESTATE PURSUANT TO THE RESOLUTION. THE AUTHORITY HAS NO TAXING POWER. THIS BOND DOES NOT CONSTITUTE A DEBT, LIABILITY OR GENERAL OBLIGATION OF THE STATE OF SOUTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF SOUTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF SOUTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

No. R [See Schedule I] \$ [See Schedule I]

Interest Rate	Maturity Date	Dated Date	CUSIP
See Schedule I	See Schedule I	_____, 2013	See Schedule I

Registered Holder: CEDE & CO.

Principal Sum: See Schedule I

The South Carolina State Education Assistance Authority (the "Authority"), a body politic and corporate and a public instrumentality of the State of South Carolina (the "State"), created and existing by virtue of the laws of the State, acknowledges itself indebted and for value received hereby promises to pay, solely from the Trust Estate as hereinafter provided, to the Registered Holder (named above), or registered assigns, upon presentation and surrender of this Bond, the Principal Sum (stated above) on the Maturity Date (stated above) and to pay interest on said Principal Sum from the Dated Date (stated above) at the Interest Rate (stated above) per annum, payable on the Interest Payment Dates, calculated on the basis of a 360 day year with twelve 30-day months, until said Principal Sum is duly paid or provided for, subject to the provisions referred to herein with respect to the redemption hereof before maturity. Principal and interest and any redemption premium with respect to this Bond are payable in lawful money of the United States of America to the person in whose name this Bond is registered at the close of business on the Record Date, except as otherwise provided in the Resolution, as defined below. Payment of principal and interest at maturity will be made upon presentation and surrender of this Bond at the designated corporate trust office, currently in Jacksonville, Florida, of The Bank of New York Mellon Trust Company, National Association, or its successor, as Paying Agent and Trustee (the "Trustee").

EXCEPT AS OTHERWISE PROVIDED IN THE RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE RESOLUTION) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

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

This Bond is one of a duly authorized Series of Bonds designated "South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series" (herein called the "2013 Series Bonds"), issued by the Authority in the aggregate principal amount of \$_____. Pursuant to the Resolution described herein, certain additional and refunding bonds may be issued from time to time. All such bonds, including the 2013 Series Bonds, are herein called the "Bonds." All of the Bonds are equally secured by the pledge and covenants made in the Resolution.

The 2013 Series Bonds are being issued to provide funds to the Authority for the purpose, in part, to provide financing for certain Student Loans; make deposits to certain accounts established under the Resolution, as defined below and pay certain Costs of Issuance for the 2013 Series Bonds. The 2013 Series Bonds are issued under and pursuant to the Act, a resolution adopted by the Authority and the Authority's 2009 PAL General Resolution, effective October 29, 2009 (as may be amended and supplemented, the "2009 PAL General Resolution"), as supplemented by a 2013 PAL Series Resolution, effective _____, 2013 (the "2013 PAL Series Resolution," and, together with the 2009 PAL General Resolution, the "Resolution"), copies of which are on file at the designated corporate trust office of the Trustee, currently in Jacksonville, Florida. Terms used herein and not otherwise defined shall have the meanings set forth in the Resolution. Reference is hereby made to the Resolution and all resolutions supplemental thereto or amendatory thereof, and to the Act for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the rights and remedies of the registered owners of the Bonds, the terms and conditions upon which the Bonds are issued thereunder and a statement of the rights, duties, immunities and obligations of the Authority and of the Trustee. Such pledge and other obligations of the Authority under the Resolution 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 Resolution.

As provided in the Resolution, Bonds of the Authority may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited, except as provided in the Resolution, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

This Bond is transferable by the registered holder hereof in person or by the holder's attorney duly authorized in writing at the designated corporate trust office of the Trustee, currently in Jacksonville, Florida, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of the same series, maturity or maturities and interest rate and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Authority and the Trustee may deem and treat the registered holder hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Reference is made to the Resolution and any and all modifications and amendments thereof and to the designated statutes for the provisions, among others, with respect to the custody and application of the proceeds of the 2013 Series Bonds, for a description of the nature and extent of the security for the 2013 Series Bonds, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the 2013 Series Bonds with respect thereto, the terms and conditions upon which the 2013 Series Bonds are issued, and a statement of rights, duties, immunities and obligations of the Authority, and the rights of the owners of the 2013 Series Bonds.

The 2013 Series Bonds are issuable only as fully registered bonds in Authorized Denominations. Upon payment of any required tax, fee or other governmental charge and subject to such conditions, the 2013 Series Bonds, upon the surrender thereof at the designated corporate trust office of the Trustee, currently in Jacksonville, Florida, with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Trustee, duly executed by the registered owner or its duly authorized attorney, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 2013 Series Bonds of the same series, maturity and interest rate of any Authorized Denomination.

The 2013 Series Bonds are subject to redemption as set forth in the Resolution. 2013 Series Bonds to be redeemed in part shall be selected in the manner set forth in the Resolution.

If any of the 2013 Series Bonds or portions thereof (which shall be in Authorized Denominations or a whole multiple thereof) are called for redemption as aforesaid, notice thereof identifying the 2013 Series Bonds or portions thereof to be redeemed and the redemption date thereof shall be given by the Trustee by mailing (and/or providing by other arrangement acceptable to DTC) a copy of the redemption notice to DTC as provided in the Resolution. Failure to give such notice by mail shall not be a condition precedent to or affect the validity of any proceeding for the redemption of other Bonds. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

The Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Authority and the rights of the Bondholders of the Bonds at any time by the Authority and the Bondholders of all Bonds then Outstanding, as defined in the Resolution. Any such consent or waiver by the holder of this Bond shall be conclusive and binding upon such holder and upon all future Bondholders of this Bond and of any Bond issued upon the transfer or exchange of this Bond, whether or not notation of such consent or waiver is made upon this Bond. The Resolution also permits the Trustee, upon the consent of a certain amount of the Bonds Outstanding, with certain exceptions provided therein, to execute with the Authority supplemental resolutions for the purpose of modifying, altering, amending, adding to or rescinding any terms of the Resolution or any supplemental resolutions. The Resolution also permits the Trustee, without the consent of the Bondholders of any of the Bonds, to consent to supplements to the Resolution to authorize additional Bonds, to cure ambiguities, supply omissions, cure defects or inconsistencies, clarify matters or questions in the Resolution or to make any change which, in the judgment of the Trustee, is not to the material prejudice of the Bondholders. The Resolution also contains provisions permitting the Trustee to waive certain past defaults under the Resolution and their consequences.

The Authority hereby certifies, recites and declares that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Authority, do not exceed or violate any constitutional or statutory limitation applicable to the Authority.

Neither the members of the Authority nor any authorized person executing 2013 Series Bonds issued pursuant to the Act shall be personally liable for such bonds by reason of the execution or issuance thereof.

It is hereby certified and recited by the Authority that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Resolution and in the issuance of the 2013 Series Bonds in order to make the 2013 Series Bonds the legal, valid and binding special obligations of the Authority in accordance with their terms, do exist, have been done, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Authorized Officer and its official seal to be impressed or printed hereon and attested by the manual or facsimile signature of its Secretary.

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: _____
Authorized Officer

Attest:

By: _____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2013 Series Bonds of the issue described in the within mentioned Resolution.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, National Association, as Trustee

By: _____
Authorized Trust Officer

Dated: _____, 2013

ASSIGNMENT

FOR VALUE RECEIVED, [] (“Transferor”), the undersigned, hereby sells, assigns and transfers unto [] (Social Security or Federal Employer Identification No. []) (“Transferee”) 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:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or a trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature to this assignment corresponds 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.

SCHEDULE I

<u>Numbers</u>	<u>Principal Sum</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
----------------	----------------------	----------------------	----------------------	--------------

EXHIBIT B

SERIAL BONDS, SERIAL MATURITY DATES, TERM BONDS
AND TERM MATURITY DATES

I. \$ _____ Serial Bonds

<u>August 1 in each of the Years</u>	<u>Principal Amount</u>	<u>Yield</u>	<u>Interest Rate</u>
--------------------------------------	-------------------------	--------------	----------------------

II. \$ _____ Term Bonds

<u>August 1 in each of the Years</u>	<u>Principal Amount</u>	<u>Yield</u>	<u>Interest Rate</u>
--------------------------------------	-------------------------	--------------	----------------------

CURRENT BORROWER BENEFIT PROGRAMS

Private Loans:

[0.25% interest rate reduction for automatic debit]

FFELP Loans:

[1% interest rate reduction after 36 or 48 timely payments
Up to 0.50% interest rate reduction for automatic debit]

EXHIBIT F

CURRENT OPERATING COSTS PAID PER ANNUM

Operating Costs (per annum)

Servicing Fees (as % of outstanding loan balance)	[0.70%]
Fiduciary Fees	[\$6,000]
Other Operating Costs	[\$15,000]

CERTAIN CLOSING CASH FLOW ASSUMPTIONS

[Student Loans funded using moneys deposited to the Loan Account are as follows:

- (i) Private Loans having a Value of approximately \$___ million, becoming Financed Private Loans within 15 days of the Issue Date, and
- (ii) All other moneys are used to finance Private Loans made pursuant to the PAL Program Manual.

Student Loans pledged pursuant to Section 403 consist of Private Loans.]

STATE EDUCATION ASSISTANCE AUTHORITY
MEETING OF June 18, 2013

REGULAR SESSION

ITEM NUMBER 2

AGENCY: Education Assistance Authority

SUBJECT: Not Exceeding \$30,000,000 State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series

The Authority is asked to adopt a resolution authorizing the State Treasurer to make arrangements necessary for the offering and sale of South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series, in a principal amount not exceeding \$30,000,000, and other matters incident thereto.

AUTHORITY ACTION REQUESTED:

Adopt a resolution authorizing the State Treasurer to make arrangements necessary for the offering and sale of South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series, in a principal amount not exceeding \$30,000,000, and other matters incident thereto.

ATTACHMENTS:

Sanders 5/23/13 letter; Resolution

May 23, 2013

8906 Two Notch Rd. • Columbia, SC 29223
www.scstudentloan.org • 800-347-2752 • 803-798-0916

Delbert H. Singleton Jr.
S.C. State Budget and Control Board
601 Wade Hampton Office Building
Columbia, SC 29201

Re: Petition for 2013 Ceiling Allocation Request from South Carolina State Education Assistance Authority

Dear Delbert:

In 1971, the General Assembly of South Carolina established the State Education Assistance Authority (the "Authority") as a public instrumentality of the State and empowered it to provide financial assistance to residents of South Carolina (the "State") through the making or guaranteeing of student loans. The Authority is governed by its members, who are by statute the members of the State Budget and Control Board. The Authority acts through its contractual agent, the South Carolina Student Loan Corporation (the "Corporation"), a private non-profit corporation. Student loans originated under the Federal Family Education Loan Program ("FFELP Loans") have historically made up the primary source of loan volume until the federal government nationalized the student loan program in 2010. Additional loans to students are made under the Corporation's Palmetto Assistance Loan Program ("PAL Loans") and this program was not nationalized by the federal government. The Authority has designated the Corporation to serve as a central statewide lender and, to date, over 2.09 million FFELP Loans and PAL Loans totaling over \$8.3 billion have been made to more than 488,000 students and parents as citizens of the State. Of this amount, the Corporation has made over 49,000 PAL Loans to more than 30,000 students and parents totaling approximately \$389 million. These PAL Loans are needed by families to cover the costs above the amounts funded by grants, scholarships and federal loans. PAL Loans are not guaranteed by the Authority nor are they backed by the State or a federal program of reinsurance.

As of April 30, 2013 the Authority had approximately \$62 million of tax-exempt student loan revenue bonds outstanding. Proceeds derived from the sale of these bonds have been used to permanently finance FFELP Loans and PAL Loans made by the Corporation to students and parents. There is a need to issue additional student loan revenue bonds of the Authority to finance additional PAL Loans and such an issuance would have a positive impact on the State. The Authority would require an amount of private activity bond ceiling allocation not exceeding \$30,000,000 for this financing.

South Carolina Code Section 1-11-540(B) (section in the allocation act) provides that "Authorized requests for state ceiling allocations of more than ten million dollars for a single project are deferred until after July first unless the board, after review and comment by the committee, determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than ten million dollars is of such significance that approval of the allocation is warranted."

In this instance, such an allocation is warranted and would have a positive impact on the State. The granting of the approval is warranted for the following reasons:

- ◊ The Corporation could continue to make credit-based, unguaranteed PAL Loans to students & parents without interruption.

- Interest rates on the PAL Loans are lower than larger competitors and the rates borne by Federal PLUS loans. This results in lower educational borrowing costs for the residents of the State. PAL Loans potentially have a 0.25% borrower benefit for borrowers that sign up for ACH payments.
- The Corporation began making PAL Loans in 2012 (when the Authority depleted the bond proceeds from its 2009 transaction) from its own unrestricted cash in reliance upon a reimbursement resolution signed by the State Treasurer. The Corporation would like to be reimbursed for a portion of the expenditures it has made for the benefit of the Authority when the student loan revenue bonds for this transaction are issued.
- The Corporation currently holds approximately \$13 million of PAL Loans and loan origination volume for the 2013-14 academic year which begins in early August is estimated at \$15-20 million.
- Since the Authority is able to issue student loan revenue bonds at favorable tax-exempt interest rates, it is in a position to pass the interest cost savings on to students and parents and provide a low fixed rate loan. This cost savings is of tremendous benefit in helping more citizens access higher education opportunities.
- Granting the allocation at the June meeting would allow the Authority to prepare for and issue student loan revenue bonds in time for the setting of the PAL Loan interest rate and disbursement of PAL Loan funds for use by students and parents for the fall educational semester which is prior to the next meeting of the Budget and Control Board.

The Authority is asked to adopt a petition to the Budget and Control Board requesting a private activity bond ceiling allocation to the Authority in the amount of \$30 million.

Very truly yours,



Charlie C. Sanders, Jr.

cc: Curtis Loftis
F. Richard Harmon, Jr.
Harry R. Brown
Rion D. Foley
M. William Youngblood

A RESOLUTION

AUTHORIZING THE STATE TREASURER OF SOUTH CAROLINA TO MAKE ARRANGEMENTS NECESSARY FOR THE OFFERING AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS, 2013 SERIES, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$30,000,000, AND OTHER MATTERS INCIDENT THERETO.

FINDINGS OF FACT AND INTENT OF RESOLUTION

As an incident to the adoption of this resolution and the issuance of the Bonds provided for herein, the State Education Assistance Authority (the "Authority") finds, as a fact, that each of the statements hereinafter set forth is in all respects true and correct:

1. The Authority is a body politic and corporate and a public instrumentality of the State of South Carolina. It was created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the Code of Laws of South Carolina 1976, as amended (the "Act"). The constitutionality of the Act was tested and upheld in *Durham vs. McLeod*, et. al., 259 SC 409, 192 SE2d 202; appeal dismissed 413 US 902.

2. The Authority consists of the members from time to time of the State Budget and Control Board of South Carolina (the "State Board") who, by reason of their offices, constitute the membership of the Authority.

3. The Authority was created in order to provide a means of making loans to or on behalf of "Students," as such term is defined by the Act, in order to enable them to attend "Eligible Institutions," as such term is defined in the Act. Such program of the Authority is administered by a nonprofit corporation designated by the Authority as its central, statewide lender and incorporated under the name of South Carolina Student Loan Corporation (the "Corporation").

4. The purposes, inter alia, of the Authority and the Corporation are to finance and refinance the acquisition and the making of Student Loans.

5. The Authority anticipates issuing not exceeding \$30,000,000 of 2013 Series Student Loan Revenue Bonds (the "2013 Series Bonds") and has submitted its Petition to the State Board for an allocation of the State's private activity bond ceiling for calendar year 2013 to the Authority.

6. At its meeting of August 13, 2009, the Authority authorized "A 2009 PAL GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" effective October 29, 2009 (the "2009 PAL General Resolution").

7. At its meeting of August 13, 2009, the Authority authorized the "2009 PAL LOAN AGREEMENT, SECURITY AND PLEDGE AGREEMENT" effective October 29, 2009 (the "2009 PAL Loan Agreement").

8. There has been presented to this meeting the form of a 2013 Series Resolution authorizing the issuance of the 2013 Series Bonds. In order to avoid the necessity of convening a meeting of the Authority on the date of sale of the 2013 Series Bonds, the Authority has determined to authorize

the State Treasurer to make arrangements for the sale, award and delivery of the 2013 Series Bonds upon the conditions set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, AS FOLLOWS:

1. The 2013 PAL Series Resolution in the form presented to this meeting, with such additions or other changes, including but not limited to material additions or other material changes, as the State Treasurer shall approve, his execution thereof to be conclusive evidence of such approval, is hereby authorized. The 2013 PAL Series Resolution shall be dated as of and become effective on the date of sale and award of the 2013 Series Bonds.

2. The 2009 PAL General Resolution in the form attached is hereby acknowledged. If the financing team recommends that a new trust estate be established for the issuance of the 2013 Series Bonds, the State Treasurer is hereby authorized to use the attached form of 2009 PAL General Resolution as the template for a new 2013 PAL General Resolution with such additions or other changes, including but not limited to material additions or other material changes, as the State Treasurer shall approve, his execution thereof to be conclusive evidence of such approval. The 2013 PAL General Resolution, if any, shall be dated as of and become effective on the date of sale and award of the 2013 Series Bonds.

3. The 2009 PAL Loan Agreement in the form attached is hereby acknowledged. If the financing team recommends that a new trust estate be established for the issuance of the 2013 Series Bonds, the State Treasurer is hereby authorized to use the attached form of 2009 PAL Loan Agreement as the template for a new 2013 PAL Loan Agreement with such additions or other changes, including but not limited to material additions or other material changes, as the State Treasurer shall approve, his execution thereof to be conclusive evidence of such approval. The 2013 PAL Loan Agreement, if any, shall be dated as of and become effective on the date of sale and award of the 2013 Series Bonds.

4. The State Treasurer is hereby authorized and directed to (a) proceed with the sale of the 2013 Series in an aggregate principal amount not exceeding \$30,000,000, maturing as set forth in the 2013 Series Resolution relating to the 2013 Series Bonds or earlier (including, without limitation, the par amount, maturity schedule, interest rate mechanism and redemption provisions thereof), and to engage one or more other underwriters and other parties required to accomplish the sale of bonds upon such terms as he shall deem appropriate; (b) with respect to the 2013 Series Bonds, execute a bond purchase agreement with the underwriter(s); (c) execute and deliver, on behalf of the Authority, the Official Statement relating to the offering of the 2013 Series Bonds, and such further documents as he shall deem necessary to arrange the offering of the 2013 Series Bonds; (d) execute and deliver such other documents as he shall deem necessary to arrange the award and delivery of the 2013 Series Bonds upon the terms set forth in the 2009 PAL General Resolution or a 2013 PAL General Resolution (if applicable), the 2009 PAL Loan Agreement or a 2013 PAL Loan Agreement (if applicable), and the 2013 PAL Series Resolution, including, without limitation, the approval of the applicable elected representative in accordance with Section 147(f) of the Internal Revenue Code; (e) take or undertake any other action necessary to effect the issuance of the bonds and accomplish the purposes hereof.

5. It is intended that this Resolution shall constitute a bond resolution or comparable action within the meaning of Section 1-11-530(B) of the Code of Laws of South Carolina 1976, as amended.

6. This authorization for the issuance of the 2013 Series Bonds in an amount not exceeding \$30,000,000 is contingent upon the favorable consideration by the State Board of the Authority's Petition for an allocation of the State's private activity bond ceiling for calendar year 2013.

7. This resolution shall take effect immediately.

ATTACHMENTS

- (1) 2009 PAL General Resolution
- (2) 2009 PAL Loan Agreement
- (3) Form of 2013 PAL Series Resolution

A 2009 PAL GENERAL RESOLUTION

PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE
EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS
AND OTHER MATTERS RELATING THERETO.

Effective October 29, 2009

TABLE OF CONTENTS

ARTICLE I

SHORT TITLE, DEFINITIONS, CONSTRUCTION

Section 101. Short Title..... 2
Section 102. Definitions 2
Section 103. Construction 16

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. Authorization for 2009 PAL General Resolution 16
Section 202. 2009 PAL General Resolution to Constitute Contract 16
Section 203. Obligation of Bonds 17
Section 204. Authorization of Bonds 17
Section 205. Authorization for Bonds in Series 17
Section 206. Issuance and Delivery of Bonds 18
Section 207. Conditions Precedent to Authentication and Delivery of Bonds 19
Section 208. Provisions for Refunding Issue..... 20

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. Date of Series 21
Section 302. Medium of Payment; Form and Date 21
Section 303. Legends 21
Section 304. Execution..... 21
Section 305. Negotiability, Transfer and Registration 21
Section 306. Regulations with Respect to Exchanges and Transfers 22
Section 307. Bonds Mutilated, Destroyed, Stolen or Lost..... 22
Section 308. Preparation of Definitive Bonds; Temporary Bonds 22
Section 309. Authentication of Bonds 23
Section 310. Book-Entry Form Authorized..... 23
Section 311. Escheat..... 23

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 401. Deposits in Funds and Accounts 23

ARTICLE V

PLEDGE EFFECTED; ESTABLISHMENT OF FUNDS
AND ACCOUNTS; APPLICATION OF TRUST ESTATE

Section 501. The Pledge of the Trust Estate Effected by this 2009 PAL General Resolution 24
Section 502. Establishment of Funds and Accounts..... 25
Section 503. Program Fund 26
Section 504. General Revenue Fund 27
Section 505. Application of Moneys in Other Funds and Accounts..... 31
Section 506. Investment of Funds and Accounts..... 32
Section 507. Notes, Bonds and Other Obligations 32

ARTICLE VI
PARTICULAR COVENANTS OF THE AUTHORITY

Section 601.	Effect of Covenants	33
Section 602.	Payment of Bonds.....	33
Section 603.	Covenant to Administer All Aspects of the Student Loan Finance Program.....	33
Section 604.	Covenant to Make Only Financed Student Loans; to Make Collections; to Comply at all Times with the Act, the 2009 PAL General Resolution and the PAL Program Manual	33
Section 605.	Enforcement of Financed Student Loans and Borrower Benefits.....	34
Section 606.	Offices for Registering Bonds	34
Section 607.	Further Assurances	34
Section 608.	Powers as to Bonds and Pledge	34
Section 609.	Accounts and Reports	35
Section 610.	Personnel and Servicing of Student Loan Finance Program	35
Section 611.	Compliance with Conditions Precedent.....	35
Section 612.	Waiver of Laws	35
Section 613.	Student Loan Finance Program	35
Section 614.	Extension of Payment of Bonds	36
Section 615.	The Debt Service Reserve Fund	36
Section 616.	Continuing Disclosure	36
Section 617.	Tax Covenant	36
Section 618.	Guaranty Agreements and Enforcement.....	37
Section 619.	Status as Eligible Lender	37
Section 620.	Servicing Covenants	37

ARTICLE VII
SUPPLEMENTAL RESOLUTIONS

Section 701.	Modification and Amendment Without Consent.....	37
Section 702.	Supplemental Resolutions Effective with Consent of Bondholders	38
Section 703.	General Provisions Relating to Supplemental Resolutions	38
Section 704.	Powers of Amendment with Consent of Bondholders.....	39
Section 705.	Mailing of Notices.....	40
Section 706.	Modifications by Unanimous Action.....	40
Section 707.	Exclusion of Bonds.....	40
Section 708.	Notation on Bonds.....	40

ARTICLE VIII
DEFAULTS AND REMEDIES

Section 801.	Events of Default	41
Section 802.	Remedies	41
Section 803.	Limitation on Action	43
Section 804.	Priority of Payments After Default.....	43
Section 805.	Termination of Proceedings.....	44
Section 806.	Remedies Not Exclusive.....	44
Section 807.	No Waiver of Default	44
Section 808.	Notice of Event of Default.....	44

ARTICLE IX
CONCERNING FIDUCIARIES

Section 901.	Trustee	45
Section 902.	Appointment and Acceptance of Duties of Paying Agents.....	45
Section 903.	Responsibility of Fiduciaries	45

Section 904.	Evidence on Which Fiduciaries May Act.....	46
Section 905.	Compensation.....	46
Section 906.	Permitted Acts and Functions.....	47
Section 907.	Resignation of Trustee.....	47
Section 908.	Removal of Trustee.....	47
Section 909.	Appointment of Successor Trustee.....	47
Section 910.	Transfer of Rights and Property to Successor Trustee.....	47
Section 911.	Merger or Consolidation.....	48
Section 912.	Adoption of Authentication.....	48
Section 913.	Resignation or Removal of the Paying Agent or Registrar and Appointment of Successors.....	48
Section 914.	Filing of Financing Statements.....	48
Section 915.	Appointment of Co-Trustee.....	49
Section 916.	Representations and Warranties of Trustee.....	49
Section 917.	Trustee's Duty to Service Financed Student Loans.....	50

ARTICLE X

REDEMPTION OF BONDS

Section 1001.	Privilege of Redemption and Redemption Price.....	50
Section 1002.	Redemption at the Election or Direction of the Authority.....	50
Section 1003.	Redemption Otherwise than at Authority's Election or Direction.....	50
Section 1004.	Selection of Bonds to be Redeemed.....	50
Section 1005.	Notice of Redemption.....	51
Section 1006.	Payment of Redeemed Bonds.....	51
Section 1007.	Asset Release Upon Refunding.....	51

ARTICLE XI

MISCELLANEOUS

Section 1101.	Defeasance.....	52
Section 1102.	Evidence of Signatures of Bondholders and Ownership of Bonds.....	53
Section 1103.	Moneys Held for Particular Bonds.....	54
Section 1104.	Parties in Interest.....	54
Section 1105.	No Recourse Under Resolution or on Bonds.....	54
Section 1106.	Notices.....	54
Section 1107.	Severability.....	55
Section 1108.	Headings.....	55
Section 1109.	Conflict.....	55
Section 1110.	Effective Date.....	55

EXHIBIT A REQUISITION FOR COSTS OF ISSUANCE

EXHIBIT B FORM OF CERTIFICATION RE: WITHDRAWALS FROM LOAN ACCOUNT

BE IT RESOLVED BY THE SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, IN MEETING DULY ASSEMBLED:

FINDINGS OF FACT AND
INTENT OF RESOLUTION

As an incident to the adoption of this 2009 PAL General Resolution (hereinafter referred to as the "2009 PAL General Resolution") and the issuance of the Bonds provided for herein, the South Carolina State Education Assistance Authority (the "Authority") finds, as a fact, that each of the statements hereinafter set forth is in all respects true and correct:

1. The Authority is a body politic and corporate and a public instrumentality of the State of South Carolina. It was created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the 1976 Code (the "Act"). The constitutionality of the Act was tested and upheld in Durham v. McLeod, et al., 259 S.C. 409, 192 S.E.2d 202; appeal dismissed 413 U.S. 902.

2. The Authority consists of the members from time to time of the State Budget and Control Board of South Carolina who, by reason of their offices, constitute the membership of the Authority.

3. The Authority was created in order to provide a means of making loans to or on behalf of "Students", as such term is defined by the Act, in order to enable them to attend "Eligible Institutions", as such term is defined in the Act.

4. The South Carolina Student Loan Corporation (the "Corporation") is a private, not-for-profit corporation established in 1973 under Title 33, Chapter 31, Code of Laws of South Carolina, 1976, as amended, and received its final 501(c)(3) designation on February 18, 1975. Under its Restated and Amended Articles of Incorporation, it has the power to receive, invest, administer and disburse funds for educational purposes and to make, handle, service and deal with various types of student loans.

5. The purposes, *inter alia*, of the Authority and its contractual agent, the Corporation, are to finance Student Loans.

NOW THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, AS FOLLOWS:

ARTICLE I

SHORT TITLE, DEFINITIONS, CONSTRUCTION

Section 101. Short Title. This 2009 PAL General Resolution may hereafter be cited by the Authority, and is hereinafter sometimes referred to, as the “2009 PAL General Resolution”.

Section 102. Definitions. Unless the context clearly indicates some other meaning, the following words and terms when capitalized herein shall, for all purposes of this 2009 PAL General Resolution, have the following meanings:

“Accepted Servicing Procedures” shall mean with respect to any Financed Student Loan serviced by the Servicer, procedures (including collection procedures) that comply with applicable federal, state and local law, that are in accordance with standards set by the Secretary with respect to Financed FFELP Loans and in accordance with the PAL Program Manual with respect to Financed Private Loans. Such Financed Student Loans shall also be serviced in accordance with the accepted student loan servicing practices of prudent lending institutions which service student loans of the same type in the United States.

“Account or Accounts” shall mean one or more of the separate accounts which are established within Funds created pursuant to this 2009 PAL General Resolution.

“Act” shall mean Chapter 115 of Title 59 of the Code of Laws of South Carolina, 1976, as amended, as existing at the date of adoption of this 2009 PAL General Resolution, or as thereafter amended.

“Adjusted Equity Amount” shall have the meaning set forth in Section 1.2 of the 2009 PAL Loan Agreement.

“Applicable Rating Criteria for Investment Obligations” shall mean:

(a) for as long as Fitch is a Rating Agency, a rating by a Nationally Recognized Rating Service no lower than AA (or the equivalent) or F-1+ (or the equivalent), as appropriate;;

(b) for as long as Moody’s is a Rating Agency, a rating by Moody’s no lower than (i) with respect to Investment Obligations with maturities less than 3 months (or providers of such investments), A1 and P-1, (ii) with respect to Investment Obligations with maturities less than 6 months but at least 3 months (or providers of such investments), Aa3 and P-1, or (iii) with respect to Investment Obligations with maturities of 6 months or more (or providers of such investments), Aaa and P-1; provided that, if such Investment Obligations consist of money market funds as described herein, such Investment Obligations must bear a rating by Moody’s of Aaa;

(c) for as long as S&P is a Rating Agency, a rating by S&P no lower than AA, A-1+, or AAAM-G, as appropriate; and

(d) other Rating Agency criteria subject to a Rating Agency Condition.

“Assigned Revenues” shall mean all revenues at any time received by or payable to the Corporation in respect of any Financed Student Loans, including all repayments, of interest on any Financed Student Loans, Recoveries of Principal, Interest Subsidy Payments, Special Allowance Payments and earnings on investment of moneys within the Finance Loan Fund of the Corporation under

the 2009 PAL Loan Agreement, all as assigned by the Corporation to the Authority under the 2009 PAL Loan Agreement and then by the Authority to the Trustee pursuant to this 2009 PAL General Resolution.

“Authority” shall mean the South Carolina State Education Assistance Authority, a body politic and corporate and a public instrumentality of the State of South Carolina.

“Authorized Denomination” shall mean such denominations as shall be authorized in any Series Resolution.

“Authorized Newspaper” shall mean a newspaper of general circulation in the State.

“Authorized Officer” shall mean (a) in the case of the Authority, the Chairman of the Authority, the State Treasurer, any Deputy State Treasurer or any other person designated as such in a Certificate signed by the State Treasurer and filed with the Trustee, and (b) in the case of the Corporation, the Chairman, President, Secretary, Chief Financial Officer, Chief Operating Officer or any other officer of the Corporation designated as such in a Certificate signed by the President and filed with the Trustee.

“Bond” or “Bonds” shall mean any South Carolina State Education Assistance Authority Student Loan Revenue Bonds of any Series authorized by an applicable Series Resolution and issued under this 2009 PAL General Resolution.

“Bondholder” shall mean the registered owner of a Bond Outstanding, including the Securities Depository.

“Business Day” shall mean any day other than (a) a Saturday or Sunday or (b) a day on which the designated notice address office location of the Trustee or the Paying Agent is required or authorized to be closed or (c) a day on which The New York Stock Exchange is closed.

“Capitalized Interest Fund” shall mean the Fund so designated which is created by Section 502.

“Cash Flow Certificate” shall mean a certificate prepared by or on behalf of the Authority setting forth, for the period extending from the date of such certificate to the payment in full of the Bonds then Outstanding, (a) all Revenues Available for Debt Service expected to be received during such period; (b) the application of all such Revenues Available for Debt Service in accordance with this 2009 PAL General Resolution; (c) the resulting balances and parity ratio; and (d) establishing under all assumptions and scenarios requested by each Rating Agency that anticipated Revenues Available for Debt Service will be at least sufficient to pay the principal of and interest on the Bonds when due, to pay all other amounts payable under this 2009 PAL General Resolution when due and to meet any required parity ratio.

“Certificate” shall mean a document signed by an Authorized Officer attesting to or acknowledging the circumstances or other matters therein stated.

“Class” shall mean Bonds all sharing the same payment priority.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time or the Internal Revenue Code of 1954, as amended, as applicable. Each reference to a Section of the Code herein, shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such sections which are applicable to the Bonds or the use of the proceeds thereof.

“Continuing Disclosure Undertaking” shall mean the covenant of the Authority described in Section 616 and more fully set forth in each Series Resolution.

“Corporation” shall mean the South Carolina Student Loan Corporation, a private, not-for-profit corporation established in 1973 under Title 33, Chapter 31, Code of Laws of South Carolina, 1976, as amended, acting in its capacity as an Eligible Lender or as agent of the Authority in administering certain components of the Student Loan Insurance Program, and its successors and assigns.

“Cost of Issuance Account” shall mean the account so designated which is established pursuant to Section 502.

“Costs of Issuance” shall mean when used with respect to any Series of Bonds, the costs of issuing such Series of Bonds as may be limited by the Code.

“Counsel’s Opinion” shall mean an opinion in writing, including supplemental opinions thereto, signed by such attorney or firm of attorneys of recognized national standing as bond counsel on student loan revenue bond transactions as may be selected by the Authority.

“Cumulative Sinking Fund Payment” shall mean any payment described in Sections 504(b)(viii) and (ix) designated as payable on a particular date within the Series Resolution authorizing any Series of Bonds.

“Cumulative Sinking Fund Payment Date” shall mean each date on which a Cumulative Sinking Fund Payment is to be made in accordance with an applicable Cumulative Sinking Fund Payment Schedule.

“Cumulative Sinking Fund Payment Schedule” shall mean the schedule of payments to be made in accordance with a Series Resolution.

“Custodian Agreement” shall mean any agreement between the Authority and the Corporation relating to the custody or possession of any of the Financed Student Loans.

“Debt Service Fund” shall mean the Fund so designated which is created by Section 502.

“Debt Service Reserve Fund” shall mean the Fund so designated which is created by Section 502.

“Debt Service Reserve Requirement” shall mean, as of any particular date of calculation, the sum of the amounts designated for each Series of Bonds in the Series Resolution related thereto as the “Debt Service Reserve Requirement” in respect of such Series; provided that, the Debt Service Reserve Requirement shall in no event exceed the amount permitted as a reasonably required reserve or replacement fund for tax-exempt bonds under Section 148 of the Code. The Debt Service Reserve Requirement may be composed of cash, Investment Obligations or Reserve Alternative Instruments or any combination of the foregoing, as the Authority may determine.

“Default Payment” shall mean moneys received, realized or recovered through proceedings taken by the Authority or the Corporation in the event of default in respect of any Financed Student Loan or in respect of any insurance on or guarantee with respect to any Financed Student Loan, including moneys received pursuant to a contract of insurance in respect of any Financed Student Loan.

“Defeasance Obligations” shall mean non-callable direct obligations of, or obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by, the United States of America to the extent that such securities are a legal investment of funds of the Authority.

“Department Reserve Fund” shall mean the Fund so designated which is created by Section 502.

“Department Reserve Fund Amount” shall mean costs for expenses for payments due and payable by the Corporation to the U.S. Department of Education related to the Financed FFELP Loans or any other payment due and payable to a Guaranty Agency relating to its guaranty of Financed FFELP Loans or any other payment due to the Corporation, another entity or trust estate, if amounts due under this 2009 PAL General Resolution to the U.S. Department of Education or a Guaranty Agency with respect to Financed FFELP Loans were paid by the Corporation, such other entity or trust estate, pursuant to a joint sharing agreement, an intercreditor agreement or otherwise.

“Department Reserve Fund Requirement” shall mean as of any date, an amount equal to the Department Reserve Fund Amount of the Authority for the current month and such additional amount as the Authority deems appropriate all as evidenced by a Certificate of the Authority; provided, in no event shall the Department Reserve Fund Requirement exceed the limitation set forth in Section 505(d).

“Deposit Account Control Agreement” shall mean any agreement among a commercial bank, the Authority and the Corporation relating to the perfection of a security interest in a bank account representing monies held in the Finance Loan Fund.

“Derivative Payment” shall mean a payment required to be made by or on behalf of the Authority due to a Reciprocal Payor pursuant to a Derivative Product (excluding Termination Payments).

“Derivative Payment Date” shall mean, with respect to a Derivative Product, any date specified in the Derivative Product on which both or either of the Derivative Payment and/or a Reciprocal Payment is due and payable under the Derivative Product.

“Derivative Product” shall mean a written contract or agreement between the Authority and a Reciprocal Payor entered into pursuant to the 2009 PAL General Resolution.

“Eligible Institution” shall mean any educational institution which is an eligible institution as described in the Higher Education Act and also so described in the Act.

“Eligible Lender” shall mean the Corporation and all other entities which are eligible lenders as described in the Higher Education Act (including but not limited to “eligible lender trustees”), which have in force a contract with a Guaranty Agency providing for loan guarantees to be issued by such Guaranty Agency to such entity under the Higher Education Act and the Act.

“Event of Default” shall have the meaning specified in Article VIII of this 2009 PAL General Resolution.

“Event of Insolvency” shall mean the occurrence of one or more of the following events:

- (a) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of the Authority or the Corporation;

(b) the commencement by or against the Authority or the Corporation of a case or other proceeding seeking liquidation, reorganization or other relief with respect to the Authority or the Corporation for its debts under any bankruptcy, insolvency or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for the Authority or the Corporation or any substantial part of its property;

(c) the making by the Authority or the Corporation of an assignment for the benefit of creditors;

(d) the inability or failure of the Authority or the Corporation to generally pay its debts as they become due or any admission by the Authority or the Corporation in writing of its inability to pay its debts as they become due;

(e) the declaration of a moratorium with respect to the payment of the debts of the Authority or the Corporation; or

(f) the initiation by the Authority or the Corporation of any action in furtherance of or to authorize any of the foregoing.

“FFELP Loan” shall mean a student loan having the following characteristics:

(a) such obligation constitutes an instrument, account or a general intangible as defined in the UCC as in effect in the jurisdiction that governs the perfection of the interests therein;

(b) the borrower thereunder is an eligible borrower under the Higher Education Act;

(c) such obligation represents advances of money made by an Eligible Lender to or on behalf of a student attending, enrolled or having been enrolled at an Eligible Institution, evidenced by one or more promissory notes;

(d) such obligation is an obligation the payment of principal of and interest on which is guaranteed by a Guaranty Agency and reinsured as to principal amount and interest by the Secretary to the maximum extent then authorized under the Higher Education Act and agreements entered into by a Guaranty Agency and the Secretary pursuant to the Higher Education Act; or such an obligation for which there is a commitment by the Secretary to so insure or by the Guaranty Agency and the Secretary to so guarantee and reinsure;

(e) such obligation, together with the related note that evidences the FFELP Loan represents the genuine, legal, valid and binding payment obligation of the related borrower, enforceable by or on behalf of the holder thereof against such borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and similar laws relating to creditors’ rights generally and subject to general principles of equity; and that has not been satisfied, subordinated or rescinded and no right of rescission, setoff, counterclaim or defense has been asserted or, to the Authority’s knowledge, overtly threatened in writing with respect to such FFELP Loan;

(f) such obligation is originated or financed using funds from the Trust Estate not in excess of the Value thereof unless a Rating Agency Condition has been satisfied;

(g) such obligation provides or, when the payment schedule with respect thereto is determined, will provide for payments on a periodic basis that fully amortize the Principal Balance thereof by its original stated maturity date, as such stated maturity date may be modified in accordance with any applicable deferral or forbearance periods granted in accordance with applicable laws or program requirements, including those of the Higher Education Act or any Guaranty Agreement;

(h) such obligation is subject to a Perfected Interest;

(i) such obligation is an obligation for which the granting of a security interest does not contravene or conflict with any law or regulation or require the consent or approval of, or notice to, any Person;

(j) such obligation is the subject of a valid Guaranty Agreement with an eligible Guaranty Agency under the Higher Education Act and as to which a Guaranty Agency Event of Default has not occurred;

(k) such obligation qualifies the holder thereof to receive guarantee payments equal to the highest amount authorized under the Higher Education Act of principal and interest from the Guaranty Agency and qualifies the Guaranty Agency to receive payments thereon from the Secretary pursuant to a Federal Reimbursement Contract;

(l) such obligation is an obligation with respect to which the Corporation is not in default in any material respect in the performance of any of its covenants and agreements made in the applicable Guaranty Agreement and/or Federal Reimbursement Contract;

(m) such obligation is an obligation with respect to which all amounts due and payable to the Secretary or a Guaranty Agency, as the case may be, have been paid in full; and

(n) the payment terms thereof have not been altered or amended other than in accordance with the Higher Education Act and the interest rate of which is the highest rate allowed by the Higher Education Act except as may be permitted as borrower benefits under the Student Loan Finance Program, this 2009 PAL General Resolution and any applicable Series Resolution.

“Federal Reimbursement Contract” shall mean any agreement between a Guaranty Agency and the Secretary providing for the payment by the Secretary of amounts authorized to be paid pursuant to the Higher Education Act, including (but not necessarily limited to) partial reimbursement of amounts paid or payable upon defaulted Financed FFELP Loans and other student loans guaranteed or insured by the Guaranty Agency and Interest Subsidy Payments to holders of qualifying student loans guaranteed by the Guaranty Agency.

“Fiduciary” or “Fiduciaries” shall mean the Trustee and any successor, the Registrar, any Paying Agent, or any of or all of them, as may be appropriate.

“Finance Loan” shall mean any loan made to the Corporation by the Authority under the 2009 PAL Loan Agreement from proceeds derived from the sale of Bonds issued hereunder.

“Finance Loan Fund” shall have the meaning ascribed to it in the 2009 PAL Loan Agreement.

“Financed FFELP Loans” shall mean, collectively, (a) FFELP Loans financed by the Corporation with amounts deposited to the Loan Account or credited to the Finance Loan Fund of the Corporation, (b) FFELP Loans substituted or exchanged for other FFELP Loans described in the foregoing clause (a) pursuant to Section 613, (c) FFELP Loans that become part of the Trust Estate as a result of a refunding of other bonds of the Authority, and (d) FFELP Loans from other sources pledged as part of the Trust Estate, but, in any event, shall not include FFELP Loans released as security under the 2009 PAL Loan Agreement and 2009 PAL General Resolution (each, a “Financed FFELP Loan”).

“Financed Private Loans” shall mean, collectively, (a) Private Loans financed by the Corporation with amounts deposited to the Loan Account or credited to the Finance Loan Fund of the Corporation, (b) Private Loans substituted or exchanged for other Private Loans described in the foregoing clause (a) pursuant to Section 613, (c) Private Loans that become part of the Trust Estate as a result of a refunding of other bonds of the Authority, and (d) Private Loans from other sources pledged as part of the Trust Estate, but, in any event, shall not include Private Loans released as security under the 2009 PAL Loan Agreement and 2009 PAL General Resolution (each, a “Financed Private Loan”).

“Financed Student Loans” shall mean, collectively, (a) Student Loans financed by the Corporation with amounts deposited to the Loan Account or credited to the Finance Loan Fund of the Corporation, (b) Student Loans substituted or exchanged for other Student Loans described in the foregoing clause (a) pursuant to Section 613, (c) Student Loans that become part of the Trust Estate as a result of a refunding of other bonds of the Authority, and (d) Student Loans from other sources pledged as part of the Trust Estate, but, in any event, shall not include Student Loans released as security under the 2009 PAL Loan Agreement and 2009 PAL General Resolution (each, a “Financed Student Loan”).

“Fiscal Year” shall mean each annual period which begins on July 1 in any calendar year and ends on June 30 in the following calendar year or other period if modified by the Authority.

“Fitch” shall mean Fitch Ratings, its successors and their assigns.

“Fund” or “Funds” shall mean one or more of the special trust funds which are created hereby.

“General Revenue Fund” shall mean the Fund so designated which is created by Section 502.

“Guaranty Agency” shall mean the Authority acting in its capacity as a state guaranty agency under the Higher Education Act or other authorized guaranty agency under the Higher Education Act.

“Guaranty Agency Event of Default” shall mean an event which permits a Guaranty Agency to not pay claims on Financed FFELP Loans.

“Guaranty Agreements” shall mean the blanket guarantee or other guarantee agreements by or from any Guaranty Agency to the Corporation for the purpose of guaranteeing Financed FFELP Loans, and any amendment of any of the foregoing entered into in accordance with the provisions thereof or hereof.

“Higher Education Act” shall mean the United States Higher Education Act of 1965 including any regulations thereto, as amended, or any successor legislation or regulation pursuant to which programs are established for the direct federal insurance of student loans, reinsurance of loans (including FFELP Loans) insured by a Guaranty Agency, and other purposes.

“Interest Account” shall mean the account so designated within the Debt Service Fund which is created by Section 502.

“Interest Payment Date” shall mean any date upon which interest on the Bonds of any Series shall be payable as specified in the applicable Series Resolution in accordance with Section 205(b).

“Interest Subsidy Payments” shall mean interest subsidy payments payable in respect to any Financed FFELP Loans by the Secretary under Section 428 of the Higher Education Act.

“Investment Obligations” shall mean any of the investments authorized by Section 11-9-660, Code of Laws of South Carolina, 1976, as amended; provided that such investments and/or providers, as applicable, meet the Applicable Rating Criteria for Investment Obligations during the time that such Investment Obligations comprise a portion of the Trust Estate.

“Issue Date” shall mean, with respect to Bonds of a particular Series, the date specified and determined by the Series Resolution authorizing such Bonds as the date on which such Bonds are issued.

“Loan Account” shall mean the Account so designated within the Program Fund which is created by Section 502.

“Majority of the Bondholders” shall mean the registered owners of not less than a majority in aggregate principal amount of the Bonds Outstanding.

“Mandatory Sinking Fund Installment” shall mean the principal amount of Bonds of all Series which pursuant to the applicable Series Resolutions the Authority is unconditionally required to redeem on any particular date (such that failure to redeem such principal amount is, regardless of the availability of moneys therefor, an Event of Default).

“Moody’s” shall mean Moody’s Investors Service, Inc., its successors and their assigns.

“Nationally Recognized Rating Service” shall mean any of S&P, Moody’s and Fitch (or the successor to any) or other nationally recognized securities rating agency.

“Operating Costs” shall mean all of the Authority’s and the Corporation’s expenses in carrying out and administering the Student Loan Finance Program under this 2009 PAL General Resolution and shall include, without limiting the generality of the foregoing, Servicing Fees, salaries, acquisition fees, supplies, utilities, mailing, labor, materials, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses, Rating Agency fees, fees and expenses, if any, incurred in remarketing the Bonds, fees and expenses of the Fiduciaries in accordance with Section 905, Costs of Issuance not otherwise paid or provided for from the proceeds of Bonds, travel, payments for pension, thrift savings, retirement, health and hospitalization, and life and disability insurance benefits, all to the extent properly allocable to a financing under this 2009 PAL General Resolution.

“Operating Fund” shall mean the Fund so designated which is created by Section 502.

“Operating Fund Requirement” shall mean as of any date, an amount equal to the Operating Costs of the Authority and the Corporation for the current month and such additional amount as the Authority deems appropriate, but not more than four months of Operating Costs in total as limited pursuant to Section 505(c).

“Outstanding” when used with reference to any Bonds, shall mean, as of any date, all Bonds theretofore or then being authenticated and delivered under this 2009 PAL General Resolution except:

(a) any Bonds canceled by the Trustee at or prior to such date;

(b) Bonds (or portions thereof) for the payment of which there shall be held in trust under this 2009 PAL General Resolution (whether at or prior to the Stated Maturity Date) (i) cash, equal to the principal amount or Redemption Price thereof, with interest to the Stated Maturity Date or Redemption Date, as applicable, or (ii) Defeasance Obligations in amounts sufficient to pay the Redemption Price on such Bonds when due;

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III; and

(d) Bonds deemed to have been paid as provided in Section 1101.

“PAL Program Manual” shall mean the South Carolina Student Loan Corporation Palmetto Assistance Loan (PAL) Program Policies and Procedures Manual revised November 1, 2009, that outlines policy and procedure and is used for the Financed Private Loans first disbursed on or after July 1, 2009, as may be amended from time to time.

“Parity Percentage” shall mean the ratio expressed as a percentage of (a) the Value of the Trust Estate, to (b) the sum of the principal amount of and accrued interest on all Bonds then Outstanding, accrued but unpaid Operating Costs not funded in the Operating Fund on any given date, excess yield liability pursuant to Section 504(d) not deposited to the Rebate Fund on any given date, any Rebate Amount not deposited to the Rebate Fund on any given date and any accrued but unpaid Department Reserve Fund Amounts not funded in the Department Reserve Fund on any given date.

“Paying Agent” shall mean any bank with trust powers or trust company so designated pursuant to Section 902, and its successor or successors hereafter appointed, as paying agent for any Series of Bonds.

“Payment Date” shall mean any Interest Payment Date and any date established for the payment of principal or Redemption Price all in accordance with the applicable Series Resolution.

“Perfected Interest” shall mean a security interest in personal property as to which all necessary steps to perfect the same under the Higher Education Act and the UCC, as applicable, have been taken.

“Person” shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, incorporated organization or government or any agency or political subdivision thereof.

“Principal Account” shall mean the account so designated within the Debt Service Fund created by Section 502.

“Principal Balance” when used with respect to a Financed Student Loan, shall mean the unpaid principal amount thereof (including any unpaid interest thereon that has been capitalized as authorized under the Higher Education Act or the Student Loan Finance Program) as of a given date.

“Principal Installment” shall mean, as of the date of calculation and with respect to any Series of Bonds Outstanding, (a) the principal amount of Bonds of such Series due on a Stated Maturity Date; (b) the unsatisfied balance of any Mandatory Sinking Fund Installments in a principal amount equal to said unsatisfied balance of such Mandatory Sinking Fund Installments on the redemption dates set forth in the

applicable Series Resolution; (c) if such future dates coincide as to different Bonds of such Series, the sum of the unsatisfied balance of Mandatory Sinking Fund Installments and principal amount of Bonds due on such date; and (d) the principal amount of Bonds duly called for any redemption pursuant to any Series Resolution.

“Principal Installment Date” shall mean any date upon which any Principal Installment on Bonds of any Series shall be due and payable pursuant to the applicable Series Resolution.

“Private Loan” shall mean a student loan having the following characteristics:

(a) such obligation constitutes an instrument, account or a general intangible as defined in the UCC as in effect in the jurisdiction that governs the perfection of the interests therein;

(b) the borrower thereunder is an eligible borrower under the PAL Program Manual;

(c) such obligation represents advances of money made by the Corporation to or on behalf of a student attending, enrolled or having been enrolled at an institution in accordance with the PAL Program Manual, evidenced by one or more promissory notes;

(d) such obligation, together with the related note that evidences the Private Loan represents the genuine, legal, valid and binding payment obligation of the related borrower, enforceable by or on behalf of the holder thereof against such borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and similar laws relating to creditors’ rights generally and subject to general principles of equity; and that has not been satisfied, subordinated or rescinded and no right of rescission, setoff, counterclaim or defense has been asserted or, to the Authority’s knowledge, overtly threatened in writing with respect to such Private Loan;

(e) such obligation is originated or financed using funds from the Trust Estate not in excess of the Value thereof unless a Rating Agency Condition has been satisfied;

(f) such obligation provides or, when the payment schedule with respect thereto is determined, will provide for payments on a periodic basis that fully amortize the Principal Balance thereof by its original stated maturity date, as such stated maturity date may be modified in accordance with any applicable deferral or forbearance periods granted in accordance with applicable laws or program requirements, including those set forth in the PAL Program Manual;

(g) such obligation is subject to a Perfected Interest;

(h) such obligation is an obligation for which the granting of a security interest does not contravene or conflict with any law or regulation or require the consent or approval of, or notice to, any Person; and

(i) the payment terms thereof have not been altered or amended other than in accordance with the PAL Program Manual and the interest rate of which is the highest rate allowed by the PAL Program Manual except as may be permitted as borrower benefits under the Student Loan Finance Program, and this 2009 PAL General Resolution and any applicable Series Resolution.

“Program Fund” shall mean the Fund so designated which is created by Section 502.

“Rating Agency” or “Rating Agencies” shall mean any Nationally Recognized Rating Service to the extent any such rating service has been requested in writing by the Authority to issue a rating on one or more Series of Bonds and such rating service has issued and continues to maintain a rating on such Bonds at the time in question.

“Rating Agency Condition” shall mean, as of any date, a letter from each Rating Agency addressed to the Trustee confirming that the action proposed to be taken by the Authority as described in such letter will not, in and of itself, result in a downgrade of such Rating Agency’s rating on any Bonds Outstanding or cause such Rating Agency to suspend or withdraw its rating on any Bonds Outstanding.

“Rebate Amount” shall mean the excess of (a) the aggregate amount earned from the date of delivery of a Series of Bonds (the interest on which is intended to be excluded from gross income) on the investment of Gross Proceeds (within the meaning of Section 148 of the Code) in Nonpurpose Investments (within the meaning of said Section 148) over (b) the amount that would have been earned on such Nonpurpose Investments (other than amounts attributable to such excess) and the amounts then invested at a rate equal to the Yield (within the meaning of said Section 148) on the Bonds, plus any income attributable to such excess.

“Rebate Fund” shall mean the Fund so designated which is created by Section 502.

“Record Date” shall mean such date as shall be determined in the applicable Series Resolution with respect to payments to be made thereunder.

“Reciprocal Payments” shall mean any payment to be made to, or for the benefit of, the Authority under a Derivative Product.

“Reciprocal Payor” shall mean any counterparty under a Derivative Product.

“Recoveries of Principal” shall mean all amounts received in respect of payment of principal on Financed Student Loans, including Default Payments, scheduled, delinquent and advance payments, payouts or prepayments, and proceeds from the sale, assignment or other disposition of a Financed Student Loan.

“Recycling Period” shall mean the period provided in any applicable Series Resolution with such period in the most recent Series Resolution superseding any previous Series Resolution.

“Redemption Date” shall mean a date fixed for redemption of Bonds subject to redemption pursuant to any applicable redemption provision of this 2009 PAL General Resolution and any Series Resolution.

“Redemption Price” shall mean the total of principal, premium (if any) and accrued but unpaid interest on any Bond redeemed on a Redemption Date.

“Refunding Bonds” shall mean all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to Section 208.

“Registrar” shall mean the Paying Agent, and its successor or successors hereafter appointed, as registrar for any Series of Bonds.

“Reserve Alternative Instrument” shall mean an insurance policy or surety bond or irrevocable letter of credit or guaranty deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for the deposit of cash and Investment Obligations in satisfaction of the Debt Service Reserve Requirement. The Reserve Alternative Instrument shall be payable (upon the giving of notice as required thereunder) to remedy any deficiency in the appropriate subaccounts in the Interest Account and the Principal Account in order to provide for the timely payment of interest and principal (whether at the Stated Maturity Date or to pay a Mandatory Sinking Fund Installment therefor). The provider of a Reserve Alternative Instrument shall be (a) an insurer that has been assigned a rating which continuously meets the Reserve Alternative Instrument Applicable Rating Criteria, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have been assigned a rating which continuously meets the Reserve Alternative Instrument Applicable Rating Criteria. The Rating Agencies and the Trustee shall be given prior written notice describing such Reserve Alternative Instrument.

“Reserve Alternative Instrument Applicable Rating Criteria” shall mean:

(a) for as long as Fitch is a Rating Agency, a rating by a Nationally Recognized Rating Service no lower than AA (or the equivalent) and F-1+ (or the equivalent), as appropriate;

(b) for as long as Moody’s is a Rating Agency, a rating by Moody’s no lower than (i) short term ratings of P-1 (or the equivalent) and long term ratings of A1 (or the equivalent) or (ii) if only a long term rating is applicable, long term ratings of Aa3 (or the equivalent), as appropriate; and

(c) for as long as S&P is a Rating Agency, a rating by S&P no lower than the highest rating on any Outstanding Bonds or A-1, A-1+ or AAAM-G, as appropriate.

“Revenues Available for Debt Service” shall mean all amounts received with respect to and from the assets comprising the Trust Estate.

“Secretary” shall mean the United States Secretary of Education, or any other officer, board, body, commissioner or agency succeeding to the functions thereof under the Higher Education Act.

“Securities Depository” shall mean any institution defined as such under any applicable Series Resolution.

“Senior Bonds” shall mean any Bonds so designated in the applicable Series Resolution authorizing such Senior Bonds.

“Senior Parity Percentage” shall mean the ratio expressed as a percentage of (a) the Value of the Trust Estate to (b) the sum of the principal amount of and accrued interest on all Senior Bonds then Outstanding, accrued but unpaid Operating Costs not funded in the Operating Fund on any given date, excess yield liability pursuant to Section 504(d) not deposited to the Rebate Fund on any given date, any Rebate Amount not deposited to the Rebate Fund on any given date and any accrued but unpaid Department Reserve Fund Amounts not funded in the Department Reserve Fund on any given date.

“Series” shall mean all of the Bonds authenticated and delivered pursuant to a Series Resolution and designated therein as a Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds pursuant thereto and hereto.

“Series Resolution” shall mean a resolution of the Authority authorizing the issuance of a Series of Bonds in accordance with the terms and provisions hereof, adopted by the Authority in accordance with Section 205.

“Servicer” shall mean the Corporation and any other organization with which the Authority has entered into a servicing agreement and, in any case, so long as such party acts as servicer of Financed Student Loans.

“Servicing Fees” shall mean the fees payable by the Authority to the Servicer to cover, inter alia, the Servicer’s reasonable and necessary expenses for operation and administration of the Student Loan Finance Program. The fees shall cover, but are not limited to, the Authority’s and the Corporation’s reasonable and necessary expenses for operation and administration of the Student Loan Finance Program including those expenditures made for the purchase of furniture and equipment as well as those expenditures associated with the operation and maintenance of the facilities of the Authority and the Corporation.

“Special Allowance Payments” shall mean special allowance payments authorized to be made by the Secretary in respect of the Financed FFELP Loans pursuant to Section 438 of the Higher Education Act or similar allowances authorized from time to time by federal law or regulation.

“S&P” shall mean Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc., its successors and their assigns.

“State” shall mean the State of South Carolina.

“Stated Maturity Date” shall mean, with respect to any Bond, the date designated as such in a Series Resolution related to a Series of Bonds and on which the final payment of principal of and interest on a Bond is due and payable, to the extent not previously paid.

“Student Loan” shall mean FFELP Loans and Private Loans.

“Student Loan Finance Program” shall mean and include any acts or things done by the Authority or the Corporation pursuant to the Act and this 2009 PAL General Resolution for the purpose of making Student Loans available pursuant to the Act.

“Student Loan Insurance Program” shall mean the guarantee program of the Authority authorized by the Act related to FFELP Loans.

“Subordinate Bonds” shall mean any Bonds that are so designated in the Series Resolution authorizing such Bonds.

“Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this 2009 PAL General Resolution or any Series Resolution adopted by the Authority in accordance with Article VII.

“Tax Exemption Certificate” shall mean any agreement or certificate delivered in connection with the issuance of each Series of Bonds issued under the authorization of Section 144(b) of the Code, to establish the Authority’s continuing compliance with Section 148 of the Code and all regulations applicable thereto.

“Termination Payment” shall mean, with respect to a Derivative Product, any Termination Payment payable by the Authority under such Derivative Product relating to an early termination of such Derivative Product by the Reciprocal Payor, as the non-affected party or non-defaulting party, after the occurrence of a termination event or Event of Default specified in such Derivative Product.

“Transaction Documents” shall mean this 2009 PAL General Resolution, the 2009 PAL Loan Agreement, any applicable Series Resolution or Supplemental Resolution, any Bonds and any Derivative Product.

“Trust Estate” shall mean (together with any proceeds with respect to any of the following) (a) all rights, title and interest of the Authority (i) under the 2009 PAL Loan Agreement, including the master promissory note which evidences the Finance Loans and the Finance Loan Fund, and (ii) in the Financed Student Loans and all amounts required to be paid to the Authority by the Corporation under the 2009 PAL Loan Agreement, including, without limitation, all Assigned Revenues; (b) all rights, title and interest of the Authority under any Deposit Account Control Agreement; (c) all rights, title and interest of the Authority under any Custodian Agreement; (d) all moneys and securities from time to time held by the Trustee under the terms of this 2009 PAL General Resolution (excluding moneys and securities held, or required to be deposited, in the Rebate Fund and the Department Reserve Fund), and (e) 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.

“Trustee” shall mean The Bank of New York Mellon Trust Company, National Association and the successor or successors thereto and any other corporation which may at any time be substituted in its place pursuant to Article IX.

“2009 PAL General Resolution” shall mean this 2009 PAL General Resolution as the same may be amended or supplemented from time to time in accordance with the terms hereof.

“2009 PAL Loan Agreement” shall mean that certain 2009 PAL Loan Agreement, Security and Pledge Agreement, dated as of October 29, 2009, between the Authority and the Corporation providing for Finance Loans to the Corporation and the assignment by the Corporation to the Authority of the Assigned Revenues, the Financed Student Loans (including the notes and other instruments evidencing the same) and all amounts on deposit within the Finance Loan Fund as collateral for the repayment of such Finance Loans, the Bonds and all other amounts payable hereunder.

“UCC” shall mean the Uniform Commercial Code as in effect in the State, as amended.

“Value” on any calculation date when required under this 2009 PAL General Resolution shall mean the value of the Trust Estate calculated by the Servicer as to (a) and (b) below and by the Trustee as to (c) through (e), inclusive, below, as follows:

(a) with respect to any Financed FFELP Loan, the unpaid Principal Balance, accrued but unpaid interest, Interest Subsidy Payment or Special Allowance Payment that is required to be paid to the Corporation for the benefit of the Authority with respect to such Financed FFELP Loan and that is required pursuant hereto to be transferred to the Trustee, less the unguaranteed portion of Financed FFELP Loans in claims status;

(b) with respect to any Financed Private Loan (i) being less than 180 days delinquent and (ii) which has not been extinguished by bankruptcy proceedings, the unpaid Principal Balance and accrued but unpaid interest;

(c) with respect to any funds of the Authority held under this 2009 PAL General Resolution and credited to any Fund or Account except the Rebate Fund, the Department Reserve Fund and the Operating Fund on deposit in any commercial bank or as to any banker's acceptance or repurchase agreement or investment contract, the amount thereof plus accrued but unpaid interest;

(d) with respect to any Investment Obligations of an investment company, the bid price of the shares as reported by the investment company plus accrued but unpaid interest; and

(e) subject to Section 506(b), as to other investments, the fair market value based on accepted industry standards and from accepted industry providers, such as Financial Times Interactive Data Corporation, or other provider selected by the Trustee.

"Yield Reduction Payments" shall mean the definition for such term established in the Code.

Section 103. Construction. In this 2009 PAL General Resolution, unless the context otherwise requires:

Articles and Sections referred to by number shall mean the corresponding articles and Sections of this 2009 PAL General Resolution.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities including public bodies, as well as natural persons.

The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this 2009 PAL General Resolution, refer to this 2009 PAL General Resolution or sections or subsections of this 2009 PAL General Resolution and the term "hereafter" means after the date of adoption of this 2009 PAL General Resolution.

Nothing in this 2009 PAL General Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Authority, the Corporation, the Fiduciaries, and the Bondholders, any right, remedy or claim under or by reason of this 2009 PAL General Resolution 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 parties specified in the preceding sentence.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. Authorization for 2009 PAL General Resolution. This 2009 PAL General Resolution is adopted pursuant to the Act to provide a method of permanent financings for the Student Loan Finance Program.

Section 202. 2009 PAL General Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall purchase and hold the same from time to time,

the provisions of this 2009 PAL General Resolution and any Series or Supplemental Resolution shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the Bondholders from time to time of the Bonds, and such provisions are covenants and agreements with such Bondholders which the Authority hereby determines to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by the Authority, shall be for the equal benefit, protection and security of the registered owners of any and all Bonds of like Class and Series which shall be of equal rank without preference, priority or distinction among all Bonds of the same Class and Series.

Section 203. Obligation of Bonds. This 2009 PAL General Resolution creates a continuing pledge and first perfected lien on the Trust Estate to secure the full and final payment of the principal and Redemption Price of and interest on all Outstanding Bonds. The Bonds shall be special obligations of the Authority, payable only from the Trust Estate pledged by the Authority to the Trustee hereunder, for the payment of the principal or Redemption Price of, and interest on, said Bonds. The Bonds shall contain on their face a statement that the Authority is not obligated to pay the principal or Redemption Price thereof or the interest thereon except from the revenues, funds and assets pledged for their payment, that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal or Redemption Price thereof or the interest thereon and that such Bonds shall not be deemed to constitute a debt, liability or obligation of the State or of any political subdivision thereof other than the Authority.

Section 204. Authorization of Bonds. In order to provide sufficient funds for the Student Loan Finance Program, which Student Loan Finance Program is hereby adopted, confirmed and approved, Bonds of the Authority, each to be entitled "Student Loan Revenue Bonds", are hereby authorized to be issued from time to time without limitation as to amount except as may be limited by the Act, and such Bonds shall be issued in one or more Series, as provided herein, subject to the terms, conditions and limitations established by the Act, in this 2009 PAL General Resolution and in the applicable Series Resolution.

Section 205. Authorization for Bonds in Series. (a) From time to time as authorized by this 2009 PAL General Resolution and subject to the terms, limitations and conditions established in this 2009 PAL General Resolution, the Authority may authorize the issuance of a Series of Bonds upon adoption of a Series Resolution, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of this Article. The Bonds of each Series shall, in addition to the title "Student Loan Revenue Bonds", bear a letter or number Series (and if applicable Class within a Series) designation as may be necessary to distinguish them from the Bonds of every other Series (and if applicable Class within a Series) and shall designate the year in which the Series is issued. Bonds of any Series may be authorized to be issued in such forms as may be provided in the applicable Series Resolution.

(b) Each Series Resolution authorizing the issuance of a Series of Bonds shall include a determination by the Authority to the effect that the issuance of said Series of Bonds is necessary to provide funds to be used and expended for the Student Loan Finance Program and shall specify and determine:

(i) the authorized principal amount of said Series of Bonds;

(ii) the purpose for which such Series of Bonds is being issued, which shall be to provide funds for the purposes authorized by the Act and this 2009 PAL General Resolution, including one or more of the following: (A) making a Finance Loan to the Corporation for financing Financed Student Loans, including the payment of legal, financing and other expenses incidental thereto or the payment of temporary indebtedness incurred by the Authority or the Corporation to

obtain funds for such purposes all in accordance with and subject to the applicable Series Resolution; (B) making of deposits in amounts, if any, required or permitted by this 2009 PAL General Resolution to be paid into any Fund or Account from the proceeds of such Series of Bonds; or (C) refunding of Bonds issued hereunder or other bonds or indebtedness of the Authority;

(iii) the title and designation of, the manner of numbering and lettering, and the denomination or denominations of the Bonds of such Series;

(iv) the Issue Date of the Bonds of such Series;

(v) the interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series and the Interest Payment Dates of such Bonds;

(vi) the Redemption Price or Redemption Prices and the Redemption Date or Redemption Dates and other terms of redemption (if any) and selection of Bonds for redemption applicable to any of the Bonds of such Series;

(vii) the Paying Agent or Paying Agents appointed by such Series Resolution for such Bonds as provided in Section 902;

(viii) the Stated Maturity Date or Stated Maturity Dates of such Bonds and the amounts thereof, including the amount and date of each Mandatory Sinking Fund Installment;

(ix) any other applicable redemption requirement (including Cumulative Sinking Fund Payments) for the Bonds of such Series and the method of satisfying the same;

(x) the manner in which Bonds of such Series are to be sold and provisions for the sale thereof;

(xi) the forms for the Bonds of such Series;

(xii) a statement as to whether interest on the Bonds to be issued is intended to be (A) excluded from the gross income of the beneficial owners thereof under the authorization of Section 144(b) of the Code, or (B) included in gross income for federal income tax purposes;

(xiii) designation of the Derivative Products and Reciprocal Payor, if applicable;

(xiv) any terms and conditions to be imposed on Private Loans to be financed with Bonds of such Series; and

(xv) any other provisions deemed advisable by the Authority, not in conflict with or in substitution for the provisions of this 2009 PAL General Resolution.

(c) The Authority may in a Series Resolution authorize an Authorized Officer to determine on its behalf the items set forth in Section 205(b) above, and such other matters as shall be further provided therein with respect to the details of the Series of Bonds. Such determinations shall be set forth in a Certificate of an Authorized Officer which Certificate shall be filed among the official records of the Authority.

Section 206. Issuance and Delivery of Bonds. After their authorization by a Series Resolution, Bonds of a Series may be executed by or on behalf of the Authority in accordance with Section 304 and

delivered to the Trustee for authentication, and upon compliance by the Authority with the special requirements, if any, set forth in such Series Resolution and with the requirements of Section 207, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Authority.

Section 207. Conditions Precedent to Authentication and Delivery of Bonds. Except as provided by Sections 306, 307 and 308, the Trustee shall authenticate and deliver to or upon the order of the Authority any Bonds authorized to be issued pursuant to this 2009 PAL General Resolution only upon receipt by the Trustee of:

- (a) a copy of the Series Resolution authorizing the Series, certified by an Authorized Officer of the Authority;
- (b) a Certificate of an Authorized Officer of the Authority as to the delivery of such Bonds and describing such Bonds to be authenticated and delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered, and stating the purchase price of such Bonds;
- (c) an approving Counsel's Opinion;
- (d) a Certificate of an Authorized Officer of the Authority directing the deposit in the Debt Service Reserve Fund (which may be in the form of a Reserve Alternative Instrument if permitted pursuant to the terms hereof) of so much (if any) of (i) the proceeds of the Bonds to be issued, upon their issuance, sale and delivery or (ii) such other funds of the Authority, so that the aggregate amount then held by the Trustee in said Fund is equal to the Debt Service Reserve Requirement;
- (e) a Certificate of an Authorized Officer of the Authority stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this 2009 PAL General Resolution or any Series Resolution;
- (f) a Certificate of an Authorized Officer of the Authority establishing that for the current and each future Fiscal Year until all Bonds to be Outstanding after the delivery of the Bonds of such Series are no longer Outstanding, Revenues Available for Debt Service in each such Fiscal Year are anticipated to be fully sufficient to pay when due principal of, premium, if any, and interest on all Bonds Outstanding, as well as Department Reserve Amounts and Operating Costs for each such Fiscal Year, which Certificate may rely upon data and computations made on behalf of the Authority;
- (g) the amount of the proceeds of the Series to be deposited in any Fund or Account and such further documents, moneys and securities as are required hereby or by the applicable Series Resolution;
- (h) evidence of ratings, if any, by each Rating Agency and a Rating Agency Condition (if any Bonds are and will remain Outstanding);
- (i) UCC-1 financing statements and evidence that appropriate arrangements have been made for the filing of such UCC-1 financing statements; and
- (j) a Certificate of an Authorized Officer of the Corporation as to the consent of the Corporation to the issuance of Bonds under such Series Resolution.

Section 208. Provisions for Refunding Issue. (a) One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all or any Bonds Outstanding hereunder or bonds outstanding under another resolution of the Authority. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys or securities determined by the Authority to be available therefor, if any, to accomplish such refunding and to make such deposits as are required by the provisions of the Act, this Section and of the Series Resolution authorizing such Series of Refunding Bonds.

(b) The Bonds of a Series of Refunding Bonds issued to refund Bonds issued hereunder and other bonds of the Authority may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 207) of:

(i) except in the case of Bonds to be paid at the Stated Maturity Date, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds or bonds outstanding under another resolution to be redeemed from any of the proceeds of such Series on the Redemption Date or Dates specified in such instructions;

(ii) either:

(A) moneys in an amount sufficient, without any investment thereof, to effect payment of principal or the applicable Redemption Price of the Bonds or bonds outstanding under another resolution to be refunded, together with interest due or to become due on such Bonds or bonds to the Stated Maturity Date or such Redemption Date, which moneys shall either be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective registered owners of Outstanding Bonds or outstanding bonds being refunded, or

(B) Defeasance Obligations sufficient to comply with the provisions of Section 1101, and any moneys required pursuant to said section (with respect to all or any part of the Outstanding Bonds or outstanding bonds being refunded) which Defeasance Obligations or evidence thereof and moneys shall be held in a segregated trust account and used only as provided in said section; and

(iii) a Certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements of this subsection, and the Trustee shall be entitled to rely on such Certificate.

(c) The Trustee shall furnish to the Authority at the time of delivery of the Refunding Bonds a certificate (which may be based upon a verification report of a certified public accountant) stating that, as of the Issue Date, upon receipt of the amounts described in (b)(ii) above, it will hold in trust the moneys and/or Defeasance Obligations required to effect such payment in full of the Outstanding Bonds or outstanding bonds being refunded, and accrued interest thereon.

(d) Any balance of the proceeds of such Refunding Bonds shall be deposited in such funds or accounts as shall be specified in the Series Resolution authorizing such Series of Refunding Bonds.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. Date of Series. Each Series of Bonds shall be dated as of, shall bear interest and shall mature on the dates prescribed in the applicable Series Resolution.

Section 302. Medium of Payment; Form and Date. The Bonds shall be payable, with respect to principal and interest, 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, and on such date or dates as is authorized by the applicable Series Resolution.

The Bonds shall be issued in such form, including book entry form, and payable in such manner as is provided in the applicable Series Resolution.

Section 303. 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 2009 PAL General Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Authority prior to the delivery thereof.

Section 304. Execution. The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of an Authorized Officer and the seal of the Authority (or facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of such officer or employee of the Authority as shall be directed by the Series Resolution authorizing the issuance thereof, or in such other manner as may be required by law. 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 persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond of a Series 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.

Section 305. Negotiability, Transfer and Registration. (a) Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the office of the Trustee, by the Bondholder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Bondholder or his duly authorized attorney. Upon the transfer of any such Bond, the Authority shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount, Class, Series, Stated Maturity Date and interest rate as the surrendered Bond.

(b) The Authority and any Fiduciary may deem and treat the person in whose name any Outstanding Bond shall be registered upon the books of the Authority, including any Securities Depository holding such Bonds in book-entry form, 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 or Redemption Price, if any, of and interest on, such Bond and for all other purposes. All such payments so made to any such Bondholder or upon his 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.

(c) So long as any of the Bonds shall remain Outstanding, the Authority shall maintain and keep, at the office of the Trustee, books for the registration and transfer of Bonds; and upon presentation thereof for such purpose at said office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Authority shall make all necessary provisions to permit the exchange of Bonds at the office of the Trustee.

Section 306. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this 2009 PAL General Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. 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 (a) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, (b) in the case of a Bond issued upon the first exchange or transfer of a Bond or Bonds surrendered for such purpose after the first authentication and delivery of any of the Bonds of the same Series, or (c) as otherwise provided in this 2009 PAL General Resolution, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the Authority nor the Trustee shall be required (a) to transfer or exchange Bonds of any Series for a period of 10 days next preceding an Interest Payment Date on the Bonds of such Series or next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption or (b) to transfer or exchange any Bonds previously called for redemption.

Section 307. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Class, Series, Stated Maturity Date, interest rate and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trustee with indemnity satisfactory to it and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Authority and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be canceled by it and evidence of such cancellation shall be given to the Authority. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal benefits with all other Bonds of the same Class and Series issued under this 2009 PAL General Resolution in the Trust Estate for the benefit of the Bondholders.

Section 308. Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 304, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Authority, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, deliver in exchange therefor, at the office of the Trustee, definitive Bonds, of the same aggregate principal amount, Class and Series, Stated Maturity Date and interest rate as the temporary Bonds surrendered.

Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security with respect to the Trust Estate as definitive Bonds issued pursuant to this 2009 PAL General Resolution.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith canceled by the Trustee and disposed of by the Trustee in accordance with its customary procedures.

Section 309. Authentication of Bonds. Each Bond shall bear thereon a certificate of authentication, substantially in the following form, duly completed and manually executed by the Trustee:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the Student Loan Revenue Bonds, Series _____, of the South Carolina State Education Assistance Authority.

Section 310. Book-Entry Form Authorized. The Authority may in any applicable Series Resolution provide for the issuance of a Series of Bonds in book-entry form.

Section 311. Escheat. All money that the Trustee shall have withdrawn from the Debt Service Fund or shall have received from any other source and set aside or delivered to any Paying Agent for the purpose of paying any of the Bonds hereby secured, either at the Stated Maturity Date or by purchase or call for redemption, shall be held in trust for the respective Bondholders.

All money that is so set aside and that remains unclaimed by the Bondholders for a period of five years after the date on which such Bonds have become payable shall be treated as abandoned property pursuant to the provisions of the Uniform Unclaimed Property Act (Title 27, Chapter 18, Code of Laws of South Carolina, 1976, as amended) shall govern its disposition.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 401. Deposits in Funds and Accounts. (a) Accrued interest, if any, received upon the delivery of any Series of Bonds shall be deposited in the Interest Account of the Debt Service Fund. The amount, if any, received as a premium over the principal amount of such Series of Bonds upon delivery of such Series shall be deposited in the Loan Account unless otherwise specified in the Series Resolution authorizing such Series.

(b) There shall be deposited in the Debt Service Reserve Fund an amount sufficient, together with other available moneys of the Authority, to cause the amount on deposit in such Debt Service Reserve Fund, to at least equal the Debt Service Reserve Requirement immediately after issuance of any Series of Bonds. The Debt Service Reserve Requirement may also be satisfied by a Reserve Alternative Instrument if permitted pursuant to the terms hereof.

(c) The amount, if any, specified in the Series Resolution to be deposited in the Capitalized Interest Fund shall be deposited in such Fund.

(d) The amount, if any, specified in the Series Resolution to be deposited in the Operating Fund shall be deposited in such Fund.

(e) The amount, if any, specified in the Series Resolution to be deposited in the Department Reserve Fund shall be deposited in such Fund.

(f) There shall be deposited in the Cost of Issuance Account an amount sufficient to pay Costs of Issuance for each Series of Bonds as are not otherwise provided for.

(g) The remaining proceeds derived from the sale of any Series of Bonds shall be deposited in the appropriate subaccount of the Loan Account.

ARTICLE V

PLEDGE EFFECTED; ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF TRUST ESTATE

Section 501. The Pledge of the Trust Estate Effected by this 2009 PAL General Resolution. (a) The Authority hereby pledges and assigns for the payment of the principal (or, if the Bonds have been duly called for redemption, the Redemption Price) of and interest on Bonds, in accordance with their terms and the provisions of this 2009 PAL General Resolution and the applicable Series Resolution, and all other payment obligations hereunder subject only to the provisions of this 2009 PAL General Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth in this 2009 PAL General Resolution, the Trust Estate to the Trustee for the benefit of the Trustee and the Bondholders. It is expressly understood that there shall be released from the lien of this pledge such Financed Student Loans as may be sold or transferred by the Authority or by the Corporation to the extent that such sale or transfer is authorized hereunder.

(b) The Trust Estate shall immediately be subject to the lien of the pledge of this Section 501 without any physical delivery thereof or further act, and the lien of said pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority. The security interest granted herein with respect to the Financed Student Loans shall be perfected in the manner provided by the Higher Education Act and the UCC, as applicable.

(c) It is expressly understood that, subject to the limitations set forth herein, in any Series Resolution or Supplemental Resolution, there shall be released from the lien of this pledge such Trust Estate assets as may be sold, disposed of or transferred by the Authority or the Corporation to the extent that such sale, disposition or transfer is directed by a Certificate of an Authorized Officer of the Authority. The Trustee shall, upon receipt of a Certificate from such Authorized Officer and subject to the provisions of this 2009 PAL General Resolution and any Series Resolution or Supplemental Resolution, take all actions reasonably necessary to effect the release of any Trust Estate assets from the lien of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement, as applicable, as directed by such Certificate to permit the sale, disposition or transfer of such Trust Estate assets.

Subject to the limitations set forth in the preceding paragraph and elsewhere in this 2009 PAL General Resolution or the 2009 PAL Loan Agreement, upon receipt of such Certificate of an Authorized Officer, the Trustee shall execute instruments provided by such Authorized Officer to release such Trust Estate assets from the lien of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement, as applicable, or convey the Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement. No party relying upon an instrument executed by the Trustee as provided in this Article shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

The Trustee shall, at such time as there are no Bonds Outstanding and all amounts due and owing hereunder, release any remaining portion of the Trust Estate from the lien of this 2009 PAL General Resolution and release to the Authority or its assigns any funds then on deposit in the Funds and Accounts.

Section 502. Establishment of Funds and Accounts. The Authority hereby establishes the following funds and accounts to be maintained by the Trustee for the benefit of the Bondholders:

- (a) Program Fund
 - Loan Account
 - Tax Exempt Bond Subaccount
 - Taxable Bond Subaccount
 - Cost of Issuance Account
- (b) General Revenue Fund
- (c) Debt Service Fund
 - Interest Account
 - Principal Account
- (d) Capitalized Interest Fund
- (e) Operating Fund
- (f) Department Reserve Fund
- (g) Debt Service Reserve Fund
- (h) Rebate Fund

Each of the above Funds and Accounts, in addition to other Accounts from time to time established at the direction of the Authority, shall be held in a segregated trust account in the corporate trust division of the Trustee and maintained by the Trustee pursuant to the provisions of this 2009 PAL General Resolution. The Trust Estate shall be administered as a separate and distinct trust estate from the trust estates created under any of the Authority's other general resolutions or master indentures and each Fund or Account created hereunder and the assets therein shall be segregated from all other funds of the Authority.

The Series Resolution for any Series of Bonds may provide for the creation of separate Accounts within any Fund or separate subaccounts within any Account, into which moneys representing proceeds of such Series, moneys set aside for the payment of such Series, or moneys otherwise allocable to such Series shall be deposited or credited. Notwithstanding the creation of such Accounts or subaccounts, moneys therein shall be available for any purpose for which other moneys in the Fund of which such Account is a part or the Account of which such subaccount is a part, as the case may be, are authorized to be applied or used.

Section 503. Program Fund. (a) The Trustee shall establish and create within the Program Fund a Cost of Issuance Account and a Loan Account which may contain a Tax Exempt Bond Subaccount and a Taxable Bond Subaccount.

(b) The Trustee shall from time to time pay out, or permit the withdrawal of, moneys credited to the Cost of Issuance Account, free and clear of any lien, pledge or assignment in trust created by this Article, for the purpose of paying in the manner herein authorized any Costs of Issuance for which provision is not otherwise made, upon receipt by said Trustee of a written requisition substantially in the form of Exhibit A hereto signed by an Authorized Officer of the Authority stating with respect to each payment to be made:

- (i) the item for which payment is to be made,
- (ii) the name of the person or party to whom the payment is to be made,
- (iii) the amount to be paid, and
- (iv) that the amount to be paid from such Account pursuant to such requisition is a proper charge thereon.

Upon receipt of each such requisition properly drawn subject to the limitations in the applicable Series Resolution, the Trustee shall deliver a check, draft or wire transfer drawn upon the Cost of Issuance Account for the payment of each item. Upon receipt of a Certificate signed by an Authorized Officer of the Authority to the effect that all Costs of Issuance in respect of each Series of Bonds have been paid, the Trustee shall transfer in accordance with the directions contained in said Certificate, any moneys remaining in the Cost of Issuance Account to the Loan Account or the General Revenue Fund.

(c) (i) From the proceeds of each Series of Bonds, there shall be deposited into the Loan Account the amounts required by Section 401.

(ii) Except as otherwise specifically directed herein, amounts in the Loan Account shall be expended and applied by the Trustee, upon the written direction of the Authority and in accordance with the 2009 PAL Loan Agreement, to make the Finance Loans to the Corporation for the purpose of financing Student Loans. The Corporation shall certify that amounts to be withdrawn from the Loan Account will be used by the Corporation to finance Student Loans, shall include the origination price for such Financed Student Loans, shall have attached a loan list of such Student Loans (upon request of the Trustee) and shall certify that all requirements of the 2009 PAL Loan Agreement have been met. Such Certificate shall be in substantially the form of Exhibit B hereto.

(iii) Upon each initial deposit of Bond proceeds in the Loan Account, the Corporation shall furnish the Trustee with a schedule of dates on which it is estimated by the Corporation that Student Loans will be financed. The Corporation may from time to time amend the estimated schedule of dates so furnished. After such estimated schedule or amended estimated schedule has been furnished to the Trustee, the Trustee shall at the direction of the State Treasurer invest and reinvest the moneys in said Account, in Investment Obligations so that the stated maturity date or date of redemption at the option of the holder of such Investment Obligations shall mature not later than the dates reflected in such estimated schedule for the financing of Student Loans. Such Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of the Loan Account, and the Trustee shall keep the Corporation and the Authority advised as to the details of all such investments. The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Obligations purchased by it as an

investment for the Loan Account whenever it shall be necessary in order to provide moneys to make any authorized payment from the Loan Account.

(iv) The Trustee shall keep records in respect of withdrawals of moneys from the Loan Account for the purpose of financing Student Loans.

(v) The Authority may, at any time, as provided in an applicable Series Resolution, direct the Trustee in writing to transfer any monies in the Loan Account to the Principal Account of the Debt Service Fund and shall so direct the Trustee to make such transfer to effect a mandatory redemption of Bonds to the extent that monies deposited in the Loan Account have not been expended to finance Student Loans prior to the date set forth therefor in any applicable Series Resolution. In the event the Student Loan Finance Program is discontinued by law or otherwise, the Authority shall deliver to the Trustee, and to each Rating Agency, a Certificate signed by an Authorized Officer stating that such program has been discontinued and setting forth the amount, if any, required to be expended from the Loan Account to acquire Student Loans for which commitments to acquire or make remain outstanding. The Trustee, upon receipt of such Certificate and after reserving in the Loan Account the amounts required therefor as set forth in such Certificate of the Authority, shall transfer the balance of the moneys remaining in the Loan Account to the Principal Account of the Debt Service Fund, to effect a mandatory redemption of Bonds.

Section 504. General Revenue Fund. (a) All moneys received by or on behalf of the Authority as assets of, or with respect to, the Trust Estate shall be deposited promptly, but no later than two Business Days from the receipt thereof, to the credit of the General Revenue Fund. There may also be paid into the General Revenue Fund, at the option of the Authority, any moneys received by the Authority from any other source, unless required to be otherwise applied.

(b) Not later than the 10th day of each calendar month (unless an Authorized Officer of the Authority directs the Trustee in a Certificate to do so more frequently or as specifically provided in a Series Resolution), the Trustee shall withdraw from the General Revenue Fund and, to the extent that there are amounts in the General Revenue Fund available therefor, make deposits to the credit of the Funds and Accounts, together with such other payments as are set forth below, in the amounts and in order of priority as follows:

(i) First, to the Department Reserve Fund, an amount that, when added to the amount therein will equal the Department Reserve Fund Requirement as determined and directed by the Authority subject to Section 505(d).

(ii) Second, to the Rebate Fund for Rebate Amounts as set forth in Section 504(c) and, if elected by the Authority, amounts for Yield Reduction Payments as set forth in Section 504(d). Such amounts, if any, shall be set forth in a Certificate of an Authorized Officer of the Authority provided to the Trustee not later than 90 days after the end of a Fiscal Year or earlier if applicable.

(iii) Third, to the Operating Fund, an amount that, when added to the amount therein will equal the Operating Fund Requirement as determined and directed by the Authority subject to Section 505(c).

(iv) Fourth, to the Interest Account, and segregated in a subaccount therein for Senior Bonds and any Derivative Product on parity with Senior Bonds an amount such that, if the same amounts are so paid and credited to such subaccount from the same source on the same day of each succeeding calendar month thereafter prior to the next Interest Payment Date or Derivative Payment

Date, as applicable, the aggregate of the amounts so paid and credited to the subaccount, when added to any amount on deposit in such subaccount on the day of the calculation, would on such Interest Payment Date or Derivative Payment Date, as applicable, be equal to the interest on all Outstanding Senior Bonds or any Derivative Payment on all Derivative Products on parity with Senior Bonds, as applicable, accrued and unpaid as of such date. In the event that different Interest Payment Dates or Derivative Payment Dates, as applicable, are established in respect of different Senior Bonds and any Derivative Product on parity with Senior Bonds, deposits in the subaccount of the Interest Account shall be made in accordance with the foregoing calculation applied separately to each such different Senior Bonds or Derivative Products. The Authority may direct the Trustee in a Certificate to retain additional amounts in such Interest Account but no more than the estimated amount of interest to be paid on Senior Bonds and Derivative Payments on Derivative Products on the next Interest Payment Date or Derivative Payment Date, as applicable.

(v) Fifth, to the Interest Account, and segregated in a subaccount therein for Subordinate Bonds and any Derivative Product on parity with Subordinate Bonds an amount such that, if the same amounts are so paid and credited to such subaccount from the same source on the same day of each succeeding calendar month thereafter prior to the next Interest Payment Date or Derivative Payment Date, as applicable, the aggregate of the amounts so paid and credited to the subaccount, when added to any amount on deposit in such subaccount on the day of the calculation, would on such Interest Payment Date or Derivative Payment Date, as applicable, be equal to the interest on all Outstanding Subordinate Bonds or any Derivative Payment on all Derivative Products on parity with Subordinate Bonds, as applicable, accrued and unpaid as of such date. In the event that different Interest Payment Dates or Derivative Payment Dates, as applicable, are established in respect of different Subordinate Bonds and any Derivative Product on parity with Subordinate Bonds, deposits in the subaccount of the Interest Account shall be made in accordance with the foregoing calculation applied separately to each such different Subordinate Bonds or Derivative Products. The Authority may direct the Trustee in a Certificate to retain additional amounts in such Interest Account but no more than the estimated amount of interest to be paid on Subordinate Bonds and Derivative Payments on Derivative Products on the next Interest Payment Date or Derivative Payment Date, as applicable.

(vi) Sixth, to the Principal Account, whenever a Principal Installment of Senior Bonds is to fall due within one year of the date of transfer, an amount such that, if the same amounts are so paid and credited to the Principal Account from the same source on the same day of each succeeding calendar month thereafter prior to the next day upon which a Principal Installment is due, the aggregate of the amounts so paid and credited to the Principal Account, when added to any amount on deposit in the Principal Account on the day of the calculation and segregated therein for such purpose, would on such Principal Installment Date be equal to the amount of all accrued and unpaid Principal Installments of Senior Bonds estimated to be due as of such date. In the event that different dates (within one year of the date of transfer) on which Principal Installments fall due are established in respect of different Series of Senior Bonds, deposits in the Principal Account shall be made in accordance with the foregoing calculation applied separately to each such different Series. The Authority may direct the Trustee in a Certificate to retain additional amounts in such Principal Account but no more than the estimated amount of principal to be paid on Senior Bonds on the next applicable Principal Installment Dates.

(vii) Seventh, to the Principal Account, whenever a Principal Installment of Subordinate Bonds is to fall due within one year of the date of transfer, an amount such that, if the same amounts are so paid and credited to the Principal Account from the same source on the same day of each succeeding calendar month thereafter prior to the next day upon which a Principal Installment is due, the aggregate of the amounts so paid and credited to the Principal Account, when added to any

amount on deposit in the Principal Account on the day of the calculation and segregated therein for such purpose, would on such Principal Installment Date be equal to the amount of all accrued and unpaid Principal Installments of Subordinate Bonds estimated to be due as of such date. In the event that different dates (within one year of the date of transfer) on which Principal Installments fall due are established in respect of different Series of Subordinate Bonds, deposits in the Principal Account shall be made in accordance with the foregoing calculation applied separately to each such different Series. The Authority may direct the Trustee in a Certificate to retain additional amounts in such Principal Account but no more than the estimated amount of principal to be paid on Subordinate Bonds on the next applicable Principal Installment Dates.

(viii) Eighth, to the Principal Account, an amount such that, if available amounts are so paid and credited to the Principal Account from the same source on the same day of each succeeding calendar month thereafter, then prior to the next day upon which a Cumulative Sinking Fund Payments for Senior Bonds is to fall due within one year of the date of transfer, the aggregate of the amounts so paid and credited to the Principal Account, when added to any amount on deposit in the Principal Account on the day of the calculation and segregated therein for such purpose, would on such Cumulative Sinking Fund Payment Date be equal to (but not exceed) the amount of all accrued and unpaid Cumulative Sinking Fund Payments for such Senior Bonds as of such date; provided, that, if Revenues Available for Debt Service are not sufficient to pay Cumulative Sinking Fund Payments with respect to each Series, then payments shall be made on a pro rata basis based upon the amount of the Cumulative Sinking Fund Payments due, as adjusted. The amount of such insufficiency shall be added to the next payment or date, as applicable, contemplated by the applicable Cumulative Sinking Fund Payment Schedule.

(ix) Ninth, to the Principal Account, an amount such that, if available amounts are so paid and credited to the Principal Account from the same source on the same day of each succeeding calendar month thereafter, then prior to the next day upon which a Cumulative Sinking Fund Payment for Subordinate Bonds is to fall due within one year of the date of transfer, the aggregate of the amounts so paid and credited to the Principal Account, when added to any amount on deposit in the Principal Account on the day of the calculation and segregated therein for such purpose, would on such Cumulative Sinking Fund Payment Date be equal to (but not exceed) the amount of all accrued and unpaid Cumulative Sinking Fund Payments for such Subordinate Bonds as of such date; provided, that, if Revenues Available for Debt Service are not sufficient to pay Cumulative Sinking Fund Payments with respect to each Series, then payments shall be made on a pro rata basis based upon the amount of the Cumulative Sinking Fund Payments due, as adjusted. The amount of such insufficiency shall be added to the next payment or date, as applicable, contemplated by the applicable Cumulative Sinking Fund Payment Schedule.

(x) Tenth, to the Debt Service Reserve Fund, so much as may be required so that the amount therein shall equal the Debt Service Reserve Requirement.

(xi) Eleventh, upon receipt by the Trustee of a Certificate of the Authority setting forth any amounts necessary to pay unpaid Termination Payments due on a Derivative Payment Date and any other Derivative Payment. Amounts paid shall be credited to a Reciprocal Payor who has provided a Derivative Product secured on a parity with the Senior Bonds, provided that such amounts shall not be paid unless the Senior Parity Percentage is greater than or equal to 120% after such payment is made or a Rating Agency Condition is provided to the Trustee.

(xii) Twelfth, upon receipt by the Trustee of a Certificate of the Authority setting forth any amounts necessary to pay unpaid Termination Payments due on a Derivative Payment Date

and any other Derivative Payment. Amounts paid shall be credited to a Reciprocal Payor who has provided a Derivative Product secured on a parity with the Subordinate Bonds, provided that such amounts shall not be paid unless the Senior Parity Percentage is greater than or equal to 120% after such payment is made or a Rating Agency Condition is provided to the Trustee.

(xiii) Thirteenth, upon receipt by the Trustee of a Certificate of the Corporation setting forth an amount that, subject to any limitations set forth in the most recent Cash Flow Certificate, may be paid to the Corporation and used solely for the Student Loan Finance Program, such amount may be paid to the Corporation and so used, provided that such amounts shall not be paid unless (A) the Senior Parity Percentage is greater than or equal to 120% after such payment is made or a Rating Agency Condition is provided to the Trustee and (B) the Value of the Trust Estate after such payment is made shall be not less than the sum of the principal amount of and accrued interest on all Bonds then Outstanding, any accrued but unpaid Operating Costs not funded in the Operating Fund, any excess yield liability pursuant to Section 504(d) not deposited to the Rebate Fund, any Rebate Amount not deposited to the Rebate Fund, any accrued but unpaid Department Reserve Fund Amounts not funded in the Department Reserve Fund and the Adjusted Equity Amount.

(xiv) Fourteenth, during any Recycling Period, the balance, if any, shall be transferred to the Loan Account (subject to any limitations imposed in an applicable Certificate, Series Resolution, or Supplemental Resolution). Such amounts shall be allocated to the various subaccounts of the Loan Account as directed by the Authority.

(xv) Fifteenth, the balance, if any, shall be transferred to the Principal Account to effect a mandatory redemption of Bonds or Cumulative Sinking Fund Payments (as directed in an applicable Series Resolution, Certificate of the Authority, Supplemental Resolution or in the absence of any such direction as directed in Section 1004).

(c) Within 90 days after the end of a Fiscal Year with respect to each Series of Bonds issued hereunder with the intention that the interest thereon be excluded from the gross income of the owners thereof, the Authority shall file or cause to be filed with the Trustee a report setting forth the Rebate Amount and shall deposit or cause the deposit into the Rebate Fund of any and all Rebate Amounts. Moneys in the Rebate Fund, including investment earnings thereon, if any, shall not be subject to the pledge of this 2009 PAL General Resolution. Amounts deposited in the Rebate Fund shall be applied to pay Rebate Amounts or Yield Reduction Payments owed to the United States pursuant to Section 148 of the Code. The Trustee, upon receipt of written instructions from the Authority shall pay out of amounts in the Rebate Fund each Rebate Amount or each Yield Reduction Payment. Other than its duty to invest moneys in accordance with Section 506, the Trustee shall have no responsibility for compliance with Section 148 of the Code or any Regulations thereunder including calculation for payment of any Rebate Amounts or Yield Reduction Payments. The Authority may direct the Trustee in a Certificate to withdraw excess amounts from the Rebate Fund and deposit such withdrawal into the General Revenue Fund.

(d) For any Series of Bonds issued hereunder with the intention that the interest thereon be excluded from the gross income of the Bondholders thereof, the Authority shall annually prepare or cause to be prepared a report of the yield on Financed Student Loans and shall carry out a program of repayment incentives or take other action required to assure yield compliance under Section 148 of the Code. The Authority may (i) cause moneys in the Rebate Fund to be used to make Yield Reduction Payments or (ii) fund its program of repayment incentives and borrower benefits through interest and principal forgiveness and/or reduction or otherwise if it determines that such actions are necessary and permitted under the Code to maintain arbitrage yield compliance on the Financed Student Loans. A copy of each such annual report shall be provided to the Trustee.

Section 505. Application of Moneys in Other Funds and Accounts. (a) Moneys in each subaccount of the Interest Account shall be applied to pay interest when due on the related Bonds and Derivative Payments.

(b) Unless directed otherwise in a Series Resolution, moneys in each subaccount of the Principal Account shall be applied to pay when due Principal Installments and Cumulative Sinking Fund Payments with respect to the related Bonds. There shall be deposited in the Principal Account, whenever Bonds have been duly called for redemption and such redemption is to occur within 30 days, an amount equal to the Redemption Price of Bonds to be redeemed on such Redemption Date.

(c) Moneys in the Operating Fund shall be applied as directed by the Authority to pay Operating Costs as required by this 2009 PAL General Resolution. Such Operating Costs shall not be increased beyond the level reflected in a closing Cash Flow Certificate provided to each Rating Agency prior to the issuance of a Series of Bonds hereunder unless the Trustee shall first receive a Rating Agency Condition.

(d) Amounts in the Department Reserve Fund shall be applied as directed by the Authority to pay Department Reserve Fund Amounts as required by this 2009 PAL General Resolution. Such amounts on deposit shall not exceed three months of Department Reserve Fund Amounts as determined by the Authority. If the Authority determines that excess funds are on deposit in the Department Reserve Fund, the Authority may direct the Trustee in a Certificate to transfer such excess to the General Revenue Fund.

(e) Notwithstanding any provision hereof pertaining to the application of moneys in any Fund or Account (except the Rebate Fund and Department Reserve Fund), amounts deposited in all Funds and Accounts shall be used for the payment of principal of and interest on the Senior Bonds first and then on the Subordinate Bonds if there would otherwise be a default in payment. The order of Funds and Accounts from which moneys are to be transferred in the event that deposits of moneys in the General Revenue Fund to the Interest Account and Principal Account are insufficient to avoid a default in payment of principal of or interest on the Bonds shall be as follows: the Capitalized Interest Fund, the Loan Account, the Finance Loan Fund (as set forth in the 2009 PAL Loan Agreement), the Debt Service Reserve Fund and then the Operating Fund.

(f) Unless directed otherwise in a Series Resolution or Supplemental Resolution, moneys shall in no event be transferred to or maintained in the Debt Service Reserve Fund, the Department Reserve Fund or the Operating Fund in excess of, respectively, the Debt Service Reserve Requirement (as valued on at least a quarterly basis), the Department Reserve Fund Requirement or the Operating Fund Requirement. Any moneys therein in excess of the amounts herein prescribed shall be transferred following such valuation to the General Revenue Fund; provided, that moneys transferred from the Debt Service Reserve Fund that were derived from the proceeds of Bonds the interest on which is excluded from the gross income of the Bondholders thereof for federal income tax purposes shall be deposited to the Principal Account and applied to pay principal on such Bonds. If at any time the balance in the Debt Service Reserve Fund (not constituting Reserve Alternative Investments), together with other available funds of the Authority on deposit with the Trustee, shall be sufficient to retire all Bonds Outstanding and subject to retirement, such balance may be applied at the direction of the Authority to retire all Bonds Outstanding.

(g) There shall be deposited into the Capitalized Interest Fund the amount, if any, set forth in a Series Resolution. On each date that amounts are withdrawn from the General Revenue Fund in Section 504(b), to the extent there are insufficient moneys in the General Revenue Fund to make one or more of the transfers required by Sections 504(b)(i)—504(b)(vii), the Trustee shall withdraw from the Capitalized Interest Fund on the date that amounts are withdrawn from the General Revenue Fund pursuant to Section

504(b), an amount equal to such deficiency and to deposit such amount in the General Revenue Fund. All amounts on deposit in the Capitalized Interest Fund shall be transferred to the credit of the General Revenue Fund on the date set forth in a Series Resolution.

Section 506. Investment of Funds and Accounts. (a) Subject to any limitations set forth in a Series Resolution, moneys in each Fund and Account shall be invested at the written direction of an Authorized Officer of the Authority, consistent with the required uses of such moneys, in Investment Obligations. Investment Obligations are deemed to be part of the Fund or Account for which purchased, and gains and losses on Investment Obligations are to be credited or charged to the Fund or Account for which the Investment Obligations were purchased. Interest earned on Investment Obligations in all Funds and Accounts, however, is part of the Trust Estate and shall be deposited, as earned, in the General Revenue Fund.

(b) In computing the amount in any Fund or Account held by the Trustee under the provisions of this 2009 PAL General Resolution, Investment Obligations purchased as an investment of moneys therein shall be valued at par if such Investment Obligations will mature within 30 days at their par amount; otherwise such obligations shall be valued at their market value. Valuation made on any particular date shall include the amount of interest then earned or accrued to such date on any Investment Obligations. Accrued income for all funds and accounts shall be deemed to be attributable to the General Revenue Fund as provided in Section 506(a). All such valuations shall be made on at least a quarterly basis unless otherwise provided in a Series Resolution.

(c) Except as otherwise provided herein, the Trustee shall sell at a price approved by an Authorized Officer of the Authority, or present for redemption, any Investment Obligation so purchased as an investment whenever it shall be directed in writing by an Authorized Officer of the Authority so to do or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by it.

(d) It shall not be necessary for any Paying Agent to give security for the deposit of any moneys which it held in trust for the payment of principal of, Redemption Price, if any, or interest on any Bonds.

Section 507. Notes, Bonds and Other Obligations. The Authority may, at any time or from time to time, issue notes, bonds and other obligations having such terms and provisions and secured by a pledge of such moneys or other assets of the Authority as the resolution authorizing the same shall provide; provided, however, that any pledge to the holders of any such notes, bonds or other obligations, of the Trust Estate, any Fund or Account or other moneys or assets of the Authority pledged or assigned to the Trust Estate under this 2009 PAL General Resolution shall be, and shall be expressed to be, subordinate in all respects to the pledge or assignment on the Trust Estate created under this 2009 PAL General Resolution, and subject in all respects to the provisions of this 2009 PAL General Resolution concerning the permitted application of such pledged moneys and assets comprising the Trust Estate. It is expressly understood that the Authority may make or otherwise finance student loans with moneys not constituting Trust Estate assets other than those Financed Student Loans financed pursuant to the terms of this 2009 PAL General Resolution, provided, that such program does not in any way jeopardize or impair the pledge or assignment of any revenues or other assets for the benefit of the Bondholders, hereunder, or any rights of the Bondholders hereunder.

ARTICLE VI

PARTICULAR COVENANTS OF THE AUTHORITY

Section 601. Effect of Covenants. The Authority hereby particularly covenants with the Fiduciaries and the Bondholders and makes provisions which shall be a part of the contract with such Fiduciaries and Bondholders, to the effect and with the purposes set forth in the following Sections of this Article.

Section 602. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid (but only from the Trust Estate), the principal of the Bonds of each Series hereafter authorized and the interest thereon (or, if Bonds have been duly called for Redemption, the Redemption Price), at the dates and places and in the manner mentioned in the Bonds according to the true intent and meaning thereof. On each Payment Date, the Trustee shall transfer to the Paying Agent from the Interest Account and the Principal Account, as applicable, sums sufficient to pay such principal of, premium, if any, and interest on the Bonds (or, if Bonds have been duly called for Redemption, the Redemption Price) on the Payment Date. In the event that such transfer has not been effected prior to noon on the Payment Date, the Paying Agent shall immediately notify the Trustee.

Section 603. Covenant to Administer All Aspects of the Student Loan Finance Program. The Authority shall administer, operate and diligently perform or cause the Corporation to administer, operate and diligently perform all acts and things required to administer, operate and maintain the Student Loan Finance Program in strict compliance with the Act, in such manner as to assure that such program and the Financed FFELP Loans made thereunder will continue to benefit from the Federal Reimbursement Contracts, federal programs of insurance and reinsurance of FFELP Student Loans, pursuant to the Higher Education Act, or from any other federal statute providing for any such federal program of insurance or reinsurance, and to assure continued entitlement to receive any applicable Interest Subsidy Payments and Special Allowance Payments, with respect to all Financed FFELP Loans and otherwise in accordance with the Higher Education Act. The Authority further covenants to administer the program for Private Loans in accordance with all requirements of this 2009 PAL General Resolution and the PAL Program Manual.

Section 604. Covenant to Make Only Financed Student Loans; to Make Collections; to Comply at all Times with the Act, the 2009 PAL General Resolution and the PAL Program Manual. Only Student Loans eligible to be financed pursuant to this 2009 PAL General Resolution and the Act shall be financed from Bond proceeds, or from funds replaced by Bond proceeds from proceeds of Finance Loans. The Authority or the Corporation, as the case may be, shall collect all principal and interest payments on all the Financed Student Loans and, all grants, subsidies, donations, insurance payments, Special Allowance Payments and all Default Payments from the Secretary or the Guaranty Agency which relate to Financed Student Loans. The Authority or the Corporation, as the case may be, shall use due diligence in perfecting all claims for payment related to such Financed FFELP Loans from the Secretary and the Guaranty Agency as rapidly as possible. The Corporation shall assign to the Guaranty Agency such Financed FFELP Loans for payment of guarantee or insurance benefits. The Authority shall comply, and cause the Corporation to comply, with all United States statutes, rules and regulations which apply to the Student Loan Finance Program and all servicing activities on the Financed Student Loans. The Authority shall, at all times, comply, and cause the Corporation to comply, with all provisions of this 2009 PAL General Resolution and the PAL Program Manual. The Authority and the Corporation shall not make changes to the PAL Program Manual without first obtaining a Rating Agency Condition unless such change is required by law or regulation, in which case the Authority or the Corporation will provide each Rating Agency with a copy of such change. The Authority shall timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Higher

Education Act, the Act, the Financed Student Loans, the Guaranty Agreements and other agreements to which the Authority or the Corporation on behalf of the Authority is a party relating to the Trust Estate.

Section 605. Enforcement of Financed Student Loans and Borrower Benefits. The Authority shall diligently, directly or through agents, enforce, or cause the Corporation to enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Financed Student Loans and all agreements and guarantee and insurance contracts in connection therewith, including the prompt payment of all principal and interest payments and all other amounts due thereunder. Except as permitted or required by applicable law, the PAL Program Manual or as set forth herein, neither the Authority nor the Corporation shall release the obligations of any student borrower under any Financed Student Loan and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Bondholders under or with respect to each Financed Student Loan and all agreements in connection therewith. Neither the Authority nor the Corporation shall consent or agree to or permit any amendment or modification of any Financed Student Loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Bondholders under this 2009 PAL General Resolution. Subject to any limitation set forth in a Series Resolution or a Supplemental Resolution, consistent with the provisions of this Section 605, the Authority or the Corporation may settle a default or cure a delinquency on any Financed Student Loan on such terms as shall be determined by the Authority or the Corporation to be prudent, may grant forbearance or forgiveness of a Financed Student Loan or may provide a program of borrower benefits with respect to such Financed Student Loans.

Section 606. Offices for Registering Bonds. The Authority shall at all times cause to be maintained an office or agency where Bonds may be presented for registration, transfer, exchange or payment and where notices, presentations and demands in respect of the Bonds or of this 2009 PAL General Resolution may be served. The Authority hereby appoints the Trustee as agent to maintain such office or agency for the registration, transfer or exchange of Bonds, and for the service of such notices, presentations and demands. The Authority hereby appoints the Paying Agent as agent to maintain such offices or agencies for the payment of Bonds.

Section 607. Further Assurances. At any time and at all times the Authority shall 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, assigning and confirming all and singular the rights, assets and revenues pledged or assigned hereunder, or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

Section 608. Powers as to Bonds and Pledge. The Authority is duly authorized pursuant to law to authorize and issue the Bonds and to adopt this 2009 PAL General Resolution and to pledge the revenues and assets pledged by this 2009 PAL General Resolution in the manner and to the extent provided in this 2009 PAL General Resolution. The Authority and the Corporation are duly authorized pursuant to law to enter into the 2009 PAL Loan Agreement and the Corporation is so authorized to assign all the Assigned Revenues, the Financed Student Loans (including the notes and other instruments evidencing the same) and all amounts on deposit within the Finance Loan Fund thereunder. The revenues and assets pledged hereunder or under the 2009 PAL Loan Agreement are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, such pledge or assignment, and all action on the part of the Authority or the Corporation to that end has been duly and validly taken. The Bonds and the provisions of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement are and will be the valid and legally enforceable obligations of the Authority and the Corporation in accordance with their terms. The Authority and the Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment of the revenues and assets pledged under this 2009 PAL General Resolution or to be assigned under the 2009 PAL Loan

Agreement and all the rights of the Bondholders under this 2009 PAL General Resolution against all claims and demands of all persons whomsoever.

Section 609. Accounts and Reports. (a) The Authority shall keep proper books and accounts in which complete and accurate entries shall be made of all transactions relating to the Student Loan Finance Program, and all Funds and Accounts established by this 2009 PAL General Resolution, which shall at all reasonable times be subject to the inspection of the Trustee and the registered owners of an aggregate of not less than 5% in principal amount of Bonds of any Series then Outstanding or their representatives duly authorized in writing.

(b) The Authority shall cause the Corporation to provide its annual audited financial statements to the Authority and the Trustee within 120 days from the end of the Fiscal Year and such annual audited financial statement shall be posted on the website of the Corporation.

Section 610. Personnel and Servicing of Student Loan Finance Program. The Authority shall at all times cause to be appointed, retained and utilized competent and qualified personnel for the purpose of carrying out the Student Loan Finance Program and the Student Loan Insurance 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 and all persons so employed shall be qualified for their respective positions. Independent contractor companies may be engaged to perform any such duties upon notice to the Trustee and the Rating Agencies. However, no such notice is required if the Authority or Corporation engages temporary personnel or consultants.

Section 611. Compliance with Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this 2009 PAL General Resolution or a Series Resolution to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, shall have happened and shall have been performed, and such Bonds, together with all indebtedness of the Authority, shall be within every debt and other limit prescribed by law.

Section 612. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this 2009 PAL General Resolution, any Series or Supplemental Resolution, or the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority.

Section 613. Student Loan Finance Program. (a) The Authority covenants that the Corporation shall not finance with proceeds of Bonds issued hereunder (and made available to the Corporation by way of a Finance Loan), any Student Loan unless (i) such financing is authorized by the Series Resolution authorizing the Series of Bonds, the proceeds of which are to be so applied, and (ii) such student loan is a Student Loan. All Financed Student Loans pledged hereunder and under the 2009 PAL Loan Agreement shall be held by the Corporation and credited to the Finance Loan Fund.

(b) The Authority also covenants that it will not and will not permit the Corporation to sell, transfer or otherwise dispose of Financed Student Loans unless (i) the Authority first obtains a Rating Agency Condition, (ii) the Authority has been directed to make any such sale pursuant to Article VIII, (iii) it has complied with the asset release requirement upon a refunding set forth in Section 1007, or (iv) all Outstanding Bonds are (subject to the provisions set forth in any applicable Series Resolution) redeemed or defeased within 30 days of such sale, transfer or disposal.

(c) If necessary or desirable for administrative purposes or, with respect to any particular Student Loan, if requested by the borrower, the Corporation may substitute Student Loans for (or

purchase for cash at Value) existing Financed Student Loans if the substituted Student Loans have characteristics (including principal amount, maturity date, interest rate and borrower benefits which shall be no greater than the Student Loans being substituted) which are substantially similar to the characteristics of the substituted Financed Student Loans, and the Trustee shall have received a Certificate of the Corporation certifying that such substitution (or purchase for cash at Value) will not materially adversely affect the Authority's ability to pay principal and interest on the Bonds and all other payment obligations under this 2009 PAL General Resolution. In addition, the Corporation may substitute one or more Student Loans (of approximately the same aggregate Principal Balance and accrued borrower interest as the substituted Financed Student Loans) for existing Financed Student Loans in order to (i) evidence the additional obligations of borrowers whose Student Loans have been previously Financed hereunder; or (ii) substitute Financed Student Loans which are no longer eligible to be Financed Student Loans hereunder. Any such Financed Student Loans so transferred to this 2009 PAL General Resolution in exchange for Student Loans previously Financed from the Loan Account shall, for all purposes of this 2009 PAL General Resolution, be deemed to have been Financed with moneys in the Loan Account and shall be credited to the Finance Loan Fund. No such substitution shall be permitted if the Value of such Student Loans being transferred to this 2009 PAL General Resolution in such substitution, combined with the Value of all prior transfers, exceeds 10% of the aggregate Value of the Trust Estate since the applicable Issue Date unless a Rating Agency Condition is obtained. Each Rating Agency shall be provided notice of such substitution by the Authority and the Authority shall provide a report summarizing the change in the characteristics of the Financed Student Loans. If there is a purchase for cash at Value as set forth in this Section, such cash shall be deposited into the General Revenue Fund.

Section 614. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the Stated Maturity Date of any of the Bonds or claims for interest by the purchase or funding of such Bonds, or claims for interest by any other arrangement.

Section 615. The Debt Service Reserve Fund. The Authority shall at all times maintain the Debt Service Reserve Fund pursuant to Article V and shall do and perform or cause to be done and performed each and every act and thing with respect to such fund provided to be done or performed under the terms and provisions of Article V.

Section 616. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out or cause to be carried out all of the provisions of the Continuing Disclosure Undertaking set forth in each Series Resolution. Notwithstanding any other provision of this 2009 PAL General Resolution, failure of the Authority to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the registered owners of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section.

Section 617. Tax Covenant. (a) With respect to Bonds the interest on which is intended to be excluded from the gross income of the owners thereof pursuant to the authorization of Section 144(b) of the Code, the Authority covenants that it will not take any action, or fail to take any action or inaction, or permit any action or inaction to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, with any such action or inaction that would adversely effect the exclusion from gross income for federal income tax purposes of the interest on the Bonds under Section 103 of the Code.

(b) The Authority covenants that it will take any action required to ensure that all Financed Student Loans shall at all times constitute "acquired purpose obligations" within the meaning of Section

148 of the Code and to that end shall carry out a program of interest rate reductions, loan forgiveness, make yield reduction payments or take other action to comply with restrictions on excess yield set forth in the Code from time to time.

(c) In furtherance of the foregoing covenants, the Authority covenants to comply with each Tax Exemption Certificate. Notwithstanding any other provision of this 2009 PAL General Resolution to the contrary, including in particular Section 1101, the covenants contained in this Section 617 shall survive the defeasance or payment in full of the Bonds.

Section 618. Guaranty Agreements and Enforcement. The Corporation shall maintain or cause to be maintained in effect all Guaranty Agreements, diligently and promptly enforce or cause to be enforced its rights thereunder and take or cause to be taken, all commercially reasonable steps, actions and proceedings necessary or appropriate for the enforcement of all material terms, covenants and conditions of each Financed Student Loan, including the prompt payment of all principal and interest payments and all other amounts due with respect to such Financed Student Loans, including all Interest Subsidy Payments and Special Allowance Payments, guaranty payments, except for such deferments and forbearance permitted under the Higher Education Act, as applicable. The Authority shall not permit any Financed Student Loan to be guaranteed by any guaranty agency or entity other than a Guaranty Agency.

Section 619. Status as Eligible Lender. All Financed FFELP Loans shall be originated by an Eligible Lender. The Corporation shall maintain its status as an "eligible lender" under the Higher Education Act.

Section 620. Servicing Covenants. From the date hereof until all of the obligations of the Authority hereunder and under the other Transaction Documents are paid in full, the Servicer shall service, administer and make collections with respect to the Financed Student Loans in accordance in all material respects with Accepted Servicing Procedures.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

Section 701. Modification and Amendment Without Consent. Notwithstanding any other provisions hereof, the Authority may, with the consent of the Corporation as provided in Section 5.2 of the 2009 PAL Loan Agreement and without the consent of Bondholders, adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. A copy of such filing shall also be sent by the Authority to each Rating Agency.

(a) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in this 2009 PAL General Resolution as may be set forth in a Rating Agency Condition, and, in the opinion of the Trustee, who shall be entitled to rely exclusively upon a Counsel's Opinion, shall not materially and adversely affect the interest of the Bondholders;

(b) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this 2009 PAL General Resolution as may be set forth in a Rating Agency Condition, provided that 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 2009 PAL General Resolution, and, in the opinion of the Trustee, who shall be entitled to rely exclusively upon a Counsel's Opinion, shall not materially and adversely affect the interest of the Bondholders;

(c) to confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of this 2009 PAL General Resolution;

(d) to cure any ambiguity or defect or inconsistent provision in this 2009 PAL General Resolution or to insert such provisions clarifying matters or questions arising under this 2009 PAL General Resolution as are necessary or desirable as may be set forth in a Rating Agency Condition; provided such cure or additional provisions and agreements shall not in the opinion of the Trustee, who shall be entitled to rely exclusively upon a Counsel's Opinion, materially and adversely affect the interest of the Bondholders;

(e) to take any action that may be required to maintain compliance with the Higher Education Act, the Code or other law applicable to the Student Loan Finance Program;

(f) to add provisions allowing derivatives, interest rate swap agreements, interest rate caps or other similar hedging contracts to this 2009 PAL General Resolution upon receipt of a Rating Agency Condition;

(g) to maintain the tax-exempt status of the interest on a Series of Bonds; or

(h) upon receipt of a Rating Agency Condition.

Section 702. Supplemental Resolutions Effective with Consent of Bondholders. The provisions of this 2009 PAL General Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the provisions of Sections 704, 705 and 706, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. A copy of such filing shall also be sent by the Authority to each Rating Agency.

Section 703. General Provisions Relating to Supplemental Resolutions. This 2009 PAL General Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article VII. Nothing contained in this Article VII shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 706 or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this 2009 PAL General Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Resolution adopted by the Authority when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly adopted in accordance with the provisions of this 2009 PAL General Resolution, is authorized by this 2009 PAL General Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms.

The Trustee is hereby authorized to accept delivery of a certified copy of any Supplemental Resolution permitted or authorized pursuant to the provisions of this 2009 PAL General Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on a Counsel's Opinion that such Supplemental Resolution is authorized by the provisions of this 2009 PAL General Resolution.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the Authority without the written consent of the Trustee or Paying Agent affected thereby.

Section 704. Powers of Amendment with Consent of Bondholders. Any modification or amendment of this 2009 PAL General Resolution and of the rights and obligations of the Authority and of the Bondholders, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in this Section, of the registered owners of at least a majority in principal amount of the Bonds Outstanding of each affected Class at the time such consent is given. Unless with the unanimous written consent of all Bondholders however, no such amendment shall

- (a) permit a change in the terms of redemption or Stated Maturity Date of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount thereof or the rate of interest thereon,
- (b) reduce the percentage of Bonds the consent of the Bondholders of which is required to effect such amendment, or
- (c) change the existing preferences or priorities of Bonds over any other Bonds or create any new preferences or priorities.

A copy of such Supplemental Resolution (or brief summary thereof or reference thereto) together with a request to Bondholders for their consent thereto, shall promptly after adoption be mailed by the Authority to Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until

- (a) there shall have been filed with the Trustee (i) the written consents of registered owners of the percentage of Outstanding Bonds specified in this Section and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly adopted and filed by the Authority in accordance with the provisions of this 2009 PAL General Resolution, is authorized by this 2009 PAL General Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms, and
- (b) a notice shall have been mailed as hereinafter in this Section provided.

Each such consent 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 1102. A certificate or certificates filed with the Trustee that the Trustee has examined such proof and that such proof is sufficient in accordance with Section 1102 shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates. Any such consent shall be binding upon the registered owner of the Bonds giving such consent and, anything in this 2009 PAL General Resolution to the contrary notwithstanding, upon any subsequent registered owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Bondholder thereof has notice thereof), unless such consent is revoked in writing by the registered owner of such Bonds giving such consent or a subsequent registered owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the registered owners of the required percentage of Bonds shall have filed their consents to the Supplemental

Resolution, the Trustee shall make and file with the Authority a written statement that such Bondholders have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the registered owners of the required percentages of Bonds and will be effective as provided in this Section, shall be given to Bondholders by the Authority by mailing such notice to Bondholders as provided in Section 705 (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). The Authority shall file with the Trustee proof of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent and the Bondholders at the expiration of 30 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 30-day period; provided, however, that the Authority, the Trustee, and any Paying Agent during such 30-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 705. Mailing of Notices. Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only

- (a) to each Bondholder at his address, if any, appearing upon the registry books of the Authority, and
- (b) to the Trustee.

Section 706. Modifications by Unanimous Action. Notwithstanding anything contained in the foregoing provisions of this Article VII, the rights and obligations of the Authority and of the Bondholders and the terms and provisions of the Bonds or of this 2009 PAL General Resolution may be modified or amended in any respect upon the adoption of a Supplemental Resolution by the Authority and the consent all of the Bondholders, such consent to be given as provided in Section 704; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto in addition to the consent of the Authority and of the Bondholders.

Section 707. Exclusion of Bonds. Unless the Authority owns all of the Bonds Outstanding, Bonds, if any, 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 2009 PAL General Resolution, 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 2009 PAL General Resolution. At the time of any consent or other action taken under this 2009 PAL General Resolution, 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 708. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article VII provided 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 any Bondholder at such effective date and upon presentation of his Bond for such purpose at the office of the Trustee suitable notation shall be made on such Bond by the

Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority conform to such action shall be prepared and delivered, and upon demand of the registered owner of any such Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, principal amount, interest rate and Stated Maturity Date then Outstanding, upon surrender of such Bonds.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 801. Events of Default. Each of the following events is hereby declared to be an “Event of Default”:

- (a) default by the Authority in the payment of any installment of interest on the Bonds or Derivative Payment on a Derivative Product, when due;
- (b) default by the Authority in the payment of any Principal Installment or Redemption Price;

provided, however, that, while there are any Senior Bonds Outstanding hereunder, with respect to both clauses (a) and (b) failure to pay any installment of interest or principal on any Subordinate Bonds or any Derivative Payment on a Derivative Product on a parity therewith (after the Trustee has drawn upon the Debt Service Reserve Fund with respect to any interest or principal then due or any Derivative Payment on a Derivative Product on a parity therewith), shall constitute an Event of Default but such failure shall not give rise to the remedy of acceleration unless there is a corresponding failure to make timely payment of interest or principal on a Senior Bond or Derivative Payment on a Derivative Product on a parity therewith; provided further, that, if (i) on any Interest Payment Date or Redemption Date moneys in the Interest Account shall be sufficient to pay an installment of interest, or (ii) if on any Principal Installment Date or Redemption Date moneys in the Principal Account shall be sufficient to pay a Principal Installment or Redemption Price, then in either such event the Trustee shall make the respective payment then due and failure by the Trustee to make such payment shall constitute an Event of Default; provided further that failure to make a Cumulative Sinking Fund Payment shall not constitute an Event of Default;

- (c) failure or refusal by the Authority to comply with the provisions of the Act or default in the performance or observance of any other of the covenants, agreements or conditions contained in this 2009 PAL General Resolution, any Series or Supplemental Resolution or the Bonds, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the registered owners of not less than 25% in principal amount of the Outstanding Bonds. The Rating Agencies shall be notified of such event by the Trustee following such 45-day period;
- (d) an Event of Insolvency for the Authority shall have occurred; or
- (e) an Event of Insolvency for the Corporation shall have occurred.

The Trustee shall give immediate notice to each Rating Agency of any Event of Default under Section 801(a) or (b).

Section 802. Remedies. Upon the happening and continuance of any event described in the foregoing clauses (a) or (b) of Section 801 and subject to the provisions of Section 806, the Trustee shall

independently, but only upon the written request of the registered owners of 25% or more in principal amount of Outstanding Bonds proceed to protect and enforce the rights of the Bondholders by such of the following remedies as they deem most effectual:

(a) enforce, by mandamus or other suit, action or proceedings at law or in equity, all rights of the Bondholders, including the right to require the Authority to receive and collect the Trust Estate assets, adequate to carry out the covenants and agreements as to, and pledge of, such Trust Estate, and to require the Authority to carry out any other covenant or agreement with Bondholders and to perform duties under the Act;

(b) bring suit upon the Bonds;

(c) require the Authority or the Corporation by action or suit to account as if it were the trustee of an express trust for the Bondholders;

(d) enjoin by action or suit any acts or things which may be unlawful or in violation of the rights of the Bondholders;

(e) except as limited with respect to Subordinate Bonds, declare all Bonds due and payable, and if all defaults shall be cured, then, with the written consent of the registered owners of not less than 25% in principal amount of the Outstanding Bonds, to annul such declaration and its consequences; and

(f) in the event that all Bonds are declared due and payable, to sell all Financed Student Loans, Investment Obligations and all other Trust Estate assets to the extent necessary to effect their payment.

Upon the happening of any Event of Default, the Trustee shall have the discretion to do any of the following:

(a) sell Financed Student Loans and Trust Estate assets to the extent necessary if it is determined prior to such sale that the proceeds of such sale are sufficient to pay Bondholders the entire amount of principal of, premium, if any, and interest due; provided however that no acceleration of payment shall be declared until the Trustee shall hold sufficient funds to effect such payment;

(b) sell Financed Student Loans and Trust Estate assets without regard to the sufficiency of proceeds if 100% of the Bondholders direct such sale; or

(c) to the extent funds in the Trust Estate are available therefor, continue to pay principal of and interest on the Bonds and other amounts payable hereunder in accordance with the terms of this 2009 PAL General Resolution.

If the Trustee shall determine to sell the Financed Student Loans hereunder as a remedy upon an Event of Default as set forth herein, the Corporation or its designee is hereby granted the right to purchase such Financed Student Loans for an amount equal to the greater of (a) the Value of the Financed Student Loans as of the cutoff date or the date of sale or (b) an amount sufficient to pay all principal of and interest owing to Bondholders and all accrued fees and expenses of the Trust Estate; provided, such date of sale shall be considered a date of acceleration and the Corporation shall pay on such date of sale all amounts due and owing hereunder as a result of such Event of Default and acceleration of the Bonds. The Corporation shall have 20 Business Days from its receipt of written notice from the Trustee that an Event of Default has occurred hereunder and that the period during which the Corporation may exercise its

option to purchase the Financed Student Loans has commenced, to enter into a written agreement to exercise its option to purchase such Financed Student Loans. Such written agreement shall specify a purchase date occurring no more than 25 Business Days after the Trustee gives written notice that an Event of Default has occurred hereunder.

Section 803. Limitation on Action. No Bondholder shall have any right to institute any action except as authorized in this Article VIII. Nothing herein contained shall impair the right of any Bondholder to enforce payment of principal of, Redemption Price and interest on such Bondholder's Bonds.

Section 804. Priority of Payments After Default. In the event that, upon the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents shall be insufficient for the payment of principal and interest then due on the Bonds of all Series then Outstanding, such funds and any other moneys received or collected pursuant to this Article VIII, shall be applied after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees of and expenses, liabilities and advances incurred or made by the Trustee, including, but not limited to, the fees and expenses of its counsel and other agents, as follows:

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

First: For the payment of Operating Costs and Department Reserve Fund Amounts;

Second: With respect to Senior Bonds or Derivative Products on parity with such Senior Bonds, to the payment to the persons entitled thereto of all installments of interest then due on such Senior Bonds and Derivative Payments (excluding Termination Payments) in the order of such installments and, if the amount available shall not be sufficient to pay in full all the Senior Bonds, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

Third: With respect to Subordinate Bonds or Derivative Products on parity with such Subordinate Bonds, to the payment to the persons entitled thereto of all installments of interest then due on such Subordinate Bonds and Derivative Payments (excluding Termination Payments) in the order of such installments and, if the amount available shall not be sufficient to pay in full all the Subordinate Bonds, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

Fourth: With respect to Senior Bonds, to the payment to the persons entitled thereto of the unpaid principal of any such Senior Bonds, and, if the amounts available shall not be sufficient to pay in full all the Senior Bonds, then to the payment thereof ratably, without any discrimination or preference;

Fifth: With respect to Subordinate Bonds, to the payment to the persons entitled thereto of the unpaid principal of any such Subordinate Bonds, and, if the amounts available shall not be sufficient to pay in full all the Subordinate Bonds, then to the payment thereof ratably, without any discrimination or preference;

Sixth: To pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Senior Bonds;

Seventh: To pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Subordinate Bonds.

If the principal of all of the Bonds shall have become or have been declared due and payable:

First: For the payment of Operating Costs and Department Reserve Fund Amounts;

Second: With respect to the Senior Bonds, to the payment to the persons entitled thereto of all unpaid principal of any Senior Bonds and of installments of interest then due on such Senior Bonds and Derivative Payments (excluding Termination Payments) and, if the amount available shall not be sufficient to pay in full such principal, interest and Derivative Payments, then to the payment of such, without any preference or priority, ratably according to the aggregate amounts due, to the persons entitled thereto;

Third: With respect to the Subordinate Bonds, to the payment to the persons entitled thereto of all unpaid principal of any Subordinate Bonds and of installments of interest then due on such Subordinate Bonds and Derivative Payments (excluding Termination Payments) and, if the amount available shall not be sufficient to pay in full such principal, interest and Derivative Payments, then to the payment of such, without any preference or priority, ratably according to the aggregate amounts due, to the persons entitled thereto;

Fourth: To pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Senior Bonds; and

Fifth: To pay unpaid Termination Payments due under a Derivative Product secured on a parity with the Subordinate Bonds.

Section 805. Termination of Proceedings. In case any proceedings taken on account of any Event of Default shall have been discontinued or abandoned for any reasons, 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 herein conferred shall continue as though no such proceeding had been taken.

Section 806. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Bondholders 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 807. No Waiver of Default. No delay or omission of the Trustee or any Bondholder 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 2009 PAL General Resolution to the Trustee or the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 808. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within 30 days after knowledge 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 an Event of Default shall be given by the Trustee by mailing written notice thereof: (a) to all Bondholders, as the names and addresses of such Bondholders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (b) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (c) to such other persons as is required by law. The Trustee shall give to each Rating Agency notice of each Event of Default within 30 days after

knowledge of the occurrence thereof. The Trustee shall also provide written notice to each Rating Agency of any acceleration hereunder.

ARTICLE IX

CONCERNING FIDUCIARIES

Section 901. Trustee. (a) The Trustee shall signify acceptance of the duties and obligations imposed by this 2009 PAL General Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this 2009 PAL General Resolution.

(b) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, promptly perform such duties and only such duties of the Trustee as are specifically set forth in this 2009 PAL General Resolution and in any Series Resolution. The Trustee shall, during the existence of any Event of Default which has not been cured, promptly exercise such of the rights and powers vested in it by this 2009 PAL General Resolution and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in good faith without negligence which it believes to be authorized hereunder and within its powers. The Trustee shall not be liable for any action taken or omitted by it in good faith at the direction of the Bondholders, as to the time, method and place of conducting any proceedings for any remedy available to the Trustee or the exercise of any power conferred by this 2009 PAL General Resolution.

(d) In carrying out its duties hereunder the Trustee may act directly or through affiliated entities.

Section 902. Appointment and Acceptance of Duties of Paying Agents. Prior to the delivery of each Series of Bonds, a Paying Agent or Agents for the Bonds of such Series shall be appointed in the Series Resolution authorizing such Series unless a book-entry system is directed for a given Series of Bonds in which event the depository under such system shall serve as paying agent. The Trustee and any Paying Agent are hereby designated Fiduciaries for purposes of this Article IX.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this 2009 PAL General Resolution by written instrument of acceptance executed and delivered to the Authority and the Trustee.

The corporate trust office designated by each Paying Agent as its notice address is hereby designated as the office of the Authority for the payment of the interest on and principal of the Bonds.

Section 903. Responsibility of Fiduciaries. The recitals of fact herein, in any Series Resolution 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 2009 PAL General Resolution, any Series Resolution or of any Bonds issued thereunder or in respect of the security afforded by this 2009 PAL General Resolution, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for

its representation contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof in accordance with the provisions hereof or the application of any moneys paid to the Authority or to the Corporation. 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 against all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. The permissive right of any Fiduciary to do things enumerated in this 2009 PAL General Resolution shall not be construed as a duty of such Fiduciary, and such Fiduciary shall be answerable only for its own negligence or willful misconduct.

Section 904. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, 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 and the Trustee shall be under no duty to make any investigation or inquiry as to any statement contained or material referred to in any such instrument. Each Fiduciary may consult with counsel, who may or may not 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, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer of the Authority, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this 2009 PAL General Resolution 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. 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. Each Fiduciary is hereby authorized to accept by facsimile or email transmission any notice, request, order, certificate and opinion required by this 2009 PAL General Resolution or any Series Resolution and shall be protected in relying on any such notice, request, order, certificate and opinion. The Trustee shall be under no duty to make any investigation as to any statement contained in any request, affidavit, certificate, opinion or other document furnished to it, but may accept the same as conclusive evidence of the truth and accuracy of such statement or the correctness of such opinion.

Section 905. Compensation. The Authority shall pay to each Fiduciary from time to time such compensation for all services rendered under this 2009 PAL General Resolution as such Fiduciary and the Authority shall from time to time agree upon in writing, and also all reasonable expenses, charges, counsel fees and other disbursements (including sums to reimburse costs, charges or expenses incurred by it acting in good faith and without negligence hereunder), including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this 2009 PAL General Resolution, but solely from the Trust Estate. If the Trustee is required by governmental agency or court proceedings initiated by a third party to undertake efforts beyond that which are set forth herein, but resulting from and related to being the Trustee hereunder, the Trustee shall promptly notify the Authority of the same in writing. Reimbursement for extraordinary fees and expenses arising from undertaking such efforts shall be made by the Authority only after such notice and upon approval by the Authority, but solely from the Trust Estate. The rights of any Fiduciary under this Section shall survive the resignation or removal of such Fiduciary.

Section 906. Permitted Acts and Functions. The Fiduciaries may become a Bondholder with the same rights they would have if they were not such Fiduciaries. 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 2009 PAL General Resolution, whether or not any such committee shall represent a Majority of the Bondholders.

Section 907. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this 2009 PAL General Resolution by giving not less than 60 days written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in an Authorized Newspaper, and such resignation shall take effect only upon the appointment, acceptance and qualification of a successor trustee, which successor trustee must be an Eligible Lender.

Section 908. Removal of Trustee. 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, and signed by a Majority of the Bondholders or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. The Authority may remove the Trustee at any time, except during the existence of an Event of Default as defined in Section 801, 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 of the Authority. Such removal shall take effect only upon the appointment, acceptance and qualification of a successor Trustee, which successor Trustee must be an Eligible Lender.

Section 909. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a 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 which successor Trustee must be an Eligible Lender. The Authority shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made once within 20 days after such appointment. Such appointment shall take effect only upon the qualification of such successor Trustee.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within 45 days after the Trustee shall have given to the Authority written notice, as provided in Section 907, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or any Bondholder, at the expense of the Authority, 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.

Any Trustee appointed under the provisions of this Section 909 in succession to the Trustee shall be a trust company or bank having the powers of a trust company within or outside of the State, having a capital and surplus aggregating at least \$100,000,000 if there be such a trust company or bank, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this 2009 PAL General Resolution. The Authority shall notify each Rating Agency of the appointment of a successor Trustee (which shall include appointment of a successor Paying Agent, Registrar and Tender Agent).

Section 910. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this 2009 PAL General Resolution 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 written request of the Authority, or of the successor Trustee, 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 2009 PAL General Resolution, 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 the Paying Agents of its appointment as Trustee.

Section 911. 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 909 or Section 913, as applicable, and shall be authorized by law to perform all the duties imposed upon such Fiduciary by this 2009 PAL General Resolution, 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 912. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this 2009 PAL General Resolution 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 predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bond or in this 2009 PAL General Resolution provided that the certificate of the Trustee shall have.

Section 913. Resignation or Removal of the Paying Agent or Registrar and Appointment of Successors. The Paying Agent or the Registrar may at any time resign and be discharged of the duties and obligations created by this 2009 PAL General Resolution by giving at least 60 days' written notice to the Authority and Trustee. The Paying Agent or the Registrar may be removed at any time by an instrument filed with such Paying Agent or the Registrar and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent or Registrar shall be appointed by an Authorized Officer of the Authority and shall be a trust company or bank having the powers of a trust company within or outside the State, having a capital and surplus aggregating at least \$100,000,000, and willing and able to accept the office of Paying Agent or Registrar on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this 2009 PAL General Resolution.

In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee who shall act as Paying Agent until such successor be appointed.

Section 914. Filing of Financing Statements. The Trustee shall file such financing statements and continuation statements as may be necessary under the Higher Education Act and the UCC in order to perfect the Trustee's security interest in the collateral described herein and in the 2009 PAL Loan

Agreement and is authorized to engage Counsel to make such filings. Upon the filing of any such continuation statements, the Trustee shall immediately notify the Authority that the filings have been accomplished and the Authority shall provide to the Trustee, a Counsel's Opinion to the effect that such filings are sufficient to maintain perfection of the security interests granted in this 2009 PAL General Resolution subject to reasonable assumptions and qualifications contained in such Counsel's Opinion.

Section 915. Appointment of Co-Trustee. The Authority and the Trustee shall have power to appoint and upon the request of the Trustee the Authority shall for such purpose join with the Trustee in the execution of all instruments necessary or proper to appoint another corporation or one or more persons approved by the Trustee, either to act as co-trustee or co-trustees jointly with the Trustee of all or any of the property subject to the lien hereof, or to act as separate trustee or trustee of all or any such property, with such powers as may be provided in the instrument of appointment and to vest in such corporation or person or persons as such separate trustee or co-trustee any property, title, right or power deemed necessary or desirable. In the event that the Authority shall not have joined in such appointment within 30 days after the receipt by it of a request so to do, the Trustee may request a court appointment of such co-Trustee. Should any deed, conveyance or instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed for more fully and certainly vesting in and confirming to him or to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. Every such co-trustee and separate trustee shall, to the extent permitted by law, be appointed subject to the following provisions and conditions, namely:

(a) The Bonds shall be authenticated and delivered, and all powers, duties, obligations and rights conferred upon the Trustee in respect of the custody of all money and securities pledged or deposited hereunder, shall be exercised solely by the Trustee; and

(b) The Trustee, at any time by an instrument in writing, may remove any such separate trustee or co-trustee.

Every instrument, other than this 2009 PAL General Resolution, appointing any such co-trustee or separate trustee, shall refer to this 2009 PAL General Resolution and shall incorporate the conditions of this Section 915 expressed, and upon the acceptance in writing by such separate trustee or co-trustee, he, they or it shall be vested with the estate or property specified in such instrument, jointly with the Trustee (except insofar as local law makes it necessary for any separate trustee to act alone), subject to all the trusts, conditions and provisions of this 2009 PAL General Resolution. Any such separate trustee or co-trustee may at any time, by an instrument in writing, constitute the Trustee as his, their or its agent or attorney-in-fact with full power and authority, to the extent authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, them or it, for and on behalf of him, them or its and in his, their or its name. In case any separate trustee or co-trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said separate trustee or co-trustee shall vest in and be exercised by the Trustee until the appointment of a new trustee or a successor to such separate trustee or co-trustee.

Section 916. Representations and Warranties of Trustee. The Trustee is a national banking association duly organized and validly existing in good standing under the laws of the United States. It has all requisite corporate power and authority to perform its obligations under this 2009 PAL General Resolution. The Trustee has taken all corporate action necessary to authorize the performance of its obligations under this 2009 PAL General Resolution. It is an "eligible lender" as such term is defined in Section 435(d) of the Higher Education Act and the Trustee shall maintain its status as an "eligible lender" while any Bonds are Outstanding under this 2009 PAL General Resolution. This 2009 PAL General Resolution constitutes, and each other Transaction Document to be executed by the Trustee when

duly executed and delivered, will constitute, a legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

Section 917. Trustee's Duty to Service Financed Student Loans. The Trustee shall be under no duty to service the Financed Student Loans or to monitor the servicing of the Financed Student Loans; provided, however, upon the occurrence of any Event of Default and for so long as any Event of Default shall be continuing, the Trustee shall monitor the servicing of Financed Student Loans, and if reasonably necessary in the judgment of the Trustee under the circumstances, shall provide for the servicing of Financed Student Loans. The duties of the Trustee under this Section may be performed by the Trustee or by any qualified agent, employee or other entity selected by the Trustee in the exercise of its reasonable judgment and discretion.

ARTICLE X

REDEMPTION OF BONDS

Section 1001. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to the Stated Maturity Date pursuant to a Series Resolution shall be redeemable, upon notice as provided in this Article, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution authorizing such Series.

Section 1002. Redemption at the Election or Direction of the Authority. In the case of any redemption of Bonds otherwise than as provided in Section 1003, the Authority shall give written notice to the Trustee of its election or direction so to redeem, of the Redemption Date, of the Class and Series, of the principal amounts of the Bonds of each Stated Maturity Date of such Class and Series to be redeemed (which Redemption Date, Class, Series, maturities and principal amounts thereof may be determined in its sole discretion, subject to any limitations with respect thereto contained in this 2009 PAL General Resolution and any Series Resolution) and of any moneys to be applied to the payment of the Redemption Price. Such notice shall be given in accordance with a Series Resolution or such shorter period as shall be acceptable to the Trustee in its sole discretion. In the event notice of redemption shall have been given as provided in Section 1005, the Trustee shall, prior to the Redemption Date, pay to the appropriate Paying Agent or Paying Agents from the Debt Service Fund, as provided in Article V, an amount in cash 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, all of the Bonds to be redeemed.

Section 1003. Redemption Otherwise than at Authority's Election or Direction. Whenever by the terms of this 2009 PAL General Resolution, 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 this Article X, 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 from the Debt Service Fund, as provided in Article V.

Section 1004. Selection of Bonds to be Redeemed. Each Series Resolution shall provide for the manner of redemption in the event of redemption of less than all the Outstanding Bonds of a Series. In the absence of direction by a Series Resolution, Supplemental Resolution or Certificate of the Authority, the Trustee shall redeem Bonds in chronological order of the date that Principal Installments are due, subject

to the procedures of the Securities Depository. In the event that Bonds have Principal Installments due on the same date, the Trustee shall first redeem pro rata among any such taxable Bonds and then redeem pro rata among any such tax-exempt Bonds subject to the procedures of the Securities Depository.

Section 1005. Notice of Redemption. Unless otherwise directed in an applicable Series Resolution, when the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 1002, and when redemption of Bonds is required by this 2009 PAL General Resolution pursuant to Section 1003, the Trustee shall give notice in the name of the Authority, of the redemption of such Bonds, which 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 of the Bonds of any like Series and Stated Maturity Date are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so 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 Redemption Date interest thereon shall cease to accrue and be payable. Such notice shall however state that it is a conditional notice and that the redemption shall be cancelled if moneys are not available on the Redemption Date as provided in Section 1006. The Trustee shall mail a copy of such notice in accordance with a Series Resolution.

Section 1006. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 1005, 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 office specified in such notice, together with, a written instrument of transfer duly executed by the Bondholder or his duly authorized attorney, such Bonds, or portion thereof shall be paid at the Redemption Price plus interest accrued and unpaid to the Redemption Date. If there shall be drawn for redemption less than all of a Bond, the Authority shall execute and the Trustee shall authenticate and the Paying Agent deliver, upon the surrender of such Bond, without charge to the Bondholder thereof, for the unredeemed balance of the principal amount of the Bond so surrendered at the option of the Bondholder thereof, Bonds of like Series, interest rate and Stated Maturity Date in any Authorized Denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds (or portions thereof) to be redeemed, together with interest to the Redemption Date, shall be held by any Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the Redemption Date, the redemption shall be cancelled and 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.

Section 1007. Asset Release Upon Refunding. Subject to the limitations in Section 1101, Outstanding Bonds may be refunded and the associated assets transferred and released in conjunction with such refunding from the lien of this 2009 PAL General Resolution and the 2009 PAL Loan Agreement. The amount of assets released may be less than or equal to any of the following as certified by an Authorized Officer of the Authority: (a) if the Parity Percentage is greater than or equal to 120%, such amount that would cause the Parity Percentage immediately following such transfer to equal or exceed the Parity Percentage immediately prior to the refunding transaction, (b) if the Parity Percentage is less than 120%, such amount that would cause the Parity Percentage immediately following such transfer to equal or exceed 120%, or (c) such greater amount referenced in a Rating Agency Condition.

ARTICLE XI

MISCELLANEOUS

Section 1101. Defeasance. (a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to all of the Bondholders the principal or Redemption Price, if applicable, and interest due or to become due thereon and all other payment obligations hereunder at the times and in the manner stipulated therein and in this 2009 PAL General Resolution, then the pledge of the Trust Estate to the Bondholders and other parties secured by the Trust Estate, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority, and upon the request of the Authority, shall 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 2009 PAL General Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds and all other payment obligations hereunder. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the registered owners of all Outstanding Bonds of a particular Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, and all other payment obligations with respect thereto at the times and in the manner stipulated therein and in this 2009 PAL General Resolution, such Bonds shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of the Authority to the registered owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds or interest installments thereon for the payment or redemption of which moneys shall have been set aside and shall be held in trust by Fiduciaries (through deposit by the Authority of funds for such payment or redemption or otherwise) shall, at the due date, Stated Maturity Date or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section. All Outstanding Bonds shall, prior to the Stated Maturity Date or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their Stated Maturity Date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article X notice of redemption on said date of such Bonds, (ii) there shall have been deposited with, or credited to the account (at a Federal Reserve Bank) of, the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due and without reinvestment 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, if any, and interest due and to become due on said Bonds on and prior to the due date, Redemption Date or Stated Maturity Date thereof, as the case may be; provided that, except in the event of a full cash defeasance or a current refunding of less than ninety days to the Stated Maturity Date or Redemption Date, the sufficiency of such moneys or investments must be confirmed to the Authority in a report of an independent certified public accountant, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding ninety 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 registered owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. Neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance 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, if any, and interest on said Bonds; provided that any cash received from such principal or interest

payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such Redemption Date or Stated 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) If, through the deposit of moneys by the Authority or otherwise, the Fiduciaries shall hold, pursuant to this 2009 PAL General Resolution, moneys sufficient to pay the principal and interest to the Stated Maturity Date on all Outstanding Bonds and all other payment obligations hereunder, or in the case of Bonds in respect of which the Authority shall have taken all action necessary to redeem prior to the Stated Maturity Date, sufficient to pay the Redemption Price and interest to such Redemption Date and all other payment obligations hereunder, then at the request of the Authority all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of Outstanding Bonds and payment of all other payment obligations hereunder.

(d) The Trustee shall provide written notice to the Rating Agencies of a defeasance of bonds pursuant to this Section 1101.

Section 1102. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent or other instrument which this 2009 PAL General Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (a) the execution of any such instrument, or of an instrument appointing any such attorney, or (b) the holding by any person of the Bonds shall be sufficient for any purpose of this 2009 PAL General Resolution (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:

(a) the fact and date of the execution by any Bondholder or his 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 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 he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer;

(b) 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 a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary; and

(c) the amount of Bonds transferable by delivery held by any person executing such request or other instrument as a Bondholder, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The ownership of the Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request,

consent or vote of the registered 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 1103. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Bondholders entitled thereto.

Section 1104. Parties in Interest. Nothing in this 2009 PAL General Resolution or in any Series or Supplemental Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Authority, the Trustee, the Paying Agents and the Bondholders any rights, remedies or claims under or by reason of this 2009 PAL General Resolution or any Series Resolution or any covenants, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this 2009 PAL General Resolution and any Series or Supplemental Resolution contained by or on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Paying Agents and the Bondholders from time to time of the Bonds.

Section 1105. No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority contained in this 2009 PAL General Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any director, member, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this 2009 PAL General Resolution against any director, member, officer or employee of the Authority or any natural person executing the Bonds. Such payments of principal or Redemption Price of or interest on the Bonds or claim based thereon or all other payment obligations hereunder shall be payable solely from the Trust Estate created under this 2009 PAL General Resolution and shall not be a general obligation of the Authority or the Corporation.

Section 1106. Notices. All notices to be given hereunder to or by the Authority or the Trustee shall be in writing and shall be properly made if sent by United States mail, postage prepaid, by facsimile transmission, email or other electronic means capable of producing a written record with confirmation of receipt, and addressed as follows:

If to the Authority, addressed to:

South Carolina State Education Assistance Authority
P.O. Box 21487 (29221)
Suite 210, Interstate Center
16 Berryhill Road
Columbia, South Carolina 29210
Attention: President, South Carolina Student Loan Corporation
Facsimile No.: (803) 772-9410
Telephone No.: (803) 772-8939
Email: csanders@scstudentloan.org

If to the Trustee, addressed to:

The Bank of New York Mellon Trust Company, National Association
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Division
Facsimile No.: (904) 645-1931
Telephone No.: (904) 998-4703
Email: bnystudentloan@bnymellon.com

Section 1107. Severability. If any one or more of the covenants, agreements or obligations provided in this 2009 PAL General Resolution on the part of the Authority, Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, such determination will not affect any of the other provisions of this 2009 PAL General Resolution, any Series or Supplemental Resolution or the Bonds.

Section 1108. Headings. Any headings preceding the texts of the several Articles and Sections hereof, 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 2009 PAL General Resolution, nor shall they affect its meaning, construction or effect.

Section 1109. Conflict. All resolutions or parts of resolutions or other proceedings of the Authority in conflict herewith be and the same are repealed insofar as such conflict exists.

Section 1110. Effective Date. This 2009 PAL General Resolution shall take effect immediately as of the effective date shown on its cover page.

EXHIBIT A

REQUISITION FOR COSTS OF ISSUANCE

The undersigned, an Authorized Officer of the South Carolina State Education Assistance Authority, acting under the authorization of Section 503(b) of the 2009 PAL General Resolution of the Authority effective October 29, 2009, hereby certifies that items set forth on the attached schedule constitute Costs of Issuance which are a proper charge against the Cost of Issuance Account of the Program Fund.

The Schedule reflects with respect to each payment to be made:

- (i) the item for which payment is to be made,
- (ii) the name of the person or party to whom the payment is to be made, and
- (iii) the amount to be paid.

Terms used as defined terms in this Requisition and Certification shall have the meanings ascribed thereto in the 2009 PAL General Resolution.

**SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY**

By: _____

EXHIBIT B

FORM OF CERTIFICATION RE: WITHDRAWALS FROM LOAN ACCOUNT

**CERTIFICATION REQUIRED BY
SECTION 503(c)(ii) OF 2009 PAL GENERAL RESOLUTION**

The undersigned, an Authorized Officer of the South Carolina State Education Assistance Authority (the "Authority"), acting under the authorization of Section 503(c)(ii) of "A 2009 PAL GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" effective October 29, 2009 (the "2009 PAL General Resolution") and pursuant to the 2009 PAL Loan Agreement, Security and Pledge Agreement, dated October 29, 2009, between the Authority and the South Carolina Student Loan Corporation (the "Corporation") (the "2009 PAL Loan Agreement") direct that \$_____ be transferred from the Loan Account under the 2009 PAL General Resolution to the Finance Loan Fund of the Corporation as such fund is defined under the 2009 PAL Loan Agreement.

Wire instructions for deposits to the Finance Loan Fund of the Corporation:

[Bank]
ABA # _____
Account # _____
Attention: _____
Re: _____

The Corporation further certifies that all requirements of the 2009 PAL Loan Agreement have been met in connection with this written direction.

Date: _____

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: _____
Authorized Officer

SOUTH CAROLINA STUDENT LOAN CORPORATION

By: _____
Authorized Officer

2009 PAL LOAN AGREEMENT, SECURITY AND PLEDGE AGREEMENT

This 2009 PAL Loan Agreement, Security and Pledge Agreement (the "2009 PAL Loan Agreement") is entered into between the SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY (the "Authority"), a body politic and corporate and a public instrumentality of the State of South Carolina created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the 1976 Code (as amended, the "Act"), and the SOUTH CAROLINA STUDENT LOAN CORPORATION (the "Corporation"), a South Carolina nonprofit corporation. Terms capitalized and not defined herein shall have the meanings ascribed to said terms in the 2009 PAL General Resolution (as defined below).

THIS 2009 PAL LOAN AGREEMENT CONTAINS AFTER ACQUIRED PROPERTY PROVISIONS

WHEREAS, the Authority has adopted a certain 2009 PAL General Resolution effective October 29, 2009 (the "2009 PAL General Resolution") providing for the issuance of its Student Loan Revenue Bonds (the "Bonds") in series as specified therein; and

WHEREAS, the 2009 PAL General Resolution contains covenants and statements by the Authority concerning the application of proceeds of Bonds of any series which might hereafter be issued pursuant to the 2009 PAL General Resolution, security for all such Bonds, the relationship between the Authority and the Corporation, the Corporation's performance of certain acts, the Corporation's refraining from certain other acts, and remedies that Bondholders and other parties may have against the Authority upon the occurrence of certain events; and the Authority and the Corporation desire to give effect to, and ensure the performance and accuracy of, all such covenants and statements.

NOW, THEREFORE, in consideration of the covenants made herein and in the 2009 PAL General Resolution, and the lending of certain sums by the Authority to the Corporation by way of Finance Loans (as defined below), the Authority and the Corporation agree as follows:

I. THE FINANCE LOANS

1.1. Finance Loans Generally. The Authority hereby agrees, upon the terms hereof and subject to the conditions hereinafter set forth, to make finance loans (the "Finance Loans") to the Corporation, on such date or dates as may be specified by the Corporation beginning November 5, 2009, and extending so long as amounts may remain on deposit in the Loan Account of the Program Fund established pursuant to the 2009 PAL General Resolution (the "Loan Account"). After the date of the issuance and delivery of a Series of Bonds, disbursements of a Finance Loan shall be made by the Trustee, at the direction of an Authorized Officer of the Corporation, from amounts on deposit in the Loan Account and in an amount no greater than the amount in the Loan Account prior to the making of such disbursement. An Authorized Officer of the Corporation shall give at least two business days' prior written notice to the Authority and to the Trustee of any requested disbursement of a Finance Loan. Such notice shall specify (a) the date and the amount thereof, (b) the amount of funds withdrawn constituting previous disbursements of all Finance Loans which have not as of the date of the notice been expended for the financing of Student Loans, and (c) all of the other information required by the 2009 PAL General Resolution. The Corporation may borrow, repay and re-borrow hereunder at any time, up to a maximum

aggregate principal amount as limited by the 2009 PAL General Resolution and this 2009 PAL Loan Agreement.

1.2. Records, Promissory Note and Balance of Finance Loans. The Authority shall cause the Trustee to retain all notices, referred to in the preceding Section, received from the Corporation and to make and keep a record of all amounts transferred to the Corporation from the Loan Account. On the date of the initial Series of Bonds issued under the 2009 PAL General Resolution, the Corporation shall issue and deliver to the Authority a master promissory note (the "Note") in the form of Exhibit A hereto duly executed on behalf of the Corporation and duly endorsed to the Trustee, dated the date of its delivery, and in a principal amount determined in accordance with this Section 1.2. The aggregate amount due on the Finance Loans owed by the Corporation pursuant to the Note shall at all times be equal to the aggregate outstanding principal of the Bonds plus all other amounts due under the 2009 PAL General Resolution plus the Adjusted Equity Amount (defined below), less the value of amounts on deposit and investments, if any, held in any of the funds and accounts under the 2009 PAL General Resolution. The Corporation shall maintain records of the balances of the Finance Loans under the Note and shall make such calculations quarterly. Such records shall constitute conclusive evidence of the balances of Finance Loans under the Note absent manifest error. Adjusted Equity Amount shall mean the greater of (i) zero and (ii) the amount set forth in each Series Resolution or any Certificate less amounts paid by the Corporation for borrower origination fees (which shall include federal default fees) and other borrower benefits with respect to the Financed Student Loans.

1.3. Application of Finance Loan Fund. Amounts in the Finance Loan Fund established pursuant to Section 3.1 shall be used to finance new Student Loans in conformity with all applicable covenants by the Authority or other provisions of the 2009 PAL General Resolution, the PAL Program Manual, each Series Resolution and Supplemental Resolution, the Higher Education Act with respect to FFELP Loans, and the various agreements referred to in the 2009 PAL General Resolution and each Series Resolution and Supplemental Resolution as having been entered into by the Authority with the Secretary pursuant to the Higher Education Act with respect to FFELP Loans. Such Student Loans shall be credited to the Finance Loan Fund on the servicing system and books and records of the Corporation. Funds on deposit in the Finance Loan Fund shall be subject to the same limitations on use as the limitations on the use of amounts on deposit in the Loan Account contained in the 2009 PAL General Resolution and each applicable Series Resolution and Supplemental Resolution, and any amounts on deposit not used to finance Student Loans within the time period specified for use of moneys in the Loan Account of the Program Fund in the applicable Series Resolution shall be transferred to the Trustee for deposit in the General Revenue Fund.

1.4. Assigned Revenues. To secure the payment of all amounts due on the Finance Loans under the Note, the Corporation shall assign all the Assigned Revenues to the Authority as set forth herein and the 2009 PAL General Resolution. No such payment of principal balances shall be allocated to or otherwise associated with any individual draw for a Finance Loan, and the outstanding principal amount due on all the Finance Loans shall at any time be determined only in the aggregate in accordance with Section 1.2. Such payment obligation shall not be a general obligation of the Corporation and shall be limited as set forth herein.

1.5. Consent of Corporation to Assignment by the Authority of Rights Under the 2009 PAL Loan Agreement. The Corporation hereby consents to the assignment by the Authority of all the Authority's rights and interest in this 2009 PAL Loan Agreement and the Note to the Trustee as security for the Bonds.

1.6. Survival of Obligations. The Corporation's obligations hereunder shall continue in force so long as any Bonds or other obligations secured by the Trust Estate are outstanding, regardless of whether there is any amount due on any Finance Loans under the Note.

II. PAYMENT OBLIGATION AND ASSIGNMENT OF COLLATERAL

2.1. Payment Obligation. In consideration of the Finance Loans to be made under the Note by the Authority to the Corporation, the Corporation hereby agrees to pay to the Authority all amounts due under the Note in accordance with Section 1.2, but only to the extent set forth in the following sentence. This payment obligation shall not be a general obligation of the Corporation, but shall be payable solely and only from the Assigned Revenues, the Financed Student Loans and all amounts on deposit in the Finance Loan Fund. The Corporation additionally guarantees, but only from any such moneys and proceeds as described in the preceding sentence, the performance of all covenants of the Authority contained in the 2009 PAL General Resolution, or any Series Resolution or Supplemental Resolution adopted pursuant to the 2009 PAL General Resolution, or in any Bonds.

2.2. Assignment of Collateral Securing Finance Loans under the Note and other Payment Obligations. In consideration of the Finance Loans to be made under the Note by the Authority to the Corporation, the Corporation hereby assigns, transfers and sets over, as security for the Note and the other payment obligations described in Section 2.1, to the Authority all the Assigned Revenues, the Financed Student Loans (including the notes and other instruments evidencing the same) and all amounts on deposit within the Finance Loan Fund. Such assignment shall be immediately effective upon the making of any Finance Loan and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation or the Authority, irrespective of whether such parties have notice thereof.

2.3. Deposit of Assigned Revenues. The Corporation shall deposit all moneys or payments which it shall receive daily with the State Treasurer in its collections sweep account (the "Collections Sweep Account") and an Authorized Officer of the Authority shall identify in a Certificate the amount of Assigned Revenues and shall direct the State Treasurer to transfer such amount daily to the Trustee for deposit in the General Revenue Fund. The Collections Sweep Account is a commingled account which contains all collections on Financed Student Loans and all other student loans held by the Corporation for various trust estates for the student loan finance program of the Authority and the Corporation. All amounts required to be deposited in the General Revenue Fund from the Collections Sweep Account shall be deposited without any further commingling with any other assets of the Corporation.

2.4. Power of Attorney. The Corporation hereby constitutes and appoints the Authority its direct, lawful and irrevocable attorney to demand, receive and enforce the payment from all persons of all amounts representing Assigned Revenues and to give receipts and satisfactions for and to sue for all such amounts. Any such act may be done by the Authority in the name of the Corporation, or in the name of the Authority, with the same force and effect as if done by the Corporation.

III. ESTABLISH FINANCE LOAN FUND; RETURN OF MONEYS; POWER TO CAUSE SALE

3.1. Establishment of Finance Loan Fund and Accounts Therein. The Corporation hereby establishes and creates a special fund to be known as the Finance Loan Fund of the Corporation, to be maintained by the Corporation in a commercial bank. Upon receipt of the proceeds of a Finance Loan made to the Corporation under the Note from moneys within the Loan Account, the Corporation shall deposit in the Finance Loan Fund the proceeds of such disbursement and all further disbursements of Finance Loans made under the Note pursuant to this 2009 PAL Loan Agreement and the 2009 PAL

General Resolution. Amounts on deposit within the Finance Loan Fund of the Corporation shall be applied only to finance Student Loans which shall become Financed Student Loans as set forth in Section 1.3, except to the extent they must be applied in fulfillment of the Corporation's payment obligation as set forth in Section 2.1 or returned to the Authority as provided in Section 1.3 or 3.2. All Financed Student Loans financed from amounts withdrawn from the Finance Loan Fund shall be credited on the servicing system and books and records of the Corporation to such Finance Loan Fund. The Corporation agrees, to the maximum extent allowable by law under the UCC and Higher Education Act, to perfect and to cooperate in the perfection of the security interest granted herein, which shall include but not be limited to, entering into a Deposit Account Control Agreement with any applicable bank that holds the bank account portion of the Finance Loan Fund and the Trustee. The Corporation shall invest moneys in the Finance Loan Fund at the written direction of an Authorized Officer of the Corporation in Investment Obligations.

3.2 Return of Moneys. The Authority may at any time direct the Corporation to transfer any funds on deposit in the Finance Loan Fund not yet expended for the financing of Student Loans, to the Trustee for deposit in the Loan Account, in the Principal Account of the Debt Service Fund or the General Revenue Fund to avoid payment default as described in Section 505(e) of the 2009 PAL General Resolution.

3.3. Power to Cause Sale. The Authority (subject to the 2009 PAL General Resolution) or, under the circumstances described in Section 802 of the 2009 PAL General Resolution, the Trustee acting on behalf of the Authority, may at any time demand that the Corporation sell, to a purchaser or purchasers, any Financed Student Loans, on terms and conditions and subject to the limitations herein or in the 2009 PAL General Resolution, and the Corporation shall comply with such demand. The proceeds of any sale shall be used to satisfy amounts due under the Note as described in Section 1.2 and such amounts shall be deposited with the Trustee in the General Revenue Fund. The balance of the Note shall be adjusted as set forth herein and any excess payment shall be returned to the Corporation. The Authority may demand and, upon such demand, the Corporation shall enter into an agreement with such a purchaser providing for such a sale, except that the Corporation shall have no obligations, without its consent, under such agreement other than to transfer and surrender to such purchaser all its right, title and interest in the Financed Student Loans to be sold. Any such sale or agreement for sale may provide that, upon their sale to the purchaser, all Financed Student Loans sold, together with the revenues therefrom, are released from the lien created under this 2009 PAL Loan Agreement and the 2009 PAL General Resolution. Unless the Authority and the Corporation otherwise agree, any expenses of the Corporation associated with any such sale, and any amounts payable under, or other expenses of the Corporation associated with, any such sale or agreement shall constitute Operating Costs to be paid from moneys in the Operating Fund, as such terms are defined in the 2009 PAL General Resolution.

IV. REPRESENTATIONS AND WARRANTIES

The Corporation represents and warrants that:

4.1. Organization, Corporate Powers, etc. The Corporation (a) is a nonprofit, public benefit corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina, (b) has the corporate power and authority to own its properties and to carry on its activities as now being conducted and (c) has the corporate power to execute, deliver and perform this 2009 PAL Loan Agreement and to borrow Finance Loans under, and to execute and deliver, the Note.

4.2. Authorization, etc. The execution, delivery and performance by the Corporation of this 2009 PAL Loan Agreement, the guarantee and assignments effected hereby, the borrowings

contemplated hereunder and the execution and delivery of the Note (a) have been duly authorized by all requisite corporate action, (b) will not violate (i) any provision of the Act or other law, any order of any court or other agency of government, the Articles of Incorporation or By-laws of the Corporation or (ii) any provision of any agreement or instrument to which the Corporation is a party, or by which it or any of its property is bound, and (c) will not be in conflict with, result in a breach of or constitute, with due notice or lapse of time or both, a default under, any such agreement or instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation except as specifically contemplated by this 2009 PAL Loan Agreement and the 2009 PAL General Resolution.

4.3. Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Corporation) pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation at law or in equity or before or by any Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which involve any of the transactions herein contemplated or involve the possibility of any judgment or liability which may result in any material adverse change in the activities, operations, properties or assets of the Corporation; and the Corporation is not, to the best of its knowledge, in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

4.4. Subsidiaries. The Corporation does not have any subsidiaries.

4.5 Revised Article 9 Representations. (a) This 2009 PAL Loan Agreement creates a valid and continuing security interest in the Financed Student Loans in favor of the Authority, which security interest is prior to all other liens, and is enforceable as such against creditors of and purchasers from the Corporation.

(b) The Financed FFELP Loans are deemed to be “accounts” within the meaning of the applicable UCC by virtue of Section 432(m)(1)(E)(i) of the Higher Education Act.

(c) The Financed Private Loans constitute “instruments” within the meaning of the applicable UCC.

(d) The Corporation owns and has good and marketable title to the Financed Student Loans free and clear of any lien, claim or encumbrance of any Person.

(e) The Authority has caused or will have caused the timely filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Financed Student Loans granted to the Authority under this 2009 PAL Loan Agreement.

(f) Other than the security interest granted to the Authority pursuant to this 2009 PAL Loan Agreement, the Corporation has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Financed Student Loans (other than an interest that will be released prior to the time that such collateral has been pledged pursuant to the terms of this 2009 PAL Loan Agreement). The Corporation has not authorized the filing of and is not aware of any financing statements against the Corporation that include a description of collateral covering the Financed Student Loans other than any financing statement (i) relating to the security interest granted to the Authority under this 2009 PAL Loan

Agreement, or (ii) that has been terminated. The Corporation is not aware of any judgment or tax lien filings against the Corporation.

(g) The Corporation has in its possession all original copies of the Private Loan notes that constitute or evidence the Financed Private Loans. The Private Loan notes that constitute or evidence the Financed Private Loans do not have any marks or notations indicating that they have been pledged, assigned, or otherwise conveyed to any Person other than the Authority. All financing statements filed or to be filed against the Corporation in favor of the Authority in connection herewith describing the collateral shall contain a statement to the following effect: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of the Authority."

(h) The factual certifications, representations and warranties set forth herein shall survive payment in full on all obligations under this 2009 PAL Loan Agreement and cannot be waived, altered or amended without the consent of the Authority.

V. CERTAIN COVENANTS AND AUTHORIZATIONS

5.1. Observance of Covenants in 2009 PAL General Resolution. The Corporation covenants that from the date hereof for so long as any Bonds issued pursuant to the 2009 PAL General Resolution are outstanding or any other amounts are payable pursuant thereto, in addition to all the other covenants herein, the Corporation shall do all such things as the Authority has covenanted in the 2009 PAL General Resolution, or in any Series Resolution or Supplemental Resolution adopted pursuant to the 2009 PAL General Resolution, that the Corporation will do and shall refrain from doing anything that the Authority has so covenanted that the Corporation will not do. The Corporation covenants to maintain the perfection and priority of the security interests created by this 2009 PAL Loan Agreement.

5.2. Amendment of 2009 PAL General Resolution. The Authority covenants that it will not amend the 2009 PAL General Resolution, or after the first Series of Bonds issue any Bonds pursuant to any Series Resolution under the 2009 PAL General Resolution, amend any such Series Resolution or adopt or amend any Supplemental Resolution under the 2009 PAL General Resolution, without first obtaining the written consent of the Corporation to such amendments, Series Resolution or Supplemental Resolution.

5.3. Observance of the Act. The Authority and the Corporation shall at all times abide by the terms of the Act, the regulations promulgated by the Authority pursuant thereto, and the rules, regulations and standards established by the Secretary, and in the event that any conflict shall arise between the provisions hereof and the Act, such rules, regulations or standards, then in such event the terms and provisions of the Act, such rules, regulations or standards shall control.

5.4. Quarterly and Other Reports. In addition to the annual audited financial statements of the Corporation required under Section 609 of the 2009 PAL General Resolution, the Corporation shall submit to the Authority, on a quarterly basis, with a copy to the Trustee a report for the previous quarter setting out all pertinent information concerning the Financed Student Loans. The Corporation shall in addition submit to the Authority, as requested by the Authority, with a copy to the Trustee, all reports containing such information regarding its operations as are necessary in order to enable the Authority promptly to report as required to the Secretary with respect to FFELP Loans or as may be required under continuing disclosure undertaking. The Corporation further covenants to keep such records as may be necessary to make such reports and to afford access thereto, as applicable, at any reasonable time to the Authority or to the Secretary (or other agencies of the United States as designated by the Secretary) in order to assure the correctness of such reports.

5.5. Forbearance. The Corporation is authorized, in its sole discretion, to grant forbearance for the benefit of any student borrower in connection with any Financed Student Loan, including the right to extend the maximum periods for repayment of Financed FFELP Loans, in accordance with the Higher Education Act and any rules, resolutions or standards promulgated by the Secretary thereunder with respect to Financed FFELP Loans and the Corporation shall apply standards with respect to forbearance on Financed Private Loans as set forth in the PAL Program Manual.

5.6. Applications for Interest Subsidy Payments and Special Allowance Payments on FFELP Loans. The Corporation shall make application to the Secretary, on behalf of all students eligible for Interest Subsidy Payments under the Higher Education Act, for all interest due on all Financed FFELP Loans financed to such students, for any period during which such payments are payable. The Corporation shall in addition make application to the Secretary for the Special Allowance Payments on all Financed FFELP Loans.

5.7. Operating Expenses of Corporation. The Authority hereby agrees to pay to the Corporation, to the extent that moneys are available therefor on deposit in the Operating Fund established by the 2009 PAL General Resolution, such amount as may be necessary to cover the actual costs and expenses incurred by the Corporation in connection with the Student Loan Finance Program described in the 2009 PAL General Resolution.

5.8. Reports on Demand for Financed Student Loans. The Corporation shall report periodically to the Authority the demand for Financed Student Loans which the Corporation anticipates in respect to the next succeeding academic year, such reports to be made at such times and in such form as will facilitate a determination by the Authority of the amount of proceeds from the sale of Bonds that will be required for the next succeeding academic year in order to meet, with other available moneys, the anticipated demand for Student Loans for such academic year.

5.9. Schedule for Expected Use of Bond Proceeds. Upon the deposit to the Loan Account of Bond proceeds as provided in the 2009 PAL General Resolution, the Corporation shall furnish the Trustee with the schedule of dates referred to in Section 503(c)(iii) of the 2009 PAL General Resolution.

VI. REMEDIES

6.1. Remedies of Bondholders. Upon the happening of any Event of Default set forth in Section 801 of the 2009 PAL General Resolution, the Trustee or the registered owners of the percentages of Outstanding Bonds set forth in Section 802 of the 2009 PAL General Resolution may proceed against the Corporation to protect and enforce their rights hereunder by any of the remedies authorized therein with reference to the Corporation, as they deem most effectual, under the terms and conditions set forth in Article VIII of the 2009 PAL General Resolution. Such remedies shall be cumulative and shall be in addition to any other remedy existing at law or in equity or by statute.

6.2. Remedies of Authority and Corporation. In the event of breach by the Authority or the Corporation of any provision hereof, the other party shall be entitled to any remedy existing at law or in equity or by statute. The Corporation may at any time be required specifically to perform its duties and other obligations hereunder.

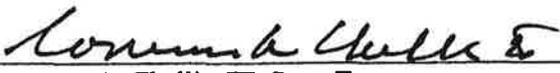
VII. AMENDMENTS

This 2009 PAL Loan Agreement may at any time be amended by mutual written consent of the Authority and the Corporation but only to the extent that as so amended it conforms with the 2009 PAL General Resolution.

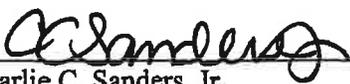
[Execution of document on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this 2009 PAL Loan Agreement, Security and Pledge Agreement to be duly executed and delivered by their proper and duly authorized officers as of October 29, 2009.

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: 
Converse A. Chellis, III, State Treasurer
Authorized Officer

SOUTH CAROLINA STUDENT LOAN
CORPORATION

By: 
Charlie C. Sanders, Jr.
President and CEO

Master Promissory Note

Columbia, South Carolina
_____, 2009

FOR VALUE RECEIVED, the South Carolina Student Loan Corporation, a South Carolina nonprofit corporation with offices at Interstate Center/Suite 210, Columbia, South Carolina 29210, DOES HEREBY PROMISE to pay to the order of the South Carolina State Education Assistance Authority, a body politic and corporate and a public instrumentality of the State of South Carolina, at its office at Wade Hampton Building/State Capitol, Columbia, South Carolina 29201, in lawful money of the United States of America, the amount of money sufficient to pay the aggregate outstanding principal of the Bonds plus all other amounts due under the 2009 PAL General Resolution, plus the Adjusted Equity Amount, less the value of amounts on deposit and investments, if any held in any of the funds and accounts under the 2009 PAL General Resolution. This payment obligation shall not be a general obligation of the Corporation, but shall be payable solely and only from the Assigned Revenues, the Financed Student Loans and amounts on deposit in the Finance Loan Fund of the Corporation all as described in the 2009 PAL Loan Agreement. The amounts due on the Finance Loans made by the payee hereof to the maker hereof is calculated pursuant to Section 1.2 of the 2009 PAL Loan Agreement, Security and Pledge Agreement hereinafter referred to, on such date or dates as specified in such 2009 PAL Loan Agreement, Security and Pledge Agreement.

This Master Promissory Note is the Note referred to and secured as set forth in that certain 2009 PAL Loan Agreement, Security and Pledge Agreement dated as of October 29, 2009, between the maker and the payee hereof, and is entitled to the benefits thereof. The Corporation may borrow, repay and re-borrow hereunder at any time, up to a maximum aggregate principal amount as limited by the 2009 PAL General Resolution and the 2009 PAL Loan Agreement. The Corporation's records of the amounts borrowed from time to time shall be conclusive proof thereof. Upon an Event of Default and subject to the 2009 PAL General Resolution all amounts payable hereunder shall become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Corporation.

SOUTH CAROLINA STUDENT LOAN
CORPORATION

By: _____
Charlie C. Sanders, Jr.
President and CEO

Attest:

By: _____
Its: _____

ENDORSEMENT

FOR VALUE RECEIVED, the SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY (the "Authority"), hereby irrevocably assigns and transfers the foregoing Master Promissory Note to the order of the Trustee under the 2009 PAL General Resolution, without recourse or warranty, except warranty that the Authority has not assigned the foregoing Master Promissory Note to a person other than the Trustee.

IN WITNESS WHEREOF, the Authority has caused this Endorsement to be executed in its name and on its behalf by its duly authorized officer as of the day and year first above written.

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: _____
Converse A. Chellis, III, State Treasurer
Authorized Officer

ACKNOWLEDGMENT OF ASSIGNMENT

The undersigned hereby acknowledges and agrees to the aforesaid assignment of the Master Promissory Note by the Authority to the Trustee.

Dated this ___ day of _____ 2009.

SOUTH CAROLINA STUDENT LOAN
CORPORATION

By: _____
Charlie C. Sanders, Jr.
President and CEO

A SERIES RESOLUTION

PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING [THIRTY MILLION DOLLARS (\$30,000,000)] SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS, 2013 SERIES; AND OTHER MATTERS RELATING THERETO.

Effective _____, 2013

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section 101. Definitions 2

ARTICLE II

CONDITIONS AND TERMS OF 2013 SERIES BONDS

Section 201. Authorization and Purposes of 2013 Series Bonds 4
Section 202. Stated Maturity Dates and Interest Rates 4
Section 203. Method and Place of Payment and Dating of 2013 Series Bonds..... 4
Section 204. Payment of Principal and Interest of 2013 Series Bonds; Acceptance of Terms and
Conditions 5
Section 205. Calculation and Payment of Interest 5
Section 206. Registrar; Paying Agent; Tender Agent, Place of Payment 5
Section 207. Book-Entry System; Recording and Transfer of Ownership of 2013 Series Bonds 6
Section 208. Rating Agency Condition 7
Section 209. CUSIP 7
Section 210. Security Interest Representations 7
Section 211. Covenant Relating to Representative Modeling Lines..... 8

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional Redemption, Prices and Terms 8
Section 302. Mandatory Redemption 8
Section 303. Manner of Redemption of 2013 Series Bonds 9

ARTICLE IV

APPLICATION OF PROCEEDS OF THE 2013 SERIES BONDS
AND OTHER DEPOSITS AND DIRECTION

Section 401. Application of Proceeds; Transfer of Certain Funds..... 9
Section 402. Termination of Capitalized Interest Fund 10
Section 403. Other Contributions..... 10
Section 404. The Debt Service Reserve Requirement..... 10
Section 405. Recycling..... 10
Section 406. Adjusted Equity Amount..... 10

ARTICLE V

CONTINUING DISCLOSURE UNDERTAKING

Section 501. Secondary Market Disclosure 10
Section 502. Failure to Comply..... 11
Section 503. Modification of Undertaking..... 11
Section 504. Termination of the Undertaking..... 11
Section 505. Alternate Filings..... 11

ARTICLE VI

OTHER MISCELLANEOUS ACTIONS

Section 601.	Preliminary and Final Official Statement	11
Section 602.	Approval of Distribution of Material Relating to the 2013 Series Bonds	11
Section 603.	Award of 2013 Series Bonds.....	11
Section 604.	Manner of Execution of 2013 Series Bonds	12
Section 605.	Execution of Closing Papers and Authentication of 2013 Series Bonds.....	12
Section 606.	Repeal Provisions.....	12

EXHIBIT A	Form of 2013 Series Bond
EXHIBIT B	Serial Bonds, Serial Maturity Dates, Term Bonds and Term Maturity Dates
EXHIBIT C	Monthly Reports
EXHIBIT D	Quarterly Report
EXHIBIT E	Current Borrower Benefit Programs
EXHIBIT F	Current Operating Costs Paid Per Annum
EXHIBIT G	Certain Closing Cash Flow Assumptions

BE IT RESOLVED BY THE SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, IN MEETING DULY ASSEMBLED

RECITALS

FINDINGS OF FACT AND INTENT OF RESOLUTION

1. On August 13, 2009, the South Carolina State Education Assistance Authority (the "Authority") approved the form of a resolution entitled "A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" (the "2009 PAL General Resolution") as another, alternative vehicle pursuant to which bonds of the Authority could thereafter be issued. The effective date of the 2009 PAL General Resolution was declared to be October 29, 2009.

2. Certain terms used as defined terms herein shall have the meanings ascribed to said terms in the 2009 PAL General Resolution. In addition, the term "2013 Series Bonds" as used in this 2013 PAL Series Resolution shall mean the South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series, authorized by Section 201. In addition, certain other defined terms shall have the meanings set forth in Article I.

3. On [June 18, 2013], the Authority adopted a resolution (the "Authorizing Resolution") authorizing the State Treasurer of South Carolina to make arrangements necessary for the sale, award and delivery of the 2013 Series Bonds of the Authority. The Authorizing Resolution approved among other things, the subsequent approval of a 2013 PAL Series Resolution, as defined therein, prescribing terms of the proposed 2013 Series Bonds at such time as arrangements for the sale of such 2013 Series Bonds could be made.

4. The Authority hereby determines that the issuance of 2013 Series Bonds is necessary to provide funds to be used and expended to (i) provide financing for certain Private Loans; (ii) reimburse the Corporation in part for Student Loans pledged by the Corporation to secure the Finance Loans under the 2009 PAL Loan Agreement (iii) make deposits to certain accounts established under the 2009 PAL General Resolution; and (iv) pay certain Costs of Issuance for the 2013 Series Bonds, and hereby approves the issuance of the 2013 Series Bonds. The 2013 Series Bonds shall be in substantially the form attached hereto as Exhibit A.

5. There are \$_____ Bonds Outstanding under the 2009 PAL General Resolution.

ARTICLE I

DEFINITIONS

Section 101. Definitions. Unless the context clearly indicates some other meaning, the following words and terms shall, for all purposes of this 2013 PAL Series Resolution, have the following meanings and terms not defined herein shall have the meanings ascribed to them in the 2009 PAL General Resolution:

“Authorized Denominations” shall mean \$5,000 and any integral multiple thereof.

“Beneficial Owner” shall mean, so long as the 2013 Series Bonds are negotiated in the Book-Entry System, any Person who acquires a beneficial ownership interest in a 2013 Series Bond held by the Securities Depository. If at any time the 2013 Series Bonds are not held in the Book-Entry System, Beneficial Owner shall mean Bondholder.

“Book-Entry System” shall mean the system maintained by the Securities Depository described in Section 207.

“Electronic Means” shall mean telecopy, facsimile transmission, email transmission or other similar electronic means of communication capable of producing a written record, including a telephonic communication confirmed by any other method set forth in this definition.

“Interest Accrual Period” shall mean the period during which a 2013 Series Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest shall have been paid (or, if no interest has been paid, from the Issue Date) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any 2013 Series Bond, interest is in default or overdue on such 2013 Series Bonds, such 2013 Series Bond shall bear interest from the date to which interest shall have previously been paid in full or made available for payment in full on Outstanding 2013 Series Bonds. In the event that the Interest Payment Date is defined as the first day of a given month, but interest must be paid on a later day because the first day is not a Business Day, the Interest Accrual Period shall remain unchanged.

“Interest Payment Date” shall mean [February 1, 2014] and each August 1 and February 1 thereafter to and including the Stated Maturity Date.

“Interest Rates” shall mean the interest rates on the Serial Bonds and Term Bonds as set forth in Exhibit B.

“Issue Date” shall mean _____, 2013.

“MSRB” shall mean the Municipal Securities Rulemaking Board and its lawful successors.

“Monthly Report” shall mean the information to be provided in substantially the form as the template presented in Exhibit C and being dated the date of the transfers pursuant to Section 504(b) of the 2009 PAL General Resolution.

“Monthly Report Date” shall mean the 15th day of each calendar month, or if such day is not a Business Day, on the next succeeding Business Day.

“National Repository” shall mean the MSRB (through its Electronic Municipal Market Access (EMMA System) or any other repository designated by the United States Securities and Exchange Commission as a central repository.

“Notice Parties” shall mean the Authority, the Trustee and the Paying Agent.

“Participant,” “Direct Participant” or “Indirect Participant” shall mean a participant in the electronic, computerized book-entry system of transferring beneficial ownership interest in any of the 2013 Series Bonds administered by the Securities Depository.

“Paying Agent” shall mean the Trustee.

“Quarterly Report” shall mean the information to be provided in substantially the form as the template presented in Exhibit D.

“Quarterly Report Date” shall mean the last date of each January, April, July and October.

“Record Date” shall mean the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

“Securities Depository” shall mean The Depository Trust Company and such other securities depository as the Authority may designate in an Authority Certificate delivered to the Trustee.

“Serial Bonds” shall mean the 2013 Series Bonds designated as Serial Bonds maturing on the applicable Serial Maturity Dates as set forth in Exhibit B.

“Serial Maturity Dates” shall mean the dates on which the Serial Bonds mature, as determined herein as set forth in Exhibit B.

“Serial Payments” shall mean the principal payments to be made on the Serial Bonds on the Serial Maturity Dates.

“Stated Maturity Date” shall mean any Serial Maturity Date and any Term Maturity Date.

“Term Bonds” shall mean the 2013 Series Bonds designated as Term Bonds maturing on the applicable Term Maturity Date as set forth in Exhibit B.

“Term Maturity Dates” shall mean the dates on which the Term Bonds mature, as determined herein as set forth in Exhibit B.

“Term Payments” shall mean the principal payments to be made on the Term Bonds on the Term Maturity Dates.

“2009 PAL General Resolution” shall mean the resolution of the Authority entitled “A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO” effective October 29, 2009.

“2013 Series Bonds” shall mean Bonds of the Authority authorized and issued pursuant to this 2013 PAL Series Resolution and the 2009 PAL General Resolution.

“2013 PAL Series Resolution” shall mean this 2013 PAL Series Resolution.

Unless otherwise provided herein, all references to a particular time are to New York City Time.

ARTICLE II

CONDITIONS AND TERMS OF 2013 SERIES BONDS

Section 201. Authorization and Purposes of 2013 Series Bonds.

(a) The issuance of the 2013 Series Bonds is hereby authorized in the aggregate principal amount of _____ Million Dollars (\$_____) to be designated South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series (the “2013 Series Bonds”) and shall constitute Bonds under and shall be entitled to and secured by the benefits, protection and security of the 2009 PAL General Resolution. Interest on such 2013 Series Bonds is intended to be excluded from gross income of the owners thereof under the authorization of Section 144(b) of the Code.

(b) The 2013 Series Bonds are authorized to obtain funds to be used and expended to (i) provide financing for certain Private Loans; (ii) reimburse the Corporation in part for the Student Loans pledged by the Corporation to secure the Finance Loans under the 2009 PAL Loan Agreement; (iii) make deposits to certain accounts established under the 2009 PAL General Resolution; and (iv) pay certain Costs of Issuance for the 2013 Series Bonds.

Section 202. Stated Maturity Dates and Interest Rates. The 2013 Series Bonds shall mature on the Stated Maturity Dates in the amount of the Serial Payments or Term Payments, as applicable, and shall bear interest at the Interest Rates from the date thereof payable on each Interest Payment Date of each year until payment of the principal thereof.

Section 203. Method and Place of Payment and Dating of 2013 Series Bonds. The 2013 Series Bonds shall be issued in the form of fully registered 2013 Series Bonds in Authorized Denominations. The principal of and premium, if any, and interest on the 2013 Series Bonds shall be payable in lawful money of the United States of America.

The principal of and premium, if any, on the 2013 Series Bonds shall be payable to the extent set forth herein on the Serial Maturity Dates, the Term Maturity Dates, or the Redemption Dates, as applicable, at the designated office of the Paying Agent.

The 2013 Series Bonds shall be issued in the form of fully registered bonds without coupons in Authorized Denominations. The 2013 Series Bonds shall initially be registered in the name of Cede & Co., as nominee of the Securities Depository. The Securities Depository shall act as securities depository for the 2013 Series Bonds. Ownership interests in the 2013 Series Bonds shall initially be recorded in book-entry form by Participants of the Securities Depository and the interest of such Participants shall be recorded in book-entry form by the Securities Depository. Payments of principal of and interest on the 2013 Series Bonds shall be made to the Securities Depository.

In the event the Book-Entry System directed by Section 207 is discontinued, the Paying Agent shall maintain a supply of unissued blank bonds to be issued in lieu of bonds mutilated, lost, stolen, or destroyed. Such replacement bonds shall be numbered in such fashion as to maintain a proper record thereof.

Except as may be specifically set forth herein, the Paying Agent, the Trustee and the Authority may treat the registered owner of any 2013 Series Bond as the absolute owner thereof for all purposes, whether or not such 2013 Series Bond shall be overdue, and the Paying Agent, the Trustee and the Authority shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and premium, if any, and interest on such 2013 Series Bond shall be made only to such Bondholder, which payments shall be valid and effectual to satisfy and discharge the liability of such 2013 Series Bond to the extent of the sum or sums so paid. All 2013 Series Bonds paid, at maturity or on earlier redemption, pursuant to the provisions of this Section shall be cancelled by the Paying Agent.

The 2013 Series Bonds shall bear interest at the applicable rate or rates during each applicable Interest Accrual Period until the entire principal amount of the 2013 Series Bonds shall have been paid.

Section 204. Payment of Principal and Interest of 2013 Series Bonds; Acceptance of Terms and Conditions. (a) The interest on the 2013 Series Bonds shall become due and payable on the applicable Interest Payment Dates in each year to and including the applicable Stated Maturity Date, on each applicable Redemption Date and on the date of any acceleration thereof prior thereto. The principal of the 2013 Series Bonds shall become due and payable to the extent set forth herein on the Serial Maturity Dates, the Term Maturity Dates, or the Redemption Dates, as applicable.

(b) By the acceptance of its 2013 Series Bond, each Bondholder and each Beneficial Owner shall be deemed to have agreed to all the terms and provisions of such 2013 Series Bond as specified therein and in this 2013 PAL Series Resolution including, without limitation, the applicable interest rates, mandatory and optional redemption provisions applicable to such 2013 Series Bond, method and timing of redemption. Each Bondholder and each Beneficial Owner further agrees that if, on any date upon which one of its 2013 Series Bonds is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent or the Trustee to pay the full amount due on such 2013 Series Bond, then such Bondholder or such Beneficial Owner shall have no rights under this 2013 PAL Series Resolution other than to receive such full amount due with respect to such 2013 Series Bond and that interest on such 2013 Series Bond shall cease to accrue as of such date.

Section 205. Calculation and Payment of Interest. Interest shall be calculated on the basis of a 360 day year comprised of twelve 30-day months. Payment of interest on each 2013 Series Bonds shall be made on each applicable Interest Payment Date for unpaid interest accrued during the applicable Interest Accrual Period to each applicable Bondholder of record on the applicable Record Date. The Trustee shall provide notice to the Authority of the amount of interest accrued as of the end of each calendar quarter within 15 days of the end of each calendar quarter.

Section 206. Registrar; Paying Agent; Tender Agent; Place of Payment. The Bank of New York Mellon Trust Company, National Association is hereby appointed Registrar and Paying Agent for the 2013 Series Bonds. The principal or Redemption Price of and interest on the 2013 Series Bonds shall be made payable to the Securities Depository as provided in Sections 203 and 207. Subject to the provisions of Section 207, principal of the 2013 Series Bonds shall be paid at the designated office of the Paying Agent, initially Jacksonville, Florida, or at the duly designated office of any duly appointed alternate or successor paying agent, in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts. Interest on the 2013 Series

Bonds shall be paid by check or draft (or other method as described in the 2009 PAL General Resolution) on each Interest Payment Date (as described herein) drawn upon the Paying Agent and mailed to the Bondholders at their addresses as they appear on the registration books maintained at the designated corporate trust office of the Registrar, initially Jacksonville, Florida, as of the Record Date. Interest payable on any Interest Payment Date may be paid by wire transfer, or such other method as is acceptable to the Paying Agent and the Authority, in immediately available funds to a designated account in any bank in the United States to any Bondholder owning \$1,000,000 or more in aggregate principal amount upon written request by such Bondholder received by the Trustee prior to the preceding applicable Record Date.

Section 207. Book-Entry System; Recording and Transfer of Ownership of 2013 Series Bonds.

The 2013 Series Bonds shall be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Securities Depository, and transfers of beneficial ownership of the 2013 Series Bonds shall be made only through the Securities Depository and its Participants in accordance with rules specified by the Securities Depository. Such beneficial ownership must be of an Authorized Denomination of the 2013 Series Bonds of the same maturity or any integral multiple of an Authorized Denomination.

The 2013 Series Bonds shall be issued in fully registered form, one certificate for each of the maturities of the 2013 Series Bonds, in the name of Cede & Co., as the nominee of the Securities Depository. When any principal of, or premium, if any, or interest on the 2013 Series Bonds becomes due, the Authority shall transmit or cause the Trustee to transmit to the Securities Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments shall be made to Cede & Co. or other nominee of the Securities Depository as long as it is the owner of record on the applicable Record Date. Cede & Co. or other nominee of the Securities Depository shall be considered to be the owner of the 2013 Series Bonds so registered for all purposes of this 2013 PAL Series Resolution, including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of the Bondholders.

The Trustee shall notify the Securities Depository of any notice of redemption required to be given pursuant to the 2009 PAL General Resolution or this 2013 PAL Series Resolution, and the Securities Depository shall select applicable 2013 Series Bonds for such redemption.

The Securities Depository is expected to maintain records of the positions of Participants in the 2013 Series Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the 2013 Series Bonds. The Authority and the Trustee make no assurances that the Securities Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the Authority and the Trustee shall have no responsibility for any such maintenance of records or transfer of payments by the Securities Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

If (a) the Securities Depository determines not to continue to act as Securities Depository for the 2013 Series Bonds, or (b) the Authority advises the Securities Depository and the Trustee of the Authority's determination that the Securities Depository is incapable of discharging its duties, the Authority shall attempt to retain another qualified securities depository to replace the Securities Depository. Upon receipt by the Authority or the Trustee of the 2013 Series Bonds together with an assignment duly executed by the discharged Securities Depository, the Authority shall execute and deliver to the successor Securities Depository 2013 Series Bonds of the same principal amount, interest rate and maturity.

If the Authority is unable to retain a qualified successor to the Securities Depository or the Authority determines that it is in the best interest of the Authority not to continue the Book-Entry System of transfer or that the interest of the Beneficial Owners of the 2013 Series Bonds might be adversely affected if the Book-Entry System of transfer is continued, and makes provision to so notify Beneficial Owners of the 2013 Series Bonds by transmitting by Electronic Means an appropriate notice to the Securities Depository, upon receipt by the Authority of the 2013 Series Bonds together with an assignment duly executed by the Securities Depository, the Authority, at its expense, shall, subject to the limitations hereof, execute, and cause to be authenticated and delivered pursuant to the instructions of the Securities Depository, 2013 Series Bonds in fully registered form, in substantially the form set forth in this 2013 PAL Series Resolution, in Authorized Denominations.

Section 208. Rating Agency Condition. The Authority shall obtain a Rating Agency Condition before (i) using amounts in the Loan Account for the financing of Student Loans having different characteristics (including, without limitation, interest rate, repayment and forbearance options or borrower benefits) than those assumed in the most recent cash flows provided to the Rating Agencies with the assumptions in the initial cash flows to be set forth in Exhibit G, (ii) increasing borrower benefits on Financed Student Loans above those listed in Exhibit E, or (iii) beginning or increasing the funding with Trust Estate assets of borrower benefits, origination fees or other fees. The current Operating Costs, as limited by Section 505(c) of the 2009 PAL General Resolution, are set forth on Exhibit F.

Section 209. CUSIP. The Trustee is required to at all times cause each of the 2013 Series Bonds to be assigned a CUSIP number.

Section 210. Security Interest Representations. (a) The 2009 PAL General Resolution creates a valid and continuing security interest (as defined in the applicable UCC) in the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement in favor of the Trustee, which security interest is prior to all other liens, and is enforceable as such against creditors of and purchasers from the Authority.

(b) The 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement constitute "general intangibles" within the meaning of the applicable UCC.

(c) The Authority owns and has good and marketable title to the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement free and clear of any lien, claim, or encumbrance of any Person.

(d) The Authority has caused or will have caused, within ten days, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement granted to the Trustee under the 2009 PAL General Resolution.

(e) Other than the security interest granted to the Trustee pursuant to the 2009 PAL General Resolution, the Authority has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement. The Authority has not authorized the filing of and is not aware of any financing statements against the Authority that include a description of collateral covering the 2009 PAL Loan Agreement, the [Deposit Account Control Agreement] and the Custodian Agreement other than any financing statement relating to the security interest granted to the Trustee under the 2009 PAL General

Resolution or that has been terminated. The Authority is not aware of any judgment or tax lien filings against the Authority.

(f) The factual certifications, representations and warranties set forth herein shall survive payment in full on all obligations under the 2009 PAL General Resolution and cannot be waived, altered or amended without the consent of the Trustee.

Section 211. Covenant Relating to Representative Modeling Lines. Upon written request of a Rating Agency, the Authority or the Corporation shall provide, or cause to be provided within 60 days, Representative Modeling Lines with respect to the Financed Student Loans as of the end of any month during which the 2013 Series Bonds are Outstanding. Representative Modeling Lines means summary information about the loan portfolio including the total Principal Balance, weighted average coupon, weighted average terms, number of loans and number of borrowers for groups of loans having similar characteristics. The Financed Student Loans shall be grouped based on loan type, payment obligation during interim (Private Loans only), pre- vs. post-4/1/06 (FFELP Loans only), special allowance support level (FFELP Loans only) and guarantee percentage (FFELP Loans only).

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional Redemption, Prices and Terms. The 2013 Series Bonds maturing on or after [August 1, 2024] shall be subject to redemption prior to their respective Stated Maturity Dates at the option of the Authority on and after [August 1, 2023], upon notice as provided in Section 303, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of such 2013 Series Bonds or portions thereof to be so redeemed) and accrued but unpaid interest thereon to the Redemption Date.

If less than all of the 2013 Series Bonds are redeemed pursuant to this section, the Authority may direct the Trustee using a Certificate to redeem: (i) pro rata across all Stated Maturity Dates, (ii) in chronological order by Stated Maturity Dates or (iii) using any other method to the extent a Rating Agency Condition is provided to the Trustee regarding such method. To the extent that less than all the principal due on a Stated Maturity Date is redeemed, such portion shall be redeemed as provided in Section 303.

Section 302. Mandatory Redemption. The 2013 Series Bonds shall be subject to mandatory redemption prior to maturity in whole at any time or in part on any Business Day, at a Redemption Price equal to the principal amount thereof in Authorized Denominations plus interest accrued thereon, if any, to the Redemption Date, without premium, if there are sufficient moneys available to make such redemption on such date. To the extent that more than \$_____ of original proceeds of the 2013 Series Bonds remains in the Loan Account on August 1, 20____, such excess shall be used for a mandatory redemption of the 2013 Series Bonds on _____, unless a Rating Agency Condition is provided to the Trustee. To the extent that more than \$_____ of original proceeds of the 2013 Series Bonds remains in the Loan Account on August 1, 20____, such excess shall be used for a mandatory redemption of the 2013 Series Bonds on the next Interest Payment Date, unless a Rating Agency Condition is provided to the Trustee. To the extent that any original proceeds of the 2013 Series Bonds remain in the Loan Account on January 1, 20____, such amount shall be used for a mandatory redemption of the 2013 Series Bonds within 15 days, unless a Rating Agency Condition is provided to the Trustee.

The 2013 Series Bonds shall also be subject to mandatory redemption: (i) if the Authority shall determine such action is necessary because of a change in law detrimental to the owners or the Beneficial Owners of the 2013 Series Bonds or in order to prevent a default in the payment of principal or interest on the 2013 Series Bonds; (ii) if the Authority shall determine that such action is necessary because it suffers unreasonable burdens or excessive liabilities in administering and maintaining its Student Loan Finance Program under the 2009 PAL General Resolution; or (iii) to the extent that amounts are available for such purpose pursuant to Section 504(b)(xv) of the 2009 PAL General Resolution except that redemptions pursuant to this item (iii) shall be limited to Interest Payment Dates. Upon the occurrence of an event set forth in this Section 302, amounts shall be deposited into the Principal Account to effectuate mandatory redemptions.

If less than all of the 2013 Series Bonds are redeemed pursuant to this Section, the Trustee shall redeem pro rata across all Stated Maturity Dates. To the extent that less than all of the principal due on a Stated Maturity Date is redeemed, such portion shall be redeemed as provided in Section 303.

Section 303. Manner of Redemption of 2013 Series Bonds. The 2013 Series Bonds redeemed in accordance with Section 301 or 302 shall be redeemed in the manner and upon notice as prescribed by Article X of the 2009 PAL General Resolution, including without limitation Sections 1002, 1003 and 1005 thereof. Notices from the Authority to the Trustee pursuant to Section 1002 of the 2009 PAL General Resolution shall be given at least 15 days prior to the Redemption Date or such shorter period as shall be acceptable to the Trustee. Such notice shall be sent by the Trustee to the applicable Bondholders and the Notice Parties not less than 7 days prior to the Redemption Date. To the extent that less than all the principal due on a Stated Maturity Date is redeemed, the portions of the principal due on such Stated Maturity Date to be redeemed shall be selected by the Securities Depository in accordance with its rules and procedures while the 2013 Series Bonds are in book-entry form, or if the 2013 Series Bonds are no longer in book-entry form, the portions of each Stated Maturity Date to be redeemed shall be selected by lot by the Trustee.

ARTICLE IV

APPLICATION OF PROCEEDS OF THE 2013 SERIES BONDS AND OTHER DEPOSITS AND DIRECTION

Section 401. Application of Proceeds; Transfer of Certain Funds. \$ _____ of the 2013 Series Bond proceeds shall be deposited as follows:

(a) \$ _____ to the Cost of Issuance Account to pay the Costs of Issuance for the 2013 Series Bonds;

(b) \$ _____ to the Loan Account to be disbursed to finance Student Loans, including the reimbursement of the Corporation for Student Loans contributed in accordance with Section 403. If excess moneys shall remain in the Loan Account in the amounts and on the dates listed in Section 302, such excess shall be expended to effect a mandatory redemption of the 2013 Series Bonds pursuant to such section;

(c) \$ _____ to the Operating Fund;

(d) \$ _____ to the Department Reserve Fund;

(e) \$ _____ to the Capitalized Interest Fund; and

(f) \$ _____ to the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement for the 2013 Series Bonds.

Section 402. Termination of Capitalized Interest Fund. To the extent amounts in the Capitalized Interest Fund exceed the maximum amount set forth below on the respective dates (or such other dates as may be confirmed in a Rating Agency Condition provided to the Trustee) the Trustee shall transfer such excess to the General Revenue Fund:

September 1, 20__	\$ _____
September 1, 20__	\$ _____
September 1, 20__	\$ _____
September 1, 20__	\$0

Section 403. Other Contributions. Concurrently with the deposits described in Section 401, the Corporation shall cause Private Loans having a Value of \$ _____ at the close of business on _____, 2013 to be pledged and credited for the benefit of the Trust Estate in the Finance Loan Fund established under the 2009 PAL Loan Agreement to be held as security for Bondholders as provided for in the 2009 PAL General Resolution and the 2009 PAL Loan Agreement.

Section 404. The Debt Service Reserve Requirement. The Debt Service Reserve Requirement shall mean with respect to the 2013 Series Bonds an amount equal to the greater of (a) [2%] of the outstanding principal amount thereof or (b) [\$300,000]. Initially such amount shall be \$ _____. Such percentage may be changed upon receipt of a Rating Agency Condition.

Section 405. Recycling. The Authority shall not direct that amounts be transferred to the Loan Account pursuant to the authorization of Section 504(b)(xiv) of the 2009 PAL General Resolution.

Section 406. Adjusted Equity Amount. The Adjusted Equity Amount as referenced in the 2009 PAL Loan Agreement is [\$ _____] based on the contribution detailed in Section 403.

ARTICLE V

CONTINUING DISCLOSURE UNDERTAKING

Section 501. Secondary Market Disclosure. The Authority hereby undertakes, for the benefit of the Beneficial Owners of the 2013 Series Bonds, to provide:

(a) all items required by Act No 442 of the 1994 Acts and Joint Resolutions of the General Assembly of South Carolina;

(b) by not later than each Quarterly Report Date, the Quarterly Report, posted with the National Repository and sent to each Rating Agency; and

(c) and any other items set forth in the Continuing Disclosure Certificate.

The Authority shall cause the Trustee to provide by Electronic Means by not later than each Monthly Report Date, a Monthly Report to the Corporation, each Rating Agency and the Notice Parties that have requested such Monthly Reports from the Authority.

The Authority's financial statements are to be prepared in accordance with generally accepted accounting principles and are to be audited in accordance with generally accepted auditing standards.

Section 502. Failure to Comply. In the event that the Authority fails to comply with the undertaking described in Section 501, any Beneficial Owner of the 2013 Series Bonds or the Trustee may take action to protect and enforce the rights of all Beneficial Owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an Event of Default and shall not result in any acceleration of payment of the 2013 Series Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Beneficial Owners of the 2013 Series Bonds.

Section 503. Modification of Undertaking. The Authority hereby reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that any such modification does not materially impair the interests of the Beneficial Owners, as determined either by parties unaffiliated with the Authority, or by the approving vote of the registered owners of a majority in principal amount of the 2013 Series Bonds pursuant to the terms of this 2013 PAL Series Resolution, as it may be amended from time to time, at the time of the amendment.

Section 504. Termination of the Undertaking. The undertaking set forth in this Article V shall terminate upon payment in full of the principal of, premium, if any, and interest on all of the 2013 Series Bonds.

Section 505. Alternate Filings. The Authority may meet the secondary market disclosure filing requirements described above by filing with any information repository permitted by the United States Securities and Exchange Commission.

ARTICLE VI

OTHER MISCELLANEOUS ACTIONS

Section 601. Preliminary and Final Official Statement. The Preliminary Official Statement (the "Preliminary Official Statement") dated _____, 20__, and the final Official Statement (the "Official Statement") dated _____, 20__, are hereby approved and the action of the State Treasurer or any Deputy State Treasurer in signing the same on behalf of the Authority is hereby ratified, authorized, approved and confirmed.

Section 602. Approval of Distribution of Material Relating to the 2013 Series Bonds. The action of the State Treasurer or any Deputy State Treasurer in authorizing the distribution to potential purchasers of the 2013 Series Bonds of forms of this 2013 PAL Series Resolution, the 2009 PAL General Resolution, the Preliminary Official Statement and the Official Statement is hereby ratified, authorized, approved and confirmed.

Section 603. Award of 2013 Series Bonds. The 2013 Series Bonds may be sold pursuant to a bond purchase agreement (the "Bond Purchase Agreement"), to the underwriters named in the Bond Purchase Agreement and upon the terms and conditions set forth therein. The purchase price will be as

stated in the Bond Purchase Agreement. The action to be taken by the State Treasurer or any Deputy State Treasurer in executing the Bond Purchase Agreement and awarding the 2013 Series Bonds in accordance therewith is hereby approved.

Section 604. Manner of Execution of 2013 Series Bonds. In accordance with Section 304 of the 2009 PAL General Resolution, the 2013 Series Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of an Authorized Officer, and the seal of the Authority shall be reproduced thereon, and attested by the manual or facsimile signature of the Secretary of the Authority.

Section 605. Execution of Closing Papers and Authentication of 2013 Series Bonds. The State Treasurer or any Deputy State Treasurer is each hereby authorized to execute, on behalf of the Authority, any additional certificate or instrument as shall, in his judgment, be necessary to effect delivery of the 2013 Series Bonds. The Trustee is hereby directed to cause the 2013 Series Bonds to be authenticated in accordance with the provisions of the 2009 PAL General Resolution.

Section 606. Repeal Provisions. All resolutions, proceedings or action heretofore taken by the Authority inconsistent with the terms and provisions of this 2013 PAL Series Resolution are hereby repealed to the extent of any such inconsistency.

FORM OF 2013 SERIES BOND

UNITED STATES OF AMERICA
 SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY
 STUDENT LOAN REVENUE BONDS
 2013 SERIES

THIS BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE TRUST ESTATE PURSUANT TO THE RESOLUTION. THE AUTHORITY HAS NO TAXING POWER. THIS BOND DOES NOT CONSTITUTE A DEBT, LIABILITY OR GENERAL OBLIGATION OF THE STATE OF SOUTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF SOUTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF SOUTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

No. R [See Schedule I]

\$ [See Schedule I]

Interest Rate	Maturity Date	Dated Date	CUSIP
See Schedule I	See Schedule I	_____, 2013	See Schedule I

Registered Holder: CEDE & CO.

Principal Sum: See Schedule I

The South Carolina State Education Assistance Authority (the "Authority"), a body politic and corporate and a public instrumentality of the State of South Carolina (the "State"), created and existing by virtue of the laws of the State, acknowledges itself indebted and for value received hereby promises to pay, solely from the Trust Estate as hereinafter provided, to the Registered Holder (named above), or registered assigns, upon presentation and surrender of this Bond, the Principal Sum (stated above) on the Maturity Date (stated above) and to pay interest on said Principal Sum from the Dated Date (stated above) at the Interest Rate (stated above) per annum, payable on the Interest Payment Dates, calculated on the basis of a 360 day year with twelve 30-day months, until said Principal Sum is duly paid or provided for, subject to the provisions referred to herein with respect to the redemption hereof before maturity. Principal and interest and any redemption premium with respect to this Bond are payable in lawful money of the United States of America to the person in whose name this Bond is registered at the close of business on the Record Date, except as otherwise provided in the Resolution, as defined below. Payment of principal and interest at maturity will be made upon presentation and surrender of this Bond at the designated corporate trust office, currently in Jacksonville, Florida, of The Bank of New York Mellon Trust Company, National Association, or its successor, as Paying Agent and Trustee (the "Trustee").

EXCEPT AS OTHERWISE PROVIDED IN THE RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE RESOLUTION) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

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

This Bond is one of a duly authorized Series of Bonds designated "South Carolina State Education Assistance Authority Student Loan Revenue Bonds, 2013 Series" (herein called the "2013 Series Bonds"), issued by the Authority in the aggregate principal amount of \$_____. Pursuant to the Resolution described herein, certain additional and refunding bonds may be issued from time to time. All such bonds, including the 2013 Series Bonds, are herein called the "Bonds." All of the Bonds are equally secured by the pledge and covenants made in the Resolution.

The 2013 Series Bonds are being issued to provide funds to the Authority for the purpose, in part, to provide financing for certain Student Loans; make deposits to certain accounts established under the Resolution, as defined below and pay certain Costs of Issuance for the 2013 Series Bonds. The 2013 Series Bonds are issued under and pursuant to the Act, a resolution adopted by the Authority and the Authority's 2009 PAL General Resolution, effective October 29, 2009 (as may be amended and supplemented, the "2009 PAL General Resolution"), as supplemented by a 2013 PAL Series Resolution, effective _____, 2013 (the "2013 PAL Series Resolution," and, together with the 2009 PAL General Resolution, the "Resolution"), copies of which are on file at the designated corporate trust office of the Trustee, currently in Jacksonville, Florida. Terms used herein and not otherwise defined shall have the meanings set forth in the Resolution. Reference is hereby made to the Resolution and all resolutions supplemental thereto or amendatory thereof, and to the Act for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the rights and remedies of the registered owners of the Bonds, the terms and conditions upon which the Bonds are issued thereunder and a statement of the rights, duties, immunities and obligations of the Authority and of the Trustee. Such pledge and other obligations of the Authority under the Resolution 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 Resolution.

As provided in the Resolution, Bonds of the Authority may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited, except as provided in the Resolution, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

This Bond is transferable by the registered holder hereof in person or by the holder's attorney duly authorized in writing at the designated corporate trust office of the Trustee, currently in Jacksonville, Florida, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of the same series, maturity or maturities and interest rate and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Authority and the Trustee may deem and treat the registered holder hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Reference is made to the Resolution and any and all modifications and amendments thereof and to the designated statutes for the provisions, among others, with respect to the custody and application of the proceeds of the 2013 Series Bonds, for a description of the nature and extent of the security for the 2013 Series Bonds, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the 2013 Series Bonds with respect thereto, the terms and conditions upon which the 2013 Series Bonds are issued, and a statement of rights, duties, immunities and obligations of the Authority, and the rights of the owners of the 2013 Series Bonds.

The 2013 Series Bonds are issuable only as fully registered bonds in Authorized Denominations. Upon payment of any required tax, fee or other governmental charge and subject to such conditions, the 2013 Series Bonds, upon the surrender thereof at the designated corporate trust office of the Trustee, currently in Jacksonville, Florida, with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Trustee, duly executed by the registered owner or its duly authorized attorney, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 2013 Series Bonds of the same series, maturity and interest rate of any Authorized Denomination.

The 2013 Series Bonds are subject to redemption as set forth in the Resolution. 2013 Series Bonds to be redeemed in part shall be selected in the manner set forth in the Resolution.

If any of the 2013 Series Bonds or portions thereof (which shall be in Authorized Denominations or a whole multiple thereof) are called for redemption as aforesaid, notice thereof identifying the 2013 Series Bonds or portions thereof to be redeemed and the redemption date thereof shall be given by the Trustee by mailing (and/or providing by other arrangement acceptable to DTC) a copy of the redemption notice to DTC as provided in the Resolution. Failure to give such notice by mail shall not be a condition precedent to or affect the validity of any proceeding for the redemption of other Bonds. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

The Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Authority and the rights of the Bondholders of the Bonds at any time by the Authority and the Bondholders of all Bonds then Outstanding, as defined in the Resolution. Any such consent or waiver by the holder of this Bond shall be conclusive and binding upon such holder and upon all future Bondholders of this Bond and of any Bond issued upon the transfer or exchange of this Bond, whether or not notation of such consent or waiver is made upon this Bond. The Resolution also permits the Trustee, upon the consent of a certain amount of the Bonds Outstanding, with certain exceptions provided therein, to execute with the Authority supplemental resolutions for the purpose of modifying, altering, amending, adding to or rescinding any terms of the Resolution or any supplemental resolutions. The Resolution also permits the Trustee, without the consent of the Bondholders of any of the Bonds, to consent to supplements to the Resolution to authorize additional Bonds, to cure ambiguities, supply omissions, cure defects or inconsistencies, clarify matters or questions in the Resolution or to make any change which, in the judgment of the Trustee, is not to the material prejudice of the Bondholders. The Resolution also contains provisions permitting the Trustee to waive certain past defaults under the Resolution and their consequences.

The Authority hereby certifies, recites and declares that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Authority, do not exceed or violate any constitutional or statutory limitation applicable to the Authority.

Neither the members of the Authority nor any authorized person executing 2013 Series Bonds issued pursuant to the Act shall be personally liable for such bonds by reason of the execution or issuance thereof.

It is hereby certified and recited by the Authority that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Resolution and in the issuance of the 2013 Series Bonds in order to make the 2013 Series Bonds the legal, valid and binding special obligations of the Authority in accordance with their terms, do exist, have been done, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Authorized Officer and its official seal to be impressed or printed hereon and attested by the manual or facsimile signature of its Secretary.

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: _____
Authorized Officer

Attest:

By: _____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2013 Series Bonds of the issue described in the within mentioned Resolution.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, National Association, as Trustee

By: _____
Authorized Trust Officer

Dated: _____, 2013

ASSIGNMENT

FOR VALUE RECEIVED, [] (“Transferor”), the undersigned, hereby sells, assigns and transfers unto [] (Social Security or Federal Employer Identification No. []) (“Transferee”) 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:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or a trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature to this assignment corresponds 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.

SCHEDULE I

<u>Numbers</u>	<u>Principal Sum</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
----------------	----------------------	----------------------	----------------------	--------------

EXHIBIT B

SERIAL BONDS, SERIAL MATURITY DATES, TERM BONDS
AND TERM MATURITY DATES

I. \$ _____ Serial Bonds

<u>August 1 in each of the Years</u>	<u>Principal Amount</u>	<u>Yield</u>	<u>Interest Rate</u>
--------------------------------------	-------------------------	--------------	----------------------

II. \$ _____ Term Bonds

<u>August 1 in each of the Years</u>	<u>Principal Amount</u>	<u>Yield</u>	<u>Interest Rate</u>
--------------------------------------	-------------------------	--------------	----------------------

CURRENT BORROWER BENEFIT PROGRAMS

Private Loans:

[0.25% interest rate reduction for automatic debit]

FFELP Loans:

[1% interest rate reduction after 36 or 48 timely payments
Up to 0.50% interest rate reduction for automatic debit]

EXHIBIT F

CURRENT OPERATING COSTS PAID PER ANNUM

Operating Costs (per annum)

Servicing Fees (as % of outstanding loan balance)	[0.70%]
Fiduciary Fees	[\$6,000]
Other Operating Costs	[\$15,000]

CERTAIN CLOSING CASH FLOW ASSUMPTIONS

[Student Loans funded using moneys deposited to the Loan Account are as follows:

- (i) Private Loans having a Value of approximately \$___ million, becoming Financed Private Loans within 15 days of the Issue Date, and
- (ii) All other moneys are used to finance Private Loans made pursuant to the PAL Program Manual.

Student Loans pledged pursuant to Section 403 consist of Private Loans.]

STATE BUDGET AND CONTROL BOARD
Meeting of Tuesday, June 18, 2013 -- 10:00 A. M.
Room 252, Edgar A. Brown Building
BLUE AGENDA INDEX

<u>Item</u>	<u>Agency</u>	<u>Subject</u>
1.	State Treasurer's Office	Bond Counsel Selection
2.	Division of General Services	Easements
3.	Division of General Services	Real Property Conveyances
4.	Executive Director	Revenue Bonds
5.	Executive Director	Economic Development (2013 Ceiling Allocation)

STATE BUDGET AND CONTROL BOARD
MEETING OF June 18, 2013

BLUE AGENDA
ITEM NUMBER 1

AGENCY: State Treasurer

SUBJECT: Bond Counsel Selection

The State Treasurer's Office has provided the following notification of the assignment of bond counsel for conduit issues and special assignment of bond counsel for which Board approval is requested:

CONDUIT ISSUES: (For ratification of Issuer's Counsel only)

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$400,000,000 SC JEDA	Palmetto Health	Jones Day	Howell, Linkous & Nettles
\$14,085,000 SC JEDA	FMU Student Housing, LLC	Haynsworth Sinkler Boyd	Nexsen Pruet
\$6,500,000 SC JEDA	Partners in Hope	Pope Zeigler	Haynsworth Sinkler Boyd

SPECIAL ASSIGNMENT OF BOND COUNSEL:

Description of Issue	Agency/Institution	Approved Bond Counsel
Facilities Improvement Revenue Bonds	Parks, Recreation and Tourism	Pope Zeigler, LLC

BOARD ACTION REQUESTED:

Approve the referenced bond counsel assignment.

ATTACHMENTS:

Bond Counsel Selection Approved by the State Treasurer's Office

Items for June 18, 2013 Budget & Control Board Meeting
 Bond Counsel and Issuer Counsel Selections by the State Treasurer's Office are as follows:

CONDUIT ISSUES: (For ratification of Issuer's Counsel only)

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel	Date STO Approved
\$400,000,000 SC JEDA	Palmetto Health	Jones Day	Howell, Linkous & Nettles	5/16/13
\$14,085,000 SC JEDA	FMU Student Housing, LLC	Haynsworth Sinkler Boyd	Nexsen Pruet	5/16/13
\$6,500,000 SC JEDA	Partners in Hope	Pope Zeigler	Haynsworth Sinkler Boyd	5/28/13

OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel	Date STO Approved

SPECIAL ASSIGNMENT OF BOND COUNSEL:

Description of Issue	Agency/Institution	Approved Bond Counsel	Date STO Approved
Facilities Improvement Revenue Bonds	Parks, Recreation and Tourism	Pope Zeigler, LLC	3/19/13

AGENCY: Division of General Services

SUBJECT: Easements

The Division of General Services requests approval of the following easement in accordance with SC Code of Laws:

- (a) County Location: Saluda
From: Budget and Control Board
To: SCE&G
Consideration: \$700
Description/Purpose: To grant a 0.038 acre easement for the installation, operation and maintenance of a gas main across the Little Saluda River. The easement is part of a project to construct a new natural gas pipeline for the expansion of service in Saluda County. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

The Division of General Services requests that the Board concur and acquiesce in granting the following easement in accordance with SC Code of Laws:

- (b) County Location: Marlboro
From: Department of Natural Resources
To: Marlboro Electric Cooperative
Consideration: \$1
Description/Purpose: To grant a 0.31 acre utility easement for the installation, operation and maintenance of an electric line from Beauty Spot Road to public dove fields within the Lake Wallace Wildlife Management Area. The easement is being sought by the Department of Natural Resources for the benefit of the property.

BOARD ACTION REQUESTED:

Approve the referenced easements.

ATTACHMENTS:

Agenda item worksheet; SC Code of Laws Sections 1-11-80, 1-11-90 and 1-11-10

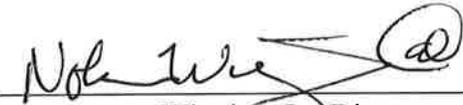
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 18, 2013

Blue Agenda

1. Submitted by:

- (a) Agency: Division of General Services
- (b) Authorized Official Signature:


Nolan L. Wiggins, Jr., Director

2. Subject: EASEMENTS

3. Summary Background Information:

The Division of General Services requests approval of the following easement in accordance with SC Code of Laws:

- (a) County Location: Saluda
- From: Budget and Control Board
- To: SCE&G
- Consideration: \$700
- Description/Purpose: To grant a 0.038 acre easement for the installation, operation and maintenance of a gas main across the Little Saluda River. The easement is part of a project to construct a new natural gas pipeline for the expansion of service in Saluda County. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

The Division of General Services requests that the Board concur and acquiesce in granting the following easement in accordance with SC Code of Laws:

- (b) County Location: Marlboro
- From: Department of Natural Resources
- To: Marlboro Electric Cooperative
- Consideration: \$1
- Description/Purpose: To grant a 0.31 acre utility easement for the installation, operation and maintenance of an electric line from Beauty Spot Road to public dove fields within the Lake Wallace Wildlife Management Area. The easement is being sought by the Department of Natural Resources for the benefit of the property.

4. What is the Board asked to do? Approve the referenced easements.

5. What is recommendation of the Division of General Services? Recommend approval of the referenced easements.

6. List of Supporting Documents:
SC Code of Laws Sections 1-11-80, 1-11-100 and 10-1-130

SOUTH CAROLINA CODE OF LAWS

SECTION 1-11-80. Board authorized to grant easements for public utilities on vacant State lands.

The State Budget and Control Board is authorized to grant easements and rights of way to any person for construction and maintenance of power lines, pipe lines, water and sewer lines and railroad facilities over, on or under such vacant lands or marshland as are owned by the State, upon payment of the reasonable value thereof.

SECTION 1-11-100. Execution of instruments conveying rights of way or easements over marshlands or vacant lands.

Deeds or other instruments conveying such rights of way or easements over such marshlands or vacant lands as are owned by the State shall be executed by the Governor in the name of the State, when authorized by resolution of the Budget and Control Board, duly recorded in the minutes and records of such Board and when duly approved by the office of the Attorney General; deeds or other instruments conveying such easements over property in the name of or under the control of State agencies, institutions, commissions or other bodies shall be executed by the majority of the governing body thereof, shall name both the State of South Carolina and the institution, agency, commission or governing body as grantors, and shall show the written approval of the majority of the members of the State Budget and Control Board.

SECTION 10-1-130. State institutions and agencies may grant easements and rights of way on consent of Budget and Control Board.

The trustees or governing bodies of State institutions and agencies may grant easements and rights of way over any property under their control, upon the concurrence and acquiescence of the State Budget and Control Board, whenever it appears that such easements will not materially impair the utility of the property or damage it and, when a consideration is paid therefor, any such amounts shall be placed in the State Treasury to the credit of the institution or agency having control of the property involved.

AGENCY: Division of General Services

SUBJECT: Real Property Conveyances

The Division of General Services recommends approval of the following real property conveyances:

- (a) **Agency:** **Budget and Control Board** (Dept. of Parks, Recreation & Tourism)
Acreage: 1.03± acres
Location: Between Hammond Road and Redcliffe Road
County: Aiken
Purpose: To convey a 1.03-acre tract of land in exchange for a 5.72-acre conservation easement to expand the existing Hammond Family Cemetery located at the Redcliffe Plantation State Historic Site.
Price/Transferred To: Property exchange between PRT and the Hammond Family with the conservation easement PRT will acquire having a greater appraised value (\$48,500) than the property the Hammond Family will acquire (\$2,500).
- (b) **Agency:** **Budget and Control Board** (Adjutant General)
Acreage: 7.6± acres
Location: 123 Gossett Drive in Williamston
County: Anderson
Purpose: To transfer a surplus National Guard Armory to a political subdivision pursuant to Joint Resolution R22, H3426.
Price/Transferred To: N/A / Town of Williamston
- (c) **Agency:** **Budget and Control Board** (Adjutant General)
Acreage: 5± acres
Location: 843 Miller Road in Mullins
County: Marion
Purpose: To transfer a surplus National Guard Maintenance Shop to a political subdivision pursuant to Joint Resolution R25, H3586.
Price/Transferred To: N/A / City of Mullins

BOARD ACTION REQUESTED:

Approve the real property acquisitions as requested.

ATTACHMENTS:

Agenda item worksheet and attachments

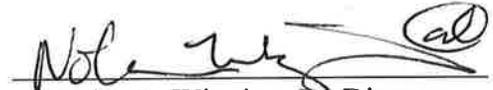
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 18, 2013

Blue Agenda

1. Submitted by:

- (a) Agency: Division of General Services
(b) Authorized Official Signature:


Nolan L. Wiggins, Jr., Director

2. Subject: REAL PROPERTY CONVEYANCES

3. Summary Background Information:

- (a) **Agency:** Budget and Control Board (Dept. of Parks, Recreation & Tourism)
Acreage: 1.03± acres
Location: Between Hammond Road and Redcliffe Road
County: Aiken
Purpose: To convey a 1.03-acre tract of land in exchange for a 5.72-acre conservation easement to expand the existing Hammond Family Cemetery located at the Redcliffe Plantation State Historic Site.
Price/Transferred To: Property exchange between PRT and the Hammond Family with the conservation easement PRT will acquire having a greater appraised value (\$48,500) than the property the Hammond Family will acquire (\$2,500).
- (b) **Agency:** Budget and Control Board (Adjutant General)
Acreage: 7.6± acres
Location: 123 Gossett Drive in Williamston
County: Anderson
Purpose: To transfer a surplus National Guard Armory to a political subdivision pursuant to Joint Resolution R22, H3426.
Price/Transferred To: N/A / Town of Williamston
- (c) **Agency:** Budget and Control Board (Adjutant General)
Acreage: 5± acres
Location: 843 Miller Road in Mullins
County: Marion
Purpose: To transfer a surplus National Guard Maintenance Shop to a political subdivision pursuant to Joint Resolution R25, H3586.
Price/Transferred To: N/A / City of Mullins

4. What is Board asked to do? Approve the property conveyances as requested.

5. What is recommendation of Board Division involved? Recommend approval of the property conveyances as requested.

6. List of Supporting Documents:

1. SC Code of Laws Section 1-11-65
2. (a) Budget and Control Board (Department of Parks, Recreation & Tourism) – Aiken County
- (b) Budget and Control Board (Adjutant General) – Anderson County
- (c) Budget and Control Board (Adjutant General) – Marion County

SOUTH CAROLINA CODE OF LAWS

SECTION 1-11-65. Approval and recordation of real property transactions involving governmental bodies.

(A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution.

**(a) Budget and Control Board (Department of Parks, Recreation & Tourism)
Aiken County**

List of Supporting Documents:

1. Letter from Department of Parks, Recreation & Tourism
2. Map

South Carolina

Department of Parks, Recreation & Tourism

Nikki R. Haley
Governor

Duane N. Parrish
Director

March 14, 2013

Linda M. Gordon
State Budget and Control Board
Real Property Services, Division of General Services
Wade Hampton Building, Suite 460
Columbia, SC 29201

RE: Redcliffe State Park – Land trade / Conservation Easement

Dear Ms. Gordon:

The South Carolina Department of Parks, Recreation and Tourism is hereby requesting that the Redcliffe State Park – Land trade / Conservation Easement be taken to the Budget and Control Board for approval at the next available opportunity. We currently do not utilize this land and have no future plans which include the property.

If you have any questions regarding this submission, please call me at 734-0258.

Sincerely,



David R. Simms, P.E.
Chief of Engineering and Construction
State Park Service

cc: Phil Gaines
Frances Miley

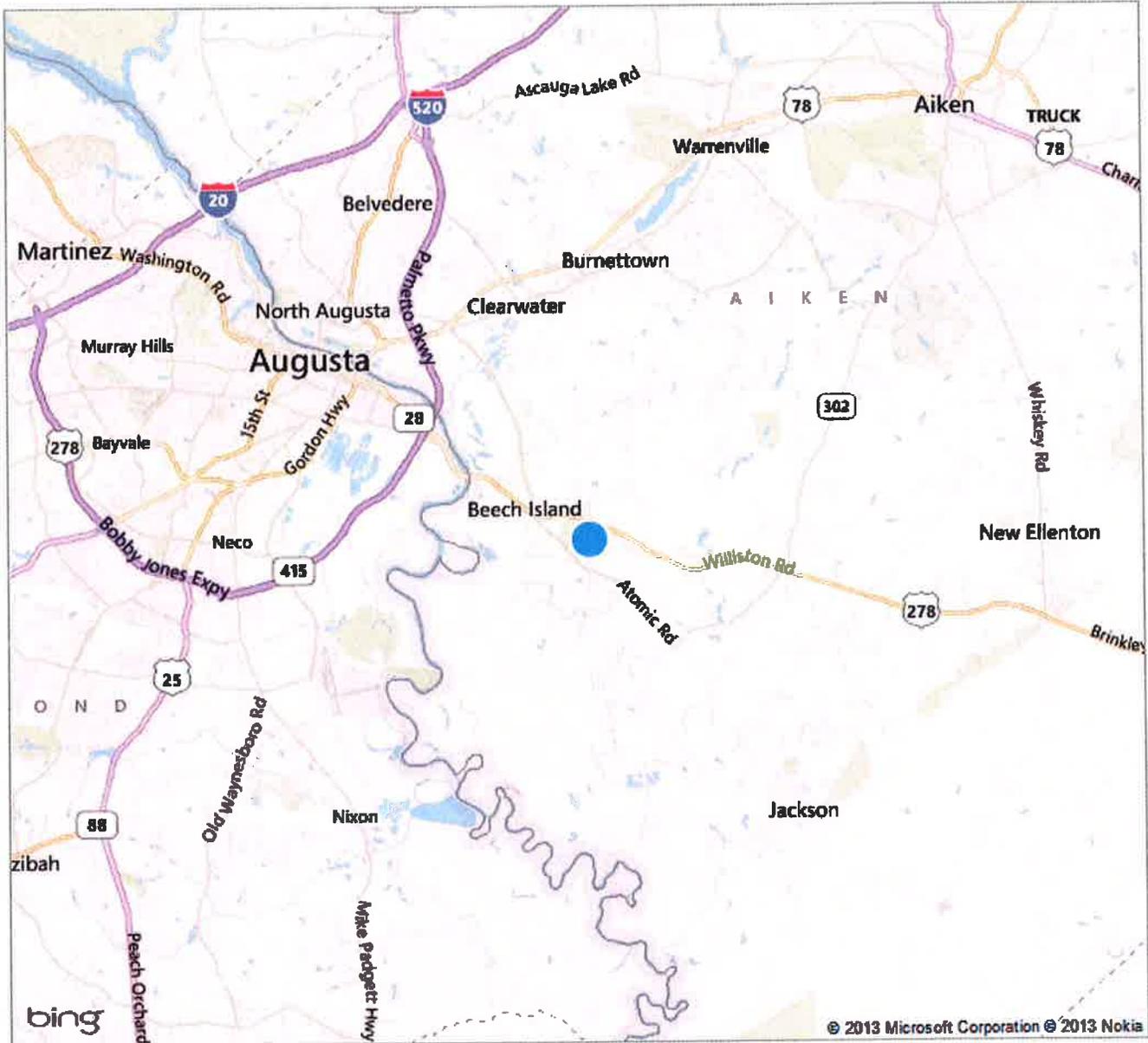
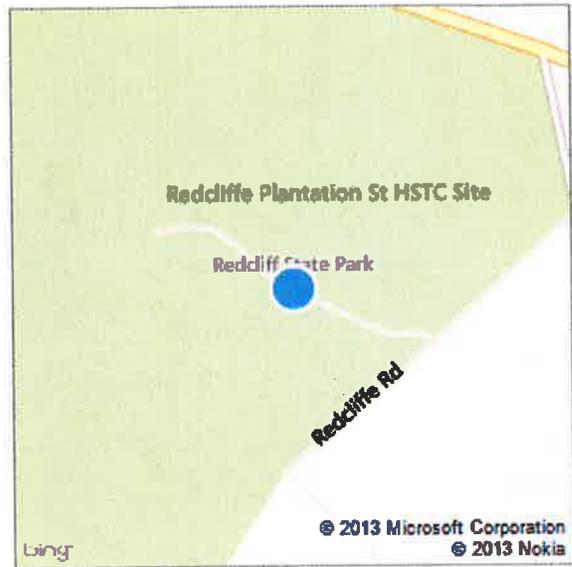




181 Redcliffe Rd, Beech Island, SC 29842

My Notes

On the go? Use m.bing.com to find maps, directions, businesses, and more



**(b) Budget and Control Board (Adjutant General)
Anderson County**

List of Supporting Documents:

1. Letter from Office of the Adjutant General
2. Joint Resolution R22, H3426

The State of South Carolina
Military Department



Office of the Adjutant General

ROBERT E. LIVINGSTON, JR.
MAJOR GENERAL
THE ADJUTANT GENERAL

1 NATIONAL GUARD ROAD
COLUMBIA, S.C. 29201-4752

May 20, 2013

Ms. Ashlie Lancaster
Deputy Director
SC Budget & Control Board
460 Wade Hampton Building
Columbia, South Carolina 29201

Dear Ms. Lancaster:

The Williamston National Guard armory located at 123 Gussett Street, Williamston, South Carolina has been declared excess due to demographic changes and deferred maintenance costs. South Carolina Code of Laws, Article 13, Section 25-1-1660 provides the State Budget and Control Board with the authority to transfer these properties to a political subdivision if the political subdivision has donated real property for use as a site for a replacement armory.

However, in the case of the Williamston National Guard armory, the National Guard does not foresee a future need for a replacement facility in this location, and requests that this property be transferred to the Town of Williamston per the joint resolution approved by the General Assembly.

Points of contact for the Military Department are LTC Andrew Batten or MSG Mark Hicks at (803) 299-4304/4150.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Livingston, Jr.".

Robert E. Livingston, Jr.
Major General, SCARNG
The Adjutant General

**(c) Budget and Control Board (Adjutant General)
Marion County**

List of Supporting Documents:

1. Letter from Office of the Adjutant General
2. Joint Resolution R25, H3586

The State of South Carolina
Military Department



Office of the Adjutant General

ROBERT E. LIVINGSTON, JR.
MAJOR GENERAL
THE ADJUTANT GENERAL

1 NATIONAL GUARD ROAD
COLUMBIA, S.C. 29201-4752

May 20, 2013

Ms. Ashlie Lancaster
Deputy Director
SC Budget & Control Board
460 Wade Hampton Building
Columbia, South Carolina 29201

Dear Ms. Lancaster:

The Mullins National Guard Maintenance Shop located at 843 Miller Road, Mullins, South Carolina has been declared excess due to demographic changes and deferred maintenance costs. South Carolina Code of Laws, Article 13, Section 25-1-1660 provides the State Budget and Control Board with the authority to transfer these properties to a political subdivision if the political subdivision has donated real property for use as a site for a replacement armory.

However, in the case of the Mullins National Guard Maintenance Shop, the National Guard does not foresee a future need for a replacement facility in this location, and requests that this property be transferred to the City of Mullins per the joint resolution approved by the General Assembly.

Points of contact for the Military Department are LTC Andrew Batten or MSG Mark Hicks at (803) 299-4304/4150.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Livingston, Jr.".

Robert E. Livingston, Jr.
Major General, SCARNG
The Adjutant General

(R25, H3586)

A JOINT RESOLUTION TO AUTHORIZE THE STATE BUDGET AND CONTROL BOARD TO TRANSFER OWNERSHIP OF THE MULLINS NATIONAL GUARD ARMORY TO THE CITY OF MULLINS.

Whereas, the National Guard Armory located at 843 Miller Road in Mullins, South Carolina, will be vacated by the South Carolina National Guard; and

Whereas, the City of Mullins will use the armory for the benefit of the community. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

Transfer of National Guard Armory ownership

SECTION 1. Notwithstanding the provisions of Sections 25-1-1660 and 1-11-58 of the 1976 Code and Act 248 of 2004, the State Budget and Control Board is directed to transfer ownership of the Mullins National Guard Armory located at 843 Miller Road, Mullins, South Carolina, to the City of Mullins, South Carolina.

Time effective

SECTION 2. This joint resolution takes effect upon approval by the Governor.

Ratified the 18th day of April, 2013.

Approved the 23rd day of April, 2013. -- T.

----XX----

AGENCY: Executive Director

SUBJECT: Revenue Bonds

The required reviews on the following proposals to issue revenue bonds have been completed with satisfactory results. The projects require approval under State law.

- a. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$375,000,000 Hospital Refunding and Improvement Revenue Bonds (\$204,695,068 refunding involved)
Allocation Needed: -0-
Name of Project: Palmetto Health
Employment Impact: maintain at least 7,562 jobs, create 251 jobs within 12 months of completing the project and create a total of 270 within 24 months of completing the project
Project Description: Finance the cost of the acquisition, construction, renovation and equipping of certain health care facilities of Palmetto Health in Richland County, South Carolina including without limitation an approximately 186,000-square foot building to be used as an approximately 76-bed hospital and routine capital expenditures at Palmetto Health's hospitals in Richland County, South Carolina; current refund all or a portion of the outstanding amount of the (A) \$84,950,000 South Carolina Jobs-Economic Development Authority Hospital Refunding Revenue Bonds (Palmetto Health Alliance), Series 2003A (the "Series 2003A Bonds"), (B) \$120,000,000 South Carolina Jobs-Economic Development Authority Hospital Improvement Revenue Bonds (Palmetto Health), Series 2007 (the "Series 2007 Bonds"), (C) \$67,500,000 maximum principal amount South Carolina Jobs-Economic Development Authority Hospital Improvement Revenue Bonds (Palmetto Health), Series 2010A (the "Series 2010A Bonds"), (D) \$47,500,000 maximum principal amount South Carolina Jobs-Economic Development Authority Hospital Improvement Revenue Bonds (Palmetto Health), Series 2010B (the "Series 2010B Bonds"), (E) \$10,000,000 maximum principal amount South Carolina Jobs-Economic Development Authority Hospital Improvement Revenue Bonds (Palmetto Health), Series 2010C (the "Series 2010C Bonds"), and (F) \$90,000,000 maximum principal amount South Carolina Jobs-Economic Development Authority Hospital Improvement Revenue Bonds (Palmetto Health), Series 2010D (the "Series 2010D Bonds" and, together with the Series 2003A Bonds, the Series 2007 Bonds, the Series 2010A Bonds, the Series 2010B Bonds and the Series 2010C Bonds, the "Prior Bonds"); fund one or more debt service reserve funds; pay a portion of interest on the Bonds; provide working capital; and pay certain costs of issuance with respect to the Bonds and the refunding of the Prior Bonds.

Note:
Bond Counsel: David J. Kates, Jones Day

AGENCY: Executive Director

SUBJECT: Revenue Bonds -- Continued

- b. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$6,500,000 Healthcare Facilities Revenue Bond
Anticipation Notes
Allocation Needed: -0-
Name of Project: Partners in Hope, Inc.
Employment Impact: expected to provide employment for approximately 23 people
within 12 months and a total of 33 people within 24 months when
the project is placed in full operation
Project Description: acquisition of land and construction, furnishing, and equipping of a
38,986 square-foot 60-bed assisted living facility and senior center
to be located on an 11.12 acre site on Watson-Heritage Road in
Loris
Note: *underwriting by a financial institution for public distribution
thereafter*
Bond Counsel: Josiah C. T. Lucas, Pope Zeigler, LLC

BOARD ACTION REQUESTED:

Adopt resolutions approving the referenced proposals to issue revenue bonds.

ATTACHMENTS:

Resolutions

Summary of Refinancing Proposal for
Palmetto Health – Series 2013 Financing
PRELIMINARY – SUBJECT TO CHANGE

June 10, 2013

Outstanding bonds proposed to be refinanced:

Series 2003A Fixed Rate Bonds

\$76,715,000 (Due 8/1/2014 – 8/1/2031)

Average Interest Rate: 6.236128%

Series 2007 Variable Rate Bonds

\$68,815,000 (Due 8/1/2013 – 8/1/2039)

Mandatory Redemption 8/1/2013

Average Interest Rate: Variable

Series 2010A Variable Direct Placement Bank Loans

\$67,500,000 (Due 8/1/2014 – 8/1/2043)

Mandatory Redemption 11/1/2017

Average Interest Rate: Variable

Series 2010B Variable Direct Placement Bank Loans

\$47,500,000 (Due 8/1/2014 – 8/1/2043)

Mandatory Redemption 11/1/2017

Average Interest Rate: Variable

Series 2010C Variable Direct Placement Bank Loans

\$10,000,000 (Due 8/1/2014 – 8/1/2043)

Mandatory Redemption 11/1/2017

Average Interest Rate: Variable

Refunding Statistics for Series 2003A Fixed Rate Bonds:

Projected average interest rate of refinancing bonds	Arbitrage Yield: 3.763577%
True interest cost of refinancing bonds	True Interest Cost: 4.051366%
Projected net present value savings (net of costs)	\$15,924,313.42
Projected net present value savings as a percentage of the bonds refinanced	20.757757%

Refunding Statistics for Series 2007 and 2010A-C Variable Rate Bonds:

The Series 2007 and 2010A-C Variable Rate Bonds are expected to be refunded with a combination of fixed and floating rate publicly-offered debt in order to 1) reduce costs over the life of Palmetto's debt structure, 2) increase the overall fixed / floating ratio of the debt portfolio, and 3) reduce and extend rollover risk.

Summary of Estimated Costs of Issuance:

Estimated costs

Underwriting	\$2,500,000
Legal fees – Bond, Corporation, Underwriter's, Bank	\$692,500
Rating agency fees	\$361,750
Advisory fees	\$350,000
Bond trustee/registrar	\$17,500
Accounting and verification	\$57,500
Publication, printing, contingencies and all other expenses	\$120,000
Total	\$4,099,250

Prepared by Joseph Pollock, Vice President, Bank of America Merrill Lynch

Date June 11, 2013

APPENDIX A – Series 2013 Financing Overview

APPENDIX B – Series 2003A Uniform Refunding Analysis

APPENDIX A

Series 2013 Financing Overview

Palmetto Health Series 2013 Financing - Summary Rationale
June 10, 2013

Palmetto Health has developed a plan of finance that will lock in current low fixed rates for the long term while at the same time taking advantage of very low variable rates for the next three years. The plan includes \$190 million of unhedged variable rate debt for the next three years that will be synthetically fixed after that with fixed payer swaps that already are in place but have the cash flows suspended for the next three years. After three years, all of Palmetto's debt (totaling roughly \$563 million) will be fixed, either true fixed or synthetically fixed. Palmetto expects this structure to generate savings compared to its existing capital structure over the next three years, and to generate additional savings over the life of the bonds by locking in fixed rates in the current market as opposed to keeping a portion of its debt variable, which would expose them to rising interest rates over the life of the bonds.

The plan of refunding calls for a total of approximately \$260 million of bonds through SC JEDA:

- \$160 million of fixed rate bonds
- \$100 million of publicly offered Floating Rate Notes ("FRNs")

Again, the overall objective of this plan of finance is savings, both for the short term by keeping a portion of the debt variable for the next three years, and for the long term by locking in long term fixed rates at a time when they are near historic lows. In addition, the maturities of the variable rate bonds have been extended to 30 years, resulting in a decrease in overall annual debt service from roughly \$52.7 million to roughly \$46.3 million.

Bonds to be Refunded

- \$76,715,000 Series 2003A Fixed Rate Bonds: These bonds are eligible for optional redemption on August 1, 2013, and can be currently refunded for significant savings in today's market. A uniform, matched maturity refunding of these bonds would carry an average cost of 3.7635% compared to an average outstanding coupon of 6.236%, and produce approximately \$15.9 million in present value savings, or 20.76% of the refunded bonds.
- \$68,815,000 Series 2007 Index Bonds: These variable rate bonds are subject to mandatory redemption on August 1, 2013, and must be paid off with cash or refunded with a new debt offering.
- \$125,000,000 Series 2010 A-C Direct Placement Bank Loans: These variable rate bank loans were issued to fund construction of the Parkridge Hospital. They are eligible for optional redemption at any time. Palmetto is electing to restructure these obligations to take advantage of today's low interest rates and the opportunity to extend the amortization to decrease overall debt service. The plan calls for 2010A-C bank loans, which relate to construction costs at Parkridge, to be refunded with publicly issued bonds.
 - The \$90,000,000 2010D bank loan will remain as a privately-placed direct bank loan to preserve the draw-down structure while funds are spent on various capital improvements over the next two years. Amortization and mandatory redemption will be revised at the time of the Series 2013 Financing.

While the actual breakdown between the various series of bonds will be split to accommodate tax regulations, below is a simplified estimated sources and uses of funds for the 2013 financing.

Estimated Sources of Funds:

Fixed Rate Bonds (and net premium)	\$170,000,000
Floating Rate Notes	\$100,000,000
Restructured 2010D Bank Loan	\$ 90,000,000
Released 2003 Debt Service Reserve Fund	<u>\$ 5,700,000</u>
Total Sources of Funds	\$365,700,000

Estimated Uses of Funds:

Refund Series 2003A Bonds	\$77,000,000
Refund Series 2007 Bonds	\$69,000,000
Refund Series 2010A Bank Loan	\$68,000,000
Refund Series 2010B Bank Loan	\$48,000,000
Refund Series 2010C Bank Loan	\$10,000,000
Restructure Series 2010D Bank Loan	\$90,000,000
Estimated Cost of Issuance	<u>\$ 3,700,000</u>
Total Uses of Funds	\$365,700,000

APPENDIX B

Series 2003A Uniform Refunding Analysis

SOURCES AND USES OF FUNDS

Palmetto Health 2013
Series 2003A Refunding

Dated Date 07/25/2013
Delivery Date 07/25/2013

Sources:

Bond Proceeds:	
Par Amount	65,940,000.00
Premium	6,034,848.80
	<u>71,974,848.80</u>
Other Sources of Funds:	
2003A Debt Service Reserve Fund Release	5,732,716.00
	<u>77,707,564.80</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	76,715,000.00
Delivery Date Expenses:	
Cost of Issuance	989,100.00
Other Uses of Funds:	
Additional Proceeds	3,464.80
	<u>77,707,564.80</u>

BOND SUMMARY STATISTICS

Palmetto Health 2013
Series 2003A Refunding

Dated Date	07/25/2013
Delivery Date	07/25/2013
Last Maturity	08/01/2031
Arbitrage Yield	3.763577%
True Interest Cost (TIC)	4.051336%
Net Interest Cost (NIC)	4.287052%
All-In TIC	4.195330%
Average Coupon	4.980925%
Average Life (years)	13.190
Duration of Issue (years)	9.829
Par Amount	65,940,000.00
Bond Proceeds	71,974,848.80
Total Interest	43,320,801.25
Net Interest	37,285,952.45
Total Debt Service	109,260,801.25
Maximum Annual Debt Service	11,193,750.00
Average Annual Debt Service	6,064,429.30
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	109.152030

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	41,065,000.00	110.460	4.963%	11.005	31,576.00
Term Bond 2031	24,875,000.00	106.992	5.000%	16.797	21,143.75
	65,940,000.00			13.190	52,719.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	65,940,000.00	65,940,000.00	65,940,000.00
+ Accrued Interest			
+ Premium (Discount)	6,034,848.80	6,034,848.80	6,034,848.80
- Underwriter's Discount			
- Cost of Issuance Expense		(989,100.00)	
- Other Amounts			
Target Value	71,974,848.80	70,985,748.80	71,974,848.80
Target Date	07/25/2013	07/25/2013	07/25/2013
Yield	4.051336%	4.195330%	3.763577%

BOND PRICING

Palmetto Health 2013
Series 2003A Refunding

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds:									
	08/01/2014	1,085,000	2.500%	0.700%	101.820				19,747.00
	08/01/2015	1,180,000	3.000%	1.050%	103.880				45,784.00
	08/01/2016	1,250,000	4.000%	1.350%	107.807				97,587.50
	08/01/2017	1,320,000	4.000%	1.670%	109.015				118,998.00
	08/01/2018	1,420,000	5.000%	2.000%	114.251				202,364.20
	08/01/2019	1,525,000	5.000%	2.390%	114.545				221,811.25
	08/01/2020	1,635,000	5.000%	2.680%	114.749				241,146.15
	08/01/2021	1,655,000	5.000%	3.040%	113.851				229,234.05
	08/01/2022	1,880,000	5.000%	3.250%	113.582				255,341.60
	08/01/2023	2,005,000	5.000%	3.380%	113.668				274,043.40
	08/01/2024	2,135,000	5.000%	3.510%	112.491	3.615% C	08/01/2023	100.000	266,682.85
	08/01/2025	2,285,000	5.000%	3.630%	111.418	3.807% C	08/01/2023	100.000	260,901.30
	08/01/2026	3,190,000	5.000%	3.740%	110.445	3.965% C	08/01/2023	100.000	333,195.50
	08/01/2027	9,025,000	5.000%	3.830%	109.656	4.088% C	08/01/2023	100.000	871,454.00
	08/01/2028	9,475,000	5.000%	3.900%	109.048	4.182% C	08/01/2023	100.000	857,298.00
		41,065,000							4,295,588.80
Term Bond 2031:									
	08/01/2029	9,950,000	5.000%	4.140%	106.992	4.432% C	08/01/2023	100.000	695,704.00
	08/01/2030	10,445,000	5.000%	4.140%	106.992	4.432% C	08/01/2023	100.000	730,314.40
	08/01/2031	4,480,000	5.000%	4.140%	106.992	4.432% C	08/01/2023	100.000	313,241.60
		24,875,000							1,739,260.00
		65,940,000							6,034,848.80

BOND PRICING

Palmetto Health 2013
Series 2003A Refunding

Dated Date	07/25/2013
Delivery Date	07/25/2013
First Coupon	02/01/2014
Par Amount	65,940,000.00
Premium	6,034,848.80
Production	71,974,848.80
Underwriter's Discount	109.152030%
Purchase Price	71,974,848.80
Accrued Interest	109.152030%
Net Proceeds	71,974,848.80

SUMMARY OF BONDS REFUNDED

Palmetto Health 2013
Series 2003A Refunding

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2003A, 2003A:					
TERM23	08/01/2023	6.125%	18,185,000.00	08/01/2013	100.000
TERM31	08/01/2031	6.250%	58,530,000.00	08/01/2013	100.000
			76,715,000.00		

SUMMARY OF REFUNDING RESULTS

Palmetto Health 2013
Series 2003A Refunding

Dated Date	07/25/2013
Delivery Date	07/25/2013
Arbitrage yield	3.763577%
Escrow yield	
Bond Par Amount	65,940,000.00
True Interest Cost	4.051336%
Net Interest Cost	4.287052%
Average Coupon	4.980925%
Average Life	13.190
Par amount of refunded bonds	76,715,000.00
Average coupon of refunded bonds	6.236128%
Average life of refunded bonds	13.114
PV of prior debt to 07/25/2013 @ 3.763577%	95,661,664.78
Net PV Savings	15,924,313.42
Percentage savings of refunded bonds	20.757757%
Percentage savings of refunding bonds	24.149702%

SAVINGS

Palmetto Health 2013
Series 2003A Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 07/25/2013 @ 3.7635773%
09/30/2014	6,031,956.26	4,359,251.25	1,672,705.01	1,623,565.15
09/30/2015	6,044,781.26	4,373,450.00	1,671,331.26	1,563,369.37
09/30/2016	6,082,093.76	4,408,050.00	1,674,043.76	1,508,177.21
09/30/2017	6,102,056.26	4,428,050.00	1,674,006.26	1,452,622.12
09/30/2018	6,150,281.26	4,475,250.00	1,675,031.26	1,399,963.87
09/30/2019	6,184,625.00	4,509,250.00	1,675,375.00	1,348,740.04
09/30/2020	6,215,393.76	4,543,000.00	1,672,393.76	1,296,806.80
09/30/2021	6,152,281.26	4,481,250.00	1,671,031.26	1,248,045.26
09/30/2022	6,295,493.76	4,623,500.00	1,671,993.76	1,202,759.11
09/30/2023	6,327,168.76	4,654,500.00	1,672,668.76	1,158,883.93
09/30/2024	6,358,125.00	4,684,250.00	1,673,875.00	1,116,933.64
09/30/2025	6,399,375.00	4,727,500.00	1,671,875.00	1,074,404.03
09/30/2026	7,192,500.00	5,518,250.00	1,674,250.00	1,036,151.57
09/30/2027	12,864,687.50	11,193,750.00	1,670,937.50	995,799.96
09/30/2028	12,867,187.50	11,192,500.00	1,674,687.50	960,629.72
09/30/2029	12,866,250.00	11,193,750.00	1,672,500.00	923,349.76
09/30/2030	12,864,687.50	11,191,250.00	1,673,437.50	889,084.60
09/30/2031	6,375,000.00	4,704,000.00	1,671,000.00	854,278.48
	139,373,943.84	109,260,801.25	30,113,142.59	21,653,564.62

Savings Summary

PV of savings from cash flow	21,653,564.62
Less: Prior funds on hand	(5,732,716.00)
Plus: Refunding funds on hand	3,464.80
Net PV Savings	15,924,313.42

ESCROW REQUIREMENTS

Palmetto Health 2013
Series 2003A Refunding

Period Ending	Principal Redeemed	Total
08/01/2013	76,715,000.00	76,715,000.00
	76,715,000.00	76,715,000.00

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OR NEGOTIATED PRIVATE SALE, FOR PUBLIC REOFFERING THEREAFTER, OF NOT EXCEEDING \$375,000,000 AGGREGATE PRINCIPAL AMOUNT HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS (PALMETTO HEALTH) IN ONE OR MORE SERIES, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions Section 41-43-110 Code of Laws of South Carolina 1976, as amended (the "Act"), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Hospital Refunding and Improvement Revenue Bonds (Palmetto Health), in one or more series, in the aggregate principal amount of not exceeding \$375,000,000 (the "Bonds") through private sale or negotiated private sale, for public reoffering thereafter, which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be sold through a private sale or through a negotiated private sale, for public reoffering thereafter, acceptable to the Authority; and

NOW THEREFORE, BE IT RESOLVED, by the State Budget and Control Board (the "Board") of the State of South Carolina, as follows:

SECTION 1. It is hereby found, determined and declared by the Board that: the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

SECTION 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private sale, for public reoffering thereafter, be and the same is hereby in all respects approved.

SECTION 3. This Resolution shall take effect immediately.

a.

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH UNDERWRITING OF NOT EXCEEDING \$6,500,000 AGGREGATE PRINCIPAL AMOUNT HEALTHCARE FACILITIES REVENUE BOND ANTICIPATION NOTES (PARTNERS IN HOPE, INC. PROJECT), IN ONE OR MORE SERIES, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "*Authority*") has heretofore under and pursuant to the provisions of Section 41-43-110 of Code of Laws of South Carolina, 1976, as amended (the "*Act*"), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Healthcare Facilities Revenue Bond Anticipation Notes (Partners in Hope, Inc. Project), in one or more series, in the aggregate principal amount of not exceeding \$6,500,000 (the "*Bond Anticipation Notes*"), through underwriting which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bond Anticipation Notes will be sold through underwriting by a financial institution for public distribution thereafter, acceptable to the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bond Anticipation Notes through underwriting by a financial institution for public distribution thereafter is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

b.

AGENCY: Executive Director

SUBJECT: Economic Development (2013 Ceiling Allocations)

The initial balance of the 2013 state ceiling allocation is \$448,753,685. In accord with Code Section 1-11-520, \$179,501,474 (40% of the total) was designated as the state pool and \$269,252,211 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$448,753,685 remaining for 2013. Allocation requests for 2013 totaling \$36,000,000 have been received thus far.

The recommendation for allocations for this cycle total \$30,000,000. The following recommendation is for allocation from the state pool:

SEAA Student Loan Revenue Bonds, \$30,000,000

If the Board approves the recommended request, this will leave an unexpended state ceiling balance of \$418,753,685 (state pool - \$149,501,474 local pool - \$269,252,211) to be allocated later in the calendar year.

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-500 et seq., grant the following tentative ceiling allocation from the state pool prior to July 1 because the positive impact upon the State is of such significance that approval of the allocation prior to July 1 is warranted:

SEAA Student Loan Revenue Bonds, \$30,000,000.

ATTACHMENTS:

2013 Ceiling Allocation Requests; SEAA Petition; Code Section 1-11-500 et seq.

2013 Ceiling Allocation Requests

Recd.	Issuing Authority	Project	Request	Cumulative	Bond Counsel	Request Alloc St.Law	Location	NOTES
1	02/13/12 JEDA	LowCounty BioMass, LLC	6,000,000	6,000,000	E. Tyler Smith	X	Jasper County	
2	05/23/13 SEAA	Student Loans	30,000,000		Rion Foley	X		

2013 South Carolina State Ceiling

Balance remaining as of June 18, 2013, if ceiling allocation granted

State Pool (40%)	179,501,474
Total State Pool (40%)	179,501,474
Local Pool (60%)	269,252,211
Total Local Pool (60%)	269,252,211
Certified State Ceiling 2012	448,753,685

Date Allocated	Governmental Unit	Name of Project	Pool Total	Amount Allocated	Balance Available	Certified for Issue	Issue Date	Attorney
01/02/13	STATE POOL		179,501,474					
06/18/13	SEAA	Student Loan Revenue Bonds		30,000,000				Foley
	TOTAL, STATE POOL		179,501,474	30,000,000	149,501,474	0		
01/02/13	LOCAL POOL		269,252,211					
03/05/13	JEDA	LowCountry BioMass, LLC		0		0	expired	Smith
	TOTAL, LOCAL POOL		269,252,211	0	269,252,211	0		
	GRAND TOTAL		448,753,685	30,000,000	418,753,685	0		

2013 South Carolina State Ceiling Allocations

Summary, CY 2013

2013 State Ceiling	448,753,685	418,753,685
Initial Allocations	30,000,000	
Expired/Relinquished	0	
Actual Allocations	30,000,000	
Certified for Issue	0	
Carried Forward	0	

Issuer	Name of Project	Allocation Amount	Expired/Relinquished	Certified for Issue	Issue Date	Attorney
Allocation: 3/5/13 Expiration: 6/3/13						
JEDA	LowCounty BioMass, LLC	0	6,000,000			Smith
Allocation: 6/18/13 Expiration: 9/16/13						
SEAA	Student Loan Revenue Bonds	30,000,000				Foley

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

_____))
TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)
_____))

P E T I T I O N

The Petition of the South Carolina State Education Assistance Authority, (the "Authority") respectfully shows:

1. The Authority is authorized by the provisions of Title 59, Chapter 115, Code of Laws of South Carolina, 1976, as amended (the "Act"), to issue student loan revenue bonds for the purposes and on the terms and conditions provided in the Act.

2. The Authority seeks to issue during calendar year 2013 not exceeding \$30,000,000 of tax-exempt student loan revenue bonds (the "Bonds") of which would require an allocation, as hereinafter described, in order to finance student loans.

3. The Bonds will be "private activity bonds" within the meaning of such term in Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), which imposes a "volume cap" on private activity bonds by way of a "State Ceiling" (as such term is used in Section 146(d) of the Code) applicable to each state.

4. The Authority is an "issuing authority" as such term is used in South Carolina Code Section 1-11-500, *et seq.* (the "Allocation Act"), which proclaims the plan for allocating the State Ceiling on the issuance of tax-exempt private activity bonds in South Carolina, and devolves upon the State Budget and Control Board of South Carolina (the "State Board") the responsibility for making allocations of the State Ceiling.

5. This Petition constitutes the Authority's Authorized Request (as such term is used in Section 1-11-530(B) of the Allocation Act) that the State Board allocate \$30,000,000 of the State Ceiling for 2013.

6. Pursuant to Section 1-11-530(C) of the Allocation Act, the Authority certifies that the Bonds, and the amount thereof when and if issued, will constitute all of the tax-exempt private activity bond financing contemplated during calendar year 2013.

WHEREFORE, on the basis of the foregoing, the Authority respectfully prays:

That the State Board accept the filing of this Petition as the Authorized Request by the Authority that, pursuant to Section 1-11-560 of the Allocation Act, the State Board allocate not exceeding \$30,000,000 of the 2013 State Ceiling to the Authority.

June 18, 2013

Respectfully submitted,

SOUTH CAROLINA STATE EDUCATION
ASSISTANCE AUTHORITY

By: _____
Its: _____

ARTICLE 3.

ALLOCATION OF STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

SECTION 1-11-500. Calculation and certification of state ceiling.

The state ceiling on the issuance of private activity bonds as defined in Section 146 of the Internal Revenue Code of 1986 (the Code) established in the act must be certified annually by the Budget and Control Board secretary based upon the provisions of the act. The board secretary shall make this certification as soon as practicable after the estimates of the population of the State of South Carolina to be used in the calculation are published by the United States Bureau of the Census but in no event later than February first of each calendar year.

SECTION 1-11-510. Allocation of bond limit amounts.

(A) The private activity bond limit for all issuing authorities must be allocated by the board in response to authorized requests as described in Section 1-11-530 by the issuing authorities.

(B) The aggregate private activity bond limit amount for all South Carolina issuing authorities is allocated initially to the State for further allocation within the limits prescribed herein.

(C) Except as is provided in Section 1-11-540, all allocations must be made by the board on a first-come, first-served basis, to be determined by the date and time sequence in which complete authorized requests are received by the board secretary.

SECTION 1-11-520. Private activity bond limits and pools.

(A) The private activity bond limit for all state government issuing authorities now or hereafter authorized to issue private activity bonds as defined in the act, to be known as the "state government pool", is forty percent of the state ceiling less any amount shifted to the local pool as described in subsection (B) of this section or plus any amount shifted from that pool.

(B) The private activity bond limit for all issuing authorities other than state government agencies, to be known as the "local pool", is sixty percent of the state ceiling plus any amount shifted from the state government pool or less any amount shifted to that pool.

(C) The board, with review and comment by the Joint Bond Review Committee, may shift unallocated amounts from one pool to the other at any time.

SECTION 1-11-530. Authorized requests for allocation of bond limit amounts.

(A) For private activity bonds proposed for issue by other than state government issuing authorities, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a copy of the Inducement Contract, Inducement Resolution, or other comparable preliminary approval entered into or adopted by the issuing authority, if any, relating to the bonds. The board shall forward promptly to the committee a copy of each petition received.

(B) For private activity bonds proposed for issue by any state government issuing authority, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a bond resolution or comparable action by the issuing authority authorizing the issuance of the bonds. The board shall forward promptly to the committee a copy of each petition received.

(C) Each authorized request must demonstrate that the allocation amount requested constitutes all of the private activity bond financing contemplated at the time for the project and any other facilities located at or used as a part of an integrated operation with the project.

SECTION 1-11-540. Limitations on allocations.

(A) The board, with review and comment by the committee, may disapprove, reduce, or defer any authorized request. If it becomes necessary to exercise this authority, the board and the committee shall take into account the public interest in promoting economic growth and job creation.

(B) Authorized requests for state ceiling allocations of more than ten million dollars for a single project are deferred until after July first unless the board, after review and comment by the committee, determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than ten million dollars is of such significance that approval of the allocation is warranted.

SECTION 1-11-550. Certificates by issuing authority and by board.

(A) An allocation of the state ceiling approved by the board is made formal initially by a certificate which allocates tentatively a specific amount of the state ceiling to the bonds for which the allocation is requested. This tentative allocation certificate must specify the state ceiling amount allocated, the issuing authority and the project involved, and the time period during which the tentative allocation is valid. This certificate must remind the issuing authority that the tentative allocation is made final after the issuing authority chairman or other duly authorized official or agent of the issuing authority, before the issue is made, certifies the issue amount and the projected date of issue, as is required by subsection (B) of this section. It also may include other information considered relevant by the board secretary.

(B) The chairman or other authorized official or agent of an issuing authority issuing any private activity bond for which a portion of the state ceiling has been allocated tentatively shall execute and deliver to the board secretary an issue amount certificate setting forth the exact amount of bonds to be issued and the projected bond issue date which date must not be more than ten business days after the date of the issue amount certificate and it must be before the state ceiling allocation involved expires. The issue amount certificate may be an executed copy of the appropriate completed Internal Revenue Service form to be submitted to the Internal Revenue Service on the issue or it may be in the form of a letter which certifies the exact amount of bonds to be issued and the projected date of the issue.

(C) In response to the issuing authority's issue amount certificate required by subsection (B) of this section, the board secretary is authorized to issue and, as may be necessary, to revise a certificate making final the ceiling allocation approved previously by the board on a tentative basis, if the secretary determines that:

(1) the issuing authority's issue amount certificate specifies an amount not in excess of the approved tentative ceiling allocation amount;

(2) the issue amount certificate was received prior to the issue date projected and that the certificate is dated not more than ten days prior to the issue date projected;

(3) the issue date projected is within the time period approved previously for the tentative ceiling allocation; and

(4) the bonds when issued and combined with the total amount of bonds requiring a ceiling allocation included in issue amount certificates submitted previously to the board by issuing authorities do not exceed the state ceiling for the calendar year. Except under extraordinary circumstances, the board secretary shall issue this certificate within two business days following the date the issue amount certificate is received.

(D) In accordance with Section 149(e)(2)(F) of the Code, the secretary of the Budget and Control Board is designated as the state official responsible for certifying, if applicable, that certain bonds meet the requirements of Section 146 of the Code relating to the volume cap on private activity bonds.

(E) Any tentative or final state ceiling allocation granted by the board before the effective date of this act remains valid as an allocation of a portion of the volume cap for South Carolina provided under Section 146 of the Code. The allocations expire in accordance with the regulations under which they were granted or extended and their validity may be extended or reinstated in accordance with the provisions of Sections 1-11-500 through 1-11-570.

SECTION 1-11-560. Time limits on allocations.

- (A) Any state ceiling allocation approved by the board is valid only for the calendar year in which it is approved, unless eligible and approved for carry-forward election or unless specified differently in the board certificates required by Section 1-11-550.
- (B) Unless eligible and approved for carry-forward election or unless specified differently in board certificates required by Section 1-11-550, each state ceiling allocation expires automatically if the bonds for which the allocation is made are not issued within ninety consecutive calendar days from the date the allocation is approved by the board.
- (C) In response to a written request by the chairman or other duly authorized official or agent of an issuing authority, the board, acting during the period an approved allocation is valid, may extend the period in which an allocation is valid in a single calendar year by thirty-one consecutive calendar days to a total of not more than one hundred twenty-one consecutive calendar days.
- (D) In response to a written request by the chairman or other authorized official or agent of an issuing authority, the board may reinstate for a period of not more than thirty-one consecutive calendar days in any one calendar year part or all of an allocation approved but not extended previously in accordance with subsection (C) of this section in that same calendar year which has expired. The reinstatement request must certify that the authorized request submitted previously is still true and correct or a new authorized request must be submitted.
- (E) A tentative ceiling allocation is canceled automatically if the chairman or other authorized official or agent of the issuing authority involved fails to deliver the issue amount certificate required by Section 1-11-550 to the board secretary before the bonds for which the allocation is made are issued.
- (F) The chairman or other authorized official or agent of an issuing authority shall advise the board secretary in writing as soon as is practicable after a decision is made not to issue bonds for which a portion of the state ceiling has been allocated. All notices of relinquishment of ceiling allocations must be entered promptly in the board's records by the board secretary.
- (G) Ceiling allocations which are eligible and approved for carry-forward election are not subject to the validity limits of this section. The board shall join with the issuing authorities involved in carry-forward election statements to meet the requirements of the Internal Revenue Service.

STATE BUDGET AND CONTROL BOARD
MEETING OF June 18, 2013

REGULAR SESSION
ITEM NUMBER 1

AGENCY: Executive Director

SUBJECT: Update – Identity Theft RFP

The Board will receive as information an update on the drafting of the Identity Theft Request for Proposal.

BOARD ACTION REQUESTED:

Receive as information.

ATTACHMENTS:

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

Budget and Control Board approval is requested for the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

Establish Project for A&E Design

(a) Summary 7-2013: JBRC Item 1. College of Charleston

Project: 9652, Addlestone Library Adaptation

Funding Source: \$75,000 Other, Capital Improvement Project Funds which are revenues generated by the \$744 per semester Capital Improvement Fee that are in excess of the current annual debt service related to Academic and Administrative Facilities Bonds.

Request: Establish project and budget for \$75,000 (Other, Capital Improvement Project Funds) to begin design work to make adaptations to the interior of the Addlestone Library at the College of Charleston. The eight-year old library was designed with the flexibility to use compact shelving in order to make adaptations to the floor space as space needs change. The work will include installing 35,000 linear feet of compact shelving for the general book collection, adding 168 general purpose seats, three new group study rooms and a new 50-seat modular lecture/classroom, and expanding seating in the Special Collections reading room. These adaptations are needed to increase space for rare books and manuscripts provided by the SC Historical Society, to provide students and faculty with space to more effectively collaborate on digital projects, and to meet library seating needs, which currently can only accommodate 13% of the student body at one time. The agency's internal estimated cost of this project, prior to A&E pre-design being done, is \$5 million. The proposed sources of funds for construction are Other, Capital Improvement Project Funds and Other, Private funds.

(b) Summary 7-2013: JBRC Item 2. Clemson University

Project: 9911, CU-ICAR Advanced Powertrain Lab Upgrade

Funding Source: \$75,000 Other, Maintenance and Stewardship Funds which are comprised of tuition, matriculation and other debt retirement and plant transfer revenues that are restricted to support capital investments and that are not formally obligated to fund debt service in the current period.

Request: Establish project and budget for \$75,000 (Other, Maintenance and Stewardship Funds) to begin design work to upgrade the Advanced Powertrain Lab at the Campbell Graduate Engineering Center on Clemson's ICAR campus. The work in the 1,900 square foot lab will include replacing the lab floor to provide additional foundations to support new equipment, upfitting the interior to create three testing chambers or cells, and upgrading electrical power, transformer, HVAC, and information technology systems to support the space. The center currently has only one test cell which has become a bottleneck. The upgrade to provide three new test cells will enable work on the integration of alternative powertrains and investigations of advanced internal combustion

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

engine technologies, energy storage and vehicle electrification. It will prepare the Campbell Graduate Engineering Center for expected further expansion of activities in powertrain research. The agency's internal estimated cost of this project, prior to A&E pre-design being done, is \$2.3 million. The proposed source of funds for construction is Other, Maintenance and Stewardship Funds.

(c) Summary 7-2013: JBRC Item 3. Coastal Carolina University

Project: 9599, Williams Brice Renovation

Funding Source: \$34,500 Other, Renovation Reserve/Plant Expansion funds which derive from a \$150 per fulltime student per semester fee to be used for renovations, repairs, additions to existing facilities and for acquisitions for plant expansion.

Request: Establish project and budget for \$34,500 (Other, Renovation Reserve/Plant Expansion funds) to begin design work to renovate portions of the Williams Brice Building at Coastal Carolina. The work on the recreation and academic facility will include replacing a portion of the roof, replacing the HVAC system, main switchgear and floor and wall tiles at the pool, and upfitting the interior to include painting, installing new carpet and replacing ceiling tiles. The building is 41 years old and the renovations will address maintenance needs of the facility. The agency's internal estimated cost of this project, prior to A&E pre-design being done, is \$2.3 million. The proposed source of funds for construction is Other, Renovation Reserve/Plant Expansion funds.

(d) Summary 7-2013: JBRC Item 4. Vocational Rehabilitation Department

Project: 9597, Walterboro VR Center Reroofing

Funding Source: \$11,000 Other, Work Training Center Program Income which is revenue generated by production contracts in work training centers, offset by client wages and other production costs.

Request: Establish project and budget for \$11,000 (Other, Work Training Center Program Income funds) to begin design work to reroof the Walterboro VR Center for the Department of Vocational Rehabilitation (VR). The work will include removing the existing roof, applying a new vented built-up roofing system with associated flashings and metal work, and removing asbestos-containing soffit material. The roof is approximately 24 years old, well past its life expectancy, and has developed leaks that have been repaired. It needs to be replaced before water deteriorates the roof decking, ceiling and building contents. The agency's internal estimated cost of this project, prior to A&E pre-design being done, is \$410,000. The proposed source of funds for construction is Other, Work Training Center Program Income funds.

(e) Summary 7-2013: JBRC Item 5. Department of Mental Health

Project: 9727, Roddey Nursing Home Roof Replacement

Funding Source: \$50,000 Other, Legal Settlement funds which are one time funds received from legal settlements with the chemical providers in the Fire Retardant Treated Wood mediation settlement agreements for Roddey, Morris

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

Village and Bryan Psychiatric Hospital.

Request: Establish project and budget for \$50,000 (Other, Legal Settlement funds) to begin design work to replace the roof on the Department of Mental Health's Roddey Nursing Home in Columbia. The work will include replacing the purlins, plywood decking, fascia framing, metal fascia and shingles. The existing roof is 22 years old, leaking, and in poor condition. When it was reroofed in 1991, plywood deck and shingles were installed over existing fire retardant treated wood (FRTW) decking. The FRTW purlins and deck are splitting and cracking at numerous locations and need to be replaced or the FRTW materials will continue to deteriorate over time, creating a safety issue. The agency's internal estimated cost of this project, prior to A&E pre-design being done, is \$4 million. The proposed source of funds for construction is Other, Legal Settlement funds.

Establish Construction Budget

(f) Summary 7-2013: JBRC Item 6. Clemson University

Project: 9903, Watt Innovation Center Construction

Funding Source: \$30,543,000, which includes \$27,043,000 Institution Bond that is general obligation debt of the State backed by a pledge of University tuition and fees and \$3,500,000 Other, Private Gift funds which are amounts received from individuals, corporations and other entities that are to be expended for their restricted purposes.

Request: Increase budget to \$30,543,000 (add \$30,300,000: \$27,043,000 Institution Bond and \$3,257,000 Other, Private Gift funds) to construct an approximately 70,000 square foot cutting edge facility at Clemson. The project was established in June 2012 for pre-design work which is now complete. The work will include constructing a new facility for teaching and research in science, technology and engineering that will include studios, smart classrooms and project areas with flexible infrastructure to serve the needs of an increasingly diverse student community and to accommodate current and emerging technologies with minimal cost and effort. The new facility is needed to address key University goals of providing for student leadership and related opportunities, to leverage the university's information technology investments and assets, and to introduce teaching and research modules based on the university's core competencies and marketplace relevance. It also addresses the campus's less than adequate classroom space. The facility will be constructed to LEED Silver certification and will include sustainable sites, energy and atmosphere, indoor environmental quality and other measures. The LEED cost benefit analysis shows a negative cost benefit of \$320,000 based on preliminary figures, but Clemson staff anticipate the negative benefit will be negligible once the design nears completion. The agency reports the total projected cost of this project is \$30,543,000 and additional annual operating costs ranging from \$240,000 to \$254,616 will result in the three years following project

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

completion. The agency also reports the projected date for execution of the construction contract is August 2013 and for completion of construction is December 2015. (See Attachment 1 for additional annual operating costs.)

(g) Summary 7-2013: JBRC Item 7. University of South Carolina

Project: 9905, Hamilton College Renovation

Funding Source: \$15,000,000, which includes \$14,700,000 Other, Institutional Capital Project Funds which are generated from a portion of tuition and fees designated for Bond and Renovation Reserve and \$300,000 Capital Improvement Bond funds authorized in 1997 and previously approved for use in this project.

Request: Increase budget to \$15,000,000 (add \$14,700,000 Other, Institutional Capital Project Funds) to renovate the two wings of Hamilton College at USC. The project was established in April 2001 for design work but has been delayed because of lack of funding for a comprehensive renovation. The full renovation of the Pendleton Street wing will include reconfiguring interior space, installing an intermediate floor within existing space and adding an elevator and, in the Pendleton and Pickens Street wings, additional work will include upgrading the HVAC system, connecting to the central steam and chilled water systems, installing a fire sprinkler system, upgrading the fire alarm system, and restoring windows. The renovation will create a three-story comprehensive unit to consolidate departmental offices, classrooms and programs for the College of Social Work, currently located in five buildings across campus, and will address deferred maintenance needs. The renovation will be constructed to LEED Silver certification and will include sustainable sites, energy and atmosphere, indoor air quality and other measures. The LEED cost benefit analysis shows a positive cost benefit of \$751,623 over 30 years. The agency reports the total projected cost of this project is \$15 million and additional annual operating costs ranging from \$94,865 to \$109,865 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is April 2014 and for completion of construction is August 2015. (See Attachment 2 for additional annual operating costs.)

(h) Summary 7-2013: JBRC Item 8. University of South Carolina

Project: 6090, Indoor Practice Facility Construction

Funding Source: \$14,550,000, which includes \$12,100,000 Athletic Revenue Bond funds which are bonds authorized to raise money to provide permanent financing for the costs of construction, enlargement of, and improvements to Williams-Brice Stadium and other athletic facilities and \$2,450,000 Athletic Operating funds which are generated from athletic revenues consisting of ticket sales, SEC Conference distributions, Gamecock Club contributions, seat premiums, and corporate sponsorships.

Request: Increase budget to \$14,550,000 (add \$14,340,000: \$12,100,000 Athletic Revenue Bond and \$2,240,000 Athletic Operating funds) to construct an indoor football practice facility for USC. The project was established in November

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

2011 for pre-design work which is now complete. The work will include constructing a 100,280 square foot building large enough to contain a regulation size football field and tall enough to accommodate field goal kicking with support facilities including restrooms, storage and training rooms, and parking. The building will provide a safe environment for student-athletes to practice during inclement weather including storms or extreme heat and humidity when heat exhaustion is possible and will also occasionally serve as a practice facility for soccer, baseball and softball. The facility will be constructed to LEED Silver certification and will include sustainable sites, energy and atmosphere, indoor environmental quality and other measures. The LEED cost benefit analysis shows a positive cost benefit of \$1,516,704 over 30 years. The agency reports the total projected cost of this project is \$14,550,000 and additional annual operating costs of \$387,683 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is March 2014 and for completion of construction is February 2015. (See Attachment 3 for additional annual operating costs.)

- (i) Summary 7-2013: JBRC Item 9. University of South Carolina
Project: 6098, Sumwalt Laboratory Renovations
Funding Source: \$1,934,000 Other, Institutional funds which are funds available to the University from a variety of sources including tuition and fees, sales and services activities, and other miscellaneous sources.
Request: Increase budget to \$1,934,000 (add \$1,905,500 Other, Institutional funds) to renovate approximately 5,070 square feet in the Sumwalt Building at USC to provide three additional teaching labs. The project was established in January 2013 for pre-design work which is now complete. The work will include demolishing existing partitions and fixtures, installing new partitions, ceilings, finishes, lab equipment and furniture, and reconfiguring the mechanical, electrical and plumbing systems to accommodate the new lab functions. Additional lab space is needed to meet current student demand for introductory and intermediate science lab courses in the College of Arts and Sciences. Energy savings and conservation measures will include installing mechanical supply and exhaust systems with variable volume technology to reduce airflow when space load requirements are satisfied. The agency reports the total projected cost of this project is \$1,934,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is December 2013 and for completion of construction is July 2014.
- (j) Summary 7-2013: JBRC Item 10. University of South Carolina
Project: 6099, Broadcast Studio Construction
Funding Source: \$1,500,000, which includes \$1,200,000 Other, Institutional funds which are funds available to the University from a variety of sources including tuition and fees, sales and services activities and other miscellaneous sources and

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

Request: \$300,000 Other, Private funds which are donations and gifts to the University. Increase budget to \$1,500,000 (add \$1,477,500: \$1,177,500 Other, Institutional and \$300,000 Other, Private funds) to construct a broadcast studio adjacent to the Health Sciences Building that will be renovated to house the College of Mass Communications and Information Studies at USC. The project was established in January 2013 for pre-design work which is now complete. The work will include demolishing an existing greenhouse and constructing a 1,315 square foot facility with an open studio, an office/green room, restrooms and storage areas. The existing single studio is used by the capstone senior program and broadcast classes that require studio production time which creates scheduling challenges and results in studio time not being available for other uses. The new studio will act as a communications hub that will serve the university as a whole while enhancing the curriculum and student experience by creating additional opportunities to practice live reporting techniques. Energy savings and conservation measures will include the installation of energy efficient lighting, occupancy sensors, and mechanical systems, tinted window glass, rigid insulation, and low flow plumbing fixtures. The agency reports the total projected cost of this project is \$1,500,000 and additional annual operating costs of \$15,966 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is September 2014 and for completion of construction is July 2015. (See Attachment 4 for additional annual operating costs.)

(k) Summary 7-2013: JBRC Item 11. University of South Carolina

Project: 6103, Carolina Stadium Repairs

Funding Source: \$4,965,000 Athletic Operating funds which are generated from athletic revenues consisting of ticket sales, SEC Conference distributions, Gamecock Club contributions, seat premiums and corporate sponsorships.

Request: Establish project and budget for \$4,965,000 (Athletic Operating funds) to stabilize, replace and repair construction in the left field corner at USC's Carolina Stadium which has been subject to cracking and settlement. The project is being established for design and construction in response to an emergency procurement which was recently bid. The work will include removing existing concourse slab seating and associated fixtures in the left field concourse area, installing a micropile system for structural support and sub-soil stabilization, installing new concrete slabs, metal pipe and grout infill, and expanding the dewatering system. Extensive investigations have been conducted since water infiltration in the left field grounds area and cracking and settlement in the left field concourse area were observed. Repairs are required to stabilize sub-surface voids with grout injection, stabilize the structure, and control groundwater movements throughout the left field area. Energy savings and conservation measures are not applicable to this repair project. The agency reports the total projected cost of this project is \$4,965,000 and no additional annual operating costs will result from the

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

project. The agency also reports the projected date for execution of the first construction contract is June 2013 and for completion of all construction is February 2014.

- (l) Summary 7-2013: JBRC Item 12. Governor's Office - Veterans Affairs
Project: 9522, MJ Dolly Cooper Veterans Cemetery Areas I and J Expansion
Funding Source: \$2,452,465 Federal funds which come from a grant from the Federal Department of Veterans Affairs specifically for this project.
Request: Increase budget to \$2,452,465 (add \$2,201,941 Federal funds) to add additional crypts at the MJ Dolly Cooper Veterans Cemetery in Anderson for the Governors Office Department of Veterans Affairs. The project was established in May 2011 for pre-design work, increased to do additional design work during 2012, and was recently bid to meet federal VA requirements for funding. The work will include constructing an additional 1,995 double depth, in-ground crypts in existing Areas I and J and installing in-ground irrigation systems in Areas H, I and J, a drainage system, and a retaining wall. The work is needed because all in-ground crypts have been exhausted. The additional crypts will provide for burial of up to 3,990 veterans and eligible dependents. Energy savings and conservation measures are not applicable to this site development project. The agency reports the total projected cost of this project is \$2,452,465 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is June 2013 and for completion of construction is January 2014.
- (m) Summary 7-2013: JBRC Item 13. Governor's School for the Arts and Humanities
Project: 9513, SCGSAH Administration Building Construction
Funding Source: \$2,250,000 which includes \$1,250,000 Appropriated State funds previously approved for this project from FY 12-13 Proviso 90.20, \$600,000 Appropriated State funds carried forward to FY 12-13 and \$400,000 Other, Foundation Gift funds from the Governor's School for the Arts Foundation.
Request: Increase budget to \$2,250,000 (Add \$1,000,000: \$600,000 Appropriated State and \$400,000 Other, Foundation Gift funds) to construct a welcome center and administration building for the Governor's School for the Arts and Humanities in Greenville. The project was established in October 2012 for pre-design work which is now complete. The 11,413 square foot facility will be the welcome center for prospective students and donors and will include enrollment and outreach spaces, administrative offices, the print shop, and programmatic and presentation space for the dance and drama programs. Currently, visitors must walk through campus with no supervision to find the admissions and outreach offices. The new facility will allow visitors to access these offices without entering the main part of campus. It will strengthen the dance and drama programs and free up space in existing buildings for the new film and animation programs. Energy savings and conservation measures will include the installation of energy efficient building envelope, lighting and

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

mechanical systems. The agency reports the total projected cost of this project is \$2,250,000 and additional annual operating costs of \$9,000 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is September 2013 and for completion of construction is July 2014. (See Attachment 5 for additional annual operating costs.)

- (n) Summary 7-2013: JBRC Item 14. Department of Mental Health
Project: 9703, Bryan Hospital C&A Renovation and Addition
Funding Source: \$13,759,850 Other, Operating Revenue funds which are Medicaid fee-for-service earned revenues from DMH contracts with Health and Human Services to provide Medicaid clinical services.
Request: Increase budget to \$13,759,850 (add \$12,953,850 Other, Operating Revenue funds) to renovate and construct new space at the Bryan Psychiatric Hospital for the Department of Mental Health's Child and Adolescent (C&A) programs. The project was established in September 2006 to originally construct a new facility and revised in October 2012 to begin pre-design work to renovate Bryan Hospital instead, which is now complete. The work will include constructing approximately 21,000 square feet of new space to house C&A admissions and administration and reconfiguring, renovating and improving building systems in five existing buildings to provide housing, classrooms, dining and activity spaces for the C&A programs. The work is needed to relocate the C&A programs from the Bull Street campus because of excessive costs to renovate Hall Institute buildings and to make available 18 additional acres on the Bull Street campus to be sold. Energy savings and conservation measures will include the installation of energy efficient roof, wall, and window insulation, energy efficient HVAC components, lighting and power systems, and low flow plumbing fixtures. The agency reports the total projected cost of this project is \$13,759,850 and annual operating cost savings of \$335,057 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is March 2014 and for completion of construction is April 2015. (See Attachment 6 for annual operating cost savings.)

Increase Budget

- (o) Summary 7-2013: JBRC Item 15. State Museum
Project: 9501, Observatory/Planetarium/Theater Construction
Funding Source: \$21,034,478, which includes \$20,534,478 Capital Improvement Bond, Capital Reserve Fund, Appropriated State and Other, Foundation funds previously approved for the project and \$500,000 Other, Foundation Cash funds provided by the State Museum Foundation from funds raised during its comprehensive capital campaign for construction and operational needs for this project.

AGENCY: Division of State Budget

SUBJECT: Permanent Improvement Projects

Request: Increase budget to \$21,034,478 (add \$500,000 Other, Foundation Cash funds) to provide additional funding to complete the observatory, planetarium and theater at the State Museum. The project construction budget was established in June 2010 and the project is under construction. Since that time, additional design and project bids have determined additional funds are needed due to four factors, underestimated scope in theatrical and exhibit lighting, sound quality requirements in the 4D theater and planetarium, the complexity of construction in the outer dome of the planetarium, and changes in fire protection requirements. The additional funds will be provided from donations to the State Museum Foundation that are restricted by donors to support the construction and operational needs of the project. Energy savings and conservation measures will include the installation of energy efficient HVAC and lighting systems and low flow plumbing fixtures. The agency reports the total projected cost of this project is \$21,034,478 and additional annual operating costs of \$1.6 million will result in the three years following project completion. The agency also reports the project is currently under construction and the projected date for completion of the construction contract is May 2014. (See Attachment 7 for additional annual operating costs.)

BOARD ACTION REQUESTED:

Approve permanent improvement project establishment requests and budget revisions. All items have been reviewed favorably by the Joint Bond Review Committee.

ATTACHMENTS:

Attachments

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY CODE: H12 NAME: Clemson University
2. PROJECT #: 9903 NAME: Watt Innovation Center Construction
3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

COSTS SAVINGS NO CHANGE

4. **TOTAL ADDITIONAL OPERATING COSTS/SAVINGS**
Projected Financing Sources

(1) Fiscal Year	(2) General Funds	(3) Federal	(4) Other	(5) Total
1) 2015			\$240,000.00	\$240,000.00
2) 2016			\$247,200.00	\$247,200.00
3) 2017			\$254,616.00	\$254,616.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.)

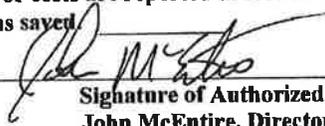
University generated funds

6. Will the additional costs be absorbed into your existing budget? Yes No
If no, how will the additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Utilities</u>	<u>\$120,000.00</u>
2. <u>Maintenance</u>	<u>\$120,000.00</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>\$240,000.00</u>

8. If personal services or costs are reported in section 7 above, please indicate the number of additional positions required or positions saved

9. Submitted By:  Date 6/4/13
Signature of Authorized Official and Title
John McEntire, Director Capital Projects

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY
Code H27 Name USC Columbia

2. PROJECT
Project # 9905 Name Hamilton College Renovation

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2015/16	\$109,865.00	\$	\$	\$ 109,865.00
2) 2016/17	\$94,865.00	\$	\$	\$ 94,865.00
3) 2017/18	\$94,865.00	\$	\$	\$ 94,865.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Custodial</u>	<u>\$28,700.00</u>
2. <u>Maintenance</u>	<u>\$20,925.00</u>
3. <u>Waste Management</u>	<u>\$1,040.00</u>
4. <u>Utilities</u>	<u>\$39,000.00</u>
5. <u>Administration</u>	<u>\$5,200.00</u>
6. <u>One time start up equipment</u>	<u>\$15,000.00</u>
7. _____	_____
8. _____	_____
TOTAL	<u>\$109,865.00</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 1.35

9. Submitted By:  Director, Planning and Programming 4/16/13
Signature of Authorized Official and Title Date

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY
Code H27 Name USC Columbia

2. PROJECT
Project # 6090 Name Indoor Practice Facility Construction

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2014/15 (partial year)	\$	\$	\$214,227.69	\$214,227.69
2) 2015/16	\$	\$	\$387,683.00	\$387,683.00
3) 2016/17	\$	\$	\$387,683.00	\$387,683.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

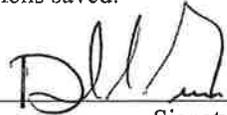
Athletic Operating

6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Custodial Services</u>	<u>\$26,333.34</u>
2. <u>Maintenance Services</u>	<u>\$40,333.34</u>
3. <u>Waste Management</u>	<u>\$1,337.00</u>
4. <u>Utilities</u>	<u>\$47,853.34</u>
5. <u>Administration</u>	<u>\$13,370.67</u>
6. <u>One time start up equipment</u>	<u>\$85,000.00</u>
7. _____	_____
8. _____	_____
TOTAL	<u>\$214,227.69</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 5

9. Submitted By:  Director, Planning and Programming 5/20/13
Signature of Authorized Official and Title Date

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY
Code H63 Name SC Governor's School for the Arts and Humanities

2. PROJECT
Project # 9513 Name SCGSAH Administration Building Construction

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2015	\$9,000	\$	\$	\$9,000
2) 2016	\$9,000	\$	\$	\$9,000
3) 2017	\$9,000	\$	\$	\$9,000

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u> Utilities </u>	<u> \$6,000 </u>
2. <u> Maintenance </u>	<u> 3,000 </u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u> \$9,000 Annually </u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. N/A

9. Submitted By: *Jay Jordan* VP FINANCE & ADMINISTRATION May 6, 2013
Signature of Authorized Official and Title Date

**ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY Code J12 Name S. C. Department of Mental Health

2. PROJECT Project # 9703 Name Bryan Hospital C&A Renovation and Addition

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 15/16	\$ 335,057.00	\$	\$	\$ 335,057.00
2) 16/17	\$ 335,057.00	\$	\$	\$ 335,057.00
3) 17/18	\$ 335,057.00	\$	\$	\$ 335,057.00

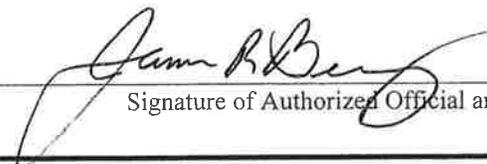
5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Utility Cost Savings</u>	<u>\$248,384.00</u>
2. <u>Energy Plant FTEs</u>	<u>86,673.00</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>\$335,057.00</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 2

9. Submitted By:  4-25-13
Signature of Authorized Official and Title Date

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY
Code H95 Name SC Museum Commission

2. PROJECT
Project # 9501 Name Observatory, Planetarium, Theater Construction

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2013/14	\$	\$	\$400,000	\$400,000
2) 2014/15	\$	\$	\$1,600,000	\$1,600,000
3) 2015/16	\$	\$	\$1,600,000	\$1,600,000

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

- Admission, exhibit, and event fees from increased attendance
- Merchandise and food sales
- Facility rental income
- Program Fees
- Annual Grants from SC Museum Foundation from outside grants and interest income generated by endowment

6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?

Additional revenue generated by admission fees, foundation grants, program fees and concession/resale will fund the additional operating costs.

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Salaries and Benefits</u>	<u>300,000</u>
2. <u>Maintenance of equipment</u>	<u>200,000</u>
3. <u>Programs, Films, & Supplies</u>	<u>200,000</u>
4. <u>Marketing and Production</u>	<u>150,000</u>
5. <u>Building Rent</u>	<u>550,000</u>
6. <u>Cost of Sales</u>	<u>200,000</u>
7. _____	_____
8. _____	_____
TOTAL	<u>1,600,000</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 5

9. Submitted By: Walter Colley _____
Signature of Authorized Official and Title Date

Permanent Improvement Project Information for June 18, 2013 B&CB Meeting

Agency/ Project No.	Agency/Project Name	Original Approved Budget	Date of Original Approval	Phase I Amount	Date of Phase I Approval	Included in CPIP	Total Projected Project Cost
H15-9652	College of Charleston - Addlestone Library Adaptation	\$75,000 for pre-design	6/18/13	\$75,000	6/18/13	2013 CPIP Year 1	To Be Determined
H12-9911	Clemson University - CU-ICAR Advanced Powertrain Lab Upgrade	\$75,000 for pre-design	6/18/13	\$75,000	6/18/13	No	To Be Determined
H17-9599	Coastal Carolina University - Williams Brice Renovation	\$34,500 for pre-design	6/18/13	\$34,500	6/18/13	2013 CPIP Year 1	To Be Determined
H73-9597	Vocational Rehabilitation Department - Walterboro VR Center Reroofing	\$11,000 for pre-design	6/18/13	\$11,000	6/18/13	No	To Be Determined
J12-9727	Department of Mental Health - Roddey Nursing Home Roof Replacement	\$50,000 for pre-design	6/18/13	\$50,000	6/18/13	2009 CPIP Year 3	To Be Determined
H12-9903	Clemson University - Watt Innovation Center Construction	\$243,000 for pre-design	6/27/12	\$243,000	6/27/12	2012 CPIP Year 1	\$30,543,000
H27-9905	University of South Carolina - Hamilton College Renovation	\$300,000 for design	4/27/01	\$300,000	4/27/01	No	\$15,000,000
H27-6090	University of South Carolina - Indoor Practice Facility Construction	\$210,000 for pre-design	11/3/11	\$210,000	11/3/11	No	\$14,550,000
H27-6098	University of South Carolina - Sumwalt Laboratory Renovations	\$28,500 for pre-design	1/29/13	\$28,500	1/29/13	No	\$1,934,000
H27-6099	University of South Carolina - Broadcast Studio Construction	\$22,500 for pre-design	1/29/13	\$22,500	1/29/13	No	\$1,500,000
H27-6103	University of South Carolina - Carolina Stadium Repairs	\$4,965,000	6/18/13	N/A	N/A	No	\$4,965,000

Permanent Improvement Project Information for June 18, 2013 B&CB Meeting

Agency/ Project No.	Agency/Project Name	Original Approved Budget	Date of Original Approval	Phase I Amount	Date of Phase I Approval	Included in CPIP	Total Projected Project Cost
D17-9522	Governor's Office - Veterans Affairs - MJ Dolly Cooper Veterans Cemetery Areas I & J Expansion	\$18,825 for pre-design	5/2/11	\$18,825	5/2/11	No	\$2,452,465
H63-9513	Governor's School for the Arts and Humanities - Administration Building Construction	\$1,250,000	10/25/12	N/A	N/A	No	\$2,250,000
J12-9703	Department of Mental Health - Bryan Hospital C&A Renovation and Addition	\$1,300,000 for design	9/16/06	\$806,000	10/30/12	2009 CPIP Year 2	\$13,759,850
H95-9501	State Museum - Observatory/Planetarium/Theater Construction	\$40,000	12/27/96	\$1,040,000 for design	9/3/99	2009 CPIP Year 1	\$21,034,478

Attachment 9
Additional Information on Funding Sources for
Higher Education Permanent Improvement Projects

Item (a) – College of Charleston Addlestone Library Adaptation

The source of funds for A&E pre-design is \$75,000 Other, Capital Improvement Project Funds which are defined as those revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds issued under SC Code of Laws Title 59, Chapter 130, Article 5 for Academic and Administrative Facilities Bonds. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. The College has had this fee in place since it became a public institution in 1970. The AY 2012-13 per semester fee is \$744. The current uncommitted balance of Capital Improvement Project Funds is \$2,726,404.

The proposed source of funds for construction is Other, Capital Improvement Project Funds and Other, Private funds. Capital Improvement Project funds are defined above and have a current uncommitted balance of \$2,726,404. Other, Private funds are those funds received by the College for a specific purpose. The current uncommitted balance of Other, Private funds is \$500,000 specifically for this project.

The College reports that no increase in any student fee or tuition will be required for pre-design or renovation of this facility.

Item (b) – Clemson University CU-ICAR Advanced Powertrain Lab Upgrade

The source of funds for A&E pre-design is \$75,000 Other, Maintenance and Stewardship Funds (MSF) which are comprised of tuition, matriculation and other debt retirement and plant transfer revenues that are restricted to support capital investments and that are not formally obligated to fund debt service in the current period. These funds are consciously planned for maintenance and renovation needs and are responsibly transferred to and managed by the State Treasurer until the time the State Treasurer approves a qualified use of the funds. While there is no uncommitted MSF balance, the fund balance was \$26,814,249 as of April 8, 2013.

The proposed source of funds for construction is also Other, Maintenance and Stewardship Funds which are defined above and which had a fund balance of \$26,814,249 as of April 8, 2013.

The University reports that no increase in any student fee or tuition will be required for pre-design or renovation of this facility.

Item (c) – Coastal Carolina University Williams Brice Renovation

The source of funds for A&E pre-design is \$34,500 Other, Renovation Reserve/Plant Expansion funds. Renovation Reserve/Plant Expansion funds are used for renovations, repairs, additions to existing facilities and for acquisitions for plant expansion. The fee is \$150 per fulltime student per semester. The fee has been in place since AY 2006-07 at the same level. Tuition will not increase as a result of this project. The current uncommitted balance of Renovation Reserve/Plant Expansion funds was \$7,528,693 as April 17, 2013.

The proposed source of funds for construction is also Other, Renovation Reserve/Plant Expansion funds which are defined above. The current uncommitted balance of Renovation Reserve/Plant Expansion funds is \$7,528,693 as of April 17, 2013.

The University reports that no increase in any student fee or tuition will be required for pre-design or renovation of this facility.

Item (f) – Clemson University Watt Innovation Center Construction

The source of funds for construction, totaling \$30,543,000, includes \$27,043,000 Institution Bonds and \$3,500,000 Other, Private Gift funds.

1) Institution Bonds represent general obligation debt of the State backed by a pledge of University tuition and fees. The uncommitted balance of Institution Bond funds for this project is zero. The State Institution Bond Resolution is expected to be approved by the Clemson University Board of Trustees in July 2013 and will be submitted for approval by the Budget and Control Board after that date. The fee to fund debt service is \$1,038 annually per student for in-state students and \$2,550 annually per student of out-of-state students.

2) Other, Private Gift funds are amounts received from individuals, corporations and other entities that are to be expended for their restricted purposes. The current uncommitted balance of Private Gift funds for this project is \$3,257,000 and totals \$3,500,000, with \$243,000 already approved for the project.

The University reports that no increase in any student fee or tuition will be required for pre-design or construction of this facility.

Item (g) – University of South Carolina Hamilton College Renovation

The source of funds for construction, totaling \$15,000,000, includes \$14,700,000 Other, Institutional Capital Project Funds and \$300,000 Capital Improvement Bond funds.

1) Institutional Capital Project Funds are generated from the portion of tuition and fees designated for Bond and Renovation Reserve. These funds pay debt service first and the remainder is used for capital improvements. As of January 31, 2013, the uncommitted balance of Institutional Capital Project Funds was \$22.4 million. When the \$14.7 million is committed to this project, the remaining uncommitted balance will be \$7.7 million.

2) Capital Improvement Bonds are authorized by the State to fund improvements and expansion of state facilities and the \$300,000 in 1997 Capital Improvement Bond funds that comprise a portion of this budget were previously authorized and approved for this project.

The University reports that no increase in any student fee or tuition will be required for pre-design or renovation of this facility.

Item (h) – University of South Carolina Indoor Practice Facility Construction

The source of funds for construction, totaling \$14,550,000, includes \$12,100,000 Athletic Revenue Bonds and \$2,450,000 Athletic Operating funds.

1) Athletic Facilities Revenue bonds are issued by the University pursuant to Part II, Section 9 of Act 518 passed by the General Assembly in 1980, amended by Act 545 of 1986, Act 302 of 1996, Act 6 of 1997, Act 182 of 2005 and Act 17 of 2007. The purpose of these bonds is to raise money to provide permanent financing for the costs of construction, enlargement of, and improvements to Williams-Brice Stadium and other athletic facilities. There is a \$200 million cap on bonds outstanding. Current athletic

debt is \$121.9 million. This project with projected bond funding of \$12.1 million will result in a total of \$134 million in outstanding debt. The bond resolution is anticipated to be requested for B&C Board approval in June 2013. The Athletic Bond Facility Fee is \$34.50 per semester.

2) Athletic Operating funds are generated from Athletic revenues which consist of ticket sales, SEC Conference distributions, Gamecock Club contributions, seat premiums, and corporate sponsorships. Athletic funds are auxiliary funds of the University and are self-supporting. It is projected that the uncommitted athletic operating fund balance at year end on June 30, 2013, will be approximately \$12.5 million.

The University reports that no increase in any student fee or tuition will be required for pre-design or construction of this facility.

Item (i) – University of South Carolina Sumwalt Laboratory Renovations

The source of funds for construction is \$1,934,000 Other, Institutional funds. Institutional funds are funds available to the University from a variety of sources including tuition and fees, sales and services activities, and other miscellaneous sources. There is no specific statutory authority other than the general authority to charge fees as necessary for operations. After funding this project, there are no uncommitted Institutional funds. All funds have been allocated to University capital projects and operating needs.

The University reports that no increase in any student fee or tuition will be required for pre-design or renovation of this facility.

Item (j) – University of South Carolina Broadcast Studio Construction

The source of funds for construction, totaling \$1,500,000, includes \$1,200,000 Other, Institutional funds and \$300,000 Other, Private funds.

1) Other, Institutional funds are funds available to the University from a variety of sources including tuition and fees, sales and services activities, and other miscellaneous sources. There is no specific statutory authority other than the general authority to charge fees as necessary for operations. After funding this project, there are no uncommitted Institutional funds. All funds have been allocated to University capital projects and operating needs. The Institutional funds will be reimbursed to the University from a private gift of \$1.5 million to be received in equal increments annually over five years beginning in December 2012.

2) Other, Private funds are donations and gifts to the University. This project will be funded with a gift specifically designated for this project. The Institutional funds will be reimbursed to the University from a private gift of \$1.5 million to be received in equal increments annually over five years beginning in December 2012. The first payment of \$300,000 was received December 31, 2012, and is reflected in the current requested budget of the project.

The University reports that no increase in any student fee or tuition will be required for pre-design or construction of this facility.

Item (k) – University of South Carolina Carolina Stadium Repairs

The source of funds for construction is \$4,965,000 Athletic Operating funds. Athletic Operating funds are generated from Athletic revenues which consist of ticket sales, SEC Conference distributions, Gamecock Club contributions, seat premiums, and corporate sponsorships. Athletic funds are auxiliary

AGENCY: Division of General Services

SUBJECT: College of Charleston Lease – Fitness Center

The College requests approval to lease 17,764 SF of space on the first floor of the building located at 50 George Street in downtown Charleston from Charleston College Housing LLC. The facility will be used for a Fitness Center.

Improved fitness facilities are important to the College of Charleston's strategic goal of educating the whole student. There are currently two small fitness areas located in the Stern Student and Silcox Centers, and the College has a contract with East Shore Athletic Club (ESAC) ending August 14, 2013, that provides students non-exclusive access to its 5,000 SF facility located about a half mile from campus. These facilities are inadequate to meet the needs of the student body, and they are not centrally located. Additionally, the Stern Student Center and Silcox both have core space needs, and the fitness areas occupy valuable space that prevents them from growing in place.

The College's 2012 Campus Master Plan identified the need for an adequately sized student fitness center located near the core of campus. To that end, the College has identified a 17,764 square foot fitness facility located in a privately-owned building that is being constructed adjacent to the center of campus at 50 George Street. The size of this space and its proximity to campus make it an ideal solution to their fitness facility needs. The space will be available August 30, 2013, and will be ready for immediate occupancy.

There are no other fitness facilities or suitable spaces with a comparable number of square feet located adjacent to the campus.

The initial term of the lease is for ten (10) years beginning on August 30, 2013, with two potential ten (10) year renewal periods. The cost per square foot during the first year of the initial term is \$27.31/RSF, for an annual aggregate amount of \$485,134.84. For the remainder of the initial term, basic rent shall be adjusted annually for any change in the U.S. City Average Consumer Price Index for all Urban Consumers (CPI-U) based on the percent change in the monthly index for June of each year, subject, however, to a 3% cap on annual increases over the immediately preceding year, regardless of whether the percent change in the CPI-U is higher than said cap. Basic Rent at the beginning of each renewal term shall be increased to fair market value as determined by three MAI designated appraisers doing business in Charleston, South Carolina, one of which is chosen by each of Landlord and Tenant, and the third of whom is chosen by the two appraisers so designated, and thereafter increased by the same CPI-U, not to exceed a three (3%) percent increase each lease year.

Lease payments will be funded with College fees. No fee increase will be associated with this lease. For the purpose of this request, the College estimates a three percent escalation per year.

AGENCY: Division of General Services

SUBJECT: College of Charleston Lease – Fitness Center

Based on the NTE (Not to Exceed) data, the total estimated lease cost over the ten (10) year term is \$5,561,527 with an average annual cost of \$556,153 as follows:

Year	Basic Rent PSF (Rounded)	Maximum Basic Annual Rent	Monthly Maximum Basic Rent
1	\$27.31	\$485,134.84	\$40,427.90
2	\$28.13	\$499,688.89	\$41,640.74
3	\$28.97	\$514,679.55	\$42,889.96
4	\$29.84	\$530,119.94	\$44,176.66
5	\$30.74	\$546,023.54	\$45,501.96
6	\$31.66	\$562,404.24	\$46,867.02
7	\$32.61	\$579,276.37	\$48,273.03
8	\$33.59	\$596,654.66	\$49,721.22
9	\$34.60	\$614,554.30	\$51,212.86
10	\$35.63	\$632,990.93	\$52,749.24
Total		\$5,561,527.26	
AVG	\$31.31	\$556,152.73	\$46,346.06

The College will purchase fitness equipment with an estimated cost of less than \$500,000. Parking is not included as part of the lease. The requested lease does not include maintenance or utilities, and the College estimates an additional \$124,348 will be incurred per year.

The College of Charleston has adequate funds for the lease according to a Budget Approval Form, which also includes a multi-year plan.

The lease was approved by the Commission on Higher Education at its meeting on May 2, 2013.

BOARD ACTION REQUESTED:

Approve the proposed lease of 17,764 SF of space for the College of Charleston at 50 George Street in Charleston from Charleston College Housing, LLC, for ten (10) years beginning on August 30, 2013, with two potential ten (10) year renewal periods. The exercise of the renewal periods must be approved by the Board.

ATTACHMENTS:

Agenda item worksheet; Letter from College of Charleston dated April 24, 2013; Map; SC Code Section 1-11-55 and 1-11-56

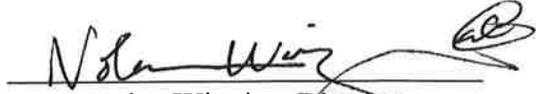
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 18, 2013

Regular Agenda

1. Submitted by:

- (a) Agency: Division of General Services
- (b) Authorized Official Signature:


Nolan Wiggins, Director

2. Subject: College of Charleston Lease – Fitness Center

3. Summary Background Information:

The College requests approval to lease 17,764 SF of space on the first floor of the building located at 50 George Street in downtown Charleston from Charleston College Housing LLC. The facility will be used for a Fitness Center.

Improved fitness facilities are important to the College of Charleston's strategic goal of educating the whole student. There are currently two small fitness areas located in the Stern Student and Silcox Centers, and the College has a contract with East Shore Athletic Club (ESAC) ending August 14, 2013 that provides students non-exclusive access to its 5,000 SF facility located about a half mile from campus. These facilities are inadequate to meet the needs of the student body, and they are not centrally located. Additionally, the Stern Student Center and Silcox both have core space needs, and the fitness areas occupy valuable space that prevents them from growing in place.

The College's 2012 Campus Master Plan identified the need for an adequately sized student fitness center located near the core of campus. To that end, the College has identified a 17,764 square foot fitness facility located in a privately-owned building that is being constructed adjacent to the center of campus at 50 George Street. The size of this space and its proximity to campus make it an ideal solution to their fitness facility needs. The space will be available August 30, 2013 and will be ready for immediate occupancy.

There are no other fitness facilities or suitable spaces with a comparable number of square feet located adjacent to the campus.

The initial term of the lease is for ten (10) years beginning on August 30, 2013, with two potential ten (10) year renewal periods. The cost per square foot during the first year of the initial term is \$27.31/RSF, for an annual aggregate amount of \$485,134.84. For the remainder of the initial term, basic rent shall be adjusted annually for any change in the U.S. City Average Consumer Price Index for all Urban Consumers (CPI-U) based on the percent change in the monthly index for June of each year, subject, however, to a 3% cap on annual increases over the immediately preceding year, regardless of whether the percent change in the CPI-U is higher than said cap. Basic Rent at the beginning of each renewal term shall be increased to fair market value as determined by three MAI designated appraisers doing business in Charleston, South Carolina, one of which is chosen by each of

Landlord and Tenant, and the third of whom is chosen by the two appraisers so designated, and thereafter increased by the same CPI-U, not to exceed a three (3%) percent increase each lease year.

Lease payments will be funded with College fees. No fee increase will be associated with this lease. For the purpose of this request, the College estimates a three percent escalation per year. Based on the NTE (Not to Exceed) data, the total estimated lease cost over the ten (10) year term is \$5,561,527 with an average annual cost of \$556,153 as follows:

Year	Basic Rent PSF (Rounded)	Maximum Basic Annual Rent	Monthly Maximum Basic Rent
1	\$27.31	\$485,134.84	\$40,427.90
2	\$28.13	\$499,688.89	\$41,640.74
3	\$28.97	\$514,679.55	\$42,889.96
4	\$29.84	\$530,119.94	\$44,176.66
5	\$30.74	\$546,023.54	\$45,501.96
6	\$31.66	\$562,404.24	\$46,867.02
7	\$32.61	\$579,276.37	\$48,273.03
8	\$33.59	\$596,654.66	\$49,721.22
9	\$34.60	\$614,554.30	\$51,212.86
10	\$35.63	\$632,990.93	\$52,749.24
Total		\$5,561,527.26	
AVG	\$31.31	\$556,152.73	\$46,346.06

The College will purchase fitness equipment with an estimated cost of less than \$500,000. Parking is not included as part of the lease. The requested lease does not include maintenance or utilities, and the College estimates an additional \$124,348 will be incurred per year.

The College of Charleston has adequate funds for the lease according to a Budget Approval Form, which also includes a multi-year plan.

The lease was approved by the Commission on Higher Education at its meeting on May 2, 2013.

4. What is the Board asked to do? Approve the proposed lease for College of Charleston at 50 George Street in Charleston.

5. What is recommendation of the General Services Division? Approval of the proposed lease for College of Charleston at 50 George Street in Charleston.

6. List of Supporting Documents:

- (a) Letter from College of Charleston dated April 24, 2013
- (b) SC Code Section 1-11-55 and 1-11-56

April 24, 2013

Ashlie Lancaster
South Carolina Budget and Control Board
General Services Division
Property Services
1201 Main Street, Suite 420
Columbia, SC 29201

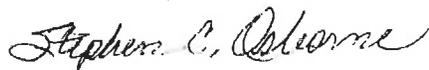
RE: Fitness Center

Dear Ms. Lancaster:

The College is requesting approval to lease approximately 19,000SF of fitness center space in a privately-owned building that is being constructed adjacent to the center of the campus located at 50 George Street. The size of this space and its proximity to campus make it an ideal solution to the College's fitness facility needs. The space will be available at the beginning of September 2013 and will be ready for immediate occupancy.

We respectfully request that this lease be included on the agenda for the Budget and Control Board meeting in June.

Sincerely,



Stephen C. Osborne
Executive Vice President for Business Affairs

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches of this State. Governmental body excludes the General Assembly, Legislative Council, the Office of Legislative Printing, Information and Technology Systems, and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Budget and Control Board is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Office of General Services of its requirement on rental request forms prepared by the office. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the office agree meets necessary requirements and standards for state leasing as prescribed in procedures of the board as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The board shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Office of General Services or his designee.

HISTORY: 1997 Act No. 153, Section 2; 2002 Act No. 333, Section 1; 2002 Act No. 356, Section 1, Pt VI.P(1); 2011 Act No. 74, Pt VI, Section 13, eff August 1, 2011.

SECTION 1-11-56. Program to manage leasing; procedures.

The State Budget and Control Board, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of state agencies. The board's regulations, upon General Assembly approval, shall include procedures for:

- (1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;
- (2) establishing standards for the quality and quantity of space to be leased by a requesting agency;
- (3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:
 - (a) a nonappropriation for the renting agency,
 - (b) a dissolution of the agency, and
 - (c) the availability of public space in substitution for private space being leased by the agency;
- (4) rejecting an agency's request for additional space or space at a specific location, or both;
- (5) directing agencies to be located in public space, when available, before private space can be leased;
- (6) requiring the agency to submit a multi-year financial plan for review by the board's budget office with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period.

HISTORY: 1997 Act No. 153, Section 2.

AGENCY: Division of General Services

SUBJECT: College of Charleston Lease – Fountain Walk

The College requests approval to lease 41,000 SF of space at Fountain Walk located at 360 Concord Street in downtown Charleston from R. E. R. Investments, Limited Company. The facility will be used for offices, classrooms, art studios and science labs.

This is a prime location as the property is adjacent to a parking garage already used by the College as well as a public transportation stop. The site is also within walking distance of the main campus. The College will begin the renovation of the Rita Hollings Science Center and Simons Center for the Arts (two major academic buildings) within the next 12 months. This will require the relocation of occupants for the duration of the renovations. There is also the need to complete renovations and reconfigurations of existing space to meet the programmatic needs of academic and administrative units. The College does not have available space on campus to accommodate the shifts of these departments. Therefore, the College is seeking a long-term lease solution in the immediate downtown Charleston area.

The initial term of the lease is for seven years beginning on January 1, 2014 and ending on December 31, 2020, with one renewal period of seven additional years. The cost per square foot during the first year of the initial term is \$29/RSF, for an annual aggregate amount of \$1,189,000. For the remainder of the initial term and for the extended term, basic rent shall be adjusted annually for any change in the U.S. Consumer Price Index for all Urban Consumers (CPI-U) based on the percent change in the monthly index for April of each year, subject, however, to a 3% cap on annual increases over the immediately preceding year, regardless of whether the percent change in the CPI-U is higher than said cap. The rate includes all expenses with the exception of utilities, which will be the responsibility of the College. The utility expense estimate is \$3.50/SF. Additionally, the landlord has agreed to provide \$30/SF in upfit costs.

Lease payments will be funded with College fees. No fee increase will be associated with this lease. Based on the NTE (Not to Exceed) data, the total estimated lease cost over the seven year term is \$9,110,667.53.

Year	Basic Rent PSF (Rounded)	Maximum Basic Annual Rent	Monthly Maximum Basic Rent
1	\$29.00	\$1,189,000.00	\$99,083.33
2	\$29.87	\$1,224,670.00	\$102,055.83
3	\$30.77	\$1,261,410.10	\$105,117.51
4	\$31.69	\$1,299,252.40	\$108,271.03
5	\$32.64	\$1,338,229.98	\$111,519.16
6	\$33.62	\$1,378,376.87	\$114,864.74
7	\$34.63	\$1,419,728.18	\$118,310.68
Total		\$9,110,667.53	
AVG	\$31.74		\$108,460.33

AGENCY: Division of General Services

SUBJECT: College of Charleston Lease – Fountain Walk

There will be an additional 14,000 SF available for lease in mid to late 2014. The College anticipates a need to lease this space as well. The requested action amount does not account for this additional square footage. Separate approval of this space will be sought through a lease amendment.

Comparables of similar state agency space and other commercial property lease rates in the Charleston area are as follows:

Agency/Location	Rate/SF
SC Department of Revenue 1 South Park Circle	\$27.32
Vacant 25 Calhoun Street	\$35.00
Vacant 40 Calhoun Street	\$32.50

The College of Charleston has adequate funds for the lease according to a Budget Approval Form, which also includes a multi-year plan.

The lease was approved by the Commission on Higher Education at its meeting on May 2, 2013.

BOARD ACTION REQUESTED:

Approve the proposed lease of 41,000 SF of space for the College of Charleston at Fountain Walk at 360 Concord Street in Charleston from R. E. R. Investors, Limited Company for an initial term of seven years beginning January 1, 2014, and ending on December 31, 2020, with one renewal period of seven additional years. The exercise of the renewal period must be approved by the Board.

ATTACHMENTS:

Agenda item worksheet; Letter from College of Charleston dated April 24, 2013; Map; SC Code Section 1-11-55 and 1-11-56

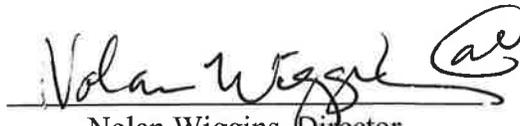
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 18, 2013

Regular Agenda

1. Submitted by:

- (a) Agency: Division of General Services
- (b) Authorized Official Signature:


Nolan Wiggins, Director

2. Subject: College of Charleston Lease - Fountain Walk

3. Summary Background Information:

The College requests approval to lease 41,000 SF of space at Fountain Walk located at 360 Concord Street in downtown Charleston from R. E. R. Investments, Limited Company. The facility will be used for offices, classrooms, art studios and science labs.

This is a prime location as the property is adjacent to a parking garage already used by the College as well as a public transportation stop. The site is also within walking distance of the main campus. The College will begin the renovation of the Rita Hollings Science Center and Simons Center for the Arts (two major academic buildings) within the next 12 months. This will require the relocation of occupants for the duration of the renovations. There is also the need to complete renovations and reconfigurations of existing space to meet the programmatic needs of academic and administrative units. The College does not have available space on campus to accommodate the shifts of these departments. Therefore, the College is seeking a long-term lease solution in the immediate downtown Charleston area.

The initial term of the lease is for seven years beginning on January 1, 2014 and ending on December 31, 2020, with one renewal period of seven additional years. The cost per square foot during the first year of the initial term is \$29/RSF, for an annual aggregate amount of \$1,189,000. For the remainder of the initial term and for the extended term, basic rent shall be adjusted annually for any change in the U.S. Consumer Price Index for all Urban Consumers (CPI-U) based on the percent change in the monthly index for April of each year, subject, however, to a 3% cap on annual increases over the immediately preceding year, regardless of whether the percent change in the CPI-U is higher than said cap. The rate includes all expenses with the exception of utilities, which will be the responsibility of the College. The utility expense estimate is \$3.50/SF. Additionally, the landlord has agreed to provide \$30/SF in upfit costs.

Lease payments will be funded with College fees. No fee increase will be associated with this lease. Based on the NTE (Not to Exceed) data, the total estimated lease cost over the seven year term is \$9,110,667.53.

Year	Basic Rent PSF (Rounded)	Maximum Basic Annual Rent	Monthly Maximum Basic Rent
1	\$29.00	\$1,189,000.00	\$99,083.33
2	\$29.87	\$1,224,670.00	\$102,055.83
3	\$30.77	\$1,261,410.10	\$105,117.51
4	\$31.69	\$1,299,252.40	\$108,271.03
5	\$32.64	\$1,338,229.98	\$111,519.16
6	\$33.62	\$1,378,376.87	\$114,864.74
7	\$34.63	\$1,419,728.18	\$118,310.68
Total		\$9,110,667.53	
AVG	\$31.74		\$108,460.33

There will be an additional 14,000 SF available for lease in mid to late 2014. The College anticipates a need to lease this space as well. The requested action amount does not account for this additional square footage. Separate approval of this space will be sought through a lease amendment.

Comparables of similar state agency space and other commercial property lease rates in the Charleston area are as follows:

Agency/Location	Rate/SF
SC Department of Revenue 1 South Park Circle	\$27.32
Vacant 25 Calhoun Street	\$35.00
Vacant 40 Calhoun Street	\$32.50

The College of Charleston has adequate funds for the lease according to a Budget Approval Form, which also includes a multi-year plan.

The lease was approved by the Commission on Higher Education at its meeting on May 2, 2013.

4. What is the Board asked to do? Approve the proposed lease for College of Charleston at Fountain Walk in Charleston.

5. What is recommendation of the General Services Division? Approval of the proposed lease for College of Charleston at Fountain Walk in Charleston.

6. List of Supporting Documents:

- (a) Letter from College of Charleston dated April 24, 2013
- (b) SC Code Section 1-11-55 and 1-11-56

April 24, 2013

Ashlie Lancaster
South Carolina Budget and Control Board
General Services Division
Property Services
1201 Main Street, Suite 420
Columbia, SC 29201

RE: Swing Space at Fountain Walk

Dear Ms. Lancaster:

The College will begin the renovation of two of its major academic buildings within the next 12 months, which requires the relocation of occupants for the duration of the renovations. There is also the need to complete renovations and reconfigurations of existing space to meet the programmatic needs of academic and administrative units.

The College does not have available "swing space" on campus to accommodate the shifts of these departments. Therefore, the College is requesting approval to lease approximately 41,000SF of space at Fountain Walk located at 100 Aquarium Wharf in downtown Charleston. This is a prime location as the property is adjacent to a parking garage already used by the College as well as a public transportation stop. The site is also within walking distance of the main campus.

We respectfully request that this lease be included on the agenda for the Budget and Control Board meeting in June.

Sincerely,



Stephen C. Osborne
Executive Vice President for Business Affairs

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches of this State. Governmental body excludes the General Assembly, Legislative Council, the Office of Legislative Printing, Information and Technology Systems, and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Budget and Control Board is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Office of General Services of its requirement on rental request forms prepared by the office. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the office agree meets necessary requirements and standards for state leasing as prescribed in procedures of the board as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The board shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Office of General Services or his designee.

HISTORY: 1997 Act No. 153, Section 2; 2002 Act No. 333, Section 1; 2002 Act No. 356, Section 1, Pt VI.P(1); 2011 Act No. 74, Pt VI, Section 13, eff August 1, 2011.

SECTION 1-11-56. Program to manage leasing; procedures.

The State Budget and Control Board, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of state agencies. The board's regulations, upon General Assembly approval, shall include procedures for:

- (1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;
- (2) establishing standards for the quality and quantity of space to be leased by a requesting agency;
- (3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:
 - (a) a nonappropriation for the renting agency,
 - (b) a dissolution of the agency, and
 - (c) the availability of public space in substitution for private space being leased by the agency;
- (4) rejecting an agency's request for additional space or space at a specific location, or both;
- (5) directing agencies to be located in public space, when available, before private space can be leased;
- (6) requiring the agency to submit a multi-year financial plan for review by the board's budget office with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period.

HISTORY: 1997 Act No. 153, Section 2.

AGENCY: Division of General Services

SUBJECT: Department of Health and Human Services Lease

The SC Department of Health and Human Services (HHS) requests approval to continue leasing from AMOMMARC I, LLC, and AAC Columbia Limited Partnership (Landlord) 141,031 rentable square feet in the basement and mezzanine areas and all 14 floors of the Tower building and 7,200 rentable square feet of receiving space in the Theatre building located at 1801 Main Street in Columbia, commonly known as Jefferson Square. The leased space will house all administrative offices of HHS. HHS' current lease at the location expires June 30, 2013. As a result of negotiations and termination and consolidation of two other leases at 1813 Main Street, HHS will save over \$9.4M over the 10 year term of the new lease as compared with the current leases.

The lease term will be for ten (10) years commencing on July 1, 2013. Rent will be \$2,031,588.60 per year (\$14.15/RSF for the Tower and \$5.00/RSF for the Theatre annually) plus parking for the first five (5) years of the lease. Thereafter, basic rent increases by 1.5% annually for the Tower space only. Comparables of similar state agency office space in the Columbia area are as follows:

Agency/Location	Rate
SC Department of Commerce	\$16.00
SC Department of Insurance	\$15.62
SC Retirement System Investment Commission	\$14.65

HHS will continue to lease parking spaces for its employees in the parking garage located adjacent to the leased building. The rate under the new lease remains at \$34/space per month for 475 spaces. The annual cost for parking is \$193,800; however, HHS will recoup \$57,000 of this cost annually from its employees.

Landlord will provide up to \$250,000 in renovations over the term of the lease. There is an option to purchase the building within the first two (2) years of the lease term with Board approval at the time of purchase. Should tenant exercise the option, Landlord will credit \$1/RSF per year from the commencement of the lease term up to the date of purchase toward the purchase price.

No operating cost increases are applicable to the Theatre space. For the Tower, operating cost increases are capped at three (3%) percent (down from five (5%) percent in the current lease), beginning with the first year of the lease. Assuming operating expenses increase at three (3%) percent per year, the maximum rent over the term of the lease is as follows:

AGENCY: Division of General Services

SUBJECT: Department of Health and Human Services Lease

YR	Annual Basic Office Rent	Annual Basic Receiving Rent	Annual Parking Rent less Credit	Annual Total (Office, Receiving, Parking)	Monthly Amount Total	Basic Rent Office PSF (Rounded)	Basic Rent Receiving PSF
1	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
2	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
3	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
4	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
5	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
6	\$2,149,312.44	\$36,000	\$136,800	\$2,322,112.44	\$193,509.37	\$15.24	\$5.00
7	\$2,181,552.12	\$36,000	\$136,800	\$2,354,352.12	\$196,196.01	\$15.47	\$5.00
8	\$2,214,275.40	\$36,000	\$136,800	\$2,387,075.40	\$198,922.95	\$15.70	\$5.00
9	\$2,247,489.60	\$36,000	\$136,800	\$2,420,289.60	\$201,690.80	\$15.94	\$5.00
10	\$2,281,201.92	\$36,000	\$136,800	\$2,454,001.92	\$204,500.16	\$16.18	\$5.00
Total	\$21,051,774.48	\$360,000	\$1,368,000	\$22,779,774.48			
Avg	\$2,105,177.45	\$36,000	\$193,800	\$2,277,977.45	\$189,831.45	\$14.93 PSF	\$5.00 PSF

HHS has adequate funds for the lease according to a Budget Approval Form, which also includes a multi-year plan. Lease payments will be made from state appropriations, federal funding from the US Department of Health and Human Services, funds collected from overpayments, fraud and abuse, and third party liability used to offset administrative costs as authorized by legislative provisos.

The space allocation for the new lease is 86,970 square feet for staff. Space is allocated for 666 employees. The remaining 61,620 square feet is to be utilized for storage, conference rooms, reception area, work areas, library, break room, computer server area, receiving space and common areas.

The lease was approved by Anthony Keck, Director of HHS, and by Landlord.

BOARD ACTION REQUESTED:

Approve the proposed ten year (10) year lease for Health and Human Services from AMOMMARC I, LLC, and AAC Columbia Limited Partnership 141,031 rentable square feet in the basement and mezzanine areas and all 14 floors of the Tower building and 7,200 rentable square feet of receiving space in the Theatre building located at 1801 Main Street in Columbia, commonly known as Jefferson Square.

ATTACHMENTS:

Agenda item worksheet; HHS Letter dated May 16, 2013; Rent Savings Analysis Spreadsheet; SC Code Section 1-11-55 and 1-11-56

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: **June 18, 2013**

Regular Agenda

1. Submitted by:

- (a) Agency: Division of General Services
- (b) Authorized Official Signature:


Nolan Wiggins, Director

2. Subject: SC Department of Health and Human Services Lease

3. Summary Background Information:

The SC Department of Health and Human Services (HHS) requests approval to continue leasing from AMOMMARC I, LLC and AAC Columbia Limited Partnership (Landlord) 141,031 rentable square feet in the basement and mezzanine areas and all 14 floors of the Tower building and 7,200 rentable square feet of receiving space in the Theatre building located at 1801 Main Street in Columbia, commonly known as Jefferson Square. The leased space will house all administrative offices of HHS. HHS' current lease at the location expires June 30, 2013. As a result of negotiations and termination and consolidation of two other leases at 1813 Main Street, HHS will save over \$9.4M over the 10 year term of the new lease as compared with the current leases.

The lease term will be for ten (10) years commencing on July 1, 2013. Rent will be \$2,031,588.60 per year (\$14.15/RSF for the Tower and \$5.00/RSF for the Theatre annually) plus parking for the first five (5) years of the lease. Thereafter, basic rent increases by 1.5% annually for the Tower space only. Comparables of similar state agency office space in the Columbia area are as follows:

Agency/Location	Rate
SC Department of Commerce	\$16.00
SC Department of Insurance	\$15.62
SC Retirement System Investment Commission	\$14.65

HHS will continue to lease parking spaces for its employees in the parking garage located adjacent to the leased building. The rate under the new lease remains at \$34/space per month for 475 spaces. The annual cost for parking is \$193,800; however, HHS will recoup \$57,000 of this cost annually from its employees.

Landlord will provide up to \$250,000 in renovations over the term of the lease. There is an option to purchase the building within the first two (2) years of the lease term with Board approval at the time of purchase. Should tenant exercise the option, Landlord will credit \$1/RSF per year from the commencement of the lease term up to the date of purchase toward the purchase price.

No operating cost increases are applicable to the Theatre space. For the Tower, operating

cost increases are capped at three (3%) percent (down from five (5%) percent in the current lease), beginning with the first year of the lease. Assuming operating expenses increase at three (3%) percent per year, the maximum rent over the term of the lease is as follows:

YR	Annual Basic Office Rent	Annual Basic Receiving Rent	Annual Parking Rent less Credit	Annual Total (Office, Receiving, Parking)	Monthly Amount Total	Basic Rent Office PSF (Rounded)	Basic Rent Receiving PSF
1	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
2	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
3	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
4	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
5	\$1,995,588.60	\$36,000	\$136,800	\$2,168,388.60	\$180,699.05	\$14.15	\$5.00
6	\$2,149,312.44	\$36,000	\$136,800	\$2,322,112.44	\$193,509.37	\$15.24	\$5.00
7	\$2,181,552.12	\$36,000	\$136,800	\$2,354,352.12	\$196,196.01	\$15.47	\$5.00
8	\$2,214,275.40	\$36,000	\$136,800	\$2,387,075.40	\$198,922.95	\$15.70	\$5.00
9	\$2,247,489.60	\$36,000	\$136,800	\$2,420,289.60	\$201,690.80	\$15.94	\$5.00
10	\$2,281,201.92	\$36,000	\$136,800	\$2,454,001.92	\$204,500.16	\$16.18	\$5.00
Total	\$21,051,774.48	\$360,000	\$1,368,000	\$22,779,774.48			
Avg	\$2,105,177.45	\$36,000	\$193,800	\$2,277,977.45	\$189,831.45	\$14.93 PSF	\$5.00 PSF

HHS has adequate funds for the lease according to a Budget Approval Form, which also includes a multi-year plan. Lease payments will be made from state appropriations, federal funding from the US Department of Health and Human Services, funds collected from overpayments, fraud and abuse, and third party liability used to offset administrative costs as authorized by legislative provisos.

The space allocation for the new lease is 86,970 square feet for staff. Space is allocated for 666 employees. The remaining 61,620 square feet is to be utilized for storage, conference rooms, reception area, work areas, library, break room, computer server area, receiving space and common areas.

The lease was approved by Anthony Keck, Director of HHS, and by Landlord.

4. What is the Board asked to do? Approve the proposed ten (10) year lease for HHS at 1801 Main Street in Columbia.

5. What is recommendation of the General Services Division? Approval of the proposed ten (10) year lease for HHS at 1801 Main Street in Columbia.

6. List of Supporting Documents:

- (a) Letter from HHS dated May 16, 2013
- (b) Rent Savings Analysis Spreadsheet
- (c) SC Code Section 1-11-55 and 1-11-56



May 16, 2013

Mr. Noland Wiggins, Director
S.C. Budget & Control Board
Division of General Services
1200 Senate Street, Suite 460
Columbia, SC 29201

Dear Mr. Wiggins:

As you are aware, Regulation 19-447.1000 requires that leases, which commit one million dollars or more in a five-year period, be approved by the Budget and Control Board (B&CB) and reviewed by the Joint Bond Review Committee.

The South Carolina Department of Health and Human Services (SCDHHS) administers the South Carolina Medicaid Program, which provides health care coverage for about one quarter of the population of South Carolina. The administrative offices of SCDHHS have been housed in leased office space at the current location at 1801 Main Street since August 14, 1984. The current lease expires June 30, 2013.

SCDHHS in coordination with General Services Division, Real Property Services, initiated a competitive solicitation for available space to lease in September 2012, in order to determine whether other suitable commercial office space alternatives were available and to obtain the best value for the State. After reviewing the proposals submitted as a result of this solicitation, SCDHHS has determined that none of the proposed sites would be as suitable in accommodating the needs of the Department as the present site at 1801 Main Street; therefore, we are requesting that the B&CB negotiate a lease for SCDHHS to remain in our current location.

Sincerely,

Anthony E. Keck
Director

AEK/jym

SCDHHS
JEFFERSON SQUARE
Comparison of Old/Current Lease Terms and
New Lease Terms
(Details)

	Square	YEAR										Lease Costs	Avg Cost/SF
		1	2	3	4	5	6	7	8	9	10		
JEFFERSON SQUARE - SCDHHS	Feet	1	2	3	4	5	6	7	8	9	10		
New Lease (Tower and Theater)	148,231	\$ 2,061,205	\$ 2,092,232	\$ 2,124,669	\$ 2,157,106	\$ 2,190,954	\$ 2,379,935	\$ 2,448,843	\$ 2,518,234	\$ 2,589,527	\$ 2,662,728	\$ 23,225,433	15.67
Current Leases Expiring	175,078	\$ 2,790,200	\$ 2,887,328	\$ 2,987,550	\$ 3,091,020	\$ 3,197,899	\$ 3,308,361	\$ 3,422,582	\$ 3,540,752	\$ 3,663,067	\$ 3,789,735	\$ 32,678,494	18.67
Tower and Theater	148,231 (1)	\$ 2,401,572	\$ 2,490,880	\$ 2,582,891	\$ 2,677,739	\$ 2,775,566	\$ 2,876,522	\$ 2,980,763	\$ 3,088,453	\$ 3,199,765	\$ 3,314,879		
1813 Main Street Move out (5-31-13)	22,689 (1)	\$ 324,112	\$ 330,902	\$ 338,031	\$ 345,517	\$ 353,377	\$ 361,630	\$ 370,295	\$ 379,394	\$ 388,948	\$ 398,979		
1813 Main Street Move out (6-30-13)	4,158 (1)	\$ 64,516	\$ 65,546	\$ 66,628	\$ 67,764	\$ 68,956	\$ 70,209	\$ 71,524	\$ 72,905	\$ 74,354	\$ 75,877		
(Savings) per Year		\$ 728,995	\$ 795,096	\$ 862,881	\$ 933,914	\$ 1,006,945	\$ 928,426	\$ 973,739	\$ 1,022,518	\$ 1,073,540	\$ 1,127,007	\$ 9,453,061	
Cumulative Savings		\$ 728,995	\$ 1,524,091	\$ 2,386,972	\$ 3,320,886	\$ 4,327,831	\$ 5,256,257	\$ 6,229,996	\$ 7,252,513	\$ 8,326,054	\$ 9,453,061		

(1) Assumes Rent Rate and Operating Cost Escalation for a new 10 year term are those same costs incurred for FY 13.

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches of this State. Governmental body excludes the General Assembly, Legislative Council, the Office of Legislative Printing, Information and Technology Systems, and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Budget and Control Board is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Office of General Services of its requirement on rental request forms prepared by the office. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the office agree meets necessary requirements and standards for state leasing as prescribed in procedures of the board as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The board shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Office of General Services or his designee.

HISTORY: 1997 Act No. 153, Section 2; 2002 Act No. 333, Section 1; 2002 Act No. 356, Section 1, Pt VI.P(1); 2011 Act No. 74, Pt VI, Section 13, eff August 1, 2011.

SECTION 1-11-56. Program to manage leasing; procedures.

The State Budget and Control Board, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of state agencies. The board's regulations, upon General Assembly approval, shall include procedures for:

- (1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;
- (2) establishing standards for the quality and quantity of space to be leased by a requesting agency;
- (3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:
 - (a) a nonappropriation for the renting agency,
 - (b) a dissolution of the agency, and
 - (c) the availability of public space in substitution for private space being leased by the agency;
- (4) rejecting an agency's request for additional space or space at a specific location, or both;
- (5) directing agencies to be located in public space, when available, before private space can be leased;
- (6) requiring the agency to submit a multi-year financial plan for review by the board's budget office with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period.

HISTORY: 1997 Act No. 153, Section 2.

STATE BUDGET AND CONTROL BOARD
MEETING OF June 18, 2013

REGULAR SESSION
ITEM NUMBER 7

AGENCY: Budget and Control Board

SUBJECT: Future Meeting

The next regular meeting of the Budget and Control Board will be held at 10:00 a.m. on Tuesday, August 13, 2013, in Room 252, Edgar A. Brown Building.

Schedule of Remaining Meetings in 2013

October 22, 2013
December 10, 2013

BOARD ACTION REQUESTED:

Agree to meet at 10:00 a.m. on Tuesday, August 13, 2013, in Room 252, Edgar A. Brown Building.

ATTACHMENTS: