

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 Contract16
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 Issue20

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. Date of Series21
Section 302. Medium of Payment; Form and Date.....21
Section 303. Legends.....21
Section 304. Execution21
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 Bonds23
Section 310. Book-Entry Form Authorized23
Section 311. Escheat23

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 Accounts25
Section 503. Program Fund.....26
Section 504. General Revenue Fund.....27
Section 505. Application of Moneys in Other Funds and Accounts31
Section 506. Investment of Funds and Accounts32
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