

**NEW ISSUE - Book-Entry Only**

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2018 Bonds (including any original issue discount properly allocable to the owner of a Series 2018 Bond) is excludable from gross income for federal income tax purposes. However, in the opinion of Bond Counsel, interest on the Series 2018 Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and, for taxable years beginning before January 1, 2018, on corporations. Bond Counsel is also of the opinion that, under existing laws of the State of Vermont, the Series 2018 Bonds and the interest thereon are exempt from all taxation, franchise taxes, fees or special assessments of whatever kind imposed by the State of Vermont, except for transfer, inheritance and estate taxes. For a more complete description of such opinions of Bond Counsel, see "TAX MATTERS."*



**\$37,055,000**

**VERMONT STUDENT ASSISTANCE CORPORATION**

**(a nonprofit public corporation established by the laws of the State of Vermont)**

**Education Loan Revenue Bonds**

**\$32,555,000**

**Senior Series 2018A**

**(Tax-Exempt Fixed Rate AMT Bonds)**

**\$4,500,000**

**Subordinate Series 2018B**

**(Tax-Exempt Fixed Rate AMT Bonds)**

**Expected Ratings for Series 2018A Bonds**

**Fitch: "AaF"; S&P: "A(sf)"; See "Ratings."**

**Dated: Date of Issuance**

**Price: As shown on inside cover page**

**Expected Ratings for Series 2018B Bonds**

**Fitch: "BBBs"; S&P: "BBB(sf)"; See "Ratings."**

**Due: As shown on inside cover page**

The Vermont Student Assistance Corporation (the "Corporation") will issue its Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds) in the aggregate principal amount of \$32,555,000 (the "Series 2018A Bonds") and its Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds) in the aggregate principal amount of \$4,500,000 (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Series 2018 Bonds") pursuant to the provisions of an Indenture of Trust, dated as of July 1, 2012 (as previously amended and supplemented, the "Master Indenture"), and a Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018 (the "Series 2018A&B Supplemental Indenture" and together with the Master Indenture, the "Indenture"), each between the Corporation and People's United Bank, National Association, a national banking association, Burlington, Vermont, as trustee (the "Trustee").

The Series 2018A Bonds are the fifth series of senior bonds issued by the Corporation pursuant to the Master Indenture and are secured thereunder on a basis of parity with certain outstanding Corporation senior series of bonds that were issued under the Indenture and with any additional senior series of bonds that may be issued by the Corporation (collectively, with the Series 2018A Bonds, the "Senior Bonds"). The Series 2018B Bonds are the second series of subordinate bonds issued by the Corporation pursuant to the Master Indenture and are secured thereunder on a basis that is subordinate to the Senior Bonds and a basis of parity with certain outstanding subordinate series of bonds that were issued under the Indenture and with any additional subordinate series of bonds that may be issued by the Corporation (collectively with the Series 2018B Bonds, the "Subordinate Bonds"). Senior Bonds generally receive payment of interest and principal upon Interest Payment Dates prior to payment of interest or principal, as applicable, on Subordinate Bonds. Subordinate Bonds are subject to redemption prior to maturity while Senior Bonds remain Outstanding only in certain circumstances. See "INTRODUCTION," "THE SERIES 2018 BONDS — Subordination of Series 2018B Bonds," "REDEMPTION PROVISIONS" and "SECURITY FOR THE SERIES 2018 BONDS — Issuance of Additional Bonds and Certain Other Actions."

**Interest on the Series 2018 Bonds is payable semiannually on each June 15 and December 15, commencing December 15, 2018, except that current payment of interest on the Series 2018B Bonds may be suspended under certain circumstances while Senior Bonds remain Outstanding and, if suspended, would remain payable as Subordinate Carry-over Interest (as defined herein) to the extent provided in the Indenture. The Indenture provides that neither a failure to pay principal of or current interest on the Series 2018B Bonds while Senior Bonds remain Outstanding, nor a failure to pay Subordinate Carry-over Interest, that results from an insufficiency of funds that are available under the Indenture for such purposes would constitute an Event of Default thereunder. See "THE SERIES 2018 BONDS — Subordination of Series 2018B Bonds" and "—Subordinate Carry-over Interest" and "CERTAIN INVESTMENT CONSIDERATIONS — Suitability" and "—Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest."**

Purchases and sales by the Beneficial Owners (as defined herein) of the Series 2018 Bonds shall be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. The Series 2018 Bonds are subject to redemption prior to maturity and, under certain circumstances, prior to the first optional redemption date of June 15, 2026, as described herein. See "REDEMPTION PROVISIONS." The Series 2018 Bonds are being issued for the principal purposes of financing, along with an equity deposit to be made by the Corporation, the Corporation's credit-based, fixed-rate private education loan program, a deposit to the Debt Service Reserve Fund described herein and certain costs of issuance. See "ESTIMATED SOURCES AND USES OF FUNDS." The Series 2018 Bonds, together with all outstanding Bonds and with any other Bonds that may be issued under the Indenture, are payable solely from revenues and other amounts pledged pursuant to the Indenture and from monies and securities held in certain funds and accounts established therein. See "SECURITY FOR THE SERIES 2018 BONDS." All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as assigned in the Indenture. See "APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Series 2018 Bonds are issuable only as fully registered bonds and when issued shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which shall act as securities depository for the Series 2018 Bonds. Purchasers of the Series 2018 Bonds will not receive certificates representing their beneficial ownership interests in the Series 2018 Bonds. Payments of principal, redemption price and interest with respect to the Series 2018 Bonds are to be made directly to DTC by the Trustee or its successor, so long as DTC or Cede & Co. is the Registered Owner (as defined herein) of the Series 2018 Bonds. Disbursement of such payments to Participants (as defined herein) of DTC is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants, as more fully described herein. See "THE SERIES 2018 BONDS — Book-Entry Form."

**THE CORPORATION HAS NO TAXING POWER. THE SERIES 2018 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CORPORATION. THE CORPORATION SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2018 BONDS EXCEPT FROM THE REVENUES AND ASSETS PLEDGED UNDER THE INDENTURE. THE SERIES 2018 BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF THE FAITH AND CREDIT, THE TAXING POWER OR THE MORAL OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2018 BONDS. THE SERIES 2018 BONDS ARE PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY AS PROVIDED IN THE INDENTURE.**

The Series 2018 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality by Kutak Rock LLP, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its in-house General Counsel and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York. S L Capital Strategies LLC serves as Financial Advisor to the Corporation. The Series 2018 Bonds are expected to be available for delivery in New York, New York, through the facilities of DTC on or about June 6, 2018.

**BofA Merrill Lynch**

**\$37,055,000**  
**Vermont Student Assistance Corporation**  
**Education Loan Revenue Bonds**

**\$32,555,000**  
**Senior Series 2018A Bonds**  
**(Tax-Exempt Fixed Rate AMT Bonds)**

**MATURITY SCHEDULE**

<b><u>Due</u></b> <b><u>June 15,</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b> <sup>(1)</sup>	<b><u>Yield</u></b>	<b><u>CUSIP</u></b> <sup>†</sup>
2023	\$1,335,000	5.000%	108.293%	3.200%	92428CLE2
2024	2,100,000	5.000	108.876	3.360	92428CLF9
2025	2,310,000	5.000	109.595	3.450	92428CLG7
2026	2,400,000	5.000	110.120	3.540	92428CLH5
2027	2,750,000	5.000	109.535 <sup>(2)</sup>	3.620	92428CLJ1
2028	2,900,000	5.000	109.026 <sup>(2)</sup>	3.690	92428CLK8
2029	3,560,000	3.625	98.434	3.800	92428CLL6
2030	3,615,000	3.750	98.948	3.860	92428CLM4
2031	2,950,000	4.000	100.682 <sup>(2)</sup>	3.900	92428CLN2
2032	3,115,000	4.000	100.408 <sup>(2)</sup>	3.940	92428CLP7
2033	2,765,000	4.000	100.000	4.000	92428CLQ5
2034	2,755,000	4.000	99.647	4.030	92428CLR3

**\$4,500,000**  
**Subordinate Series 2018B Bonds**  
**(Tax-Exempt Fixed Rate AMT Bonds)**

**MATURITY SCHEDULE**

<b><u>Due</u></b> <b><u>June 15,</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b> <sup>(1)</sup>	<b><u>Yield</u></b>	<b><u>CUSIP</u></b> <sup>†</sup>
2046	\$4,500,000	4.375%	97.863%	4.510%	92428CLS1

<sup>(1)</sup> Approximate.

<sup>(2)</sup> Priced to the June 15, 2026 optional redemption date at par.

<sup>†</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Capital IQ on behalf of the American Bankers Association. The CUSIP numbers are included solely for the convenience of owners of the Series 2018 Bonds, and the Corporation is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products.

No dealer, broker, salesman or other person has been authorized by the Corporation or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2018 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the Corporation and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and, except as to information as to itself, is not to be construed as a representation by, the Corporation.

The information in this Official Statement concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s book-entry-only system contained under the subheading “THE SERIES 2018 BONDS — Book-Entry Form” has been obtained from DTC. None of the Corporation, any of its advisors or the Underwriter has independently verified, makes any representation regarding or accepts any responsibility for the accuracy, completeness or adequacy of such information.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applicable to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and other similar expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to change at any time and a number of factors potentially affecting the Series 2018 Bonds and the security therefor described herein (including the Financed Eligible Loans (as defined herein)) could cause actual results to differ materially from those stated in the forward-looking statements. See “SECURITY FOR THE SERIES 2018 BONDS” and “CERTAIN INVESTMENT CONSIDERATIONS.”

Upon issuance, the Series 2018 Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, nor will the Indenture (as defined herein) have been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Series 2018 Bonds and the security therefor, including an analysis of the risks involved. The Series 2018 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy, completeness or adequacy of this Official Statement or approved the Series 2018 Bonds for sale.

**THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE SERIES 2018 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.**

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2018 BONDS TO CERTAIN DEALERS (INCLUDING DEALERS DEPOSITING THE SERIES 2018 BONDS INTO INVESTMENT TRUSTS) AND CERTAIN DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE FRONT COVER PAGE HEREOF, AND SAID OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

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## SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. The offering of the Series 2018 Bonds to potential investors is made only by means of this Official Statement. No person is authorized to detach or otherwise deliver or use this Summary Statement without the entire Official Statement. Terms used in this summary and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement or, if not assigned elsewhere in this Official Statement, the Indenture.

### **Issuer**

Vermont Student Assistance Corporation (the “Corporation”) is a nonprofit public corporation organized pursuant to the Vermont Statutes Annotated, Title 16, Chapter 87, as amended (the “State Act”). The Corporation operates various student assistance programs authorized by Vermont law, including the acquisition and origination of education loans. See “INTRODUCTION” and “THE CORPORATION.”

### **The Offering**

The Corporation is offering hereby its Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds) (the “Series 2018A Bonds”) as a single series of fixed rate senior bonds under the Master Indenture (as defined herein) in the aggregate principal amount of \$32,555,000 and its Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds) (the “Series 2018B Bonds” and together with the Series 2018A Bonds, the “Series 2018 Bonds”) as a single series of fixed rate subordinate bonds under the Master Indenture in the aggregate principal amount of \$4,500,000.

The issuance and delivery of each of the Series 2018A Bonds and the Series 2018B Bonds is conditioned upon the simultaneous issuance and delivery of both series.

### **Series 2018 Bonds**

The Series 2018 Bonds shall be dated the date of issuance (the “Date of Issuance”), and shall mature, bear interest and be initially priced as set forth on the inside cover page hereof. The Series 2018 Bonds are expected to be issued pursuant to the State Act and under an Indenture of Trust, dated as of July 1, 2012, between the Corporation and the Trustee (as previously amended and supplemented, the “Master Indenture”), and a Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018, between the same parties (the “Series 2018A&B Supplemental Indenture” and together with the Master Indenture, the “Indenture”), and are payable solely from assets held under the Indenture. Program Loans that are eligible for financing under the Master Indenture are referred to herein as “Eligible Loans” and, to the extent so financed, as “Financed Eligible Loans.”

The Series 2018A Bonds are secured on parity with the Prior Master Indenture Senior Bonds (as defined herein) and with any additional Bonds that may be issued in the future as senior bonds under the Master Indenture (collectively with the Series 2018A Bonds, the “Senior Bonds”). The Series 2018B Bonds are secured on a basis that is subordinate to the Senior Bonds and on a parity with the Prior Master Indenture Subordinate Bonds (as defined herein) and any additional Bonds that may be issued in the future as subordinate bonds under the Master Indenture (collectively with the Series 2018B Bonds, the “Subordinate Bonds”).

The Series 2018A Bonds are the fifth series of senior bonds issued by the Corporation pursuant to the Master Indenture to finance loans pursuant to the Corporation’s credit-based, fixed-rate private education loan program (the “Fixed Rate Loan Program” and “Program Loans”). The Series 2018B Bonds are the second series of subordinate bonds issued by the Corporation pursuant to the Master Indenture to finance Program Loans. The Corporation has also issued several series of bonds under trust documents separate and apart from the Indenture to finance Program Loans.

The Corporation has previously issued its \$20,635,000 Education Loan Revenue Bonds, Senior Series 2012A (the “Series 2012A Bonds”), its \$15,595,000 Education Loan Revenue Bonds, Senior Series 2013A (the “Series 2013A Bonds”), its \$27,900,000 Education Loan Revenue Bonds, Senior Series 2016A (the “Series 2016A Bonds”) and its \$42,305,000 Education Loan Revenue Bonds, Senior Series 2017A (the “Series 2017A Bonds” and collectively with the Series 2012A Bonds, the Series 2013A Bonds and the Series 2016A Bonds, the “Prior Master Indenture Senior Bonds”) and has previously issued its \$8,100,000 Education Loan Revenue Bonds, Subordinate Series 2017B (the “Prior Master Indenture Subordinate Bonds” and collectively with the Prior Master Indenture Senior Bonds, the “Prior Master Indenture Bonds”) under the Master Indenture for the purpose of financing Program Loans. \$92,520,000 of Prior Master Indenture Senior Bonds and \$8,100,000 of Prior Master Indenture Subordinate Bonds remain Outstanding.

The Indenture permits the issuance of additional bonds subject to certain requirements under the Indenture, including satisfaction of the Rating Agency Notification requirement, that may be secured on a parity basis with the Prior Master Indenture Senior Bonds and the Series 2018A Bonds or that may be secured on a subordinate basis and secured on a parity with the Prior Master Indenture Subordinate Bonds and the Series 2018B Bonds (collectively, “Additional Bonds” and collectively with the Prior Master Indenture Bonds and the Series 2018 Bonds, the “Bonds”). The Corporation expects to issue Additional Bonds from time to time under the Indenture or to issue bonds under different trust documents to originate and finance additional Program Loans, including, but not limited to, Eligible Loans under the Fixed Rate Loan Program. See “SECURITY FOR THE SERIES 2018 BONDS.”



## **Other Corporation Student Loan Financings and Activities**

The Corporation has also issued its Education Loan Revenue Bonds, Senior Series 2010A-1 (the “Series 2010A-1 Bonds”), its Education Loan Revenue Bonds, Senior Series 2011A-1 (the “Series 2011A-1 Bonds”), its Education Loan Revenue Bonds, Senior Series 2014A (the “Series 2014A Bonds”) and its Education Loan Revenue Bonds, Senior Series 2015A (the “Series 2015A Bonds” and collectively with the Series 2010A-1 Bonds, the Series 2011A-1 Bonds and the Series 2014A Bonds, the “Separately Secured Program Loan Bonds”) in the aggregate original principal amount of \$85,120,000 for the purpose of financing Program Loans that are Eligible Loans pursuant to the Fixed Rate Loan Program. The Separately Secured Program Loan Bonds are issued and outstanding under various other trust indentures and are secured separate and apart from the Bonds and are not payable from assets held under the Indenture. **Program Loans and other assets securing the Separately Secured Program Loan Bonds are not available as a source of payment of principal or interest on the Series 2018 Bonds or other Indenture requirements.** The Corporation reserves the right to issue notes, bonds and other obligations that are secured separate and apart from the Bonds to fund the Fixed Rate Loan Program.

The Corporation has also previously issued numerous series of bonds that were, or that are, secured under instruments other than the Indenture to fund education loans other than Program Loans. Loans that were originated, or that in the future may be originated, from funds obtained from issuance of such separately secured series of bonds have terms and conditions that differ from those of Program Loans.

The State Act authorizes the Corporation to act as lender, servicer and guarantor of certain education loans (“Federal Act Loans”) authorized by and in compliance with the provisions of the federal Higher Education Act of 1965, as amended (the “Higher Education Act”), education loans (“HEAL Loans”) insured by the Secretary of the United States Department of Health and Human Services under the Public Health Service Act of 1944, as amended, and private education loans including, but not limited to, private education Program Loans.

Pursuant to such authority, the Corporation previously issued numerous series of bonds to finance such loans under trust documents other than the Indenture. The Bonds are not payable from any of the education loans or other assets that are pledged under such other trust documents to secure such separately secured series of bonds, and the education loans and other assets pledged to secure the payment of the Bonds are not available to pay any such separately secured series of bonds issued under such other trust documents. See “SECURITY FOR THE SERIES 2018 BONDS.”

## **Servicing**

The Corporation currently acts as Servicer and as originator for all Program Loans. The Indenture permits additional or successor Servicers with respect to the Financed Eligible Loans, subject to certain requirements under the Indenture, including satisfaction of the Rating Agency Notification requirement. See “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

## **The Fixed Rate Loan Program**

Eligible Loans are credit-based, fixed-rate private education loans that are made to eligible borrowers to finance education expenses at eligible colleges and universities and in approved programs. Financed Eligible Loans are currently expected to bear fixed interest rates that are based on factors that include the repayment option selected by each approved borrower. Each Eligible Loan made to a student will include a cosigner meeting minimum credit and FICO credit score requirements and each Eligible Loan parent borrower will meet such requirements. An origination fee, which will vary based on the FICO credit score upon which credit approval is based, will be deducted from the Eligible Loan at each disbursement (or otherwise collected), except in the case of the highest credit scores. Each Eligible Loan is available for paying certified costs and expenses, net of other forms of financial aid, of attending eligible post-secondary institutions and certain other programs. Repayment options for Eligible Loans made to student borrowers include immediate repayment of principal and interest, interest only while at least in school half-time, and deferral of all payments while enrolled in school at least half-time. Repayment options for Eligible Loans made to parent borrowers are limited to immediate repayment of principal and interest and deferral of all payments for an initial period of up to twelve months. Eligible Loans of \$10,000 or more will have a repayment term of fifteen (15) years, while Eligible Loans of less than \$10,000 will have a repayment term of ten (10) years. These periods may be extended by forbearance for a cumulative total of up to three (3) years, at the discretion of the Corporation, for situations of documented financial hardship. All Financed Eligible Loans reaching 180 days of delinquency on any payment will be deemed to be in default. Once in default the Corporation may place such defaulted Financed Eligible Loans with a third-party collection agent. See “THE FIXED RATE LOAN PROGRAM,” “APPENDIX B — THE FIXED RATE LOAN PROGRAM” and “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018.”

The Corporation currently expects that substantially all Program Loans to be financed during the initial Origination Period applicable to the Series 2018 Bonds will have terms and conditions substantially similar to those described herein. Certain of such terms and conditions are specified under the Series 2018A&B Supplemental Indenture. The Corporation regularly reviews the terms and conditions of the Fixed Rate Loan Program and reserves the right, however, to apply available proceeds of the Series 2018 Bonds and any other funds available to it, including any available proceeds of Additional Bonds, to finance loans with terms and conditions that vary from those described herein, subject, in the case of terms and conditions specified under a Supplemental Indenture, to satisfaction of certain requirements under the Indenture, including satisfaction of the Rating Agency Notification requirement.

The description of the current Fixed Rate Loan Program included in this Official Statement does not address every type of loan the Corporation is authorized to originate, but does describe the types of fixed rate, private loans that are currently anticipated to be financed with the proceeds of the Series 2018 Bonds and Corporation moneys deposited to the Student Loan Fund.

**Purpose of Issuance**

The Series 2018 Bonds are being issued to provide funds, along with an equity deposit to be made by the Corporation, to finance Eligible Loans, pay certain costs of issuance of the Series 2018 Bonds and fund a deposit to the Debt Service Reserve Fund.

**Interest Payments on the Series 2018 Bonds**

Interest on the Series 2018 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will accrue from the Date of Issuance and be payable on each June 15 and December 15, commencing December 15, 2018 or, if any such day is not a Business Day, the next succeeding Business Day with the same force and effect as if made on the date specified for such payment, without additional interest, except that current payment of interest on the Series 2018B Bonds may be suspended under certain circumstances and, if suspended, would remain payable as Subordinate Carry-over Interest to the extent provided in the Indenture. See “— Subordinate Carry-over Interest” and “THE SERIES 2018 BONDS.”

**Subordinate Carry-over Interest**

The Indenture provides for the suspension of payment of current interest upon the Subordinate Bonds, including the Series 2018B Bonds, during the continuance of a Subordinate Suspended Interest Period with respect to such series of Subordinate Bonds, as described herein. The interest that would have been currently payable upon the Subordinate Bonds, including the Series 2018B Bonds, during any Subordinate Suspended Interest Period for such series shall accrue as Subordinate Carry-over Interest, along with accrued interest thereon at the applicable Subordinate Bond rate, until the earlier of the date upon which such Subordinate Carry-over Interest is paid or the date upon which it is extinguished without payment due to the principal payment of the Subordinate Bond to which the Subordinate Carry-over Interest applies. A “Subordinate Suspended Interest Period” with respect to any particular series of Subordinate Bonds is an accrual period commencing on any Subordinate Suspension Interest Date applicable to such series to, but not including, the next succeeding Interest Payment Date, and a “Subordinate Suspension Interest Date” is, with respect to the Series 2018B Bonds, any Interest Payment Date on which any Senior Bonds remain Outstanding if, as of the Subordinate Computation Date next preceding such Interest Payment Date, the Total Parity Percentage as determined by the Corporation as of such Subordinate Computation Date is less than ninety percent (90%). Other Total Parity Percentages may be designated for subsequently issued Subordinate Bonds. Ratings assigned to the Series 2018B Bonds do not address payment of Subordinate Carry-over Interest. See “THE SERIES 2018 BONDS — Subordinate Carry-over Interest.”

## **Security for the Series 2018 Bonds**

The Bonds, including the Series 2018 Bonds, are secured by and payable from the Trust Estate, which includes:

- 1) the Revenues (other than Revenues deposited in the Rebate Fund or the Operating Fund or otherwise released from the lien of the Trust Estate, as provided in the Indenture), which include all Recoveries of Principal, payments, proceeds, charges and other income received by the Trustee or the Corporation from or on account of any Financed Eligible Loan (including scheduled, delinquent and advance payments of interest);
- 2) all moneys and investments (including interest earned or gains realized) held in the Funds and Accounts (but excluding the Rebate Fund and the Operating Fund and subject to certain limitations with respect to application of the Capitalized Interest Fund and Debt Service Reserve Fund);
- 3) the Financed Eligible Loans, including any notes and documents evidencing the same and all extensions and renewals thereof; and
- 4) insofar as the same relate to Financed Eligible Loans, the rights of the Corporation in and to any and all Servicing Agreements.

See “— Priority.”

## **Priority**

The Series 2018A Bonds and the other Senior Bonds are secured equally and ratably by the security provided thereunder and are secured on a superior basis to the Series 2018B Bonds and any other Subordinate Bonds, the payment of the principal of and interest on which is subordinated to the payment of principal of and interest on the Senior Bonds. The Indenture provides that neither a failure to pay principal of or current interest on the Series 2018B Bonds or any other Subordinate Bonds while Senior Bonds remain Outstanding, nor a failure to pay Subordinate Carry-over Interest on any such Subordinate Bonds, that results from an insufficiency of funds that are available under the Indenture for such purposes would constitute an Event of Default thereunder. Additional Senior Bonds and additional Subordinate Bonds may be issued under the Master Indenture subject to certain requirements under the Indenture, including satisfaction of the Rating Agency Notification requirement. See “THE SERIES 2018 BONDS — Subordination of Series 2018B Bonds,” “SECURITY FOR THE SERIES 2018 BONDS — Subordination” and “CERTAIN INVESTMENT CONSIDERATIONS.”

## **Redemption and Acceleration**

The Series 2018 Bonds are subject to redemption prior to maturity and, under certain circumstances, prior to the first optional redemption date of June 15, 2026, provided that the Series 2018B Bonds are generally only subject to such redemption if no Senior Bonds remain Outstanding under the Master Indenture, except in certain circumstances, as described herein under the heading “REDEMPTION PROVISIONS.” The Corporation expects to redeem all or a portion of the Series 2018A Bonds and all or a portion of the Series 2018B Bonds prior to their respective scheduled maturities. The timing and percentage of the Series 2018A Bonds and of the Series 2018B Bonds that may be affected by any such redemption cannot be determined with certainty at this time. See “CERTAIN INVESTMENT CONSIDERATIONS — Redemption of Series 2018 Bonds,” “— Certain Actions May be Permitted Without Registered Owner Approval” and “— Payment of Financed Eligible Loans is Subject to Prepayment, Natural Disasters, Bankruptcy Laws and Other Uncertainty.”

## **Debt Service Reserve Fund**

A Debt Service Reserve Fund for the Bonds, including the Series 2018 Bonds, has been established under the Indenture. The Indenture requires that the Debt Service Reserve Fund be funded at the time of issuance of any Series of Bonds so that the amount on deposit in the Debt Service Reserve Fund shall at least equal the most recently established Debt Service Reserve Fund Requirement. Upon issuance of the Series 2018 Bonds, the Debt Service Reserve Fund Requirement will be the greater of: (i) 2.0% of the aggregate principal amount of the Bonds then Outstanding; or (ii) \$300,000. An additional deposit shall be made upon such issuance to increase the amount therein to the Debt Service Reserve Fund Requirement. Such Debt Service Reserve Requirement may be reduced subject to certain requirements of the Indenture, including satisfaction of the Rating Agency Notification requirement. The Indenture requires the replenishment of the Debt Service Reserve Fund from available Revenues if the balance thereof is less than the Debt Service Reserve Requirement and precludes transfers from the Debt Service Reserve Fund to pay debt service on Subordinate Bonds that would cause the remaining balance thereof to be less than the Debt Service Reserve Requirement would then be if determined solely on the basis of the Senior Bonds that are then Outstanding. See “ESTIMATED SOURCES AND USES OF FUNDS” and “SECURITY FOR THE SERIES 2018 BONDS — Debt Service Reserve Fund” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

**Securities Depository**

Individual purchases of the Series 2018 Bonds may be made in book-entry form only and purchasers of the Series 2018 Bonds will not receive physical delivery of bond certificates, except as more fully described herein. The Series 2018 Bonds are to be issued in fully registered form and are initially to be registered in the name of Cede & Co., as nominee for The Depository Trust Company, as securities depository for the Series 2018 Bonds (“DTC”). Purchases and sales by Beneficial Owners of the Series 2018 Bonds are to be made in book-entry form only and in Authorized Denominations. So long as Cede & Co. is the Registered Owner of the Series 2018 Bonds, all payments of principal of and interest on the Series 2018 Bonds are to be made by the Trustee to Cede & Co., as nominee for DTC. Such payments are to be remitted by DTC to the Participants for subsequent disbursements to the Beneficial Owners. See “THE SERIES 2018 BONDS — Denomination and Payment” and “— Book-Entry Form.”

In reading this Official Statement, it should be understood that while the Series 2018 Bonds are in book-entry form, references in this Official Statement to Registered Owners of the Series 2018 Bonds should be read to include the person for whom the Participant acquires an interest in the Series 2018 Bonds, but: (a) all rights of ownership must be exercised through DTC and the book-entry system as described more fully herein; and (b) notices that are to be given to Registered Owners of the Series 2018 Bonds by the Corporation or the Trustee will be given only to DTC.

**Initial Collateralization**

Upon the issuance of the Series 2018 Bonds and initial application of the proceeds, including a contribution of the Corporation, the cash and investments pledged under the Indenture securing the Bonds, including the Series 2018 Bonds, will equal approximately 130.96% of the principal amount of the Senior Bonds and will equal approximately 118.98% of the principal amount of the Senior Bonds and the Subordinate Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

**Certain Investment Considerations**

Investment in the Series 2018 Bonds entails investment risks, certain of which are identified in this Official Statement under the heading “CERTAIN INVESTMENT CONSIDERATIONS.” These considerations do not constitute the only factors to consider prior to making an investment decision with respect to the Series 2018 Bonds or the only factors that may affect the economic interests of Beneficial Owners of the Series 2018 Bonds. The descriptions included under such caption are intended only to indicate the nature of the considerations identified and are not exhaustive discussions of the potential effects of such considerations.

## **Special Obligations**

THE CORPORATION HAS NO TAXING POWER. THE BONDS, INCLUDING THE SERIES 2018 BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CORPORATION. THE CORPORATION SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, INCLUDING THE SERIES 2018 BONDS, EXCEPT FROM THE REVENUES AND ASSETS PLEDGED UNDER THE INDENTURE. THE BONDS, INCLUDING THE SERIES 2018 BONDS, DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF THE FAITH AND CREDIT, THE TAXING POWER OR THE MORAL OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, INCLUDING THE SERIES 2018 BONDS. THE BONDS, INCLUDING THE SERIES 2018 BONDS, ARE PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY AS PROVIDED IN THE INDENTURE.

## **Ratings**

The Series 2018A Bonds are expected to be rated “Asf” by Fitch Inc. (“Fitch”) and “A(sf)” by S&P Global Ratings (“S&P”). The Series 2018B Bonds are expected to be rated “BBBsf” by Fitch and “BBB(sf)” by S&P. Assignment of such ratings is a precondition to issuance of the Series 2018 Bonds. Neither the Corporation nor the Underwriter has undertaken any responsibility either to provide notice of any proposed change in or withdrawal of such ratings or to oppose any such proposed revisions, although certain rating changes are reportable pursuant to the proposed Continuing Disclosure Agreement for the Series 2018 Bonds. See “CERTAIN INVESTMENT CONSIDERATIONS — Certain Actions May be Permitted Without Registered Owner Approval,” “RATINGS,” “CONTINUING DISCLOSURE” and “APPENDIX E — PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.”

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**OFFICIAL STATEMENT**  
**of the**  
**VERMONT STUDENT ASSISTANCE CORPORATION**  
**relating to its**  
**\$37,055,000 Education Loan Revenue Bonds**  
**consisting of**  
**\$32,555,000 Senior Series 2018A**  
**(Tax-Exempt Fixed Rate AMT Bonds)**  
**and**  
**\$4,500,000 Subordinate Series 2018B**  
**(Tax-Exempt Fixed Rate AMT Bonds)**

This Official Statement, which includes the cover page, the Summary Statement and the Appendices hereto, provides information in connection with the issuance by the Vermont Student Assistance Corporation (the "Corporation") of its \$32,555,000 Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds) (the "Series 2018A Bonds") and its \$4,500,000 Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds) (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Series 2018 Bonds"). The Series 2018 Bonds are being issued pursuant to the provisions of the State Act (as defined herein) and under an Indenture of Trust, dated as of July 1, 2012 (as previously amended and supplemented, the "Master Indenture"), and a Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018 (the "Series 2018A&B Supplemental Indenture" and together with the Master Indenture and all other supplements and amendments thereto, the "Indenture"), each between the Corporation and People's United Bank, National Association, a national banking association, Burlington, Vermont, as trustee (the "Trustee").

The Series 2018A Bonds are the fifth series of senior bonds issued by the Corporation pursuant to the Master Indenture and are secured thereunder on a basis of parity with the Corporation's \$20,635,000 Education Loan Revenue Bonds, Senior Series 2012A (the "Series 2012A Bonds"), \$15,595,000 Education Loan Revenue Bonds, Senior Series 2013A (the "Series 2013A Bonds"), \$27,900,000 Education Loan Revenue Bonds, Senior Series 2016A (the "Series 2016A Bonds") and \$42,305,000 Education Loan Revenue Bonds, Senior Series 2017A (the "Series 2017A Bonds" and, collectively with the Series 2012A Bonds, the Series 2013A Bonds and the Series 2016A Bonds, the "Prior Master Indenture Senior Bonds") and with any additional series of bonds that may be issued by the Corporation under the Master Indenture as senior bonds (collectively, with the Series 2018A Bonds and the Prior Master Indenture Senior Bonds, the "Senior Bonds"). The Series 2018B Bonds are the second series of subordinate bonds issued by the Corporation pursuant to the Master Indenture and are secured thereunder on a basis that is subordinate to the Senior Bonds and on a parity with the Corporation's Education Loan Revenue Bonds, Subordinate Series 2017B (the "Prior Master Indenture Subordinate Bonds" and, collectively with the Prior Master Indenture Senior Bonds, the "Prior Master Indenture Bonds") and any additional series of bonds that may be issued in the future as subordinate bonds under the Master Indenture (collectively, with the Series 2018B Bonds and the Prior Master Indenture Subordinate Bonds, the "Subordinate Bonds"). \$92,520,000 of Prior Master Indenture Senior Bonds and \$8,100,000 of Prior Master Indenture Subordinate Bonds remain Outstanding. The term "Additional Bonds," as used herein, means any such additional bonds issued as Senior Bonds or as Subordinate Bonds, and the term "Bonds," as used herein, shall refer to the Prior Master Indenture Bonds, the Series 2018 Bonds and any Additional Bonds that may be issued in the future under the Indenture.

All capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings provided in "APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" or, if not provided therein, in the Indenture.

## INTRODUCTION

The Corporation is a nonprofit public corporation created in 1965 and existing under and by virtue of Chapter 87 of Title 16 of the Vermont Statutes Annotated, as amended (the “State Act”). The State Act provides that the Corporation is to provide opportunities for residents of the State of Vermont and nonresidents attending a post-secondary institution in the State of Vermont to pursue post-secondary education by awarding grants and guaranteeing, making, financing and servicing loans to students qualifying under the State Act.

The Series 2018 Bonds are being issued as fixed rate bonds and will mature on the dates and bear interest at the rates shown on the inside cover page hereof. The Series 2018 Bonds are subject to redemption prior to maturity and, under certain circumstances, prior to the first optional redemption date of June 15, 2026, provided that the Series 2018B Bonds are only subject to such redemption if no Senior Bonds remain Outstanding, except under certain circumstances. See “REDEMPTION PROVISIONS.”

It is presently expected that the proceeds of the Series 2018 Bonds will be used for the purpose of providing funds, along with an equity deposit to be made by the Corporation, to finance education loans pursuant to the Corporation’s currently existing credit-based, fixed-rate private education loan program (the “Fixed Rate Loan Program” and “Program Loans”), to pay certain costs of issuance of the Series 2018 Bonds and to fund a deposit to the Debt Service Reserve Fund, in addition to the pre-existing Debt Service Reserve Fund balance. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Program Loans that are eligible to be financed from funds held under the Indenture are referred to therein as “Eligible Loans” and, to the extent so financed, as “Financed Eligible Loans.” Eligible Loans generally may be made only to students who are residents of the State of Vermont or nonresidents attending a post-secondary institution in the State of Vermont and are made to finance post-secondary education at eligible colleges and universities or in approved programs or to parents for the benefit of such students. See “APPENDIX B — THE FIXED RATE LOAN PROGRAM — Eligible Borrowers.” Financed Eligible Loans will not be reinsured or guaranteed by the Secretary of the United States Department of Education (the “Secretary” or the “Secretary of Education”) under the Higher Education Act of 1965, as amended (the “Higher Education Act”), the Corporation or any other person other than a cosigner. See “THE FIXED RATE LOAN PROGRAM” and “APPENDIX B — THE FIXED RATE LOAN PROGRAM.”

The Series 2018A Bonds and the Series 2018B Bonds are the sixth and seventh series of Bonds, respectively, issued pursuant to the Master Indenture for the purpose of financing Program Loans. The Corporation previously issued Prior Master Indenture Bonds in an aggregate original principal amount of \$80,635,000 and also previously issued its Education Loan Revenue Bonds, Senior Series 2010A-1 (the “Series 2010A-1 Bonds”), its Education Loan Revenue Bonds, Senior Series 2011A-1 (the “Series 2011A-1 Bonds”), its Education Loan Revenue Bonds, Senior Series 2014A (the “Series 2014A Bonds”) and its Education Loan Revenue Bonds, Senior Series 2015A (the “Series 2015A Bonds” and, collectively with the Series 2010A-1 Bonds, the Series 2011A-1 Bonds and the Series 2014A Bonds, the “Separately Secured Program Loan Bonds”) in an aggregate original principal amount of \$85,120,000, under separate indentures of trust for the purpose of financing Program Loans. The Prior Master Indenture Senior Bonds are secured on parity with the Series 2018A Bonds and are payable from assets held under the Indenture. The Series 2018B Bonds are secured on a basis that is subordinate to the Series 2018A Bonds and the other Senior Bonds, and are secured on parity with the Prior Master Indenture Subordinate Bonds. The Corporation has also issued numerous series of other bonds for the purpose of financing other education loans. As of the date hereof, approximately \$10,000,000 Prior Master Indenture Bond proceeds and substantially no Separately Secured Program Loan Bond proceeds remain available for application to fund Eligible Loans. The Separately Secured Program Loan Bonds and such other bonds are secured separate and apart from the Bonds and are not payable from assets held under the Master Indenture. The Program Loans and other assets securing the Separately Secured Program Loan Bonds, and the education loans and other assets securing such other bonds, are not available to fund payments under the Master Indenture, including the payment of principal of or interest on the Series 2018 Bonds.

The origination period for the Series 2018 Bonds will begin on the date of issuance of the Series 2018 Bonds (the “Date of Issuance”) and end on June 15, 2019, subject to certain minimum aggregate origination requirements, unless extended upon satisfaction of certain Indenture requirements, including the Rating Agency Notification requirement. The Corporation currently expects that substantially all Program Loans to be financed during the Origination Period and in conformance with such origination requirements applicable to the Series 2018 Bonds will be Eligible Loans as described herein and will be financed with amounts deposited to the Student Loan Fund. See “REDEMPTION PROVISIONS — Mandatory Redemption Due to Non-Origination.”

The Corporation established the Fixed Rate Loan Program in 2010. In addition, the Corporation has substantial experience as lender, servicer and guarantor of certain student loans (“Federal Act Loans”) authorized by and in compliance with the provisions of the Higher Education Act, loans (“HEAL Loans”) insured by the Secretary of the United States Department of Health and Human Services and various credit-based and non-credit-based variable rate private education loans which the Corporation has offered prior to the Fixed Rate Loan Program. In addition, the Corporation administers a program of grants, scholarships, work study and outreach services; career, education and financial aid counseling; related information services; and a Section 529 savings plan. The Corporation believes that it is able to estimate the demand for the Fixed Rate Loan Program and perform its responsibilities with respect to the Fixed Rate Loan Program. See “THE FIXED RATE LOAN PROGRAM,” “CERTAIN INVESTMENT CONSIDERATIONS — Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations” and “— Composition and Characteristics of the Financed Eligible Loans May Change,” “APPENDIX B — THE FIXED RATE LOAN PROGRAM — Fixed Rate Loan Program Portfolio Information” and “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018.”

THE CORPORATION HAS NO TAXING POWER. THE BONDS, INCLUDING THE SERIES 2018 BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CORPORATION. THE CORPORATION SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, INCLUDING THE SERIES 2018 BONDS, EXCEPT FROM THE REVENUES AND ASSETS PLEDGED UNDER THE INDENTURE. THE BONDS, INCLUDING THE SERIES 2018 BONDS, DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF THE FAITH AND CREDIT, THE TAXING POWER OR THE MORAL OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, INCLUDING THE SERIES 2018 BONDS. THE BONDS, INCLUDING THE SERIES 2018 BONDS, ARE PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY AS PROVIDED IN THE INDENTURE.

The descriptions of the State Act, the Indenture and the Series 2018 Bonds contained herein do not purport to be definitive or comprehensive. All descriptions of such documents, statutes and any proposed legislation contained herein are qualified in their entirety by reference to such documents, statutes and proposed legislation. Copies of the Indenture may be obtained upon written request to the Vermont Student Assistance Corporation, P.O. Box 2000, 10 East Allen Street, Winooski, Vermont 05404-2601, Attention: President.

### **THE SERIES 2018 BONDS**

The Series 2018A Bonds will be issued in the aggregate amount of \$32,555,000, and the Series 2018B Bonds will be issued in the aggregate amount of \$4,500,000, each as fixed rate bonds dated the Date of Issuance. The Series 2018 Bonds will mature on the dates and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Issuance to maturity (or prior redemption) at the applicable rates, all as set forth on the inside cover page hereof.

## **Authorization**

On April 16, 2018, the Board of Directors of the Corporation adopted a resolution that authorized the execution and delivery of the Series 2018A&B Supplemental Indenture and this Official Statement and the issuance and sale of the Series 2018 Bonds. The Series 2018 Bonds are being issued under the Indenture and in accordance with the State Act.

## **Subordination of Series 2018B Bonds**

The Series 2018B Bonds are Subordinate Bonds under the Indenture and will be subordinate to all Senior Bonds, including the Prior Master Indenture Senior Bonds, the Series 2018A Bonds and any additional Senior Bonds that may be issued in the future. The Indenture provides that neither a failure to pay principal of or current interest on the Subordinate Bonds, including the Series 2018B Bonds, while any Senior Bonds remain Outstanding, nor a failure to pay Subordinate Carry-over Interest, that results from an insufficiency of funds that are available under the Indenture for such purposes would constitute an Event of Default thereunder. The Indenture permits the issuance of Additional Bonds as Senior Bonds or as Subordinate Bonds, subject to certain Indenture requirements. No assurance can be given that any additional Subordinate Bonds will be issued or that additional Senior Bonds will not be issued. See “SECURITY FOR THE SERIES 2018 BONDS — Subordination” and “CERTAIN INVESTMENT CONSIDERATIONS — Suitability” and “— Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest.”

## **Subordinate Carry-over Interest**

Subordinate Bonds, including the Series 2018B Bonds, bear interest that is generally payable on a current basis on each Interest Payment Date, subject to the applicability, while any Senior Bonds remain Outstanding, of a Subordinate Suspended Interest Period with respect to such Series of Subordinate Bonds. The Indenture provides that interest that would otherwise be payable with respect to a Subordinate Suspended Interest Period for such series shall not be paid during the continuation of such period. The Indenture further provides that such unpaid interest shall be deemed to be Subordinate Carry-over Interest, which shall accrue interest at the same annual rate that is applicable to the accrual of interest on the Subordinate Bond to which the Subordinate Carry-over Interest applies, compounded semi-annually on each Interest Payment Date, shall thereafter only be payable (along with such accrued interest) upon an Interest Payment Date on or subsequent to a Subordinate Restoration Interest Date, if any, on or prior to the principal payment date of the applicable Subordinate Bonds, and upon such principal payment, and shall be extinguished without payment if not paid upon the date of principal payment of the Subordinate Bond to which such Subordinate Carry-over Interest applies. A “Subordinate Suspended Interest Period” with respect to any particular series of Subordinate Bonds is an accrual period commencing on any Subordinate Suspension Interest Date applicable to such series to, but not including, the next succeeding Interest Payment Date, and a “Subordinate Suspension Interest Date” is, with respect to the Prior Master Indenture Subordinate Bonds and the Series 2018B Bonds, any Interest Payment Date on which any Senior Bonds remain Outstanding if, as of the Subordinate Computation Date next preceding such Interest Payment Date, the Total Parity Percentage as determined by the Corporation as of such Subordinate Computation Date is less than ninety percent (90%). Other Total Parity Percentages may be designated for subsequently issued Subordinate Bonds. A “Subordinate Restoration Event” is, with respect to the Prior Master Indenture Subordinate Bonds and the Series 2018B Bonds, any Interest Payment Date if, (i) as of the Subordinate Computation Date next preceding such Interest Payment Date, the Total Parity Percentage as determined by the Corporation as of such Subordinate Computation Date is at or above ninety percent (90%) or (ii) no Senior Bonds will remain Outstanding after payment of debt service thereon on such Interest Payment Date. A “Subordinate Restoration Interest Date” is, with respect to the Series 2018B Bonds, the Interest Payment Date next succeeding a Subordinate Restoration Event.

Pursuant to the Indenture, any payment of Subordinate Carry-over Interest shall be allocated pro-rata to each Subordinate Bond to which Subordinate Carry-over Interest then applies on the basis of the respective unpaid amounts of Subordinate Carry-over Interest thereon. The Indenture provides that, even when no Senior

Bonds remain Outstanding, a failure to pay all or any part of Subordinate Carry-over Interest resulting from any of the non-occurrence of a Subordinate Restoration Interest Date subsequent to a Subordinate Suspended Interest Period, an insufficiency of Indenture funds that are available therefor or extinguishment upon the principal payment of a Subordinate Bond to which the Subordinate Carry-over Interest applies would not constitute an Event of Default thereunder.

Although the Indenture includes Subordinate Carry-over Interest within the calculation of interest, as such term is used for purposes of certain Indenture provisions, the terms “debt service,” “principal” and “interest,” as used generally in the front portion of this Official Statement (without respect to capitalization), do not include within the respective meanings of such terms any related Subordinate Carry-over Interest, except where the term “Subordinate Carry-over Interest” is expressly referred to. The term “Subordinate Carry-over Interest,” as used for purposes of the Indenture and herein, includes accrued interest on any Subordinate Carry-over Interest. See “CERTAIN INVESTMENT CONSIDERATIONS — Suitability” and “— Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Definitions” and “— Funds.”

### **Book-Entry Form**

**The Corporation and the Underwriter cannot and do not give any assurances that DTC, Participants or others will properly distribute: (i) payments of debt service on the Series 2018 Bonds paid to DTC, or its nominee owner, as the registered owners; or (ii) any redemption or other notices, to the purchasers of the Series 2018 Bonds, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.**

**The Corporation may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to the beneficial owners of the Series 2018 Bonds. See “— Transfer, Exchange and Registration.”**

*Direct Participants and Indirect Participants (as such terms are defined below and, collectively, “Participants”) may impose service charges on book-entry interest owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.*

**NEITHER THE CORPORATION NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO: THE ACCURACY OF THE RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; PAYMENTS TO, OR THE PROVIDING OF NOTICE FOR, ANY PARTICIPANT OR BOOK-ENTRY INTEREST OWNERS; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2018 BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED OWNER OF SERIES 2018 BONDS.**

The Corporation and the Trustee have no role in the purchases, transfers or sales of book-entry interests. The rights of book-entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book-entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests. The Corporation and the Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership. For ease of reference in this and other discussions, reference to “DTC” includes when applicable any successor securities depository and the nominee of the depository. For all purposes under the Indenture, DTC will be and will be considered by the Corporation and the Trustee to be the owner or holder of the Series 2018 Bonds. Owners of book-entry interests in the Series 2018 Bonds (book-

entry interest owners) will not receive or have the right under the Indenture to receive physical delivery of the Series 2018 Bonds.

**The description which follows concerning DTC and DTC's book-entry securities depository procedures with respect to beneficial ownership interests in the Series 2018 Bonds, payment of the principal of and interest on the Series 2018 Bonds, and Subordinate Carry-over Interest on the Series 2018B Bonds, to Participants or to Beneficial Owners (as such term is defined below); confirmation and transfer of beneficial ownership interests in the Series 2018 Bonds; and other securities related transactions by and between DTC, Participants and Beneficial Owners, is based solely on information furnished by DTC and has not been independently verified by the Corporation, the Underwriter or their respective counsel or Bond Counsel. The inclusion of this information is not, and should not be construed as, a representation by the Corporation or the Underwriter or their respective counsel or Bond Counsel as to its accuracy or completeness or otherwise and references to any websites under the following caption are not incorporated by reference herein. All statements in this Official Statement addressing the method of allocating payment of interest or, if applicable, Subordinate Carry-over Interest among Bonds of the same series, maturity and (if applicable) interest rate, are subject to DTC procedures at the time of payment.**

### **The Securities Depository**

DTC will act as securities depository for the Series 2018 Bonds. The Series 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each series, maturity and (if applicable) interest rate of the Series 2018 Bonds in the aggregate principal amount of such maturity, as set forth on the inside cover page hereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018A Bond or each Series 2018B Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the

Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2018 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2018 Bonds of the same series within a maturity (or, if applicable, interest rate within a maturity) are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and any other redemption payments with respect to the Series 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Corporation or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Corporation or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and any other redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

***Direct Participants and Indirect Participants may impose service charges on book-entry interest owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.***

### **Denomination and Payment**

The Series 2018 Bonds are initially being issued in denominations of \$5,000 and any integral multiple thereof (“Authorized Denominations”). Both the principal of and the interest on the Series 2018 Bonds will be payable in any lawful money of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Except as provided in the Indenture, payment of the principal of all Series 2018 Bonds is to be made upon the presentation and surrender of such at the Principal Office of the Trustee as the same becomes due and payable.

Other than as provided in the Indenture with respect to the Series 2018 Bonds held in the Book-Entry System, interest shall be paid: (i) by federal funds wire transfer by the Trustee to any account within the continental United States upon written instruction of the Registered Owner of at least \$1,000,000 in principal amount of the Series 2018 Bonds; (ii) by check or draft mailed on the Interest Payment Date by the Trustee to each Registered Owner at his address as it last appears on the registration records kept by the Trustee at the close of business on the regular Record Date (as hereinafter defined under the caption “—Record Date for Interest Payment”) for such Interest Payment Date; or (iii) by such other customary banking arrangement acceptable to the Trustee at the request of and at the risk and expense of the Registered Owner.

Interest on any Series 2018 Bond that is payable on any Interest Payment Date and that is punctually paid or duly provided for is payable to the person in whose name such Series 2018 Bond is registered at the close of business on the Record Date for such interest.

### **Record Date for Interest Payment**

The record date for the interest payable on any Interest Payment Date on Series 2018 Bonds means the Business Day immediately preceding the Interest Payment Date (the “Record Date”). The Trustee will establish a Special Record Date whenever money becomes available for payment of defaulted interest. Notice of the Special Record Date will be given to the Registered Owners of the Series 2018 Bonds not less than 10 days prior thereto by first-class mail to each such Registered Owner as shown on the Trustee’s registration records on the date selected by the Trustee, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest, which payment date will be not more than 15 nor less than 10 days after the Special Record Date. See “—Subordinate Carry-over Interest.”

### **Transfer, Exchange and Registration**

In the event the Book-Entry System is discontinued, the Series 2018 Bonds may be transferred and exchanged on the books of the Corporation, which shall be kept for such purpose at the Principal Office of the Trustee, by the Registered Owner only upon presentation and surrender thereof at the Principal Office of the Trustee. Series 2018 Bonds are transferable upon the surrender thereof, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, to the Trustee. The Corporation is required to execute and the Trustee is required to authenticate and deliver such new fully registered Series 2018 Bonds. See “— Book-Entry Form” above for a description of the system to be utilized initially in regard to ownership and transferability of the Series 2018 Bonds.



The Trustee may charge each Registered Owner requesting a transfer or exchange any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee shall not be required to transfer or exchange any Series 2018A Bond or any Series 2018B Bond after giving notice that such Bond or portion thereof has been selected for redemption as herein described.

## **Trustee**

People's United Bank, National Association, a national banking association, will serve as Trustee for the Series 2018 Bonds. The Trustee may resign or be removed; provided, however the resignation or removal will not be effective until a successor has been appointed and has accepted the appointment. All notices required to be delivered to the Trustee shall be delivered by mail delivery/overnight mail to: People's United Bank, Institutional Trust Department, Two Burlington Square, Burlington, Vermont 05401.

## **REDEMPTION PROVISIONS**

### **Optional Redemption**

The Series 2018A Bonds maturing on and after June 15, 2027 are subject to redemption at the option of the Corporation, in whole or in part, in such maturities and amounts as may be directed by the Corporation (and by lot within a maturity), with such adjustments as the Corporation may determine to enable the Series 2018A Bonds to be redeemed in Authorized Denominations, commencing June 15, 2026, and on any date thereafter, at a redemption price equal to 100% of the principal amount of the Series 2018A Bonds to be redeemed, plus accrued interest, if any, to the redemption date.

The Series 2018B Bonds are subject to redemption at the option of the Corporation, in whole or in part, in such Authorized Denominations as may be directed by the Corporation (by lot), commencing June 15, 2026, and on any date thereafter, at a redemption price equal to 100% of the principal amount of the Series 2018B Bonds to be redeemed, plus accrued interest, if any, to the redemption date (excluding any unpaid Subordinate Carry-over Interest); provided that the Series 2018B Bonds shall only be subject to such redemption if, after giving effect to the redemption of such Series 2018B Bonds and any other Bonds and to the use of any other amounts held under the Indenture to and including the redemption date, either (x) no Senior Bonds would remain Outstanding or (y) the Senior Parity Percentage will be at least 130% and Total Parity Percentage will be at least 125%; provided, however, that such percentages may be lowered if the Corporation has satisfied the Rating Agency Notification with respect to S&P (if S&P is then rating the Bonds at the request of the Corporation) and if the Corporation has satisfied the Rating Agency Confirmation with respect to Fitch (if Fitch is then rating the Bonds at the request of the Corporation). See "APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds — *Revenue Fund*."

### **Extraordinary Redemption**

The Series 2018A Bonds are subject to extraordinary redemption by the Corporation, in whole or in part, on any Interest Payment Date, in such maturities and amounts as may be directed by the Corporation (and by lot within a maturity), with such adjustments as the Corporation may determine to enable the Series 2018A Bonds to be redeemed in Authorized Denominations, at a redemption price equal to (i) in the case of Series 2018A Bonds maturing on and prior to June 15, 2028 (the "Series 2018A Lockout Premium Bonds"), and the Series 2018A Bonds maturing June 15, 2031 and June 15, 2032, the principal amount thereof, together with accrued interest thereon, if any, to the redemption date, plus the unamortized original issuance premium, as reflected upon the inside cover page hereof, and (ii) in the case of all other Series 2018A Bonds, 100% of the principal amount of the Series 2018A Bonds to be redeemed, plus any interest accrued to the redemption date, from moneys identified to the Trustee by an Authorized Representative of the Corporation, in an aggregate amount deemed by the Corporation to be necessary to avoid an Event of Default under the Master Indenture, as evidenced by a Corporation Order given to the Trustee at least forty-five (45) days before the redemption date specified therein.

The Series 2018B Bonds are subject to extraordinary redemption by the Corporation, in whole or in part, on any Interest Payment Date, in such amounts as may be directed by the Corporation (and by lot), with such adjustments as the Corporation may determine to enable the Series 2018B Bonds to be redeemed in Authorized Denominations, at a redemption price equal to 100% of the principal amount of the Series 2018B Bonds to be redeemed, plus any interest accrued to the redemption date (excluding any unpaid Subordinate Carry-over Interest), from moneys identified to the Trustee by an Authorized Representative of the Corporation, in an aggregate amount deemed by the Corporation to be necessary to avoid an Event of Default under the Master Indenture, as evidenced by a Corporation Order given to the Trustee at least forty-five (45) days before the redemption date specified therein; provided that the Series 2018B Bonds shall only be subject to such redemption if, after giving effect to the redemption of Senior Bonds on such date, no Senior Bonds would remain Outstanding.

### **Mandatory Redemption Due to Non-Origination**

The Series 2018A Bonds and the Series 2018B Bonds are subject to mandatory redemption, in whole or in part, in any Authorized Denomination, at a redemption price equal to: (i) in the case of Series 2018A Lockout Premium Bonds, and the Series 2018A Bonds maturing June 15, 2031 and June 15, 2032, the principal amount thereof, together with accrued interest thereon, if any, to the redemption date, plus the unamortized original issue premium, as reflected upon the inside cover page hereof; and (ii) in the case of all other Series 2018A Bonds and Series 2018B Bonds, 100% of the principal amount of such Bonds to be redeemed, plus any interest accrued to the redemption date (excluding any unpaid Subordinate Carry-over Interest), on the earliest practicable date for which the required notice of redemption can be given under the Indenture (but in no event more than 60 days after each respective date set forth in the following disbursement schedule (the “Disbursement Schedule”) to the extent that the amount deposited to the Student Loan Fund upon issuance of the Series 2018A Bonds and the Series 2018B Bonds has not been disbursed on Eligible Loans in accordance with the Disbursement Schedule; provided, that the Series 2018B Bonds shall be subject to such redemption on a pro-rata basis with the Series 2018A Bonds as more fully described below:

#### **Disbursement Schedule**

<u>Date</u>	<u>Minimum Disbursement Amount</u>
October 31, 2018	\$ 6,708,000
February 28, 2019	22,878,000
June 15, 2019 <sup>†</sup>	37,200,000 <sup>††</sup>

<sup>†</sup> Last day of the initial Origination Period.

<sup>††</sup> Amount initially deposited to the Student Loan Fund.

The amount of Series 2018A Bonds and Series 2018B Bonds to be redeemed pursuant to the mandatory redemption described under this subheading shall be equal to the difference between the amount deposited to the Student Loan Fund upon the issuance of the Series 2018A Bonds and the Series 2018B Bonds and disbursed on Eligible Loans and the amount required to be disbursed in accordance with the Disbursement Schedule (the “Unexpended Amounts”); provided, however, with respect to the amount required to be disbursed by the end of the Origination Period, that undisbursed amounts on any Approved Undisbursed Loans shall be deemed for this purpose to have been fully disbursed. The Indenture provides that the Unexpended Amounts on deposit in the Student Loan Fund, if any, shall be transferred on each date set forth in the Disbursement Schedule to the Retirement Account of the Debt Service Fund in order to effect any such mandatory redemption described under this subheading.

Each of the amounts and dates set forth in the Disbursement Schedule (including the last day of the initial Origination Period) may be changed subject to certain requirements of the Indenture, including satisfaction of the Rating Agency Notification requirement. The Origination Period for the Series 2018A Bonds and the Series 2018B Bonds is initially the period commencing on the Date of Issuance and ending on

June 15, 2019. See “CERTAIN INVESTMENT CONSIDERATIONS — Certain Actions May be Permitted Without Registered Owner Approval” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds — *Student Loan Fund*.”

Each amount set forth in the Disbursement Schedule under the column “Minimum Disbursement Amount” shall be reduced by the principal amount of any Series 2018A Bonds and any Series 2018B Bonds previously redeemed pursuant to a mandatory redemption described under this subheading. The Series 2018A Bonds and the Series 2018B Bonds to be so redeemed shall be selected: *first*, on a pro-rata basis, as between the Series 2018A Bonds and the Series 2018B Bonds; and, *second*, within each such series, on a pro-rata basis among all maturities of the Series 2018A Bonds or of the Series 2018B Bonds, as applicable, in each case based on the respective Outstanding principal amounts of each series or maturity within a series, as applicable, at the time of determination (and by lot within a maturity), with such adjustments as the Corporation may determine to enable the Series 2018A Bonds and the Series 2018B Bonds, as applicable, to be redeemed in Authorized Denominations.

The Corporation currently expects to use all of the amounts deposited to the Student Loan Fund upon the issuance of the Series 2018 Bonds to originate Eligible Loans by June 15, 2019, other than amounts committed by that date to fund Approved Undisbursed Loans. There can be no assurances, however, that Eligible Loans will be originated or committed in such amount or by such date. See “ESTIMATED SOURCES AND USES OF FUNDS,” “CERTAIN INVESTMENT CONSIDERATIONS — Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations,” “— Program Restrictions,” “— Changes in Relevant Laws” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds — *Student Loan Fund*.”

### **Mandatory Redemption from Excess Revenues**

#### *General*

The Series 2018 Bonds, the Prior Master Indenture Senior Bonds and any Additional Bonds (excluding the Series 2012A Bonds maturing June 15, 2019, June 15, 2020 and June 15, 2021 that were initially sold at prices in excess of 100%, the Series 2016A Bonds maturing on or prior to June 15, 2026 that were initially sold at prices in excess of 100%, the Series 2017A Bonds maturing on or prior to June 15, 2027 that were initially sold at prices in excess of 100%, and the Series 2018A Lockout Premium Bonds and, as and to the extent so provided in a Supplemental Indenture, any excluded Additional Bonds) are subject to mandatory redemption prior to maturity, in whole or in part, on each Interest Payment Date, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest, if any, to the redemption date (excluding any unpaid Subordinate Carry-over Interest), from all Excess Revenues (including, without limitation, amounts derived from or allocable to Financed Eligible Loans and other amounts deposited in the Revenue Fund) available in the Retirement Account of the Debt Service Fund and not otherwise then required for cumulative mandatory sinking fund redemption, on the last Business Day of the calendar months of April and October. The Indenture permits the Corporation to take certain actions that may affect the amount of Excess Revenues available for transfer to the Retirement Account of the Debt Service Fund. See “CERTAIN INVESTMENT CONSIDERATIONS — Certain Actions May be Permitted Without Registered Owner Approval” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds — *Revenue Fund*.”

#### *Mandatory Redemption of Series 2018A Bonds and Other Senior Bonds from Excess Revenues.*

In the case of any mandatory redemption from Excess Revenues, Senior Bonds subject to such redemption (including the Series 2018A Bonds and the Prior Master Indenture Senior Bonds, other than the excluded premium Bonds more particularly described above and in the case of the Series 2018A Bonds being the Series 2018A Lockout Premium Bonds) will be redeemed in their entirety prior to Subordinate Bonds (including the Series 2018B Bonds), and Senior Bonds that are subject to such redemption will be selected for

redemption on a pro-rata basis among the maturities of such Senior Bonds based upon the Outstanding principal amounts of such Senior Bonds of such maturity that are subject to such redemption from Excess Revenues at the time of determination without regard to Series (and by lot within a maturity), with such adjustments as the Corporation may determine to enable the Senior Bonds to be redeemed in Authorized Denominations, at a redemption price of par plus accrued interest to the redemption date, except that the Corporation may reserve the right, with respect to any such redemption of Senior Bonds (including the Series 2018A Bonds) from time to time, to apply such amounts or portions of such amounts not otherwise then required for cumulative mandatory sinking fund redemption to redemption of specific maturities of future Series of Senior Bonds as, and to the extent, so provided in the Supplemental Indenture authorizing the issuance of such Senior Bonds.

*Mandatory Redemption of Series 2018B Bonds and Other Subordinate Bonds from Excess Revenues*

In the case of any mandatory redemption from Excess Revenues, Subordinate Bonds subject to such redemption (including the Series 2018B Bonds) will be redeemed only if, after giving effect to the redemption of Senior Bonds on such date, no Senior Bonds that are then subject to such redemption are then Outstanding, and Subordinate Bonds that are subject to such redemption, including the Series 2018B Bonds, will be selected for redemption on a pro-rata basis among the maturities of such Subordinate Bonds based upon the Outstanding principal amounts of such Subordinate Bonds of such maturity that are subject to such redemption from Excess Revenues at the time of determination without regard to Series (and by lot within a maturity), with such adjustments as the Corporation may determine to enable the Subordinate Bonds to be redeemed in Authorized Denominations, at a redemption price of par plus accrued interest to the redemption date (excluding any unpaid Subordinate Carry-over Interest). See “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds — *Revenue Fund*.”

*Excess Revenues*

The Corporation has covenanted in the Indenture to effect such redemption from all amounts transferred from the Revenue Fund to the Retirement Account of the Debt Service Fund as described in the following paragraph. See “SECURITY FOR THE SERIES 2018 BONDS — Issuance of Additional Bonds and Certain Other Actions,” “CERTAIN INVESTMENT CONSIDERATIONS — Certain Actions May be Permitted Without Registered Owner Approval,” “— Effect of Ratings” and “Factors Affecting Sufficiency and Timing of Receipt of Revenues,” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Definitions” and “— Funds — *Student Loan Fund*” “— *Revenue Fund*,” “— *Capitalized Interest Fund*” and “— *Debt Service Reserve Fund*.”

The Indenture provides that the Corporation shall transfer Excess Revenues on the last Business Day of each April and October to the Retirement Account of the Debt Service Fund in an amount such that, after giving effect to such transfer and the projected redemption of Bonds from the amount so transferred, the Senior Parity Percentage (calculated without regard to amounts in the Revenue Fund) shall be at least equal to 130% and the Total Parity Percentage (calculated without regard to amounts in the Revenue Fund) shall be at least equal to 125%; provided, however, that if the transfer of all amounts available to be transferred would result in such calculation of the Senior Parity Percentage being less than 130% or of the Total Parity Percentage being less than 125%, then this requirement shall be met if all such amounts are so transferred; and provided further, however, that one or both of such Senior Parity Percentage and the Total Parity Percentage may be lowered if the Corporation has satisfied the Rating Agency Notification with respect to S&P (if S&P is then rating any of the Bonds at the request of the Corporation) and the Corporation has satisfied the Rating Agency Confirmation with respect to Fitch (if Fitch is then rating any of the Bonds at the request of the Corporation). Notwithstanding the immediately preceding sentence, however: (i) if any Bonds are subject to cumulative mandatory sinking fund redemption, then to the extent of Excess Revenues available, an amount equal to at least the aggregate amount of cumulative mandatory sinking fund redemption required on the next June 15 or December 15 shall be transferred to the Retirement Account of the Debt Service Fund on the last day of the April or October preceding such date and shall be used therefor prior to the redemption described above; and

(ii) if the aggregate principal amount of all Bonds Outstanding under the Indenture on any such date is equal to or less than 10.00% of the aggregate principal amount of all Bonds Outstanding under the Indenture as of the then most recent date of issuance of a Series of Bonds under the Indenture, then, notwithstanding the foregoing, the Indenture provides that the Corporation shall in all cases transfer all Excess Revenues on the last Business Day of each April and October to the Retirement Account of the Debt Service Fund and apply such transferred Excess Revenues to redeem Bonds Outstanding under the Indenture. See “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Definitions” and “— Funds.”

### **Selection of Series 2018 Bonds to be Redeemed**

Redemptions of the Series 2018A Bonds and of the Series 2018B Bonds will be made in whole or in part from the largest integral multiple of the minimum Authorized Denomination derived from amounts to be applied to such redemption, determined separately with respect to each Series; provided that a Series 2018A Bond and a Series 2018B Bond may only remain Outstanding in an Authorized Denomination. No redemption shall cause the Bonds of any Series, maturity and interest rate that remain Outstanding to be in an amount other than an Authorized Denomination and the amount to be so redeemed shall be increased or decreased as between Series and maturities of Senior Bonds or as between Series and maturities of Subordinate Bonds (and, if applicable, interest rates within a maturity) as directed by the Corporation to avoid such a result.

### **Notice of Redemption**

Notice of redemption with respect to the Series 2018A Bonds or the Series 2018B Bonds is to be given not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption. Notice of redemption of Series 2018A Bonds or of the Series 2018B Bonds shall be given to the Registered Owner of each such Bond to be redeemed at the address of the Registered Owner as shown on the registration books of the Corporation maintained by the Trustee. Failure to give such notices to any owner of the Series 2018A Bonds or of the Series 2018B Bonds, or any defect therein, shall not affect the validity of any proceeding for the redemption of any such Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the Indenture, the Series 2018A Bonds or the Series 2018B Bonds if so called for redemption, shall become due and payable at the stated redemption price and to the extent moneys are available therefor, interest shall cease to accrue on such Bonds or portions thereof of such stated maturities so called for redemption and such Bonds shall no longer be entitled to any benefit or security under the Indenture (except in the case of a Conditional Notice (as hereinafter defined)). The Series 2018A Bonds or the Series 2018B Bonds to be redeemed in part shall be selected as described herein under the caption “— Selection of Series 2018 Bonds to be Redeemed.” With respect to the Series 2018 Bonds issued in book-entry form through the facilities of DTC, if the Trustee sends notice to DTC in accordance with DTC’s procedures, the Trustee shall not be required to give the notice set forth above. In addition, the Trustee will provide such notice of redemption to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) website. The notice may state that it is a conditional notice (a “Conditional Notice”), and such notice and redemption shall be of no effect if such moneys are not available therefor on the redemption date.

### **Purchase of Series 2018 Bonds**

Any amounts under the Indenture which are available to redeem the Series 2018A Bonds or to redeem the Series 2018B Bonds of a particular stated maturity date (and, if applicable, interest rate within any such maturity) may instead be used to purchase Bonds of such stated maturity date. Such purchases are permitted at the same times and subject to the same conditions (except as to price) as apply to the redemption of the Bonds of such Series and stated maturity date (and, if applicable, interest rate within any such maturity), except that such purchases made with amounts held under the Indenture shall be made only if the purchase price shall be less than the required redemption price.

## SECURITY FOR THE SERIES 2018 BONDS

### General

The Series 2018 Bonds, along with the Prior Master Indenture Bonds and any other Additional Bonds that may be issued in the future, will be secured by: (i) Revenues (other than Revenues deposited in the Rebate Fund or the Operating Fund or otherwise released from the lien of the Trust Estate as provided in the Indenture), which include all Recoveries of Principal, payments, proceeds, charges and other income received by the Trustee or the Corporation from or on account of any Financed Eligible Loan (including scheduled, delinquent and advance payments of interest); (ii) all moneys and investments (including interest earned or gains realized) held in the Funds and Accounts (but excluding the Rebate Fund and the Operating Fund); (iii) the Financed Eligible Loans, including any notes and documents evidencing the same and all extensions and renewals thereof; and (iv) insofar as the same relate to Financed Eligible Loans, the rights of the Corporation in and to any and all Servicing Agreements. The Series 2018A Bonds are secured on parity with the Prior Master Indenture Senior Bonds and any Senior Bonds that may be issued in the future as Additional Bonds. The Series 2018B Bonds are secured on a basis that is subordinate to the Series 2018A Bonds and the other Senior Bonds and on a parity with the Prior Master Indenture Subordinate Bonds and any Subordinate Bonds that may be issued in the future as Additional Bonds. See “— Subordination.”

Financed Eligible Loans consist of all Eligible Loans that are either (a) financed by the Corporation with balances in the Student Loan Fund or otherwise deposited in or accounted for in the Student Loan Fund or otherwise constituting a part of the Trust Estate or (b) substituted or exchanged for Financed Eligible Loans, but do not include Financed Eligible Loans released from the lien of the Indenture and sold or transferred to the extent permitted by the Indenture.

With respect to the Series 2018 Bonds, the Corporation is authorized to utilize Revenues related to Eligible Loans Financed with proceeds of the Series 2018 Bonds and Corporation moneys transferred to the Student Loan Fund to originate or acquire additional Eligible Loans until June 15, 2019 or such later date as may be directed by the Corporation upon satisfaction of the Rating Agency Notification requirement. See “THE FIXED RATE LOAN PROGRAM” and “APPENDIX B — THE FIXED RATE LOAN PROGRAM.”

The security for the Bonds under the Indenture is pledged equally and ratably first, to the payment of the principal of and interest on all the Senior Bonds (including the Prior Master Indenture Senior Bonds and the Series 2018A Bonds) and second, to the payment of the principal of and interest on all the Subordinate Bonds (including the Prior Master Indenture Subordinate Bonds and the Series 2018B Bonds). In addition, the Indenture permits the authorization of Additional Bonds as Senior Bonds and Subordinate Bonds. The Indenture provides that neither a failure to pay principal of or current interest on any Subordinate Bonds while Senior Bonds remain Outstanding, nor a failure to pay Subordinate Carry-over Interest that results from an insufficiency of funds that are available under the Indenture for such purposes, would constitute an Event of Default thereunder. As of the Date of Issuance, the Series 2018A Bonds, the Series 2018B Bonds and the Prior Master Indenture Bonds will be the only Bonds Outstanding under the Indenture.

As of the Date of Issuance and the initial application of the proceeds of the Series 2018 Bonds and of a contribution of the Corporation, cash and investments pledged under the Indenture to secure the Bonds, including the Series 2018 Bonds, will be sufficient to cause the Senior Parity Percentage to be no less than 130.96% and to cause the Total Parity Percentage to be no less than 118.98% of the principal amount of the Senior Bonds and the Subordinate Bonds. See “— Issuance of Additional Bonds and Certain Other Actions,” “ESTIMATED SOURCES AND USES OF FUNDS” and “CERTAIN INVESTMENT CONSIDERATIONS — Certain Actions May be Permitted Without Registered Owner Approval” and “— Effect of Ratings.”

THE CORPORATION HAS NO TAXING POWER. THE BONDS, INCLUDING THE SERIES 2018 BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CORPORATION. THE CORPORATION SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, INCLUDING THE SERIES 2018 BONDS, EXCEPT FROM THE REVENUES AND

ASSETS PLEDGED UNDER THE INDENTURE. THE BONDS, INCLUDING THE SERIES 2018 BONDS, DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF THE FAITH AND CREDIT, THE TAXING POWER OR THE MORAL OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, INCLUDING THE SERIES 2018 BONDS. THE BONDS, INCLUDING THE SERIES 2018 BONDS, ARE PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY AS PROVIDED IN THE INDENTURE.

**Capitalized Interest Fund**

The Indenture provides for the establishment of a Capitalized Interest Fund, which is expected to have a balance of \$2,200,000 as of the Date of Issuance. No additional amounts are anticipated to be deposited to the Capitalized Interest Fund on the Date of Issuance. The Capitalized Interest Fund is available to be applied by the Trustee, in the event that amounts available in the Revenue Fund for such purposes are insufficient: (i) to make required deposits, if any, to the Rebate Fund; (ii) to pay Servicing and Administrative Fees and Indenture Expenses; and (iii) to pay principal of and interest on the Prior Master Indenture Senior Bonds, the Series 2018A Bonds and any Senior Bonds that may be issued as Additional Bonds (or any Subordinate Bonds if no Senior Bonds are then Outstanding). The Indenture currently provides that monies shall be released from the Capitalized Interest Fund to the Revenue Fund from time to time to the extent that the balance of the Capitalized Interest Fund exceeds the respective amounts set forth below upon the completion of all other required transfers from the Capitalized Interest Fund upon the respective dates set forth below:

<u>Date</u>	<u>Maximum Amount</u>
June 15, 2018	\$1,500,000
December 15, 2020	-0-

This schedule of balance requirements may be changed as to dates or amounts subject to satisfaction of the Rating Agency Notification requirement. See “— Issuance of Additional Bonds and Certain Other Actions,” “REDEMPTION PROVISIONS — Mandatory Redemption from Excess Revenues” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds.”

**Student Loan Fund**

The Indenture provides for the establishment of a Student Loan Fund, which is expected to have a balance that will be available to originate Financed Eligible Loans of approximately \$37,200,000 as of the Date of Issuance, along with approximately \$99,777,362 in principal amount of existing Financed Eligible Loans, as of January 31, 2018. The Student Loan Fund will also be available to be applied by the Trustee, in the event that amounts available in the Revenue Fund and Capitalized Interest Fund for such purposes are insufficient: (i) to make required deposits, if any, to the Rebate Fund; (ii) to pay Servicing and Administrative Fees and Indenture Expenses; and (iii) to pay principal of and interest on the Senior Bonds, including the Series 2018A Bonds, and on the Subordinate Bonds, including the Series 2018B Bonds (if no Senior Bonds are then Outstanding); provided, that such application of amounts on deposit in the Student Loan Fund (other than amounts deposited by the Corporation from its own funds) is conditioned upon receipt by the Trustee of a Favorable Opinion. See “ESTIMATED SOURCES AND USES.”

**Debt Service Reserve Fund**

The Indenture also provides for the establishment of a Debt Service Reserve Fund which is expected to have a balance of \$2,753,500 as of the Date of Issuance. The Debt Service Reserve Fund is available to be applied by the Trustee, in the event that amounts available in the Revenue Fund, Student Loan Fund and Capitalized Interest Fund for such purposes are insufficient: (i) to make required deposits, if any, to the Rebate

Fund; (ii) to pay Servicing and Administrative Fees and Indenture Expenses; (iii) to pay principal of and interest on the Series 2018A Bonds, together with the Prior Master Indenture Senior Bonds and any Senior Bonds that may be issued as Additional Bonds; and (iv) to pay principal of and interest on the Series 2018B Bonds, together with any Subordinate Bonds that may be issued as Additional Bonds; provided, that such payment of principal and interest on Subordinate Bonds is permitted only if, and to the extent that, the remaining Debt Service Reserve Fund balance would not be less than the then applicable Debt Service Reserve Requirement would be if determined solely on the basis of the Senior Bonds that are then Outstanding. As of the Date of Issuance, the Debt Service Reserve Fund Requirement will be equal to the greater of: (i) \$300,000; or (ii) 2.0% of the aggregate principal amount of the Bonds Outstanding under the Indenture. The Indenture provides that: (i) to the extent that the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, on the last Business Day of any calendar month, transfers to eliminate such shortfall will be made from any amounts that are then available in the Revenue Fund for such purpose; and (ii) to the extent that the amount on deposit in the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, on any day, transfers of up to such excess may be made, at the direction of the Corporation, to the Revenue Fund. The Debt Service Reserve Fund Requirement may be reduced subject to satisfaction of the Rating Agency Notification requirement. See “— Issuance of Additional Bonds and Certain Other Actions,” “ESTIMATED SOURCES AND USES,” “REDEMPTION PROVISIONS — Mandatory Redemption from Excess Revenues” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds.”

### **Subordination**

The Series 2018B Bonds, the Prior Master Indenture Subordinate Bonds and any Additional Bonds that may be issued under the Indenture as Subordinate Bonds, are subject to various Indenture provisions that are designed to enhance the security of Senior Bonds issued under the Indenture. Such provisions include: (i) the sequence in which Revenues will be applied to the payment of scheduled debt service of Senior Bonds and Subordinate Bonds; (ii) the sequence in which Excess Revenues will be applied to fund mandatory redemption of Senior Bonds and Subordinate Bonds; (iii) the exclusive availability of Capitalized Interest Fund and certain Debt Service Reserve Fund balances to support payment of Senior Bond debt service; (iv) the suspension of otherwise currently payable interest under certain circumstances; (v) the priority of payment after an Event of Default; and (vi) certain rights to consent to certain actions and to direct remedies under the Indenture, all as described herein. See “THE SERIES 2018 BONDS — Subordination of Series 2018B Bonds” and “— Subordinate Carry-over Interest” and “CERTAIN INVESTMENT CONSIDERATIONS—Suitability” and “—Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest.”

### **Issuance of Additional Bonds and Certain Other Actions**

The Indenture permits the Corporation to issue Additional Bonds pursuant to a Supplemental Indenture without bondholder consent and further permits the Corporation to take a wide range of actions in connection with its administration of the Trust Estate without either an amendment or supplement to the Indenture or bondholder consent, but requires that the Corporation satisfy certain other conditions prior to undertaking certain such actions. Certain such actions are conditioned upon delivery by the Corporation to each Rating Agency of Rating Agency Notifications, including: (i) the issuance of Additional Bonds; (ii) modifications to terms or underwriting criteria of Eligible Loans; (iii) the release of assets held under the Indenture under certain circumstances; (iv) the extension of the Origination Period; (v) the extension of the Recycling Period; (vi) the reduction of one or both of the Senior Parity Percentage or Total Parity Percentage for purposes of certain Indenture requirements (provided further, however, that the reduction of the Senior Parity Percentage or Total Parity Percentage additionally requires a Rating Agency Confirmation with respect to Fitch, if Fitch is then rating the Bonds at the request of the Corporation); (vii) certain amendments to the Indenture; (viii) any decrease to the Debt Service Reserve Fund Requirement; (ix) any change to the schedule of Capitalized Interest Fund balance requirements; (x) the acquisition of certain investments; (xi) certain sales and transfers of the Financed Eligible Loans; (xii) changes to Program Loan servicing arrangements;



(xiii) changes to amounts available for Servicing and Administrative Fees; (xiv) changes to Indenture Expenses for the Bonds; and (xv) establishing discounts or granting forgiveness of principal of or interest on Financed Eligible Loans. The Indenture requires the Corporation to provide any information reasonably requested by a Rating Agency in connection with a Rating Agency Notification. The Indenture further requires the Corporation to make any such Rating Agency Notification publicly available at the time of the initial notice to the Rating Agencies in the manner applicable to post-issuance disclosures under Rule 15c2-12 as promulgated by the Securities and Exchange Commission. In addition, the Indenture requires the Corporation to obtain a Rating Agency Confirmation from Fitch, if Fitch is then rating any of the Bonds at the request of the Corporation, prior to effecting certain such actions, including any reduction in the Senior Parity Percentage or Total Parity Percentage as applicable to either: (i) a release of assets from the Trust Estate; or (ii) an election by the Corporation to retain Excess Revenues in the Trust Estate instead of applying such Excess Revenue to fund Excess Revenues redemption. See “REDEMPTION PROVISIONS — Mandatory Redemption from Excess Revenues,” “SECURITY FOR THE SERIES 2018 BONDS — General,” “CERTAIN INVESTMENT CONSIDERATIONS — Certain Actions May Be Permitted Without Registered Owner Approval” and “— Effect of Ratings” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds” and “— Certain Representations and Warranties of the Corporation.”

Additional Bonds may be issued under the Indenture on a parity with, or subordinated to, the Prior Master Indenture Senior Bonds and the Series 2018A Bonds, which Additional Bonds would be senior to, or on a parity with, the Prior Master Indenture Subordinate Bonds and the Series 2018B Bonds, upon satisfaction of certain Indenture requirements, including compliance with the Rating Agency Notification requirement. As of the Date of Issuance, the Prior Master Indenture Bonds, the Series 2018A Bonds and the Series 2018B Bonds will be the only Bonds Outstanding under the Indenture. The Prior Master Indenture Subordinate Bonds, the Series 2018B Bonds and any Subordinate Bonds that may be issued as Additional Bonds: (i) **would** be entitled to payment of interest (including any then payable Subordinate Carry-over Interest) and principal from the amounts available in the Revenue Fund after payment of Servicing and Administrative Fees and Indenture Expenses, payment of interest and principal for Senior Bonds and deposits to the Debt Service Reserve Fund necessary to cause the balance of such fund to equal the Debt Service Reserve Fund Requirement; (ii) **would** be entitled to payment of interest (including any then payable Subordinate Carry-over Interest) and principal from amounts available in the Debt Service Reserve Fund subject to certain balance maintenance requirements; (iii) **would not** be entitled to payment of interest and principal (prior to a declaration of acceleration following an Event of Default) from the Capitalized Interest Fund or the Student Loan Fund as described above while any Senior Bonds remain Outstanding; and (iv) **would** be fully subordinate to the Prior Master Indenture Senior Bonds, the Series 2018A Bonds and any Additional Bonds issued as Senior Bonds with respect to priority of lien and under the Indenture.

#### ESTIMATED SOURCES AND USES OF FUNDS

The Corporation expects to apply the net proceeds of the Series 2018 Bonds and other available moneys as follows:

<b>SOURCES:</b>	
Principal Amount of Series 2018 Bonds .....	\$37,055,000
Net Original Issue Premium .....	1,118,757
Corporation Contribution .....	<u>398,810</u>
<b>Total</b> .....	<u><u>\$38,572,567</u></u>
<b>USES:</b>	
Student Loan Fund .....	\$37,200,000
Debt Service Reserve Fund .....	741,100
Costs of Issuance (including the underwriting fee) .....	<u>631,467</u>
<b>Total</b> .....	<u><u>\$38,572,567</u></u>

## THE FIXED RATE LOAN PROGRAM

The Corporation established its initial private loan program in 1994, which initially offered alternative sources of funding to supplement federal loan sources primarily for medical and law school students. The Corporation's private loan programs were significantly expanded in 2004 to include loans for other graduate and undergraduate students. All such loans had variable interest rates and the specific credit underwriting criteria for such loans varied over time. Generally, the underwriting criteria on these variable rate loans evolved to include the requirement of a cosigner and higher minimum FICO credit scores. Under these private loan programs, since 1994, the Corporation has administered loan origination, disbursement, servicing and collections activities for over \$592 million of loans originated. The variable rate loan portfolio currently has over \$126 million in loan principal outstanding.

The Corporation established its Fixed Rate Loan Program in 2010. Program Loans have been originated to date with scheduled repayment terms of 10 years and of 15 years. Specific Fixed Rate Loan Program origination and performance data to date reflect a period that is shorter than these scheduled repayment periods. In addition, the repayment of the principal of, or of both principal of and interest on, a substantial portion of the Program Loans that have been originated to date is currently deferred in accordance with the original terms of the Program Loans. Accordingly, the specific Fixed Rate Loan Program origination and performance data that is available does not reflect the full repayment period experience of any Program Loans. See "APPENDIX B — THE FIXED RATE LOAN PROGRAM — Eligible Program Loan Terms" and "— Fixed Rate Loan Program Portfolio Information" and "APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018."

As of January 31, 2018, the Fixed Rate Loan Program had approximately \$176,801,040 in Program Loan principal outstanding, of which approximately \$99,777,362 was principal outstanding for Financed Eligible Loans pledged to secure the Bonds, including the Series 2018 Bonds, issued under the Master Indenture. See "APPENDIX B — THE FIXED RATE LOAN PROGRAM — Fixed Rate Loan Program Information" and "APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018." The Eligible Loans that have been originated and financed with proceeds of the Prior Master Indenture Bonds and that are currently expected to be originated and financed with proceeds of the Series 2018 Bonds and Corporation moneys deposited to the Student Loan Fund pursuant to the Fixed Rate Loan Program, as described in this Official Statement, incorporate many changes from the Corporation's previously existing variable rate private loans. Program Loans will bear interest at fixed interest rates that are based on factors that include the repayment option selected by each approved borrower. Each Program Loan that is made to a student borrower will require a cosigner meeting minimum credit criteria and a minimum FICO credit score of 680. Commencing with the 2016-2017 Academic Year, Program Loans are also made to parent borrowers who meet these credit criteria. Program Loans made to parent borrowers do not require cosigners. An origination fee, which varies with the FICO credit score upon which credit approval is based, is deducted from the Program Loan at each disbursement (or otherwise collected), except in the case of the highest FICO credit scores. Each Program Loan is available for paying the certified costs and expenses, net of other forms of financial aid, of attending eligible post-secondary institutions and other programs. Repayment options for Program Loans made to student borrowers include immediate repayment of principal and interest, interest only while in school at least half-time and deferral of all payments while enrolled in school at least half-time. Repayment options for Program Loans made to parent borrowers are limited to immediate repayment of principal and interest and deferral of all payments for an initial period of up to twelve months. Program Loans of \$10,000 or more have a repayment term of fifteen (15) years, while Program Loans of less than \$10,000 have a repayment term of ten (10) years. These periods may be extended by forbearance for a cumulative total of up to three (3) years, or with respect to Program Loans for which applications are received on or after May 10, 2018, two (2) years, at the discretion of the Corporation, for situations of documented financial hardship. All Program Loans reaching 180 days of delinquency on any payment are deemed to be in default. Once in default, the Corporation may place such defaulted Program Loan with a third-party collection

agent. For more information on the current terms and conditions of the Fixed Rate Loan Program, see “APPENDIX B — THE FIXED RATE LOAN PROGRAM.”

The Corporation currently expects that Program Loans financed with proceeds of the Series 2018 Bonds and Corporation moneys deposited to the Student Loan Fund will contain terms and conditions substantially similar to those described above. Certain of such terms and conditions are specified under the Series 2018A&B Supplemental Indenture and may only be changed upon satisfaction of the Rating Agency Notification requirement. The Corporation regularly reviews the terms and conditions of the Fixed Rate Loan Program and reserves the right to apply available proceeds of the Series 2018 Bonds, available proceeds of any Additional Bonds and other amounts held in the Student Loan Fund to finance loans with terms and conditions that vary from those described herein, subject, in the case of terms and conditions specified under a Supplemental Indenture, to certain requirements under the Indenture, including satisfaction of the Rating Agency Notification requirement. See “CERTAIN INVESTMENT CONSIDERATIONS — Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations,” “— Composition and Characteristics of the Financed Eligible Loans may Change” and “— Program Restrictions” and “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018.”

The description of the current Fixed Rate Loan Program included in this Official Statement does not address every type of Program Loan the Corporation may be authorized to originate, but does describe the types of Program Loans that the Corporation currently expects to be financed with funds to be deposited to the Student Loan Fund from the sale proceeds of the Series 2018 Bonds and from other amounts on deposit or deposited in the Student Loan Fund on the Date of Issuance. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Corporation has previously issued numerous series of bonds that were, or that are, secured under instruments other than the Indenture to fund education loans. Loans that were originated, or that in the future may be originated, from funds obtained from issuance of such separately secured series of bonds may have terms and conditions that differ from the Fixed Rate Loan Program.

### CERTAIN INVESTMENT CONSIDERATIONS

Attention should be given to the investment considerations identified below, which, among others, could adversely affect the sufficiency of Revenues and other Trust Estate assets held under the Indenture to fund the timely payment of principal of and interest on Bonds, including the Series 2018 Bonds, and Servicing and Administrative Fees and Indenture Expenses or could adversely affect the market value of, or the existence of a secondary market for, the Series 2018 Bonds. **This section of this Official Statement does not include all such investment considerations and does not constitute a comprehensive description of the investment considerations addressed, but is an attempt to describe in summary fashion certain such investment considerations. Investors should read this Official Statement in its entirety, including the Appendices hereto.** See “SECURITY FOR SERIES 2018 BONDS.”

The Corporation believes, based on its analyses of cash flow projections which have been based on various assumptions and scenarios, that Revenues to be received pursuant to the Indenture should be sufficient, along with balances expected to be available in the Capitalized Interest Fund and the Debt Service Reserve Fund upon completion of initial application of the Series 2018 Bond proceeds and Corporation moneys, to pay when due the principal of and interest on the Bonds and all Servicing and Administrative Fees and Indenture Expenses related to the Bonds and to the Financed Eligible Loans until the final maturity or earlier redemption of the Series 2018 Bonds, as more fully described below. The factors discussed below, however, could adversely affect the sufficiency of Revenues to meet debt service payments on one or both of the Series 2018A Bonds or the Series 2018B Bonds, Servicing and Administrative Fees and Indenture Expenses or could otherwise adversely affect the market value or liquidity of one or both of the Series 2018A Bonds or the Series 2018B Bonds.

## **Suitability**

Either of the Series 2018A Bonds or the Series 2018B Bonds might not be a suitable investment for an investor who requires a regular or predictable schedule of payments of interest and principal on scheduled Interest Payment Dates. The Series 2018A Bonds and the Series 2018B Bonds are complex instruments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the prepayment, reinvestment, default and market risks, the tax consequences of an investment and the interaction of these factors. The investment risks associated with the Series 2018B Bonds differ from those associated with the Series 2018A Bonds because of the subordinated status of the Series 2018B Bonds, certain related limitations upon payment of interest on the Series 2018B Bonds and the limited liquidity of the Series 2018B Bonds. See “— Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest” and “— A Secondary Market for the Series 2018 Bonds May Not Exist at All Times.”

## **Bonds Are Special Limited Corporation Obligations Without Third-Party Credit or Liquidity Support**

The Bonds, including the Series 2018 Bonds, are special limited obligations of the Corporation and are payable solely from the Revenues and certain funds and accounts established and pledged under the Indenture. The Indenture permits the release of assets held under the Indenture under certain circumstances. See “— Certain Actions May Be Permitted Without Registered Owner Approval” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds — *Student Loan Fund*” and “— *Revenue Fund*.”

No revenues or other assets are available to fund payment of the Bonds, including the Series 2018 Bonds, except as expressly provided by the Indenture. The Corporation has no taxing power. Neither the State nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Bonds, including the Series 2018 Bonds, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to such payment. The Corporation does not currently expect to contract with any financial institution to provide third-party credit or liquidity support for the Bonds, including the Series 2018 Bonds, or to provide third-party credit support for the Financed Eligible Loans. It is currently expected that all Financed Program Loans will be originated solely on the basis of borrower and, if applicable, cosigner credit evaluation, will be payable solely by the borrower and any applicable cosigner and will not be guaranteed by the Corporation or by any other person, other than by any such cosigner. Accordingly, receipt of full and timely payment of principal of and interest upon the Bonds, including the Series 2018 Bonds, will be dependent upon the Corporation’s actual experience in Financing Eligible Loans, including Program Loans, and of the actual portfolio performance of the Financed Eligible Loans. A material disparity between such actual origination or performance and the Corporation’s current expectations might result in a delay in the scheduled receipt by Registered Owners of interest, of principal or of both interest and principal upon the Bonds, including the Series 2018 Bonds, or might result in Registered Owners receiving less than the full scheduled amount of interest and principal. There can be no assurance of the marketability or market value of the Financed Eligible Loans if it should, at any time, prove necessary to sell all or a portion of the Financed Eligible Loans to fund the payment of interest upon and principal of the Bonds, including the Series 2018 Bonds. In addition, factors affecting, or potentially affecting, actual Financed Eligible Loan origination and portfolio performance, other factors affecting, or potentially affecting, the marketability and market value of Financed Eligible Loans and the perceptions of market participants of such factors, are among a variety of factors that may affect the marketability and market value of the Series 2018 Bonds. See “— Factors Affecting Sufficiency and Timing of Receipt of Revenues” and “— Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations.”

## **Redemption of Series 2018 Bonds**

The Series 2018A Bonds and the Series 2018B Bonds are subject to redemption prior to maturity. It is currently expected that all or a substantial portion of each of the Series 2018A Bonds and the Series 2018B

Bonds would be redeemed prior to their Stated Maturity even if the Corporation's expectations with respect to the Financing of Eligible Loans and the performance of such Financed Eligible Loans were fully met. The rate of such redemption may be expected to vary, however, as a result of the extent to which such expectations are actually met. The Corporation reserves the right to take actions, as permitted by the Indenture, that may affect the timing and amount of Revenues that are actually received upon Financed Eligible Loans or that affect the amount of Revenues that are applied to redemption of the Series 2018A Bonds or of the Series 2018B Bonds. See "— Suitability," "— Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest," "— Certain Actions May Be Permitted Without Registered Owner Approval," "— Factors Affecting Sufficiency and Timing of Receipt of Revenues," "— Composition and Characteristics of the Financed Eligible Loans May Change," "— General Economic Conditions," "REDEMPTION PROVISIONS," "SECURITY FOR THE OFFERED BONDS" and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds — *Revenue Fund*."

### **Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest**

The Series 2018B Bonds are Subordinate Bonds under the Indenture and will be subordinate to all Senior Bonds, including the Prior Master Indenture Senior Bonds, the Series 2018A Bonds and any additional Senior Bonds that may be issued in the future. The Indenture permits the issuance of Additional Bonds as Senior Bonds or as Subordinate Bonds, subject to certain Indenture requirements. No assurance can be given that any additional Subordinate Bonds will be issued or that additional Senior Bonds will not be issued. See "— A Secondary Market for the Series 2018 Bonds May Not Exist at all Times."

The Indenture provides that payments of interest and of principal on the Subordinate Bonds, including the Prior Master Indenture Subordinate Bonds and the Series 2018B Bonds, are subordinated in priority of payment to payments of interest and of principal upon maturity on the Senior Bonds, including the Series 2018A Bonds. Generally, current interest will not be paid on the Series 2018B Bonds until current interest on the Senior Bonds has been paid and principal on the Series 2018B Bonds will not be paid until the Series 2018A Bonds have been paid in full. See "REDEMPTION PROVISIONS." The Indenture further provides that any failure to pay interest or principal on Subordinate Bonds, including the Prior Master Indenture Subordinate Bonds and the Series 2018B Bonds, that results from an insufficiency of funds available for this purpose in accordance with the Indenture would not constitute an Event of Default under the Indenture as long as any of the Senior Bonds, including the Series 2018A Bonds, remain Outstanding. Consequently, holders of the Series 2018B Bonds may bear a greater risk of losses or delays in payment than holders of Senior Bonds, including the Series 2018A Bonds. Investors in the Series 2018B Bonds will also bear the risk of any adverse changes in the anticipated yield and weighted average life of their Series 2018B Bonds resulting from any variability in payments of principal or interest on the Series 2018B Bonds. In addition, the Series 2018B Bonds are subordinated to the Senior Bonds, including the Series 2018A Bonds, as to the exercise of certain consent rights and as to the direction of remedies upon an Event of Default. See "— Suitability," "— Priority of Payment and Enforcement of Rights" and "— Certain Actions May be Permitted Without Registered Owner Approval" and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The payment of principal on the Series 2018A Bonds and on the Series 2018B Bonds upon their respective Stated Maturity or through mandatory redemption from Excess Revenues will be sequential, with Senior Bonds, including the Series 2018A Bonds, receiving principal payments before Subordinate Bonds, including the Series 2018B Bonds, except under certain circumstances, as described herein under the heading "REDEMPTION PROVISIONS." The payment of interest on the Senior Bonds, including the Series 2018A Bonds, and on the Subordinate Bonds, including the Series 2018B Bonds, will also be sequential, with the Senior Bonds receiving interest payments before the Subordinate Bonds. In addition, the current payment of interest on a series of the Subordinate Bonds is also subject to suspension and accruals as Subordinate Carry-over Interest during a Subordinate Suspended Interest Period applicable to such series.

The Indenture provides that Subordinate Carry-over Interest is payable after the payment of current interest on Subordinate Bonds and that the failure to pay all or any part of such Subordinate Carry-over Interest

that results from an insufficiency of funds that are available under the Indenture for such purposes would not constitute an Event of Default under the Indenture. The Indenture provides that interest shall accrue on unpaid Subordinate Carry-over Interest, to the extent permitted by law, at the same annual rate that is applicable to the accrual of interest on the Subordinate Bond to which the Subordinate Carry-over Interest applies, compounded semi-annually on each Interest Payment Date. To the extent that there are insufficient Available Funds for the payment of Subordinate Carry-over Interest on the date upon which the principal of a Subordinate Bond is paid, such Subordinate Carry-over Interest and the accrued interest thereon shall not be paid and shall be deemed extinguished upon such principal payment. Payment of Subordinate Carry-over Interest upon an Interest Payment Date would reduce the amount that would otherwise be available to fund mandatory redemption of Senior Bonds or of Subordinate Bonds from Excess Revenues on such Interest Payment Date. See “THE SERIES 2018 BONDS — Subordinate Carry-over Interest” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Definitions” and “Funds.”

As a result of the foregoing, holders of the Series 2018B Bonds bear a greater risk of loss than do holders of the Series 2018A Bonds. Potential purchasers of the Series 2018B Bonds should consider the respective priorities of payment of the Series 2018A Bonds and of the Series 2018B Bonds before making an investment decision.

### **Priority of Payment and Enforcement of Rights**

The Series 2018A Bonds constitute Senior Bonds under the Indenture and are the fifth series of Senior Bonds to be issued under the Indenture. The Series 2018B Bonds constitute Subordinate Bonds under the Indenture and are the second series of Subordinate Bonds to be issued under the Indenture. Generally, under the Indenture, on each Bond Payment Date, the Trustee is required to pay from the Revenue Fund, prior to making any payment on any Subordinate Bonds on any such date, the amounts due on all Senior Bonds. The Indenture provides that nonpayment of the principal of or interest on Subordinate Bonds while there are any Senior Bonds Outstanding that results from an insufficiency of funds that are available under the Indenture for such purposes will not constitute an Event of Default under the Indenture giving rise to a right on the part of owners of the unpaid Subordinate Bonds to accelerate the principal payment of the Bonds or to exercise any other remedy. The Corporation reserves the right to issue Additional Bonds which are equal or inferior in priority to any Senior Bonds or equal to or superior in priority to any Subordinate Bonds Outstanding, subject to the fulfillment of certain Indenture requirements with respect thereto. The Indenture permits the issuance of Additional Bonds on a parity or subordinate basis to the Series 2018A Bonds or on a parity or senior basis to the Series 2018B Bonds without regard to the resulting ratio between Senior Bonds and Subordinate Bonds and permits the Corporation to take certain actions that may affect such ratio. See “— Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest,” “— Certain Actions May be Permitted Without Registered Owner Approval” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

### **A Secondary Market for the Series 2018 Bonds May Not Exist at All Times**

There is no assurance that a secondary market will exist as of any specified time or will provide investors with a sufficient level of liquidity of investment. The Corporation does not intend to list the Series 2018 Bonds on any exchange, including any exchange in either Europe or the United States. The Series 2018 Bonds carry structured finance ratings from Fitch and S&P, which ratings are different than the governmental ratings generally associated with fixed rate municipal bonds. It is possible that the assignment of structured finance ratings to the Series 2018 Bonds may result in reduced liquidity for the Series 2018 Bonds generally or under certain market conditions. The market values of the Series 2018 Bonds may fluctuate and movements in price may be significant. If a secondary market for the Series 2018 Bonds does exist during a specific period, the spread between the bid price and the asked price for the Series 2018 Bonds may widen during such period, thereby reducing the net proceeds to an investor from the sale of an investor's Series 2018 Bonds. In such events, holders may not be able to sell their Series 2018 Bonds when they want to do so or they may not be

able to obtain the price that they wish to receive and may be required to bear the financial risks of an investment in the Series 2018 Bonds for an indefinite period of time. The status of the Series 2018B Bonds as Subordinate Bonds, the relatively small outstanding principal amount of such Subordinate Bonds and the fact that there can be no assurance of the future issuance of Additional Bonds as Subordinate Bonds may cause the foregoing factors to negatively impact, or may independently negatively impact, the existence of a secondary market, secondary market liquidity or pricing, even if the foregoing factors do not affect secondary market sales of the Series 2018A Bonds. See “—Redemption of Series 2018 Bonds” and “—Priority of Payment and Enforcement of Rights.”

### **Limited Funds in Debt Service Reserve Fund**

The Debt Service Reserve Fund will be additionally funded on the Date of Issuance as described herein. Applications of amounts on deposit in the Debt Service Reserve Fund are required to be replenished, to the extent of available funds in the Revenue Fund, to maintain the amount on deposit in the Debt Service Reserve Fund at the then applicable Debt Service Reserve Fund Requirement. Funds may be transferred out of the Debt Service Reserve Fund and the Reserve Fund from time to time as provided in the Indenture. The Indenture limits the availability of such transfers to pay debt service or Subordinate Bonds while Senior Bonds remain Outstanding. The Indenture requires replenishment of the Debt Service Reserve Fund and the Revenue Fund after transfers are made and certain payments are made. Failure to replenish the Debt Service Reserve Fund or the Revenue Fund is not an Event of Default under the Indenture. See “SECURITY FOR THE SERIES 2018 BONDS.”

### **Certain Actions May be Permitted Without Registered Owner Approval**

The Indenture provides that the Corporation and the Trustee may take, or refrain from taking, various actions that may materially affect the interests of Registered Owners, without Registered Owner approval, upon compliance with certain requirements that may include, for specific actions, satisfying certain Rating Agency requirements. The security, principal amortization and market value of the Bonds, including the Series 2018 Bonds, may be affected by such actions and their impact on credit quality or on the ratings assigned to the Bonds by one or more Rating Agencies. Currently, the Rating Agencies rating the Series 2018 Bonds at the request of the Corporation are S&P and Fitch. The Indenture permits the Corporation and the Trustee to undertake certain actions upon 20 Business Days of prior written notice to each Rating Agency then designated as a Rating Agency for any of the Bonds at the request of the Corporation, but without confirmation by any such Rating Agency that its Ratings on the Bonds will not be lowered or withdrawn (the “Rating Agency Notification”). Such actions include, but are not limited to: (i) the issuance of Additional Bonds; (ii) modifications to terms or underwriting criteria of Eligible Loans; (iii) the release of assets held under the Indenture under certain circumstances; (iv) the extension of the Origination Period; (v) the extension of the Recycling Period; (vi) the reduction of one or both of the Senior Parity Percentage or Total Parity Percentage; for purposes of certain Indenture requirements (provided, further, however that the reduction of the Senior Parity Percentage or Total Parity Percentage additionally requires a Rating Agency Confirmation with respect to Fitch, if Fitch is then rating the Bonds at the request of the Corporation); (vii) certain amendments to the Indenture; (viii) any decrease in the Debt Service Reserve Fund Requirement; (ix) any change to the schedule of Capitalized Interest Fund balance requirements; (x) the acquisition of certain investments; (xi) certain sales and transfers of the Financed Eligible Loans; (xii) changes to Program Loan servicing arrangements; (xiii) changes to amounts available for Servicing and Administrative Fees; (xiv) changes to Indenture Expenses; and (xv) establishing discounts or granting forgiveness of principal of or interest on Financed Eligible Loans. To the extent such actions are taken, investors in the Series 2018 Bonds will be relying primarily on the Corporation to evaluate and properly manage the potential impact of such actions upon the capacity of the Trust Estate to provide for the full and timely payment of scheduled principal and interest on the Bonds, including the Series 2018 Bonds, and of Servicing and Administrative Fees and Indenture

Expenses. See “— Effect of Ratings” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds.”

The Indenture further provides that certain of the actions described in the immediately preceding paragraph are also subject to prior receipt by the Trustee of a written confirmation by Fitch that the ratings then assigned by Fitch to the Senior Bonds will not be reduced, suspended, withdrawn or placed under review with negative implications by Fitch as a result of such actions (the “Rating Agency Confirmation”). Actions that are subject to both Rating Agency Notification and Rating Agency Confirmation from Fitch include: (i) a reduction in one or both of the Senior Parity Percentage or Total Parity Percentage required as a condition to an election by the Corporation to retain Excess Revenues in the Trust Estate instead of applying such Excess Revenues to fund Excess Revenue redemption; and (ii) a reduction in one or both of the Senior Parity Percentage or Total Parity Percentage required as a condition to a release of assets from the Trust Estate. See “— Effect of Ratings,” “REDEMPTION PROVISIONS — Mandatory Redemption from Excess Revenues,” “SECURITY FOR THE SERIES 2018 BONDS — Issuance of Additional Bonds and Certain Other Actions,” and “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Funds” and “— Certain Representations and Warranties of the Corporation.”

### **Uncertainty as to Available Remedies**

In the event that Revenues to be received under the Indenture are insufficient to pay when due the principal and interest on the Bonds, including the Series 2018A Bonds, but only including the Series 2018B Bonds and other Subordinate Bonds if no Senior Bonds then remain Outstanding, the Indenture authorizes, and under certain circumstances requires, the Trustee, to declare an Event of Default and accelerate the payment of the Bonds, including the Series 2018 Bonds.

If an Event of Default occurs under the Indenture, subject to the rights of the Registered Owners, the Trustee is authorized to sell the Financed Eligible Loans pledged thereunder. There can be no assurance, however, that the Trustee would be able to find a purchaser for such Financed Eligible Loans in a timely manner or that the proceeds of any such sale, together with amounts then available in the pledged Funds and Accounts, would be sufficient to pay principal of and interest on the Bonds, including the Series 2018 Bonds and accrued interest thereon and to pay servicing fees, Trustee fees, and other Indenture expenses related thereto. There is currently no established market for the Program Loans and there can be no assurance that such a market will develop. See “— Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations” and APPENDIX A—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Defaults and Remedies.”

The remedies available to owners of the Bonds upon an Event of Default under the Indenture are dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including Title 11 of the United States Code (the federal bankruptcy code), the remedies specified by the Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the Series 2018 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by limitations on the availability of equitable remedies.

A security interest in loans such as the Financed Eligible Loans may be perfected by possession or by filing of a financing statement subject to applicable state law. The Corporation has filed a financing statement to evidence the security interest of the Trustee in the Financed Eligible Loans held under the Indenture in accordance with Vermont law in connection with the prior issuance of Bonds under the Indenture. In addition, the Corporation currently expects to maintain control of all Financed Eligible Loans that are evidenced by an electronically signed note in compliance with applicable federal and state laws. Custody of all other promissory notes relating to Financed Eligible Loans is expected to be maintained by the Corporation, or a



custodial agent on its behalf, or by the Servicer (if other than the Corporation). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS — General.”

### **Certain Factors Relating to Security**

The Corporation has covenanted in the Indenture that the assets constituting the Trust Estate pledged by the Corporation under the Indenture are and will be owned by the Corporation free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, of equal rank with or subordinate to the respective pledges created by the Indenture, and that all action on the part of the Corporation to that end has been duly and validly taken. No absolute assurance can be given that liens other than the lien of the Indenture do not and will not exist.

### **Effect of Ratings**

It is a condition to the issuance of the Series 2018 Bonds that the Series 2018 Bonds be rated as indicated under the caption “RATINGS.” Ratings are based on the assigning Rating Agency’s assessment of the creditworthiness of the Trust Estate, which will be primarily dependent upon its assessment of the aggregate principal amount, terms and the creditworthiness of the Financed Eligible Loans that are expected to be included therein, the inclusion of certain other assets therein and the legal structure of the transaction. References to ratings in this Official Statement are not included herein, and should not be relied upon, as recommendations by any assigning Rating Agency to investors to purchase, hold or sell the Series 2018A Bonds or the Series 2018B Bonds as such ratings do not take into account either the suitability of such actions for any specific investor or the market price of the Series 2018A Bonds or the Series 2018B Bonds at any time. One or more additional nationally recognized rating agencies may assign ratings to one or both of the Series 2018A Bonds or the Series 2018B Bonds, either in response to a request by the Corporation or otherwise, and any such rating may or may not be equivalent to the initial ratings described in this Official Statement. Any rating may be increased, lowered, suspended or withdrawn at any time by the nationally recognized rating agency assigning such rating if, in the assigning nationally recognized rating agency’s judgment, circumstances so warrant. A lowering, suspension or withdrawal with respect to any rating assigned to one or both of the Series 2018A Bonds or the Series 2018B Bonds might adversely affect the Corporation’s ability to obtain additional funding for its Fixed Rate Loan Program, or might adversely affect the market value or marketability of one or both of the Series 2018A Bonds or the Series 2018B Bonds whether or not directly affected by such rating action. In addition, a rating action that is, by its terms, limited to Additional Bonds that may be issued by the Corporation or to obligations other than Bonds that have been issued, or that may be issued, by the Corporation, or potentially by other issuers, might also have such adverse effects. Rating actions may take place at any time. The Corporation cannot predict the timing or nature of rating actions. See “— Bonds Are Special Limited Corporation Obligations Without Third-Party Credit or Liquidity Support” and “— Certain Actions May Be Permitted Without Registered Owner Approval.”

### **Ratings of the Series 2018 Bonds May Be Reviewed or Downgraded**

The Corporation cannot predict the timing of any ratings actions, nor can the Corporation predict whether the ratings assigned to one or both of the Series 2018A Bonds or the Series 2018B Bonds offered hereby will be downgraded. Depending on the ratings assigned, the stated reasons for a lower rating and other factors, the liquidity, market value and regulatory characteristics of, and any secondary market for, the Series 2018A Bonds or the Series 2018B Bonds could be materially and adversely affected by certain rating actions. It is impossible to predict with certainty the range of factors that might result in rating actions by one or more assigning rating agencies. Historically, securities that are payable from student loan revenues, including securities issued by the Corporation, have been downgraded or have had assigned ratings placed under review with negative implications by the assigning rating agency as a result of such rating agency’s concerns with a variety of factors, including factors that are not applicable to the Bonds such as basis risk, certain loan repayment options, and, with respect to securities that are payable from FFEL Program loan revenues,

concerns regarding the long-term debt rating on obligations of the United States of America as well as factors that may be applicable to the Bonds. Such rating actions have not, however, occurred with respect to Bonds or other Corporation bonds that are secured by Program Loans. Future adverse action by rating agencies regarding securities that are payable from student loan revenues and that are issued by the Corporation under a separate trust estate or that are issued by any other entities may adversely affect the market value of the Series 2018A Bonds or the Series 2018B Bonds or any secondary market for the Series 2018A Bonds or the Series 2018B Bonds that may develop even if such actions are responsive to factors that are not applicable to the Bonds. Such ratings actions may take place at any time, including between the pricing date and the closing date of the Series 2018 Bonds offered by this Official Statement.

### **Rating Agencies May Have Conflicts of Interest; Unsolicited Ratings**

The Corporation will pay a fee to the Rating Agencies to assign the initial credit ratings to the Series 2018 Bonds on or before the Date of Issuance. Being paid by the Corporation or an underwriter to issue or maintain a credit rating on a security may create a conflict of interest for Rating Agencies; this conflict is particularly acute because arrangers of securities transactions provide repeat business to such Rating Agencies.

Furthermore, the Rating Agencies have been and may continue to be under scrutiny by federal and state legislative and regulatory bodies and such scrutiny and any actions such legislative and regulatory bodies may take as a result thereof may also have an adverse effect on the price that a subsequent purchaser would be willing to pay for the Series 2018 Bonds and the ability of a holder to resell its Series 2018 Bonds.

Other rating agencies, which may have different methodologies, criteria, models and requirements, could also provide unsolicited ratings on the Series 2018 Bonds, which ratings may be lower than those assigned by the Rating Agencies. Any unsolicited ratings may be issued prior to, on or after the Date of Issuance and will not be reflected herein. If another rating agency issues a lower rating, the liquidity, market value and regulatory characteristics of the Series 2018 Bonds could be materially and adversely affected.

### **Factors Affecting Sufficiency and Timing of Receipt of Revenues**

The Corporation's expectation that the Revenues to be received by it pursuant to the Indenture, along with Capitalized Interest Fund and Debt Service Reserve Fund balances, will be sufficient to allow the Corporation to make timely payments of all principal of and interest on the Bonds, including the Series 2018 Bonds, and to pay all Servicing and Administrative Fees and Indenture Expenses related to the Bonds and to the Financed Eligible Loans when due is based upon an analysis of cash flow assumptions, which the Corporation believes are reasonable, regarding the timing of the financing of the Financed Eligible Loans to be held pursuant to the Indenture, the future composition of and yield on the Financed Eligible Loan portfolio, rates of default and delinquency on Financed Eligible Loans, the rate of return on moneys to be invested in various Funds and Accounts under the Indenture, and the occurrence of future events and conditions. There can be no assurance, however, that the Eligible Loans will be acquired or originated as anticipated, that interest and principal payments on the Financed Eligible Loans will be received as anticipated, that the reinvestment rates assumed on the amounts in the various Funds and Accounts will be realized, or that other payments will be received in the amounts and at the times anticipated. Furthermore, future events over which the Corporation has no control may adversely affect the Corporation's actual receipt of Revenues, including Recoveries of Principal, pursuant to the Indenture. This, in turn, may affect the Corporation's ability to make payments of principal of and interest on the Bonds, or to make other payments that are required under the Indenture, when due.

Receipt of principal of and interest on Financed Eligible Loans may be accelerated due to various factors, including, without limitation: (i) actual principal amortization periods which are shorter than those assumed based upon the current analysis of existing Financed Eligible Loans and of Eligible Loans that are expected to be originated pursuant to the Indenture with proceeds of the Series 2018 Bonds, with proceeds of

any Additional Bonds, and with any other amounts that may become available under the Indenture for such purpose; (ii) the commencement of principal repayment by borrowers on earlier dates than are assumed based upon such analysis; (iii) economic conditions that induce borrowers to refinance or repay their Financed Eligible Loans prior to maturity; (iv) changes in applicable law that may affect the timing of the receipt of funds by the Corporation; and (v) availability of other financing products at rates lower than that offered by the Fixed Rate Loan Program. See “— Redemption of Series 2018 Bonds.”

Delay in the receipt of principal of and interest on Financed Eligible Loans may adversely affect payment of the principal of and interest on the Bonds, including the Series 2018 Bonds, when due. Principal of and interest on Financed Eligible Loans may be delayed due to numerous factors, including, without limitation: (i) default claims or claims due to bankruptcy of the borrowers greater than those assumed; (ii) borrowers entering deferment periods due to a return to school or other eligible purposes; (iii) forbearance being granted to borrowers; (iv) Financed Eligible Loans becoming delinquent for periods longer than assumed; (v) actual loan principal amortization periods which are longer than those assumed based upon the current analysis of the Corporation’s student loan portfolio expected to be held pursuant to the Indenture; and (vi) the commencement of principal repayment by borrowers at dates later than those assumed based upon the current analysis of the student loan portfolio expected to be held pursuant to the Indenture.

The Fixed Rate Loan Program currently permits borrowers of Program Loans to elect to defer principal payments, or both interest and principal payments, for certain periods as described in Appendix B hereto and also provides for certain other forbearance periods, also as described in Appendix B hereto. Such deferment or forbearance may extend the repayment period of such Program Loans and reduce Revenues during the deferment or forbearance period by amounts greater than have been assumed. Program Loans are not guaranteed or insured by any governmental entity or financial institution and recoveries on Program Loans that become Defaulted Loans are dependent upon the Corporation’s ability to collect from borrowers or cosigners. In addition, loan forgiveness may also be granted upon the death of the benefitting student for all types of Program Loans and upon the certified permanent and total disability of the benefitting student where the benefitting student is the primary borrower. An actual incidence of deferment, of default or of discharge that exceeded that which was assumed for purposes of preparing cash flow projections for Rating Agency evaluation might adversely affect the ability of the Trust Estate to fund the timely payment of the principal of and interest on the Series 2018 Bonds when due.

When a student borrower or parent borrower dies or becomes totally and permanently disabled (as documented according to the requirements of the Corporation), the Corporation releases the student borrower and cosigner or the parent borrower, as applicable (and, in each instance, his or her estate), from liability on such Financed Eligible Loan.

The Corporation believes that, in a fluctuating interest rate environment, a factor affecting the prepayment rate on a pool of loans similar to the Eligible Loans is the difference between the interest rates on the loans (giving consideration to the cost of any refinancing) and prevailing interest rates generally. In general, if interest rates fall below the interest rates on the Financed Eligible Loans, the rate of prepayment would be expected to increase. Conversely, if interest rates rise above the interest rates on the Financed Eligible Loans, the rate of prepayment would be expected to decrease. Other factors affecting prepayment of Financed Eligible Loans include changes in the borrower’s job, transfers, unemployment, loan forbearances and deferments, and refinancing opportunities which may provide more favorable repayment terms such as those offered under various consolidation loan programs.

If actual receipt of Revenues under the Indenture or actual expenditures by the Corporation under its loan origination and acquisition programs, including the Fixed Rate Loan Program, vary greatly from those projected, the Corporation may be unable to pay the principal of and interest on the Bonds, including the Series 2018 Bonds, and amounts owing on other obligations when due. In the event that Revenues, including Recoveries of Principal, received under the Indenture and other available funds held thereunder are insufficient to pay the principal of and interest on the Bonds, including the Series 2018 Bonds, and other required

payments thereunder when due, the Indenture authorizes, and under certain circumstances requires, the Trustee to declare an Event of Default, accelerate the payment of the Bonds, including the Series 2018 Bonds, and sell the Financed Eligible Loans and all other property comprising the security for the Bonds, including the Series 2018 Bonds. In such circumstances, it is possible, however, that the Trustee would not be able to sell the Financed Eligible Loans and the other assets held under the Indenture at prices sufficient to pay the principal of and accrued interest on the Bonds, including the Series 2018 Bonds, when due. The proceeds of any such sale would be applied to fully pay all Senior Bonds prior to application of any such proceeds to the payment of any Subordinate Bonds, including the Series 2018B Bonds. The Corporation initiated its Fixed Rate Loan Program in 2010. There is currently no established secondary market for loans made under this program and there can be no assurance that such a market will develop or, if it does develop, whether such a market will continue to permit the sale of Financed Eligible Loans, or to permit such a sale without a material discount, at all times. See “— Subordinate Status of the Series 2018B Bonds; Subordinate Carry-over Interest.”

In addition to the Corporation’s Fixed Rate Loan Program there are numerous other financing sources available to students attending institutions of higher education and authorized programs or to the parents of such students. Such other sources include, without limitation, federal programs such as the Federal Direct Student Loan Program; state-sponsored and private supplemental loan programs; secured loans, such as home equity loans; and unsecured personal loans. The terms and availability of financing under such programs vary, and the terms and availability of individual programs are subject to change from time to time. Although the Corporation believes that the Program Loans that it expects to make available under the Fixed Rate Loan Program should be competitive in the currently prevailing market for such loans, the availability for such other lending sources in general and the federal programs in particular, may impact adversely the number and amount of Program Loans originated under the Fixed Rate Loan Program. See “— Federal and State Higher Education Policies May Reduce Demand for or Affect the Payment Performance of Financed Eligible Loans.”

#### **Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations**

The Corporation began lending under the Fixed Rate Loan Program in 2010. While the Corporation has extensive experience in administering education loan, grant and tuition savings programs, including providing a variety of education finance services to students and educational institutions and to lenders and collecting defaulted education loans as a guaranty agency under the Federal Family Education Loan Program (“FFEL”) and under its prior private loan programs, it had not previously administered a private fixed rate, credit-based education loan program with the exact same terms and criteria as the Fixed Rate Loan Program.

This Official Statement contains information relative to certain portfolio characteristics and performance information for previously originated Program Loans (including, but not limited to, the Financed Eligible Loans). Since the Corporation began lending under the Fixed Rate Loan Program in 2010, the data set forth herein does not reflect Program Loan portfolio performance over a period equivalent to the full scheduled repayment period applicable to such Program Loans. A substantial portion of Program Loans (including a substantial portion of the Financed Eligible Loans) remain in periods of principal payment deferment, or of interest and principal payment deferment, in accordance with the student borrower’s initially selected repayment option, or have recently completed such a deferment period. Consequently, there can be no assurance that the future performance of originated Program Loans (including Financed Eligible Loans) or of the Eligible Loans to be financed with Series 2018 Bond proceeds or other available Corporation moneys as Financed Eligible Loans will, in fact, be consistent with the past performance of the Financed Eligible Loans, or of Program Loans as a whole. See “APPENDIX B — THE FIXED RATE LOAN PROGRAM” and “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018.”

The credit criteria and terms of the Eligible Loans that are currently expected to be offered under the Fixed Rate Loan Program have been determined by the Corporation on the basis of: (i) its experience to date with its Fixed Rate Loan Program; (ii) its other credit-based private loan programs; (iii) FFEL borrower

performance and collection data that is available to the Corporation as the designated FFEL guaranty agency for the State of Vermont; (iv) the credit criteria and terms of other public and commercial educational loan programs that are currently available to Vermont residents attending eligible colleges and universities and approved programs; and (v) discussions with lenders and colleges. Previously originated Program Loans (including Financed Eligible Loans) bore or bear a variety of interest rates and were repaid by borrowers in a variety of interest rate and economic environments.

On the basis of the review described in the immediately preceding paragraph, the Corporation expects that demand for Eligible Loans with terms described in this Official Statement that may be originated in accordance with the credit criteria described in this Official Statement will be adequate to permit all available proceeds of the Series 2018 Bonds and other amounts deposited to the Student Loan Fund as the Date of Issuance to be applied to acquire sufficient Eligible Loans prior to each date in the Disbursement Schedule and the end of the Origination Period. There can be no assurance, however, that all such amounts will be so applied by such dates. The Indenture requires that all amounts initially deposited to the Student Loan Fund on the Date of Issuance that have not been used or committed to finance sufficient Eligible Loans as of each date in the Disbursement Schedule and the end of the Origination Period (as such dates may be extended upon compliance with Indenture requirements, including satisfaction of the Rating Agency Notification requirement) be applied to fund the redemption of Series 2018 Bonds on any date as soon as practicable after such dates. See “REDEMPTION PROVISIONS — Mandatory Redemption Due to Non-Origination.”

The Corporation also currently expects that the payment performance of the Eligible Loans that are expected to be originated during this period will comply with the cash flow assumptions that were relied upon by the Corporation in structuring the financing described herein. The Corporation has based this conclusion, in part, upon the Corporation’s origination, default and collection performance data for its Fixed Rate Loan Program, for its prior private loans and for certain loans that the Corporation guarantees as a FFEL guaranty agency. The Corporation also reviewed FICO credit score distributions of other similar state-based fixed rate private education loan programs. The Corporation believes reliance upon such sources of information to be reasonable for this purpose. There can be no assurance, however, that the Corporation’s current expectations of the payment performance of the Financed Eligible Loans will in fact be consistent with that of education loan portfolios for which performance data was reviewed by the Corporation. Certain such education loan portfolios were originated on the basis of credit criteria that differ and bear terms that differ in certain respects from those expected to be applicable to the Financed Eligible Loans. There can be no assurance that such differences will not prove to have a material effect on the origination of and the overall performance of the Financed Eligible Loans. There can be no assurance that the ability of borrowers of Financed Eligible Loans to repay such loans, or their propensity to prepay such loans, may not differ materially from that of borrowers of such other education loan portfolios. See “— Factors Affecting Sufficiency and Timing of Receipt of Revenues,” and “— General Economic Conditions.”

Commencing with the 2016-2017 Academic Year, Program Loans were available to parent borrowers as well as to student borrowers. Program Loans to parent borrowers were originated for the 2016-2017 and 2017-18 Academic Years and are expected to be originated for the 2018-2019 Academic Year on the basis of credit criteria, and will have terms, that the Corporation currently expects will be substantially similar to those that will be applicable to Program Loans to student borrowers that are originated during the same period, except that Program Loans will be available to qualifying parent borrowers without cosigners and that the ability of parent borrowers to defer repayment is more limited than that of student borrowers. The Corporation does not currently expect that such differences will have a material effect on the overall performance of such Program Loans. The Corporation reserves the right to modify from time to time the credit criteria and certain other origination and repayment terms applicable to Program Loans. There can be no assurance that the ability of borrowers of Eligible Loans to be financed with Series 2018 Bond proceeds or other available Corporation moneys as Financed Eligible Loans to repay such loans, or their propensity to prepay such loans, may not differ materially from that of borrowers of previously originated Program Loans (including the Financed Eligible Loans). See “APPENDIX B — THE FIXED RATE LOAN PROGRAM — Eligible Borrowers” and “— Eligible Program Loan Terms.”

## **Composition and Characteristics of the Financed Eligible Loans May Change**

The Corporation believes that the information set forth in this Official Statement with respect to the portfolio of Financed Eligible Loans that is described herein as of January 31, 2018 as currently on deposit in the Loan Fund is materially representative of the characteristics of such Financed Eligible Loans as they will exist on the Date of Issuance. Payment performance of individual Financed Eligible Loans included in the described portfolio over time is expected to change the characteristics of the overall portfolio. In the event that the principal amount of Financed Eligible Loans required to provide collateral for the Bonds varies from the amounts anticipated herein, whether by reason of a change in the collateral requirement necessary to obtain the ratings on the Series 2018 Bonds described under the caption “RATINGS,” the amortization, disbursement or prepayment on the described portfolio of Financed Eligible Loans from January 31, 2018 to the Date of Issuance or otherwise, the Financed Eligible Loans that are included in the described portfolio as of January 31, 2018 may consist of a subset of the pool of Eligible Loans described herein or may include additional student loans not described under the caption “APPENDIX C —FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018.” In addition, the proceeds of the Series 2018 Bonds, remaining proceeds of the Prior Master Indenture Bonds, available proceeds of any Additional Bonds and any Corporation moneys deposited to the Student Loan Fund will be used to finance additional Eligible Loans during the Origination Period. You should consider potential changes to the characteristics of the Financed Eligible Loans over the period during which the Series 2018 Bonds will remain Outstanding when making your investment decision concerning the Series 2018 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018.”

The Recycling Period that is applicable with respect to Revenues upon the Date of Issuance is scheduled to terminate on June 15, 2019. The Corporation retains the right to extend this existing Recycling Period or to implement one or more additional Recycling Periods subject to compliance with certain requirements of the Indenture and certain amounts received with respect to the Financed Eligible Loans during any future Recycling Periods may be used to acquire additional Financed Eligible Loans. Additional Bonds may be issued and the proceeds used to acquire additional Financed Eligible Loans. The characteristics of the Financed Eligible Loan portfolio included in the Trust Estate will change from time to time due to the acquisition of additional Financed Eligible Loans, changes in the Corporation’s Fixed Rate Loan Program, sales or exchanges of loans, and scheduled amortization, prepayments, delinquencies and defaults of the Financed Eligible Loans. The Corporation reserves the right to alter the terms and conditions of the Fixed Rate Loan Program with respect to the Program Loans at any time subject to compliance with certain requirements of the Indenture. See “— Factors Affecting Sufficiency and Timing of Receipt of Revenues,” “— Payment of Financed Eligible Loans is Subject to Prepayment, Natural Disasters, Bankruptcy Laws and Other Uncertainty” and “— Changes in Relevant Laws.”

## **Payment of Financed Eligible Loans is Subject to Prepayment, Natural Disasters, Bankruptcy Laws and Other Uncertainty**

Financed Eligible Loans may be prepaid by borrowers at any time prior to their respective final maturity dates. For this purpose, the term “prepayments” includes repayments in full or in part, including recoveries on defaulted loans. The rate of prepayments on the Financed Eligible Loans may be influenced by a variety of economic, social and other factors affecting borrowers, including interest rates, the availability of alternative financing and the general job market for graduates of institutions of higher education. The Corporation cannot predict with certainty the actual average life of the Financed Eligible Loans. In addition, the availability of education loan consolidation financing from other sources may materially increase the rate of prepayment actually experienced by the Corporation with respect to the Financed Eligible Loans. An increase in the rate of Financed Eligible Loan repayment actually experienced by the Corporation could result in increased redemption of the Bonds, including the Series 2018 Bonds, prior to maturity and could have a material and adverse effect upon the sufficiency of Revenues and other moneys held under the Indenture to pay

when due the principal of and interest on the Bonds, including the Series 2018 Bonds, Servicing and Administrative Fees and Indenture Expenses. See “REDEMPTION PROVISIONS,” and “— Redemption of Series 2018 Bonds,” “— General Economic Conditions,” and “— Changes in Relevant Laws.”

Payment of Financed Eligible Loans may be affected by natural disasters; student loan borrowers of Financed Eligible Loans in regions affected by natural disasters may experience difficulty in timely payment of their student loans. This could reduce the funds available to the Corporation to pay principal of and interest on the Series 2018 Bonds.

Payment of Financed Eligible Loans may also be affected by applicable bankruptcy law. Under the U.S. Bankruptcy Code (as amended, the “Bankruptcy Code”), educational loans such as the Financed Eligible Loans are generally non-dischargeable. However, the Bankruptcy Code provides that educational loans may become dischargeable if the borrower proves that keeping their non-dischargeable status would impose an undue hardship on the debtor and the debtor’s dependents. Bankruptcy Court judges have substantial discretion in applying Bankruptcy Code provisions in specific cases. The provisions addressing educational loans have been the subject of extensive litigation in the context of numerous filings under the Bankruptcy Code by borrowers and cosigners and Bankruptcy Court judges have applied a variety of approaches to resolving the status of education loans in specific factual circumstances for purposes of such proceedings. There can be no assurance that any Bankruptcy Court proceedings involving Financed Eligible Loans borrowers may not differentiate between the types of Financed Eligible Loans included in the Trust Estate in applying these provisions. A number of bankruptcy reform proposals that would make it easier to discharge certain educational loans have been discussed and/or introduced in the Congress of the United States in recent years. In addition, the Dodd-Frank Act established a student loan ombudsman within the federal Consumer Financial Protection Bureau (the “CFPB”), which ombudsman is required to prepare an annual report and make appropriate recommendations to the Secretary of the Treasury, the Director of the CFPB, the Secretary of Education, and Congress. The discharge of a greater number of Financed Eligible Loans than is currently anticipated could adversely affect the ability of the Corporation to pay when due the principal of and interest on the Bonds, including the Series 2018 Bonds, Servicing and Administration Fees and Indenture Expenses.

### **General Economic Conditions**

Future performance of Financed Eligible Loans may be adversely affected by economic and other events affecting the employment prospects of borrowers or otherwise affecting their ability and willingness to incur and to repay Financed Eligible Loans. High levels of unemployment, either regionally or nationally, may result in increased borrower delinquency and default. Failures by borrowers to pay the principal of and interest on the Financed Eligible Loans in a timely fashion could affect the timing and amount of available funds for any collection period. The effect of these factors on the timing and amount of available funds for any collection period, the ability of the Corporation to pay the principal of and interest on the Bonds (including the Series 2018 Bonds), Servicing and Administrative Fees and Indenture Expenses and the incidence of redemption of the Series 2018 Bonds prior to their maturity, is impossible to predict with certainty. See “— Redemption of Series 2018 Bonds,” “— Factors Affecting Sufficiency and Timing of Receipt of Revenues,” “Certain Military and National Emergency Events Could Delay Borrower Payments” and “— Changes in Relevant Laws.”

### **Program Restrictions**

The Fixed Rate Loan Program is subject to certain restrictions related to the origination and financing of certain Eligible Loans including limitations on the aggregate principal amount or percentage of Financed Eligible Loans that are acquired with amounts deposited to the 2018 Subaccount of the Student Loan Fund. The Corporation has taken into account such restrictions in projecting demand for Eligible Loans. There can be no assurance that such restrictions will not prove to have a material effect on the origination of Eligible Loans. The Corporation reserves the right to modify such restrictions upon satisfaction of the Rating Agency Notification requirement. See “REDEMPTION PROVISIONS — Mandatory Redemption Due to Non-

Origination,” “— Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations” and “APPENDIX B — THE FIXED RATE LOAN PROGRAM.”

### **Anticipated Geographic Concentration of Borrowers and Cosigners**

The Fixed Rate Loan Program requires generally that each applicant for Eligible Loans must be a student who is a Vermont resident or a nonresident attending a post-secondary institution or approved program in Vermont, or a parent of such a student. Accordingly, it is expected that the geographic distribution of borrowers and cosigners of Eligible Loans will be significantly concentrated in the New England region. As a result, the performance of the Financed Eligible Loans may be more influenced by employment trends and other economic factors affecting the New England region than by broader national trends and factors. See “— Factors Affecting Sufficiency and Timing and Receipt of Revenues” and “— General Economic Conditions.”

### **Competition May Reduce Demand for or Affect the Payment Performance of Financed Eligible Loans**

In addition to the Fixed Rate Loan Program, there are several other financing sources available to students and their parents to fund post-secondary costs of attendance. Such other sources include, without limitation, federal programs such as the Federal Direct Student Loan Program; state-sponsored and private supplemental loan programs and home equity loans. The availability of certain federal, state and institutional financial aid, including grants as well as loans, reduces the amount of Eligible Loans for which many otherwise qualified borrowers might be eligible. Eligible Loans compete with PLUS Loans originated under the Federal Direct Student Loan Program, which bear interest payable by the borrower at a fixed rate that is determined annually each May for the following academic year. The terms and conditions of such PLUS Loans differ from those applicable to Eligible Loans. The terms and availability of education loan financing from sources other than the Corporation vary and are subject to change from time to time. Although the Corporation believes that the Program Loans that it expects to make available under the Fixed Rate Loan Program will be competitive in the currently prevailing market for education loans for higher education costs, the availability of such other lending sources in general and of the federal programs in particular, may impact adversely the number and amount of Eligible Loans originated under the Fixed Rate Loan Program.

There can be no assurance as to the availability to students and other education borrowers of loans or of other forms of financial assistance that may reduce demand for Program Loans. Potential sources of other financial assistance include the State of Vermont, other states and the federal government, as well as public and private educational institutions. See “— Redemption of Series 2018 Bonds,” “— Factors Affecting Sufficiency and Timing of Receipt of Revenues,” “— Payment of Financed Eligible Loans is Subject to Prepayment, Natural Disasters, Bankruptcy Laws and Other Uncertainty” and “— Changes in Relevant Laws” and “THE FIXED RATE LOAN PROGRAM.”

### **Federal and State Higher Education Policies May Reduce Demand for or Result in Prepayment of Financed Eligible Loans**

Widespread public concerns with the increasing cost of higher education, the employment prospects for people entering the workforce after discontinuing or completing certain higher education programs and the resulting financial burden that many students, former students and their families have experienced in funding higher education costs and in repaying loans incurred to pay such costs over the past decade have resulted in numerous state and federal proposals to eliminate tuition charges or to otherwise reduce the cost of attendance for various classes of students, to make available additional public grant or publicly subsidized loan funding for the current payment of such costs and to assist education loan borrowers through a variety of measures that include, but are not limited to, making available, or expanding the availability of, income driven repayment options, other forms of loan forgiveness, discharge of education loans in bankruptcy and the availability of new loans to fund the prepayment of existing education loans. Legislation to implement such proposals has been introduced in Congress and in a number of states, including several states that are geographically close to



Vermont. No assurance can be given as to the likelihood that such proposals will, in fact, be approved, as to the specific scope of any such proposals that are approved or as to the timing of their implementation. Accordingly, no assurance can be given as to the whether implementation of such proposals or other changes in federal or state higher education funding policies, including changes in Vermont policies, may reduce demand for Program Loans or may result in an increase in the incidence of prepayment of Financed Eligible Loans. See “—Changes in Relevant Laws.”

### **Certain Military and National Emergency Events Could Delay Borrower Payments**

The Servicemembers Civil Relief Act of 2003 (the “Relief Act”), which replaced and clarified certain benefits extended to military persons under the Soldiers’ and Sailors’ Civil Relief Act of 1940, provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their education loans. The Relief Act provides that persons on active duty in military service who have incurred education loans prior to their period of active duty may request to have the interest on their loans in excess of 6% per year forgiven under certain circumstances. In addition, the Relief Act limits the ability of a lender to take collection actions against a borrower during the borrower’s period of active duty and, in some cases, during an additional three-month period thereafter. Congress has periodically adopted similar legislation, and may consider additional legislation, that provides for, among other things, interest rate caps and additional periods of deferment with respect to education loans made to members of the military, including reservists, and others affected by national emergencies, as well as to other categories of borrowers. There can be no assurance that additional legislation of this type will not be adopted in the future and will not affect payments received by the Corporation on the Financed Eligible Loans. There is no basis for predicting the number and aggregate principal balances of Financed Eligible Loans that may be affected by the application of such legislation, the period of time over which such Financed Eligible Loans may be so affected and the resulting effect upon the sufficiency of Revenues and other amounts available under the Indenture to pay when due the principal of and interest on the Bonds, including the Series 2018 Bonds, and to pay Servicing and Administration Fees and other Indenture Expenses.

### **Incentive or Borrower Benefit Programs May Affect the Series 2018 Bonds**

The Financed Eligible Loans may be subject to various borrower incentive programs. Any incentive program that effectively reduces borrower payments or principal balances on Financed Eligible Loans may result in the reduction of the principal amount of Financed Eligible Loans at a rate faster than anticipated. The Corporation cannot accurately predict the number of borrowers that will utilize the borrower benefits provided under the rate relief programs currently offered by the Corporation. The greater the number of borrowers that utilize such benefits with respect to the Financed Eligible Loans, the lower the total loan receipts on such Financed Eligible Loans. See “—Federal and State Higher Education Policies May Reduce Demand for or Affect the Payment Performance of Financed Eligible Loans” and “APPENDIX B — THE FIXED RATE LOAN PROGRAM.”

### **The Financed Eligible Loans Do Not Restrict Borrowers from Incurring Additional Unsecured or Secured Debt, nor Do They Impose Any Financial Restrictions on Borrowers During the Term of the Financed Eligible Loans, Which May Increase the Likelihood that Borrowers May Default on Their Financed Eligible Loans**

A Financed Eligible Loan is not likely to be a borrower’s or a cosigner’s only debt obligation when the Financed Eligible Loan is made and the Financed Eligible Loans do not, by their terms, limit the incurrence of additional secured or unsecured indebtedness by borrowers or cosigners. If a borrower or cosigner incurs additional debt after obtaining a Financed Eligible Loan, that additional debt may adversely affect the creditworthiness of the borrower or cosigner generally, and could result in the financial distress, insolvency, or bankruptcy of the borrower or cosigner. This circumstance could ultimately impair the ability of the borrower, or cosigner to make payments on the Financed Eligible Loan. To the extent that the borrower or cosigner has

or incurs other indebtedness and cannot pay all of its indebtedness, the borrower or cosigner may choose to make payments to other creditors, rather than on the Financed Eligible Loans.

To the extent borrowers or cosigners incur other indebtedness that is secured, such as mortgages, home equity lines or auto loans, the ability of the secured creditors to exercise remedies against such collateral may impair the borrower's or cosigner's ability to repay the Financed Eligible Loan, or it may impair the ability of the Corporation to collect on the Financed Eligible Loan if it goes unpaid. Since the Financed Eligible Loans are unsecured, borrowers may choose to repay obligations under other indebtedness before repaying Financed Eligible Loans because the borrowers have no collateral at risk.

### **Internet Based Loan Origination Processes may give rise to Greater Risks than Paper Based Processes**

The Corporation, in its capacity as loan originator, and many originators of the Financed Eligible Loans often use the internet to obtain application information and distribute certain legally required notices to applicants and borrowers, and to obtain electronically signed loan documents in lieu of paper documents with actual borrower signatures. These processes may entail greater risks than would paper based student loan origination processes, including risks regarding the sufficiency of notice for compliance with consumer protection laws and risks that borrowers may challenge the authenticity of loan documents. If any of those factors were to cause Financed Eligible Loans, or any of the terms of the Financed Eligible Loans, to be unenforceable against the borrowers, the Corporation's ability to pay principal of and interest on the Series 2018 Bonds could be adversely affected.

### **Possible Use of Third-Party Servicers**

The Corporation currently acts as originator and Servicer of the Fixed Rate Loan Program. The Corporation reserves the right, however, to establish different Eligible Loan origination and servicing arrangements in accordance with the Indenture. Appointment of a successor or additional Servicer is subject to satisfaction of certain requirements of the Indenture, including satisfaction of the Rating Agency Notification requirement. The cash flow assumptions used in structuring the financing described herein were based upon assumptions with respect to servicing costs which the Corporation based upon these existing agreements. No assurance can be given that the Corporation will continue to act as Servicer or will be able to enter into agreements with another Servicer acceptable to the Rating Agencies at the assumed level of servicing cost currently existing. Although the Corporation has substantial experience in originating and servicing education loans, the timing of payments to be actually received with respect to Financed Eligible Loans will be dependent upon the ability of the Corporation, or any successor Servicer, to adequately originate and service the Financed Eligible Loans. Additionally, the Corporation as Servicer relies, although under the supervision of the Corporation, on third-parties for the collection of defaulted loans. In addition, investors will be relying on the Corporation's, or any successor Servicer's, compliance with applicable federal and state laws and regulations applicable to servicing.

In the event of default by any successor Servicer resulting solely from certain events of insolvency or bankruptcy, a court, conservator, receiver or liquidator may have the power to prevent the appointment of either a successor Servicer or originator, as the case may be, and delays in origination or collections in respect of the Financed Eligible Loans may occur. Delays in the receipts of payments with respect to Financed Eligible Loans in excess of the delinquency and default assumptions used for purposes of preparing cash flow projections as a basis for structuring the financing described herein may delay the timely payment of scheduled principal of and interest on the Bonds, including the Series 2018 Bonds, and of Servicing and Administrative Fees and Indenture Expenses.

## **Investigations and Inquiries of the Student Loan Industry may Affect the Corporation or any future other Servicer**

A number of state attorneys general and other federal and state regulatory or legislative authorities have in recent years conducted broad inquiries or investigations of the activities of various participants in the student loan industry, including, but not limited to, activities that may involve perceived conflicts of interest.

There is no assurance that the Corporation or any other Servicer which may be engaged in the future, if any, with respect to any or all of the Financed Eligible Loans, will not be subject to inquiries or investigations. While the ultimate outcome of any inquiry or investigation cannot be predicted, it is possible that these inquiries or investigations and regulatory developments may materially affect the Corporation's ability to perform its obligations under the Indenture or the Corporation's ability to pay principal of and interest on the Series 2018 Bonds from assets in the Trust Estate.

## **Dodd-Frank Act**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was enacted in July 2010, represents a comprehensive overhaul of the financial services industry within the United States, and established the new federal Consumer Financial Protection Bureau (the "CFPB"). The CFPB, an independent agency within the Federal Reserve, now regulates consumer financial products, including education loans, and other financial services offered primarily for personal, family, or household purposes, and the CFPB and other federal agencies are required to undertake various assessments and rulemakings to implement the law. The majority of the provisions in the Dodd-Frank Act are aimed at financial institutions. However, there are components of the law that may have an impact on the Corporation.

The Dodd-Frank Act gave the CFPB authority to supervise private lenders. In addition, the CFPB supervises and examines certain non-bank loan servicers that service more than 1 million borrower accounts to ensure that bank and non-bank servicers follow the same rules in the loan servicing market. The rule covers both federal and private education loans. The Corporation does not currently service more than 1 million loan borrower accounts; however, if in the future the Corporation were to service more than 1 million loan borrower accounts, then the rule would become applicable to the Corporation. The CFPB began conducting its initial supervisory examinations of the large nonbank loan servicers after the rule became effective in March 2014. In addition to its supervisory authority, the CFPB has broad authority to enforce compliance with federal consumer financial laws applicable to private lenders and loan servicers, including the Dodd-Frank Act's prohibition on unfair, deceptive or abusive acts or practices, by conducting investigations and hearings, imposing monetary penalties, collecting fines and requiring consumer restitution in the event of violations. It may also bring a federal lawsuit or administrative proceeding. In addition, the Dodd-Frank Act authorizes state officials to enforce regulations issued by the CFPB. If, in the course of an examination, the CFPB were to determine that a Servicer or the Corporation was not in compliance with applicable laws, regulations and CFPB positions, it is possible that this could result in material adverse consequences to a Servicer and/or the Corporation, including, without limitation, settlements, fines, penalties, adverse regulatory actions, changes in the Corporation's or in a Servicer's business practices, or other actions.

The CFPB has actively exercised its supervisory authority, and has indicated that it may exercise its regulatory authority, with respect to education loans. In May 2015, the CFPB launched a public inquiry into education loan servicing practices throughout the industry. In September 2015, the CFPB issued a report discussing public comments submitted in response to the inquiry and, in consultation with the Department of Education and Department of the Treasury, released recommendations to reform education loan servicing to improve borrower outcomes and reduce defaults. In July 2016, the Department of Education expanded on these joint principles by outlining enhanced customer service standards and protections that will be incorporated into federal servicing contracts and guidelines. The CFPB has also announced that it may issue education loan servicing rules in the future. It is difficult to estimate at this time any potential financial or other impact on the Corporation in its role as Servicer that could result from these developments.

At this time, it is difficult to predict the extent to which the Dodd-Frank Act or the resulting regulations will impact the Corporation's business and operations and the business and operations of any future other Servicer. As rules and regulations are promulgated by the federal agencies responsible for implementing and enforcing the provisions of the Dodd-Frank Act, the Corporation and any future other Servicer will need to apply adequate resources to ensure that each is in compliance with all applicable provisions. Compliance with these new laws and regulations may result in additional costs and may otherwise adversely impact the Corporation's and/or any other future Servicer's results of operations, financial condition, or liquidity.

### **Consumer Protection Lending Laws and Regulations Could Change**

Eligible Loans are subject to applicable laws regulating loans to consumers. Numerous federal and state consumer protection laws and related regulations impose substantial requirements upon lenders and servicers involved in consumer finance which may have the effect of subjecting lenders and servicers to the licensure, supervisory and regulatory requirements of multiple governmental entities. Changes in such requirements may result in unanticipated additional marketing, origination, servicing, collection and other administration costs that must be paid from Servicing and Administrative Fees and Indenture Expenses as provided by the Indenture and may reduce the number of entities that are qualified and available to perform such services as Corporation contractors, may increase the costs of such services or both. Some state and federal laws impose finance charge restrictions and other restrictions on certain consumer transactions and require certain disclosures of legal rights and obligations. Furthermore, to the extent applicable, these laws can impose specific statutory liabilities upon creditors who fail to comply with their provisions and may affect the enforceability of the Financed Eligible Loan. In addition, the remedies available to the Trustee or the Registered Owner upon an Event of Default under the Indenture may not be readily available or may be limited by applicable state and federal laws. If the application of consumer protection laws were to cause the Financed Eligible Loans, or any of the terms of the Financed Eligible Loans, to be unenforceable against the borrowers or cosigners, the Corporation's ability to pay when due the principal of and interest on the Bonds, including the Series 2018 Bonds, Servicing and Administrative Fees and Indenture Expenses could be adversely affected. See "— Changes in Relevant Laws."

Additionally, further regulation by Congress, state legislatures or state or federal regulatory agencies, or changes in the regulatory application or judicial interpretation of existing laws and regulations applicable to consumer lending, could make it more difficult for the Corporation in its role as Servicer for the Financed Eligible Loans, or any future Servicer, to collect payments on the Financed Eligible Loans. The regulatory environment in which student loan lenders and servicers operate has become increasingly complex.

If the Financed Eligible Loans were determined to have been marketed or serviced in a manner that is unfair, deceptive or abusive, or if marketing, origination or servicing violated any applicable law, then state and federal laws might impose liability on the loan holder, as well as creating defenses to enforcement. Under certain circumstances, the holder of a Financed Eligible Loan might be subject to claims and defenses that the borrower on that Financed Eligible Loan could have asserted against the educational institution that received the proceeds of the Financed Eligible Loan. If differential pricing of the Financed Eligible Loans were determined to have an adverse impact on classes of protected persons under the federal Equal Credit Opportunity Act and other similar laws, claims under those laws might be asserted. There can be no assurance that the Corporation will not be subject to such claims or that the Corporation will not have liability with respect to such claims. Any such liability could have a material adverse effect on the Corporation and upon its ability to discharge its responsibilities under the Indenture.

The Program Loans within each program were made using standardized documentation for that program. Thus, many borrowers may be similarly situated insofar as the provisions of their contractual obligations are concerned. Accordingly, certain allegations of violations of the provisions of applicable federal or state consumer protection laws might potentially result in a class of claimants asserting claims against the Corporation and any future other Servicer. The costs of defending or paying judgments in any such lawsuits

could have a material adverse effect on the Corporation and upon its ability to discharge its responsibilities under the Indenture.

### **Changes in Relevant Laws**

Any future expansion of federal or state grants, of the availability of state tuition discount programs or of direct federal lending to post-secondary students, might reduce demand for Eligible Loans. Changes in the terms of federal loans, including but not limited to interest rates and fees, and other changes to federal or to state policies or programs to reduce the costs of post-secondary education or to assist students and their families to pay for such costs may reduce borrower demand for Eligible Loans. There can be no assurance that these factors might not adversely affect the value of the Financed Eligible Loans.

A number of bankruptcy reform proposals that would alter the treatment of student loans under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 have been discussed and/or introduced in the Congress of the United States in recent years, including proposals to liberalize the current general non-dischargeability of such student loans in bankruptcy. No assurance can be given as to whether federal bankruptcy reform legislative proposals will be enacted that might affect the Corporation's ability to enforce collection of the Financed Eligible Loans. See “—Payment of Financed Eligible Loans is Subject to Prepayment, Natural Disasters, Bankruptcy Laws and Other Uncertainty.”

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

Legislative enactments, regulatory actions, and court decisions, whether at the federal or state level, could adversely affect the tax-exempt status of interest on the Series 2018 Bonds and/or the market value of the Series 2018 Bonds. See “TAX MATTERS.”

There can be no assurance that changes to other relevant federal or state laws will not prospectively or retroactively adversely affect the terms and conditions under which Eligible Loans are made, the tax-exempt status of interest on the Series 2018 Bonds, the market value of the Series 2018 Bonds, Financed Eligible Loan performance, the costs of administering Financed Eligible Loans or affect demand for Eligible Loans. From time to time, legislation is introduced on the federal and state levels that, if enacted into law, could affect the Corporation and its respective operations. Among other matters, such legislation could increase the principal amount of indebtedness which the Corporation can issue. The Corporation is not able to represent whether such bills will be introduced in the future or become law. In addition, the State of Vermont undertakes periodic studies of public authorities and agencies and public benefit corporations in the State of Vermont (including the Corporation) and their financing programs. Any of such periodic studies could result in proposed legislation that, if adopted, could affect the Corporation and its respective operations.

## **THE CORPORATION**

### **General**

The Corporation, a nonprofit public corporation, was created as an instrumentality of the State of Vermont in 1965 and exists under the State Act for the purpose of ensuring that Vermont students and parents have the necessary information and financial resources to pursue their education goals beyond high school. The Corporation has carried out its mandate by guaranteeing, making, acquiring, financing and servicing loans to borrowers qualifying under the State Act and, where applicable, the Higher Education Act and the Public Health Service Act of 1944, 42 U.S.C. § 201 *et seq.* The Corporation also administers financial aid services, a

program of grants and scholarships, a Section 529 savings plan (designated as the Vermont Higher Education Investment Plan) and work study, informational and career counseling services to students and adults seeking further education, and related services to parents of such students. In addition, the Corporation’s wholly-controlled nonprofit affiliate, Vermont Student Development Fund, Inc., d/b/a The Vermont Scholarship Fund, provides scholarship development and fundraising services to complement the Corporation’s other services.

To finance the conduct of certain of its operations, the Corporation receives appropriations from the Vermont General Assembly and is authorized to incur liabilities, to borrow money, and to issue and have outstanding its notes, bonds or other obligations having such maturities, bearing such rate or rates of interest and secured by such lawful means as may in each case be determined by the Corporation. Obligations issued to finance the Corporation’s loan programs, including the Series 2018 Bonds, are not effective until the actions of the Corporation’s Board of Directors authorizing the issuance of such obligations are approved in writing by the Governor of the State of Vermont. The actions of the Corporation’s Board of Directors authorizing the issuance of the Series 2018 Bonds were approved by the Governor of Vermont (the “Governor”) on April 25, 2018.

An eleven-member Board of Directors (the “Board”) governs the Corporation. Board membership is comprised of the following persons: five appointed by the Governor, one State Senator, one State Representative, the State Treasurer and three members elected by the Board. The present Directors’ names and principal occupations or affiliations are as follows:

<b><u>DIRECTORS</u></b>	<b><u>PRINCIPAL OCCUPATIONS OR AFFILIATIONS</u></b>
Dorothy R. Mitchell Chair	Higher Education and Community Volunteer Worcester, Vermont
Martha P. Heath Vice-Chair	Retired, Former Member, Vermont House of Representatives Westford, Vermont
David Larsen Secretary	Middle School Educator (Retired) Wilmington, Vermont
Elizabeth Pearce <i>Ex-officio</i>	Treasurer, State of Vermont Montpelier, Vermont
Senator Ann E. Cummings	Vermont State Senator Montpelier, Vermont
Representative Matthew Trieber	Vermont House of Representatives Bellows Falls, Vermont
Pamela A. Chisholm	Associate Dean for Enrollment Services Community College of Vermont Montpelier, Vermont
David Coates	Retired Managing Partner of the Burlington, Vermont KPMG office Colchester, Vermont
G. Dennis O’Brien	President Emeritus, University of Rochester Middlebury, Vermont
Michael K. Smith	Interim President and Chief Executive Officer, Vermont Information and Technology Leaders Burlington, Vermont
Chuck Soule	Guidance Counselor, South Burlington High School South Burlington, Vermont

The Corporation's telephone number is 802-654-3770, and its address is 10 East Allen Street, P.O. Box 2000; Winooski, Vermont 05404. The Corporation's web site address is www.vsac.org; however, web site information is not being incorporated herein by reference.

The following persons are the officers of the Corporation and its Board of Directors:

<u>NAME</u>	<u>POSITION</u>
Dorothy R. Mitchell	Chair
Martha P. Heath	Vice Chair
David Larsen	Secretary
Scott A. Giles	President-CEO
Thomas A. Little	Vice President, General Counsel and Assistant Secretary
Michael R. Stuart	Vice President and CFO and Assistant Secretary
Marilyn J. Cargill	Vice President of Financial Aid Services & Research and Assistant Secretary
Patrick J. Leduc	CIO & Vice President of Career and Education Outreach and Assistant Secretary

Mrs. Dorothy R. Mitchell, Chair of the Board of Directors, has served as a Board member since 2001.

Ms. Martha P. Heath, Vice Chair of the Board of Directors. has served as a Board member since 1997.

Mr. David Larsen, Secretary of the Board of Directors, has served as a Board member since 2003.

## **Management**

The following is a brief description of the senior management of the Corporation.

Mr. Scott A. Giles, President/CEO of the Corporation, joined the Corporation in 2003. Mr. Giles previously served the Corporation as its Vice President of Operations, Social Marketing and Strategy. Prior to that he served as Deputy Chief of Staff of the Committee on Science of the U.S. House of Representatives and as senior professional staff member on the U.S. Senate Committee on Health, Education, Labor and Pensions where he authored the student loan provisions of the Higher Education Act of 1998. He was appointed by the Secretary of Education to serve on the Federal Advisory Committee on Student Financial Assistance and was elected Chair. A national expert in higher education policy, regulation and servicing, he was designated by Secretary Spellings and Secretary Duncan to represent the non-profit student lenders and servicers in three rounds of negotiated rulemaking. Mr. Giles has a B.A. from St. Lawrence University and both an M.A. and a Ph.D. from the University of Virginia as well as certificates in finance and management from the Harvard Business School and the Kennedy School of Government.

Mr. Michael R. Stuart, Vice President and CFO and Assistant Secretary of the Corporation, joined the Corporation in 1994. Mr. Stuart held positions in Default Collections and Loan Compliance before moving to Finance and Treasury in 1999. Mr. Stuart holds a BA degree in History from St. Lawrence University, 1988, a Master of Science in Administration from St. Michael's College, 1999, and a Professional Certificate in Financial Accounting from Champlain College, 2006.

Mr. Thomas A. Little, Vice President, General Counsel and Assistant Secretary of the Corporation, joined the Corporation in January 2003. Mr. Little served as the Corporation's outside legal counsel from 1983 to 2003 as a member of the law firm Little, Cicchetti & Conard, P.C., Burlington, Vermont. Mr. Little was a member of the Vermont House of Representatives from 1992 to 2002. He is past Chair of the Lawyer's Caucus of the National Council of Higher Education Loan Programs. As Vice President, Mr. Little oversees the Corporation's risk management, internal audit, and development programs. Mr. Little received his B.A. from Bowdoin College in 1976 and his J.D. from Cornell University in 1979.

Ms. Marilyn J. Cargill, Vice President of Financial Aid Services & Research and Assistant Secretary, joined the Corporation in 1984. She worked for 20 years in the grant program moving from counselor, to manager assistant director and director. Ms. Cargill became director of Financial Aid Delivery and Operations in 2004 with responsibility for grants, scholarships, loan account services, school services, and the administrative and imaging area. In 2010, the customer relations division was added to her responsibilities. Marilyn is a past president of the National Association of State Student Grant and Aid Programs (NASSGAP) and a member of the NASSGAP executive committee. Ms. Cargill has also served as an officer for the Vermont Association of Financial Aid Administrators. Ms. Cargill received her BS from the University of Vermont in 1978.

Mr. Patrick J. Leduc, CIO and Vice President of Career and Education Outreach and Assistant Secretary, joined the corporation in 1995. Mr. Leduc held positions in Information Technology and Project Management before moving to the Corporation's senior management team where he oversees Human Resources, IT, and state-based outreach services. Mr. Leduc holds a degree in computer science from Hesser College, has held positions on various nonprofit, community-based boards, and is active in the development of scholarships for underserved populations.

### **Origination and Acquisition of Loans**

The Corporation originates education loans to increase the availability of funds to assist students in obtaining further education. Starting in the late 1980's, the Corporation's education loan acquisitions have occurred almost exclusively through loans originated directly by the Corporation with capital raised in the public credit markets. While the Corporation has not originated education loans on behalf of or purchased education loans from other financial institutions since the mid 1980's, the Corporation retains the authority and ability to enter into loan origination agreements or purchase agreements with financial institutions and, pursuant to such agreements, originate and purchase education loans, including Eligible Loans.

### **Servicing of Education Loans**

The Corporation currently performs all origination and servicing of education loans that it has financed (including Federal Act Loans, HEAL Loans and Program Loans). The Corporation uses third-party collection agencies to assist it in the collection of certain defaulted education loans. In November 1996, the Corporation entered into a license agreement with Idaho Financial Associates, Inc., of Boise, Idaho ("IFA"), for the licensing and use of certain education loan servicing software systems. IFA is a wholly-owned subsidiary of Nelnet Servicing, LLC ("Nelnet"). The Corporation converted its loan servicing operations to the IFA system on July 1, 1997. The Corporation has entered into a separate servicing software maintenance agreement with Nelnet and a Nelnet subsidiary, 5280 Solutions, LLC, for these software systems. The Corporation currently originates education loans with software licensed from 5280 Solutions, LLC and currently expects to commence origination of education loans with One Logos software licensed from FRH Consumer Services, Inc., with respect to new applications, during May 2018.

The Corporation reserves the right to outsource certain loan servicing functions in the future to achieve efficiencies and improvements in its loan servicing activities.

### **Role in Federal Programs**

Upon original enactment of the State Act, the Corporation was authorized to establish a student loan insurance program that would guarantee loans for qualified borrowers and would meet the federal and state statutory requirements for state loan insurance programs. In 1965, the Corporation established its guarantee program under the Guaranteed Student Loan Program (now referred to as the "Federal Family Education Loan Program" or "FFEL") to help students borrow money for their education beyond the high school level. Acting in this capacity, the Corporation is referred to herein as the "State Guarantor." Acting as the State Guarantor, the Corporation currently receives funding from several sources, including reimbursement from the Secretary



in the form of default aversion assistance pursuant to Section 428(i)(2) of the Higher Education Act, federal advances and other federal payments, including the administrative maintenance fee authorized pursuant to Section 458(b) of the Higher Education Act. **The Eligible Loans will not be guaranteed by the Corporation, as State Guarantor or otherwise, by the Secretary of Education or by any other person other than a cosigner.**

### **Outstanding Debt of the Corporation**

The Corporation has previously issued revenue indebtedness in the form of bonds and notes in order to finance its existing student loan programs, and also has issued its general obligation bonds to finance its headquarters and principal office. The general obligation indebtedness issued for the Corporation's headquarters and principal office has been paid in full.

Contemporaneously with the issuance of the Series 2016A Bonds, the Corporation issued a general obligation note to the State of Vermont that remains outstanding in the amount of \$2,800,000. The general obligation note is not payable from or secured by the Indenture or any of the collateral held under the Indenture and is expected to be fully amortized by June 15, 2021.

The revenue debt of the Corporation that is currently outstanding, proceeds of which have been issued to finance education loans, has been issued under and is secured by nine separate trust instruments. All such indebtedness constitutes special, limited obligations of the Corporation payable solely from revenues derived from the student loans financed under such instruments and other assets specifically pledged therefor, does not constitute a general obligation of the Corporation and is not subject to or secured by the Indenture. The total amount of such indebtedness outstanding as of January 31, 2018 was approximately \$725,015,000, including approximately \$22,500,000 of outstanding subordinate bonds that are currently owned by the Corporation. The Bonds, including the Series 2018 Bonds, are not payable from any of the loans or other assets that are pledged under such separate trust documents and the Eligible Loans and other assets pledged under the Indenture to secure the Bonds, including the Series 2018 Bonds, are not available to pay any such separately secured indebtedness.

## **TAX MATTERS**

### **General Matters**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2018 Bonds (including any original issue discount properly allocable to the owner of a Series 2018 Bond) is excludable from gross income for federal income tax purposes. The opinion described above assumes the accuracy of certain representations and compliance by the Corporation with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2018 Bonds. Failure to comply with such requirements could cause interest on the Series 2018 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018 Bonds. The Corporation has covenanted to comply with such requirements. In the opinion of Bond Counsel, interest on the Series 2018 Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and, for taxable years beginning before January 1, 2018, on corporations. No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2018 Bonds.

The accrual or receipt of interest on the Series 2018 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2018 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2018 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of

America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2018 Bonds.

Bond Counsel is also of the opinion that, under existing laws of the State of Vermont, the Series 2018 Bonds and the interest thereon are exempt from all taxation, franchise taxes, fees or special assessments of whatever kind imposed by the State of Vermont, except for transfer, inheritance and estate taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2018 Bonds under the laws of the State of Vermont or any other state or jurisdiction.

### **Original Issue Premium**

The Series 2018 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

### **Original Issue Discount**

The Series 2018 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial

public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

### **Recognition of Income Generally**

Section 451 of the Code was amended by Pub. L. No. 115 97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2018 Bonds under the Code.

### **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2018 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2018 Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2018 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2018 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2018 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2018 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2018 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2018 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE SERIES 2018 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2018 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2018 BONDS.**

#### **LITIGATION AND OTHER MATTERS**

There is no controversy or litigation of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution, or delivery of the Series 2018 Bonds, or in any way contesting or affecting the validity of the Series 2018 Bonds, any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any Financed Eligible Loans, moneys or other security provided for the payment of the Series 2018 Bonds or the due existence or powers of the Corporation.

#### **APPROVAL OF LEGALITY**

The legality of the authorization, issuance and sale of the Series 2018 Bonds is subject to the approving legal opinion of Kutak Rock LLP, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its in-house General Counsel and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York. The unqualified approving opinion of Bond Counsel to the Corporation is to be delivered with the Series 2018 Bonds substantially in the form attached to this Official Statement as APPENDIX D hereto.

#### **AGREEMENT BY THE STATE**

Under the State Act, the State of Vermont pledges and agrees with the holders of the bonds, notes and obligations of the Corporation, including the Series 2018 Bonds, that the State of Vermont will not limit or restrict the rights thereby vested in the Corporation to perform its obligations and to fulfill the terms of any agreement made with the holders of its bonds, notes and obligations, including the Series 2018 Bonds. Neither will the State of Vermont in any way impair the rights nor remedies of the holders until the bonds, notes and other obligations of the Corporation, including the Series 2018 Bonds, together with interest on them and interest on any unpaid installments of interest, are fully met, paid and discharged. The State Act permits the Corporation to include such pledge and agreement of the State of Vermont in the Corporation's contracts with the holders of its bonds, notes and obligations and the Corporation has included such pledge and agreement in the Indenture for the benefit of the Registered Owners of the Bonds, including the Series 2018 Bonds.

#### **LEGAL INVESTMENT**

The State Act provides that, notwithstanding any other law, the State of Vermont and all public officers, governmental units and agencies of the State of Vermont, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, all credit unions, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control, in obligations of the Corporation issued under the State Act (including the Series 2018 Bonds) and such obligations (including the Series 2018 Bonds) are authorized security for any and all public deposits.

#### **UNDERWRITING**

The Series 2018 Bonds are to be purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter") pursuant to the Contract of Purchase with the Corporation. The Underwriter has agreed to purchase the Series 2018 Bonds at a price of par (plus net original issue premium and less underwriting fees and expenses in an amount equal to \$259,315.88). The obligation of the Underwriter to purchase the Series 2018 Bonds is subject to certain terms and conditions set forth in the Contract of Purchase, including the

condition that the issuance and delivery of each of the Series 2018A Bonds and the Series 2018B Bonds is dependent upon the simultaneous issuance and delivery of both series. The initial public offering prices of the Series 2018 Bonds may be changed by the Underwriter from time to time without notice. The Underwriter may offer and sell the Series 2018 Bonds to certain dealers (including dealers depositing the Series 2018 Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than or yields higher than the offering prices or yields set forth on the inside front cover page hereof.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the Corporation and any Corporation affiliates in connection with such activities. In the various courses of their various business activities, the Underwriter, its affiliates and their respective officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Corporation. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such assets, securities and instruments.

## **RATINGS**

Delivery of the Series 2018 Bonds is conditioned upon assignment by Fitch and S&P of their expected respective ratings of “Asf” and “A(sf)” to the Series 2018A Bonds and of their expected respective ratings of “BBBsf” and “BBB(sf)” to the Series 2018B Bonds. Such ratings reflect only the respective views of S&P and Fitch and an explanation of the significance of such ratings can only be obtained from S&P or Fitch, as applicable. There is no assurance that such ratings will be continued for any given period of time or that they will not be revised downward or withdrawn entirely by one or both of S&P or Fitch if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect upon the market price or the marketability of the Series 2018 Bonds.

## **AVAILABILITY OF CERTAIN ADDITIONAL CORPORATION INFORMATION**

The Corporation has covenanted in the Indenture to make periodic Financed Eligible Loan information publicly available at least quarterly. Such information will include operating data substantially of the type described under “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018,” and certain Senior Parity Percentage and Total Parity Percentage information. In addition, the Corporation currently follows a practice of regularly releasing certain information concerning the portfolios of education loans included in certain of its trust estates, including Program Loans by posting such information on a publicly accessible Internet web site maintained by or on behalf of the Corporation for such purpose. Such information is currently posted to [www.vsac.org/investors](http://www.vsac.org/investors). Such information may include some or all of the information described under “APPENDIX B — THE FIXED RATE LOAN PROGRAM — Fixed Rate Loan Program Portfolio Information” and under “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018” and may include other factual information concerning the education loans or the Corporation’s education loan financing program that the Corporation believes to be appropriate. The Corporation reserves the rights: (i) to alter or discontinue this policy at any time without notice; (ii) to satisfy contractual secondary market disclosure obligations with respect to the Series 2018 Bonds in part by reference to information that is posted in this manner without thereby becoming contractually obligated to continue releasing such information in this manner; (iii) to alter

the format in which periodic information is presented; and (vi) to make periodic information available either by posting as part of, or in the same manner as, annual reports filed pursuant to the Continuing Disclosure Agreement described in APPENDIX E to this Official Statement or, subject to compliance with such Continuing Disclosure Agreement, by posting on a publicly accessible website. See “CONTINUING DISCLOSURE.”

The certified audited financial statements of the Corporation as of and for the years ended June 30, 2017 and June 30, 2016, as well as for certain prior years, are currently also posted to [www.vsac.org/investors](http://www.vsac.org/investors). ***Such financial statements include information with respect to the Corporation’s education lending programs generally, as well as information with respect to the Fixed Rate Loan Program. Since the Bonds, including the Series 2018 Bonds, are special limited obligations of the Corporation, payable only from the Revenues and other assets pledged under the Indenture as part of the Trust Estate, the overall financial status of the Corporation, or that of the Corporation’s other education lending programs, does not indicate and does not necessarily affect whether the Revenues and other assets so pledged as part of the Trust Estate will be sufficient to fund the timely payment of principal, premium, if any, and interest on the Bonds, including the Series 2018 Bonds. See “SECURITY FOR THE SERIES 2018 BONDS.”***

Securities and Exchange Commission (“SEC”) Rule 15Ga-1 requires “securitizers” of “asset-backed securities” as such terms are defined for purposes of the rule (including, with respect to the Series 2018 Bonds, the Corporation), for which the underlying transaction documents contain a covenant to repurchase or replace underlying assets for breaches of representations or warranties, to periodically file specified information regarding securitized assets that were the subject of a demand for repurchase or replacement due to a breach of a representation or warranty through the Municipal Securities Rulemaking Board Electronic Municipal Market Access system (the “MSRB” and “EMMA”). The Corporation expects to file such information as it is required by the rule through EMMA, or as otherwise prescribed by the SEC, no later than 45 calendar days after the end of each calendar quarter for as long as any Corporation bonds that are subject to the rule (including the Series 2018 Bonds) are outstanding.

## CONTINUING DISCLOSURE

The Corporation will agree, for the benefit of the owners of the Series 2018 Bonds, to provide certain financial information and operating data relating to the Corporation by no later than 9 months following the end of the Corporation’s fiscal year (which currently is June 30), commencing with the report for the Fiscal Year ending June 30, 2018 (the “Annual Financial Information”), and to provide notices of the occurrence of certain enumerated events. The Annual Financial Information has been and is to be filed by the Corporation with the MSRB through its EMMA system. The notices of material events are to be filed by the Corporation with the MSRB through its EMMA system. The specific nature of the information to be contained in the Annual Financial Information or the notices of material events is summarized below in “APPENDIX E — PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The covenants described in the preceding paragraph were made, in part, in order to assist the Underwriter in complying with Securities Exchange Commission (“SEC”) Rule 15c2-12(b)(5). On June 8, 2015, Fitch published notice of an upgrade of the rating that it had previously assigned to the Corporation’s Education Loan Revenue Bonds, Senior Series 2010A. The posting of the notice of this rating action through the EMMA system did not occur until June 1, 2016. On July 25, 2017, S&P published a notice of an upgrade of the ratings that it had previously assigned to the Corporation’s Education Loan Revenue Bonds, Senior Series 2012A maturing June 15, 2018 and to its Education Loan Revenue Bonds, Senior Series 2013A maturing June 15, 2018. The posting of the notice of these rating actions through the EMMA system did not occur until April 24, 2018.

## FINANCIAL ADVISOR

S L Capital Strategies LLC (the “Financial Advisor”) serves as independent financial advisor to the Corporation on matters relating to debt management. The Financial Advisor is a financial advisory and

consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisor has provided advice as to the plan of financing and the structuring of the Series 2018 Bonds and has reviewed and commented on certain legal documentation, including this Official Statement. The advice on the plan of financing and the structuring of the Series 2018 Bonds was based on materials provided by the Corporation and other sources of information believed to be reliable. The Financial Advisor has not audited, authenticated or otherwise verified the information provided by the Corporation or the information set forth in this Official Statement or any other information available to the Corporation with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information and no guarantee, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

### **FURTHER INFORMATION**

Copies, in reasonable quantity, of the Indenture and other documents herein described may be obtained upon written request from the Issuer, Vermont Student Assistance Corporation, 10 East Allen Street, P.O. Box 2000, Winooski, Vermont 05404, Attention: President.

### **MISCELLANEOUS**

All quotations from, and summaries and explanations of the State Act and the Indenture and any other documents or statutes contained herein do not purport to be complete and reference is made to such documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation and the purchasers or owners of any of the Series 2018 Bonds.

The Indenture provides that any agreements, covenants, or representations of the Corporation contained in the Indenture or contained in the Series 2018 Bonds do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the incorporators, officers, employees, agents or directors of the Corporation and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the Corporation shall arise therefrom.

This Official Statement has been approved by the Corporation for distribution to prospective purchasers of the Series 2018 Bonds.

**VERMONT STUDENT ASSISTANCE CORPORATION**

By: /s/ Scott A. Giles  
Scott A. Giles  
President/CEO



**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary of certain provisions of the Indenture of Trust, dated as of July 1, 2012 (as previously amended and supplemented, the “Master Indenture”), by and between the Vermont Student Assistance Corporation (the “Corporation”) and People’s United Bank, National Association, a national banking association (the “Trustee”) and the Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018 (the “Series 2018A&B Supplemental Indenture” and together with the Master Indenture, the “Indenture”), by and between the Corporation and the Trustee and is not to be considered as a full statement of the provisions of the Master Indenture or the Series 2018A&B Supplemental Indenture. The summary is qualified by reference to, and is subject to, the complete Master Indenture and the Series 2018A&B Supplemental Indenture, copies of which, in reasonable quantity, may be obtained during the offering period upon request directed to the Corporation at the address set forth under the caption “FURTHER INFORMATION” in the body of the Official Statement.

**Certain Definitions**

“*Account*” means any of the accounts created and established within any Fund pursuant to the Indenture.

“*Aggregate Value*” means, on any calculation date, the sum of the Values of all assets of the Trust Estate, and excluding purpose and non-purpose arbitrage liability amounts which, as of any date of calculation, have not been deposited into the Rebate Fund.

“*Approved Undisbursed Loans*” means those Eligible Loans for which funding has been approved, but not disbursed by the Corporation prior to the end of the Recycling Period or Origination Period with respect to a Series of Bonds, as applicable, and for which amounts are available in the Student Loan Fund.

“*Authorized Denominations*” means with respect to the Series 2018 Bonds, \$5,000 and any integral multiple thereof.

“*Authorized Officer*” means, when used with reference to the Corporation, its Chair, Vice Chair, President-CEO, any Vice President, the Secretary or any Assistant Secretary and, in the case of any act to be performed or duty to be discharged, any other member, officer, or employee of the Corporation then authorized to perform such act or discharge of such duty.

“*Authorized Representative*” means, when used with reference to the Corporation, (a) an Authorized Officer, or (b) an individual designated in writing by an Authorized Officer of the Corporation to act on the Corporation’s behalf under the Indenture.

“*Authorizing Act*” means the Vermont Statutes Annotated, Title 16, Chapter 87, as the same may be amended from time to time.

“*Beneficial Owner*” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2018 Bond.

“*Board of Directors*” means the Board of Directors of the Corporation.

“*Bond*” or “*Bonds*” means any bonds, notes or other debt obligations issued pursuant to the Indenture.

“*Bond Counsel*” means counsel of nationally recognized standing in the field of law relating to municipal, state and public agency financing selected by the Corporation.

“*Bond Payment Date*” means, for any Bond, any Interest Payment Date, its Stated Maturity or the date of any debt service payment with respect thereto designated in a Supplemental Indenture.

“*Bond Yield*” means, with respect to any Bonds issued as Tax-Exempt Bonds, the yield on such Tax-Exempt Bonds computed in accordance with the Code.

“*Book-Entry System*” means the book-entry system of registering ownership described in the Master Indenture.

“*Business Day*” means, with respect to the Series 2018 Bonds, any day on which banks located in the city in which the principal corporate trust office of the Trustee is located are generally open for business.

“*Capitalized Interest Fund*” means the Fund by that name created pursuant to and further described in the Master Indenture, including any Accounts and Subaccounts created therein.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code will be deemed to include the United States Treasury Regulations, including applicable temporary and proposed regulations, relating to such sections which are applicable to the Tax-Exempt Bonds or the use of the proceeds thereof. A reference to any specific section of the Code will be deemed also to be a reference to the comparable provisions of any enactment which supersedes or replaces the Code thereunder from time to time.

“*Computation Date*” means each date described as such in any Tax Document.

“*Continuing Disclosure Agreement*” means any Continuing Disclosure Agreement or Continuing Disclosure Certificate entered into or executed by the Corporation pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as such rule may be amended from time to time. With respect to the Series 2018 Bonds, Continuing Disclosure Agreement means that certain Continuing Disclosure Agreement between the Corporation and the Trustee dated the date of issuance and delivery of the Series 2018 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“*Contract of Purchase*” means, with respect to the Series 2018 Bonds, the Contract of Purchase, dated May 4, 2018 by and between the Corporation and the Purchaser as described in the Series 2018A&B Supplemental Indenture.

“*Corporation*” means the Vermont Student Assistance Corporation, a nonprofit public corporation created and established pursuant to, and existing under, the laws of the State of Vermont, or any body, agency, or instrumentality of the State of Vermont or other entity which will hereafter succeed to the powers, duties and functions of the Corporation.

“*Corporation Order*” means a written order signed in the name of the Corporation by an Authorized Representative.

“*Date of Issuance*” means, with respect to the Series 2018 Bonds, June 6, 2018.

“*Debt Service Fund*” means the Fund by that name created pursuant to and further described in the Indenture, including any Accounts and Subaccounts created therein.

“*Debt Service Reserve Fund*” means the Fund by that name created pursuant to and further described in the Indenture, including any Accounts and Subaccounts created therein.

“*Debt Service Reserve Fund Requirement*” means an amount equal to not less than the greater of (i) 2.0% of the principal amount of the Bonds then Outstanding or (ii) \$300,000; provided, however, that the percentage in clause (i) above or the dollar figure in clause (ii) above may be reduced so long as such reduction satisfies the Rating Agency Notification. On the Date of Issuance of the Series 2018 Bonds, the only Bonds Outstanding under the Indenture shall be the Series 2012A Bonds, the Series 2013A Bonds, the Series 2016A Bonds, the Series 2017 Bonds and the Series 2018 Bonds.

“*Defaulted Loan*” means, except as otherwise provided in a Supplemental Indenture, an Eligible Loan originated pursuant to the Program which has reached 180 days of delinquency and has been classified in the Corporation’s loan file as a Defaulted Loan.

“*Eligible Account*” means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a long-term debt rating of at least “BBB+” from S&P (or, if no long-term debt rating, a short-term debt rating of “A-2” from S&P) and (i) “A”/“F1” by Fitch (if any of the Bonds are rated “AA-” or above) or (ii) “BBB+”/“F2” by Fitch (if none of the Bonds are rated “AA-” or above); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity; provided, however that such depository institution shall have a minimum long-term debt rating that is equivalent to “BBB” from S&P and “BBB+” from Fitch.

“*Eligible Loan*” means any loan made to finance post-secondary education that is (a) made by the Corporation pursuant to the Program Documentation and any Supplemental Indenture or (b) subject to satisfaction of the Rating Agency Notification, otherwise permitted to be acquired by or originated by the Corporation pursuant to its Program as authorized under the Authorizing Act.

“*Event of Bankruptcy*” means (a) the Corporation will have commenced a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or will have made a general assignment for the benefit of creditors, or will have declared a moratorium with respect to its debts, or will have failed generally to pay its debts, as they become due, or will have taken any action to authorize any of the foregoing; or (b) an involuntary case or other proceeding will have been commenced against the Corporation seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property provided such action or proceeding is not dismissed within 60 days.

“*Event of Default*” has the meaning specified in the Indenture and is described herein under the caption “Defaults and Remedies—Events of Default Defined.”

“*Excess Earnings*” means, with respect to Financed Eligible Loans held in the Student Loan Fund and financed with the proceeds of Tax-Exempt Bonds, the “excess earnings,” as defined in Section 1.148-2(d)(2) of the Treasury Regulations with respect thereto.

“*Excess Revenue*” means any funds remaining in the Revenue Fund after all transfers required or permitted by the Indenture and described herein under clause (b)(i) through (viii) of the caption “Funds—*Revenue Fund*” have been made.

“*Favorable Opinion*” means an opinion of Bond Counsel addressed to the Corporation and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds.

“*Financed*” or “*Financing*” means or refers to, when used with respect to Eligible Loans, (a) Eligible Loans financed by the Corporation with balances in the Student Loan Fund or otherwise deposited in or accounted for in the Student Loan Fund or otherwise constituting a part of the Trust Estate; and (b) Eligible Loans substituted or exchanged for Financed Eligible Loans, but does not include Eligible Loans released from the lien of the Indenture and sold or transferred, to the extent permitted by the Indenture.

“*Fiscal Year*” means the fiscal year of the Corporation as established from time to time; currently, the Fiscal Year of the Corporation commences each July 1 and ends on the following June 30.

“*Fitch*” means Fitch Ratings, Inc., its subsidiaries and its successors and assigns.

“*Funds*” means each of the Funds created pursuant to the Indenture.

“*Highest Priority Bonds*” means, (a) at any time when Senior Bonds are Outstanding, the Senior Bonds and (b) at any time when no Senior Bonds are Outstanding, the Subordinate Bonds.

“*Indenture*” means the Master Indenture together with the Series 2018A&B Supplemental Indenture, including all supplements and amendments thereto.

“*Indenture Expenses*” means (a) the fees and expenses of the Trustee; (b) the fees and expenses of any broker dealer then acting under a Supplemental Indenture; (c) the fees and expenses of any remarketing agent then acting under a Supplemental Indenture with respect to variable rate Bonds; (d) any fees and expenses related to ongoing surveillance of any Series of Bonds by one or more of the Rating Agencies and maintaining the Ratings on any Series of Bonds; and (e) any other fees and expenses of third party service providers related to any Series of Bonds.

“*Interest Payment Date*” means each date on which interest is to be paid on a Bond and is each June 15 and December 15, commencing on December 15, 2018 with respect to the Series 2018 Bonds.

“*Investment Securities*” means:

(a) direct obligations of, and obligations fully guaranteed as to timely payment by, the United States of America which mature not more than 365 days after the date of purchase and are limited to U.S. Treasury obligations (all direct or fully guaranteed obligations), U.S. Department of Housing and Urban Development public housing agency bonds, Federal Housing Administration debentures, Government National Mortgage Association (GNMA) guaranteed mortgage-backed securities or participation certificates, RefCorp debt obligations and SBA-guaranteed participation certificates and guaranteed pool certificates;

(b) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of 365 days or less with banks, including those of the Trustee and its affiliates, which are members of the Federal Deposit Insurance Corporation; provided, that at the time of deposit or purchase, such depository institution has commercial paper which is rated “A-1+” by S&P and “F1+” by Fitch; or deposits that are fully insured by the Federal Deposit Insurance Corporation;

(c) bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following agencies and maturing not more than 365 days after the date of purchase: Federal

Farm Credit Banks, Federal Home Loan Mortgage Corporation; the Federal National Mortgage Association; the Farmers Home Administration; Federal Home Loan Banks; or any agency or instrumentality of the United States of America which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; provided such obligation, or the issuer or guarantor of such obligation, has a long-term rating of “AAA” by S&P and “AAA” by Fitch and, if applicable and/or available, a short-term rating of “A-1+” by S&P and “F1+” by Fitch;

(d) repurchase agreements and reverse repurchase agreements, other than overnight repurchase agreements and overnight reverse repurchase agreements, with banks, including the Trustee and any of its affiliates, which are members of the Federal Deposit Insurance Corporation, in each case whose outstanding short-term debt obligations are rated no lower than “A-1+” by S&P and “F1+” by Fitch;

(e) investment agreements or guaranteed investment contracts maturing not more than 365 days after the date of purchase which have a short-term rating of at least “A-1” by S&P and a rating of at least “AA-” or “F1+” by Fitch;

(f) “tax-exempt bonds” as defined in Section 150(a)(6) of the Code, other than “specified private activity bonds” as defined in Section 57(a)(5)(C) of the Code, that are rated in the highest category by S&P and at least one other nationally recognized statistical rating organization for long-term or short-term debt or shares of a so-called money market or mutual fund rated “AAAm/AAAm-G” or higher by S&P, and “AAA/F1+” by Fitch (or the equivalent such highest rating category by at least two nationally recognized statistical ratings organizations), that do not constitute “investment property” within the meaning of Section 148(b)(2) of the Code; provided that the fund has all of its assets invested in obligations of such rating quality;

(g) commercial paper, including that of the Trustee and any of its affiliates, which is rated in the single highest classification, “A-1+” by S&P and “F1+” by Fitch, and which matures not more than 365 days after the date of purchase;

(h) investments in a money market fund maturing not more than 365 days after the date of purchase and rated at least “AAAm” or “AAAm-G” by S&P and “AAAmf” by Fitch (if then rated by Fitch), including funds for which the Trustee or an affiliate thereof acts as an investment advisor or provides other similar services for a fee; provided, however, that if such money market fund is not then rated by Fitch, such money market fund shall have a rating from at least two nationally recognized statistical rating organizations rating such fund in the highest investment category granted by such nationally recognized statistical rating organization applicable to money market funds, including funds for which the Trustee or an affiliate thereof acts as an investment advisor or provides other similar services for a fee; and

(i) any other investment maturing not more than 365 days after the date of purchase which has a short-term rating of at least “A-1” by S&P and a rating of at least “AA-” or “F1+” by Fitch.

Furthermore, Investment Securities shall not include interest-only securities, principal-only securities or any securities for purchased at a premium over par.

“*Master Indenture*” means the Indenture of Trust, dated as of July 1, 2012, by and between the Corporation and the Trustee, as supplemented and amended.

“*Nexus Loan*” means an Eligible Loan made for or on behalf of a student who is or was at the time the Eligible Loan was made a resident of the State of Vermont and/or who is or was, at the time the Eligible Loan was made, enrolled at an educational institution located in the State of Vermont.

“*Operating Fund*” means the fund by that name described in the Indenture.

“*Origination Period*” shall mean, for each Series of Bonds, the period beginning on the Date of Issuance for such Series of Bonds and ending on the date set forth in the related Supplemental Indenture for such Series of Bonds. With respect to the Series 2018 Bonds, the Origination Period means the period commencing on the Date of Issuance and ending on June 15, 2019.

“*Outstanding*” means, when used in connection with any Bond, a Bond which has been executed and delivered pursuant to the Indenture which at such time remains unpaid as to principal or interest, unless in all cases provision has been made for such payment pursuant to the Indenture, excluding Bonds which have been exchanged for or replaced pursuant to the Indenture.

“*Participant*” means a broker dealer, bank, or other financial institution from time to time for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“*Person*” means an individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or agency or political subdivision thereof.

“*Portfolio Yield*” means, with respect to Financed Eligible Loans allocable to Tax-Exempt Bonds, the composite yield on the date of calculation of the portfolio of such Financed Eligible Loans computed in accordance with the Code, assuming no additional Eligible Loans are financed and allocable to such Tax-Exempt Bonds.

“*Principal Office*” means the office of the party indicated, as set forth in the Indenture.

“*Principal Reduction Payment Date*” means, for any Bond, any date described in a Supplemental Indenture for the payment of Principal Reduction Payments.

“*Principal Reduction Payments*” means principal payments on Bonds, other than mandatory sinking fund payments, made prior to a Stated Maturity, as set forth in a Supplemental Indenture.

“*Program*” means the Corporation’s program for the origination and acquisition of Eligible Loans pursuant to the Indenture and the Program Documentation, as the same may be modified from time to time.

“*Program Documentation*” means the administrative rules of the Corporation relating to the Program, and all documentation adopted or used by the Corporation for the Program, and the Corporation’s established origination and servicing standards for the Program as in effect on the date of execution the Master Indenture and as revised, amended, altered, or supplemented from time to time.

“*Proposed Action*” means any proposed action, failure to act or other event which, under the terms of the Indenture, is conditional upon a Rating Agency Notification.

“*Proprietary School*” means a school categorized as a proprietary school by the Department of Education for purposes of Title IV of the Higher Education Act of 1965, as amended.

“*Purchaser*” means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“*Quarterly Report*” means each of the periodic information reports required by the Indenture.

“*Rating*” means one of the rating categories of a Rating Agency.

“*Rating Agency*” means any one or more nationally recognized statistical rating organizations or other comparable Persons, designated by the Corporation to assign Ratings to any of the Bonds. With respect to the Series 2018 Bonds, Rating Agency will include Fitch and S&P.

“*Rating Agency Confirmation*” means, with respect to Fitch, if Fitch is then rating any of the Bonds at the request of the Corporation, a letter or press release or other published written release from Fitch for any of the Bonds at the request of the Corporation confirming that its Ratings on the Bonds will not be lowered or withdrawn as a result of a Proposed Action to be taken by the Corporation.

“*Rating Agency Notification*” means, with respect to a Proposed Action, that the Corporation has given written notice of such Proposed Action to each Rating Agency then rating any of the Bonds at least 20 Business Days prior to the proposed effective date thereof.

“*Rebate Amount*” means the amount computed as of a Computation Date in accordance with the Code.

“*Rebate Fund*” means the Fund by that name created and further described in the Indenture, including any Accounts and Subaccounts created therein.

“*Record Date*” means, with respect to the Series 2018 Bonds, the Business Day immediately preceding an Interest Payment Date.

“*Recoveries of Principal*” means all amounts received by the Trustee from or on account of any Financed Eligible Loan as a recovery of the principal amount thereof, including scheduled, delinquent and advance payments; payouts or prepayments; and proceeds from the sale, assignment, transfer, reallocation, or other disposition of a Financed Eligible Loan.

“*Recycling Period*” means, with respect to the Series 2018 Bonds, the period commencing on the Date of Issuance to June 15, 2019, or such later date as may be set forth in a Corporation Order subject to the satisfaction of the Rating Agency Notification; provided, however, that to the extent the Corporation shall have (i) approved the funding of Approved Undisbursed Loans which are not disbursed prior to the end of the Recycling Period but for which amounts are available in the Student Loan Fund and (ii) certified the aggregate principal amount of the Approved Undisbursed Loans in a written certificate of the Corporation delivered to the Trustee on or prior to the last day of the Recycling Period, amounts on deposit in the Student Loan Fund up to the amount so certified (but not with respect to any amount in excess thereof) will be used by the Corporation to fund Approved Undisbursed Loans until the earlier of the date on which the Corporation has disbursed the Approved Undisbursed Loans to the applicable borrowers or certified to the Trustee that amounts remaining in the Student Loan Fund are no longer needed therefor and may be transferred to the Revenue Fund.

“*Redemption Date*” means, when used with respect to any Bonds to be redeemed, the date fixed for such redemption, other than mandatory sinking fund redemption, by or pursuant to the Indenture (including the applicable Supplemental Indenture).

“*Redemption Price*” means the total of principal, premium (if any) and interest due on any Bond redeemed pursuant to any applicable redemption provision of the Indenture and any Supplemental Indenture.

“*Registered Owner*” means the Person in whose name a Bond is registered on the Bond registration records maintained by the Trustee, unless the context otherwise requires.

“*Revenue*” or “*Revenues*” means all Recoveries of Principal, payments, proceeds, charges, and other income received by the Trustee or the Corporation from or on account of any Financed Eligible Loan

(including scheduled, delinquent and advance payments of interest) and all interest earned or gain realized from the investment of amounts in any Fund or Account (other than the Rebate Fund and the Operating Fund).

“*Revenue Fund*” means the Fund by that name created and further described in the Indenture, including any Accounts and Subaccounts created therein.

“*S&P*” means S&P Global Ratings, and its successors and assigns.

“*Securities Depository*” means The Depository Trust Company, New York, New York, and its successors and assigns or any additional or other securities depository designated in a Supplemental Indenture; the then Securities Depository if The Depository Trust Company resigns from its functions as depository of the Bonds; or, if the Corporation discontinues use of the Securities Depository, pursuant to the Indenture, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Corporation with the consent of the Trustee.

“*Senior Bonds*” mean all Bonds secured on a senior priority to the Subordinate Bonds.

“*Senior Debt Service Reserve Fund Requirement*” means an amount equal to not less than the greater of (i) 2% of the principal amount of the Senior Bonds then Outstanding or (ii) \$300,000; provided, however that the percentage in clause (i) above or the dollar figure in clause (ii) above may be reduced so long as such reduction has satisfied a Rating Agency Notification.

“*Senior Parity Percentage*” means the ratio, expressed as a percentage, of (i) the Aggregate Value to (ii) the aggregate principal amount of and accrued interest on all Senior Bonds then Outstanding, plus any allocable accrued but unpaid Servicing and Administrative Fees and Indenture Expenses, if any, as of the date of such calculation.

“*Series*” means all Bonds authenticated and delivered pursuant to a Supplemental Indenture 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 to the Indenture.

“*Series 2012A Bonds*” means the \$20,635,000 Vermont Student Assistance Corporation Education Loan Revenue Bonds, Senior Series 2012A (Tax-Exempt Fixed Rate Bonds) issued pursuant to the Series 2012A Supplemental Indenture.

“*Series 2012A Supplemental Indenture*” means the Series 2012A Supplemental Indenture of Trust, dated as of July 1, 2012, by and between the Corporation and the Trustee authorizing the Series 2012A Bonds.

“*Series 2013A Bonds*” means the \$15,595,000 Vermont Student Assistance Corporation Education Loan Revenue Bonds, Senior Series 2013A (Tax-Exempt Fixed Rate Bonds) issued pursuant to the Series 2013A Supplemental Indenture.

“*Series 2013A Supplemental Indenture*” means the Series 2013A Supplemental Indenture of Trust, dated as of July 1, 2013, by and between the Corporation and the Trustee authorizing the Series 2013A Bonds.

“*Series 2016A Bonds*” means the \$27,900,000 Vermont Student Assistance Corporation Education Loan Revenue Bonds, Senior Series 2016A (Tax-Exempt Fixed Rate AMT Bonds) issued pursuant to the Series 2016A Supplemental Indenture.

“*Series 2016A Supplemental Indenture*” means the Series 2016A Supplemental Indenture of Trust, dated as of June 1, 2016, by and between the Corporation and the Trustee authorizing the Series 2016A Bonds.



“*Series 2017 Bonds*” means the Series 2017A Bonds and the Series 2017B Bonds.

“*Series 2017A Bonds*” means the \$42,305,000 Vermont Student Assistance Corporation Education Loan Revenue Bonds, Senior Series 2017A (Tax-Exempt Fixed Rate AMT Bonds) issued pursuant to the Series 2017A&B Supplemental Indenture.

“*Series 2017A&B Supplemental Indenture*” means the Series 2017A&B Supplemental Indenture of Trust, dated as of June 1, 2017, by and between the Corporation and the Trustee authorizing the Series 2017A Bonds.

“*Series 2017B Bonds*” means \$8,100,000 Vermont Student Assistance Corporation, Education Loan Revenue Bonds, Subordinate Series 2017B (Tax-Exempt Fixed Rate AMT Bonds) issued pursuant to the Series 2017A&B Supplemental Indenture.

“*Series 2018 Bonds*” means the Series 2018A Bonds and the Series 2018B Bonds.

“*Series 2018A Bonds*” means the \$32,555,000 Vermont Student Assistance Corporation Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds) issued pursuant to the Series 2018A&B Supplemental Indenture.

“*Series 2018A&B Supplemental Indenture*” means the Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018, by and between the Corporation and the Trustee authorizing the Series 2018 Bonds.

“*Series 2018A Lockout Premium Bonds*” means those Series 2018A Bonds maturing on and prior to June 15, 2028.

“*Series 2018B Bonds*” means \$4,500,000 Vermont Student Assistance Corporation, Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds) issued pursuant to the Series 2018A&B Supplemental Indenture.

“*Servicer*” means the Corporation or an affiliate of the Corporation and any additional Person with which the Corporation has entered into a Servicing Agreement with respect to Financed Eligible Loans and for which the Corporation has satisfied the Rating Agency Notification.

“*Servicing Agreement*” means the servicing agreements, if any, with any Servicer relating to Financed Eligible Loans, as amended from time to time.

“*Servicing and Administrative Fees*” means (a) the fees of the Corporation as Servicer and the fees of any Servicer under any Servicing Agreements; and (b) the fees and expenses of the Corporation incurred in connection with performing administrative duties, including but not limited to, the preparation of legal opinions and other authorized reports or statements attributable to the Bonds or the Financed Eligible Loans, the reasonable fees and expenses of attorneys, agents, financial advisors, rebate analysts, consultants, accountants, and other professionals, attributable to the Program; marketing expenses for the Program and financial aid counseling; amounts for establishing and maintaining reserves to pay operating costs and reasonable reserves for losses and expenses estimated to be incurred by the Corporation; and required write-downs and/or reductions in principal of Financed Eligible Loans; and rent, personnel costs, office supplies and equipment, and travel expenses. Servicing and Administrative Fees may also include amounts appropriate to reimburse the Corporation for Servicing and Administrative Fees paid from other sources not paid from the proceeds of the Bonds or Revenues.

“*Special Record Date*” means the Special Record Date established for any Bonds pursuant to the Supplemental Indenture relating to such Bonds.

“*Stated Maturity*” means, with respect to any Bonds, the date specified in the Supplemental Indenture relating to such Bonds as the fixed date on which principal of such Bonds is due and payable.

“*Student Loan Fund*” means the Fund by that name created in and further described in the Master Indenture, including any Accounts and Subaccounts created therein.

“*Subaccount*” means any of the subaccounts which may be created and established within any Account by the Indenture.

“*Subordinate Bonds*” mean any Bonds secured on a priority subordinate to the Senior Bonds.

“*Subordinate Carry-over Interest*” means interest not paid on any Series of Subordinate Bonds with respect to any Suspended Interest Period applicable to such Series, together with compounded interest thereon until paid at the Subordinate Carry-over Interest Rate.

“*Subordinate Carry-over Interest Rate*” means, with respect to any Subordinate Bond, the interest rate on such Subordinate Bond.

“*Subordinate Computation Date*” means, with respect to the computation of the Total Parity Percentage, each March 31 and September 30, as set forth in the Quarterly Report with respect to each Subordinate Computation Date.

“*Subordinate Restoration Event*” means, with respect to any Series of Subordinate Bonds for which a Subordinate Suspended Interest Period has occurred, any Interest Payment Date if, (i) as of the Subordinate Computation Date next preceding such Interest Payment Date, the Total Parity Percentage as determined by the Corporation as of such Subordinate Computation Date is at or above a percentage with respect to such Series as set forth in the Supplemental Indenture authorizing such Series of Subordinate Bonds or (ii) no Senior Bonds remain Outstanding after payment of debt service thereon on such Interest Payment Date.

“*Subordinate Restoration Interest Date*” means, with respect to any particular Series of Subordinate Bonds, the Interest Payment Date next succeeding a Subordinate Restoration Event applicable thereto. The Series 2018A&B Supplemental Indenture of Trust provides that such percentage shall be 90.0% with respect to the Series 2018B Bonds.

“*Subordinate Suspended Interest Period*” means, with respect to any particular Series of Subordinate Bonds, the accrual period commencing on any Subordinate Suspension Interest Date applicable to such Series to, but not including, the next succeeding Interest Payment Date. The Series 2018A&B Supplemental Indenture of Trust provides that such percentage shall be 90.0% with respect to the Series 2018B Bonds.

“*Subordinate Suspension Interest Date*” means, with respect to any Series of Subordinate Bonds, any Interest Payment Date on which any Senior Bonds remain Outstanding if, as of the Subordinate Computation Date next preceding such Interest Payment Date, the Total Parity Percentage as determined by the Corporation as of such Subordinate Computation Date is less than a percentage with respect thereto set forth in the Supplemental Indenture authorizing such Series of Subordinate Bonds.

“*Supplemental Indenture*” means an agreement supplemental to the Master Indenture and executed thereto. The Series 2018A&B Supplemental Indenture constitutes a Supplemental Indenture.

“*Taxable Bonds*” means any Bonds issued and delivered pursuant to the Indenture, the interest on which does not purport to be excluded from the federal gross income of the Registered Owners thereof.

“*Tax Documents*” means, collectively, the tax certificates and agreements of the Corporation and instructions to the Corporation and the Trustee, all dated the applicable Date of Issuance, relating to the use of

proceeds of Tax-Exempt Bonds and which set forth the grounds for the Corporation's belief that such Tax-Exempt Bonds are not "arbitrage bonds" within the meaning of the Code, including the exhibits and schedules attached thereto.

"*Tax-Exempt Bonds*" means any Bonds which do not constitute Taxable Bonds.

"*Total Parity Percentage*" means the ratio, expressed as a percentage, of (i) the Aggregate Value to (ii) the aggregate principal amount of and accrued interest on all Bonds then Outstanding, plus any allocable accrued but unpaid Servicing and Administrative Fees and Indenture Expenses, if any, as of the date of such calculation.

"*Trustee*" means People's United Bank, National Association, a national banking association, Burlington, Vermont, acting in its capacity as Trustee under the Indenture, or any successor Trustee designated pursuant to the Indenture.

"*Trust Estate*" means the property described as such in the granting clauses in the Master Indenture.

"*Underwriter*" means the underwriter or underwriters of any of the Bonds. With respect to the Series 2018 Bonds, the Underwriter will be the Purchaser.

"*Value*" on any calculation date when required under the Indenture means the value of the Trust Estate calculated by the Corporation as to clause (a) below and by the Trustee as to clauses (b) through (e), inclusive, below, as follows:

(a) with respect to any Eligible Loan, the unpaid principal amount thereof plus any accrued but unpaid interest; provided, however, a Defaulted Loan will have a Value of zero;

(b) with respect to any funds of the Corporation held under the Indenture and 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;

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

(d) as to investment agreements, par plus accrued interest; and

(e) as to other investments: (i) the lower of the bid prices at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Corporation in its absolute discretion) at the time making a market in such investments, or (ii) the bid price published by a nationally recognized pricing service.

Any reference to time herein will be presumed to be to New York City time and to Burlington, Vermont time; in the event of a conflict between New York City time and Burlington, Vermont time, the earlier of the two times will prevail.

## **Issuance of Bonds**

The Corporation has the authority, upon complying with the provisions of the Indenture, to authenticate and deliver from time to time Bonds secured by the Trust Estate on a parity with the Senior Bonds or the Subordinate Bonds, if any, secured under the Indenture as will be determined by the Corporation.

No Bonds will be authenticated and delivered pursuant to the Indenture unless: the Corporation and the Trustee have entered into a Supplemental Indenture; the Rating Agency Notification has been satisfied with

respect to the issuance of such Series of Bonds; and upon the issuance of the proposed Series of Bonds, an amount equal to the Debt Service Reserve Fund Requirement with respect to such Series of Bonds, if any, has been deposited in the Debt Service Reserve Fund.

### **Bonds Are Special, Limited Obligations of the Corporation and Not a Debt of the State of Vermont; State Covenant**

#### ***Bonds Are Special, Limited Obligations of the Corporation and Not a Debt of the State of Vermont.***

The Bonds and the obligations of the Corporation contained in the Indenture will not be deemed to constitute a debt or liability or obligation of the State of Vermont or any political subdivision of the State of Vermont, nor will the Bonds and the obligations of the Corporation contained in the Indenture be deemed to constitute a pledge of the faith and credit of the State of Vermont or of any political subdivision of the State of Vermont. The Bonds and the obligations of the Corporation contained in the Indenture will not constitute a general obligation of the Corporation, but will be special, limited obligations of the Corporation, secured by and payable solely from the Trust Estate. Each Bond or other obligation issued by the Corporation will contain on its face a statement to the effect that the Corporation will not be obligated to pay the same or the interest thereon from any other source and that neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision of the State of Vermont is pledged to the payment of the principal of or the interest on such obligations.

***State Covenant.*** The Authorizing Act provides that the Corporation may execute the following pledge and agreement of the State of Vermont, in any agreement with the owners of the Corporation's notes, bonds, or other obligations, and the Corporation has included such pledge and agreement for the benefit of the Registered Owners of the Bonds (including the Series 2018 Bonds) in the Indenture to the extent permitted by law:

“The State of Vermont does hereby pledge to and agree with the holders of the notes, bonds and other obligations issued under Chapter Eighty-Seven of the Vermont Statutes Annotated, Title 16 that the State of Vermont will not limit or restrict the rights thereunder vested in the Corporation to perform its obligations and to fulfill the terms of any agreement made with the holders of its bonds or notes or other obligations, including the Bonds. Neither will the State of Vermont in any way impair the rights and remedies of the holders until the notes and bonds and other obligations, including the Bonds, together with interest on them and interest on any unpaid installments of interest, are fully met, paid and discharged.”

### **Certain Representations and Warranties of the Corporation**

***Covenant To Perform Obligations Under The Indenture.*** The Corporation has covenanted in the Indenture that it will faithfully perform at all times and at all places all covenants, undertakings, stipulations, provisions and agreements contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings of the Corporation pertaining thereto. The Corporation has covenanted in the Indenture that it is duly authorized to issue the Bonds issued under the Indenture and to enter into the Indenture and that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken; and that such Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Corporation according to the tenor and import thereof. In consideration of the purchase and acceptance of the Bonds by those who will hold the same from time to time, the provisions of the Indenture will be a part of the contract of the Corporation with the Registered Owners of the Bonds and will be deemed to be and will constitute a contract among the Corporation, the Trustee and the Registered Owners from time to time.

***Further Instruments and Actions.*** The Corporation has covenanted in the Indenture that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental to the Master Indenture and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging all and singular of the Trust Estate pledged under the Indenture to

the payment of the principal of, premium, if any, and the interest on the Bonds and other amounts owed to the Registered Owners.

***Administration of the Program.*** The Corporation has covenanted in the Indenture that it will administer, operate and maintain the Program in such manner as to ensure that the Financed Eligible Loans will conform to the requirements of the Program Documentation and any Supplemental Indenture.

***Financing, Collection and Assignment of Eligible Loans.*** The Corporation will originate and finance only Eligible Loans with moneys in the Student Loan Fund and will diligently cause to be collected all principal and interest payments (subject to the Indenture) on all the Financed Eligible Loans and all defaulted payments which relate to such Financed Eligible Loans. The Corporation will comply with all United States and state statutes, rules and regulations which apply to the Program and to such Financed Eligible Loans.

***Enforcement of Financed Eligible Loans.*** The Corporation will, subject to the Indenture, cause to be diligently enforced, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all terms, covenants and conditions of all Financed Eligible Loans, the Program Documentation and agreements in connection therewith, including the prompt payment of all principal and interest payments and all other amounts due the Corporation thereunder. The Corporation will not, except as permitted by the Indenture, permit the release of the obligations of any borrower under any Financed Eligible Loan and will, subject to the Indenture, at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Corporation, and the Trustee under the Indenture or with respect to each Financed Eligible Loan and agreement in connection therewith. The Corporation will not, subject to the Indenture, consent or agree to or permit any amendment or modification of any Financed Eligible Loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Registered Owners under the Indenture. Nothing in the Indenture will be construed to prevent the Corporation from (a) granting a reasonable forbearance to a borrower (unless such forbearance will, in the reasonable judgment of the Corporation, have a material adverse impact on the Corporation's ability to meet its obligations under the Indenture); (b) settling a default or curing a delinquency on any Financed Eligible Loan on such terms as will be permitted by law and as permitted by the Program Documentation; (c) forgiving the repayment of any Financed Eligible Loan upon the death or permanent disability of a borrower or the student for whom the Financed Eligible Loan was originated; (d) so long as such action will not adversely affect the Ratings on any of the Bonds (as established by the satisfaction of a Rating Agency Notification), charging interest at a lower rate than is required by the Program Documentation or any Supplemental Indenture; or (e) so long as such action will not adversely affect the Ratings on any of the Bonds (as established by the satisfaction of a Rating Agency Notification), establishing discounts or granting forgiveness of principal of or interest on Financed Eligible Loans (including, paying for such discounts or forgiveness with cash released from the Trust Estate).

Notwithstanding the foregoing, the Corporation may also forgive the indebtedness on all or a portion of the Financed Eligible Loans to the extent necessary to prevent interest on any Tax-Exempt Bonds from being includable in the gross income of the owners thereof for federal income tax purposes, or take such other action as may be provided in the written opinion of Bond Counsel (including, but not limited to, the payment of "yield reduction payments" under Section 1.148-5(c) of the Treasury Regulations), and may forgive the remaining indebtedness on any Financed Eligible Loan if, in the reasonable judgment of the Corporation evidenced by a certificate delivered to the Trustee, the cost of collection of the remaining indebtedness of such Financed Eligible Loan would exceed such remaining indebtedness.

***Servicing.*** The Corporation will at all times appoint, retain and employ competent personnel for the purpose of carrying out the Program under the Authorizing Act and the Program Documentation and will establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel. All persons employed by the Corporation will be qualified for their respective positions. The Corporation will duly and properly service (or cause to be duly and properly serviced) all Financed Eligible Loans and enforce the payment and collection of all payments of principal and interest payments, which relate

to any Financed Eligible Loans, or, will cause such servicing to be done by a Servicer evidencing, in the judgment of the Corporation, the capability and experience necessary to adequately service such Financed Eligible Loans. The Corporation agrees that, and will cause each Servicer other than the Corporation to enter into a Servicing Agreement providing that, the Servicer will administer and collect all Financed Eligible Loans in the manner consistent with the Indenture and perform any duties, obligations and functions imposed upon the Servicer by the Corporation.

The Corporation will not remove any Servicer under a Servicing Agreement unless (a)(i) the Corporation has appointed a successor Servicer, (ii) the successor Servicer has accepted its duties under the Indenture in writing, and (iii) the Corporation has satisfied the Rating Agency Notification or (b) the Corporation has assumed and accepted in writing the duties of the resigning Servicer (unless the Corporation has been previously removed as Servicer).

Each Servicing Agreement with any Servicer, other than the Corporation, will provide that (1) the Servicer may resign and be discharged from its duties under the Servicing Agreement by giving to the Corporation not less than 90 days written notice; provided, such resignation will only take effect if (a)(i) the Corporation will have appointed a successor Servicer, (ii) the successor Servicer has accepted its duties under the Indenture in writing, and (iii) the Corporation has satisfied the Rating Agency Notification or (b) the Corporation has assumed and accepted in writing the duties of the resigning Servicer (unless the Corporation has been previously removed as Servicer) and (2) the Servicer may be removed and be discharged from its duties under such Servicing Agreement upon not more than 30 days written notice and otherwise as provided in the Indenture.

***Administration and Collection of Financed Eligible Loans.*** All Financed Eligible Loans which are part of the Trust Estate will be administered and collected either by the Corporation or by a Servicer selected by the Corporation in a competent, diligent and orderly fashion and in accordance with all applicable requirements of the Indenture, any Supplemental Indenture and the Program Documentation.

***Tax Covenants.*** The Corporation will at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds will, for purposes of federal income taxation, be excludable from the gross income of the recipients thereof, including, but not limited to, such actions as are required to be taken pursuant to any Tax Documents and the Indenture. The Corporation will not permit at any time or times any of the proceeds of the Bonds or any other funds of the Corporation to be used directly or indirectly to finance any securities or obligations, the acquisition of which would cause any Tax-Exempt Bond to be or become an “arbitrage bond” as defined in Section 148 of the Code. The Corporation will take such action as may be necessary to assure that the Portfolio Yield as of the date of final payment of related Tax-Exempt Bonds does not exceed the related Bond Yield by an amount greater than may be consistent with any Tax Documents, including the forgiveness and discharge of borrower payment obligations with respect to the outstanding principal amounts of and any interest due upon any or all of such Financed Eligible Loans upon any such payment date. The Program documents will include the requirement that no borrower on a Financed Eligible Loan nor any “related person,” as defined in Section 144(a)(3) of the Code, will pursuant to any arrangement, formal or informal, purchase the Corporation’s obligations in an amount related to the amount of such borrower’s Financed Eligible Loans. The foregoing covenants will remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to the Indenture or any other provision hereof, and notwithstanding any provision hereof, the Corporation will observe its covenants and agreements contained in the Tax Documents, to the extent that, and for so long as, such covenants and agreements are required by law.

## **Funds**

***General.*** The Indenture creates and establishes the following Funds to be held and maintained by the Trustee for the benefit of the Registered Owners:

- (a) Student Loan Fund;
- (b) Revenue Fund;
- (c) Capitalized Interest Fund;
- (d) Debt Service Fund, including a Principal Account, an Interest Account, and a Retirement Account; and
- (e) Debt Service Reserve Fund.

The Indenture creates and establishes the Rebate Fund, to be held and maintained by the Trustee, in which neither the Corporation nor the Registered Owners have any right, title or interest.

The Operating Fund does not constitute a Fund within the meaning of the Indenture and is held by the Corporation as described in the Indenture. The Registered Owners have no right, title or interest in the Operating Fund.

The Trustee is authorized for the purpose of facilitating the administration of the Trust Estate and for the administration of any Bonds issued under the Indenture to create further Accounts or Subaccounts in any of the various Funds and Accounts established under the Indenture which are deemed necessary or desirable.

The Funds created pursuant to the Indenture (other than the Operating Fund) will be maintained by the Trustee so as to constitute Eligible Accounts; in the event that a Fund no longer constitutes an Eligible Account, the Trustee will promptly (and, in any case, within not more than 30 calendar days) move such Fund to another financial institution such that the Fund will again constitute an Eligible Account.

***Student Loan Fund.*** There will be deposited into the Student Loan Fund moneys from proceeds of any Bonds and any other amounts to be deposited therein pursuant to a Supplemental Indenture, moneys transferred thereto from the Revenue Fund and the Capitalized Interest Fund pursuant to the Indenture and any other moneys of the Corporation designated by the Corporation for deposit therein pursuant to a Corporation Order. Financed Eligible Loans will be pledged to the Trust Estate and accounted for as a part of the Student Loan Fund.

Moneys on deposit in the Student Loan Fund will be used, upon Corporation Order and subject to any applicable Supplemental Indenture, solely to pay costs of issuance of the Bonds and during any Origination Period and any Recycling Period as set forth in a Supplemental Indenture, to originate and finance Eligible Loans. Any such Corporation Order will state that such proposed use of moneys in the Student Loan Fund is in compliance with the provisions of the Indenture. Any origination fees charged with respect to any Financed Eligible Loans will be deducted from the disbursements made from the Student Loan Fund or, if paid by or on behalf of the borrower, deposited to the Student Loan Fund. If the Corporation determines that all or any portion of such moneys cannot be so used, then an Authorized Representative of the Corporation may by Corporation Order direct the Trustee that such moneys will be transferred to the Retirement Account of the Debt Service Fund and used to redeem Bonds in accordance with any Supplemental Indenture.

Each Corporation Order providing for the origination of, or future disbursement on, Eligible Loans will specifically identify each Eligible Loan and the amount of the disbursements to be made thereon, and state that the Corporation is in possession of the promissory note(s) relating to such Eligible Loans. No Eligible Loan may be originated by the Corporation with amounts on deposit in the Student Loan Fund unless (i) a promissory note has been executed by the borrower and any required cosigner to evidence the Eligible Loan, (ii) the Eligible Loan is a legal, valid and binding obligation of the borrower and any required cosigner, enforceable in accordance with its terms and conditions and free from any right of set off, counter claim or other claim, defense or security interest, (iii) the Corporation has complied with the requirements of applicable

federal and State law in originating the Eligible Loan, (iv) the disbursement to be made is a proper charge against the Student Loan Fund, (v) the Eligible Loan constitutes an Eligible Loan within the meaning of the Indenture and the Authorizing Act, (vi) such Eligible Loan is made to a borrower or a required cosigner who meets, if applicable, the credit requirements established by the Corporation as specified in the Program Documentation and (vii) no Event of Default has occurred and is continuing under the Indenture. Amounts transferred out of the Student Loan Fund for the origination of an Eligible Loan will be disbursed pursuant to the Program Documentation. If the Corporation originates an Eligible Loans that requires a future disbursement, the Corporation must reserve an amount equal to such future disbursement in the Student Loan Fund. All Eligible Loans originated with amounts on deposit in the Student Loan Fund will be accounted for in the Student Loan Fund. Original proceeds of the Series 2018 Bonds and Corporation moneys on deposited in the Student Loan Fund shall be used to originate and finance Eligible Loans prior to the use of any amounts transferred from the Revenue Fund to the Student Loan Fund pursuant to the Master Indenture.

The Corporation has covenanted in the Indenture that no amount credited to the Student Loan Fund from the proceeds of a Series of Tax-Exempt Bonds will be used to finance any Eligible Loans which are not Nexus Loans unless the percentage of the proceeds of the applicable Series of Tax-Exempt Bonds used to finance Nexus Loans equals or exceeds the percentage required by the Tax Documents related to such Series of Tax-Exempt Bonds, without regard to amounts deposited in the Debt Service Reserve Fund.

Notwithstanding the foregoing, and after certain transfers required by the Indenture, if on any Bond Payment Date there are not sufficient moneys on deposit in the Interest Account or the Principal Account to make the payments due on any Senior Bonds on such Bond Payment Date (or Subordinate Bonds if no Senior Bonds are then Outstanding), then an amount equal to any such deficiency will be transferred directly from the Student Loan Fund (but only from cash or Investment Securities and not from Financed Eligible Loans or from amounts necessary for the origination of Approved Undisbursed Loans, which aggregate principal amount, if any, of such Approved Undisbursed Loans will have been certified by the Corporation to the Trustee on or prior to the last day of an Origination Period or Recycling Period, as applicable, with respect to a Series of Bonds), first, to the Interest Account and, second, to the Principal Account, as necessary; and provided further that if on the last Business Day of any Calendar Month, after transfers from the Capitalized Interest Fund, there are insufficient moneys in the Revenue Fund to make the transfers required by the Master Indenture and described herein in clauses (b)(i) through (iv) under the caption “—*Revenue Fund*” (or to make the transfers required by the Master Indenture and described herein in clauses (b)(i) through (vii) under the caption “—*Revenue Fund*” if no Senior Bonds are then Outstanding), an amount equal to any such deficiency (but only from cash and Investment Securities in the Student Loan Fund not constituting the proceeds of a Series of Tax-Exempt Bonds unless a Favorable Opinion has been received by the Corporation and the Trustee) will be transferred directly from the Student Loan Fund to the Revenue Fund to make such transfers.

Original proceeds of a Series of Bonds and Corporation moneys remaining in the Student Loan Fund at any interim date specified in the applicable Supplemental Indentures, to the extent required thereby, or remaining in the Student Loan Fund at the end of the applicable related Origination Period (excluding any amounts deducted from a Financed Eligible Loans as an origination fee) and required to redeem Bonds of such Series pursuant to the corresponding Supplemental Indenture shall be transferred to the Revenue Fund or the Retirement Account of the Debt Service Fund, as appropriate, and used to redeem the Bonds of such Series pursuant to the corresponding Supplemental Indenture (provided that amounts representing Corporation moneys remaining in the Student Loan Fund at the end of any Origination Period which are not required to redeem Bonds pursuant to a Supplemental Indenture may be used in any other manner provided in a Supplemental Indenture). All remaining amounts on deposit in the Student Loan Fund corresponding to a Series of Bonds upon the termination of the Recycling Period for such Series shall be transferred to the Revenue Fund.

Financed Eligible Loans may be sold, transferred or otherwise disposed of (including transfers or sales to other trust estates) by the Trustee free from the lien of the Indenture at any time pursuant to a Corporation Order and if the Trustee is provided with the following:



(a) a Corporation Order stating the sale price and directing that Financed Eligible Loans be sold, transferred or otherwise disposed of and delivered:

(i) to any Person, whose name will be specified; or

(ii) to the trustee under another indenture securing bonds issued by the Corporation or another higher education authority whose name will be specified in such Corporation Order; and

(b) a certificate, which may be incorporated in the Corporation Order referred to above, signed by an Authorized Representative of the Corporation to the effect that:

(i) the disposition price is equal to or in excess of the greater of the principal amount thereof (plus accrued interest); or

(A) the disposition price is lower than the principal amount thereof (plus accrued interest), and

(1) the Corporation reasonably believes that the Revenues expected to be received (after giving effect to such disposition) would be at least equal to the Revenues expected to be received assuming no such sale, transfer or other disposition occurred and the Corporation has satisfied the Rating Agency Notification; or

(2) the Corporation will remain able to pay debt service on the Bonds on a timely basis (after giving effect to such sale, transfer or other disposition) whereas it would not have been able to do so on a timely basis if it had not sold, transferred or disposed of the Financed Eligible Loans at such discounted amount and the Corporation has satisfied the Rating Agency Notification; and

(ii) the Corporation has determined that adequate provision has been made assuring that such sale, transfer or other disposition does not impair the Corporation's capacity to comply with its obligation relative to the restriction upon Portfolio Yield as such obligation would be calculated upon the date of such sale, transfer or other disposition in accordance with any Tax Documents.

The provisions of paragraphs (a) and (b) above are also subject to the limitation that the Corporation will not sell or transfer Financed Eligible Loans at any one time or in a series of transactions in an aggregate principal amount (giving effect to all such sales or transfers commencing on the Date of Issuance) in excess of 10% of the principal amount of Financed Eligible Loans held under this Indenture at the time of any such sale or transfer except upon the satisfaction of the Rating Agency Notification.

Further, Financed Eligible Loans will also be sold, transferred or otherwise disposed of by the Trustee pursuant to a Corporation Order in which the Corporation determines that such disposition of Financed Eligible Loans from the Trust Estate is necessary in order to avoid the occurrence of an Event of Default under the Indenture in such amount and at such times and prices as may be specified in such Corporation Order. The Trustee, following receipt of the foregoing and of a certificate of the Corporation indicating that such purchaser or transferee is one of the entities described in clause (a) above, if applicable, will deliver such Financed Eligible Loans free from the lien of the Indenture upon the receipt of the purchase price or consideration specified in the Corporation Order, in compliance with the foregoing. The proceeds to be received upon any disposition may consist of cash, Investment Securities and/or Eligible Loans. The Trustee

will deposit the proceeds of any such sale, transfer or other disposition into the Account with respect to which such Financed Eligible Loans were attributable, if applicable.

***Revenue Fund.***

(a) The Trustee will deposit into the Revenue Fund all Revenues derived from Financed Eligible Loans financed by the Corporation from moneys on deposit in the Student Loan Fund, and all other Revenue derived from moneys or assets on deposit in the Student Loan Fund, the Debt Service Reserve Fund, the Capitalized Interest Fund and the Revenue Account and any other amounts deposited thereto upon receipt of a Corporation Order or otherwise required to be deposited thereto pursuant to the Indenture.

(b) On the last Business Day of each calendar month, or more frequently or on other dates if required by a Supplemental Indenture or if directed by the Corporation pursuant to a Corporation Order, money in the Revenue Fund will be used and transferred to other Funds, Accounts, Subaccounts or Persons in the following order of priority (any money not so transferred or paid to remain in the Revenue Fund until subsequently applied pursuant to this section):

(i) to the Rebate Fund, upon receipt of a Corporation Order and if necessary to comply with any Tax Document with respect to rebate or Excess Earnings;

(ii) (A) to the Corporation for the payment of Servicing and Administrative Fees to the extent and in the manner provided in any Supplemental Indenture and (B) to the Operating Fund for the payment of Indenture Expenses to the extent and in the manner provided in the Indenture, upon in the case of Indenture Expenses in clause (B) above, receipt of a Corporation Order directing the same; and to the extent amounts are insufficient therefor, such payments to be made ratably as between clauses (A) and (B) based on amounts to be transferred;

(iii) to the credit of the Interest Account of the Debt Service Fund to the extent and in the manner provided in the Indenture, to provide for the payment of interest on Senior Bonds;

(iv) to the credit of the Principal Account of the Debt Service Fund to the extent and in the manner provided in the Indenture, to provide for the payment of principal of Senior Bonds at their Stated Maturity or on a mandatory sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default under the Indenture);

(v) to the Debt Service Reserve Fund the amount, if any, required to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement with respect thereto, with any separate Account established therein receiving its pro rata share of such replenishment, if necessary, based upon the amount disbursed from such Account;

(vi) to the credit of the Interest Account of the Debt Service Fund to the extent and in the manner provided in the Indenture, to provide for the payment of interest on Subordinate Bonds, including Subordinate Carry-over Interest;

(vii) to the credit of the Principal Account of the Debt Service Fund to the extent and in the manner provided in the Indenture, to provide for the payment of principal of Subordinate Bonds at their Stated Maturity or on a sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default under the Indenture);

(viii) during any applicable Recycling Period, at the option of the Corporation and upon receipt by the Trustee of a Corporation Order, to the Student Loan Fund;

(ix) (A) at the option of the Corporation and upon receipt by the Trustee of a Corporation Order or (B) as required by a Supplemental Indenture (but only on the last Business Day of the calendar months of April and October), to the Retirement Account of the Debt Service Fund for the redemption of, or distribution of principal with respect to, Bonds which by their terms are subject to redemption or principal distribution from Revenues received under the Indenture (such amounts to be applied to the payment of Bonds of a particular Series based upon the priorities established in the Supplemental Indentures pursuant to which such Bonds were issued, or if not so provided, at the direction of the Corporation by Corporation Order); and

(x) at the option of the Corporation and upon receipt by the Trustee of a Corporation Order (but only on the last Business Day of the calendar months of April and October), to the Corporation to the extent permitted by the Indenture. As of the Date of Issuance of the Series 2018 Bonds, such a transfer is permitted if certain conditions in the Indenture described herein under “—Transfers to Corporation” are satisfied by the Corporation.

**Capitalized Interest Fund.** The Trustee will deposit to the Capitalized Interest Fund the amount, if any, specified in each Supplemental Indenture, and any other moneys of the Corporation designated by the Corporation for deposit therein pursuant to a Corporation Order. On each Bond Payment Date, to the extent there are insufficient moneys in the Interest Account or the Principal Account to make the interest or principal payments due with respect to the Senior Bonds (or Subordinate Bonds if no Senior Bonds are then Outstanding) on such Bond Payment Date, an amount equal to any such deficiency will be transferred directly from the Capitalized Interest Fund, first, to the Interest Account and, second, to the Principal Account. In addition, if on the last Business Day of any Calendar Month, there are insufficient moneys in the Revenue Fund to make the transfers required by the Indenture and described herein under clause (b)(i) through (iv) of the caption “—Revenue Fund” (or to make the transfers required by the Indenture and described herein under clause (b)(i) through (vii) of the caption “—Revenue Fund” if no Senior Bonds are then Outstanding), an amount equal to any such deficiency will be transferred directly from the Capitalized Interest Fund to the Revenue Fund to make such transfers (but only from amounts on deposit in the Capitalized Interest Fund not constituting proceeds of a Series of Tax-Exempt Bonds unless a Favorable Opinion has been received by the Corporation and the Trustee).

If a Supplemental Indenture specifies an amount to be deposited into the Capitalized Interest Fund, such Supplemental Indenture may also (i) specify a time period for such amount to be used as described above; (ii) specify other uses for such amount (including, without limitation, making deposits to the Student Loan Fund, the Operating Fund or Revenue Fund or transfers to the Corporation); and (iii) establish Accounts within the Capitalized Interest Fund in which such amount will be deposited.

**Debt Service Fund.** The Debt Service Fund will be used only for the payment of principal, premium, if any, and interest on the Bonds.

(a) **Interest Account.** The Trustee will credit to the Interest Account the amount, if any, specified in a Supplemental Indenture providing for the issuance of a series of Bonds. The Trustee will also deposit in the Interest Account (i) that portion of the proceeds from the sale of the Corporation’s refunding bonds, if any, to be used to pay interest on the Bonds if so directed by the Corporation; and (ii) all amounts required to be transferred thereto from the Funds and Accounts specified in the Indenture.

With respect to each Series of Bonds on which interest is paid at least monthly, the Trustee will deposit to the credit of the Interest Account on the last Business Day of each calendar month an amount equal to the interest that will become payable on such Bonds during the following calendar month. With respect to each Series of Bonds on which interest is paid at intervals less frequently than monthly, the Trustee will make monthly deposits to the credit of the Interest Account on the last Business Day of each calendar month preceding each Interest Payment Date for such Series of Bonds equal to one hundred and twenty percent of the interest to accrue (or, with respect to Bonds bearing interest at a variable rate, anticipated to accrue) on such Bonds during the succeeding calendar month plus, to the extent any previous monthly deposit was less than the provided amount for such month, the amount of such deficiency until the full amount due on the next Interest Payment Date, is deposited to the Interest Account for such Series of Bonds (except that if there are fewer than six calendar months between the delivery of the Bonds of a Series to the initial purchasers thereof and the first Interest Payment Date with respect to such Series of Bonds, then the Trustee will make equal monthly deposits to the credit of the Interest Account on the last Business Day of each calendar month beginning with the calendar month following the month in which such Series of Bonds is delivered to the initial purchasers such that the amount required to be on deposit in the Interest Account for the next succeeding Interest Payment Date is on deposit by the last Business Day of the next April or October; and except that during a Subordinate Suspended Interest Period with respect to a particular Series of Subordinate Bonds, no amounts with respect to interest on such Series of Subordinate Bonds including Subordinate Carry-over Interest will be so deposited until it has been determined that the next Interest Payment Date with respect to such Series will be a Subordinate Restoration Interest Date, in which case the interest on such Series of Subordinate Bonds including Subordinate Carry-over Interest with respect to such Series will be deposited in monthly installments equal to one hundred and twenty percent of (i) interest to accrue on such Subordinate Bonds during the succeeding calendar month and (ii) unpaid Subordinate Carry-over Interest on Subordinate Bonds of such Series, plus to the extent any previous monthly deposit was less than the provided amount for such month, the amount of such deficiency until an amount is deposited to the Interest Account for such Series of Subordinate Bonds sufficient to pay the same on such Subordinate Restoration Interest Date). With respect to Bonds bearing interest at a variable rate for which any such amount cannot be determined on the last Business Day of each calendar month, the Trustee will make such deposit based upon assumptions set forth in the Supplemental Indenture authorizing such Bonds.

In making the deposits required to be deposited and credited to the Interest Account, all other deposits and credits otherwise made or required to be made to the Interest Account will, to the extent available for such purpose, be taken into consideration and allowed for. If on any Bond Payment Date relating to Bonds there are insufficient amounts on deposit in the Interest Account to make the payment of interest due on the Bonds on such date, the Trustee will transfer the deficiency from the applicable account of the following Funds, in the following order of priority: the Capitalized Interest Fund, the Student Loan Fund, and the Debt Service Reserve Fund, subject to the limitations and conditions with respect thereto in the Indenture.

Amounts transferred to the Interest Account pursuant to certain sections of the Indenture will be used solely for the payment of interest on Senior Bonds. Amounts transferred to the Interest Account pursuant to certain sections of the Indenture will be used solely for the payment of interest on Subordinate Bonds including Subordinate Carry-over Interest. To the extent amounts transferred to the Interest Account pursuant to the Indenture provisions described in clause (b)(vi) under “— Revenue Fund” hereunder are insufficient on any Interest Payment Date to pay all interest then due on the Subordinate Bonds, including Subordinate Carry-over Interest, then on such Interest Payment Date such amounts will first be allocated to payment of current interest coming due on such Interest Payment Date and then to Subordinate Carry-over Interest.

(b) *Principal Account.* The Trustee will deposit to the credit of the Principal Account: (i) that portion of the proceeds from the sale of the Corporation’s bonds, if any, to be used to pay

principal of the Bonds if so directed by the Corporation; and (ii) all amounts required to be transferred from the Funds and Accounts specified in the Indenture.

To provide for the payment of each installment of principal of the Bonds due at the Stated Maturity thereof or on a mandatory sinking fund redemption date therefor, the Trustee shall make substantially equal monthly deposits to the credit of the Principal Account on the last Business Day of the first 10 of the 12 calendar months preceding such Stated Maturity or mandatory sinking fund redemption date, to aggregate the full amount of such installment within such 10 calendar month period (except that if there are fewer than 12 calendar months between the delivery of the Bonds of a Series to the initial purchasers thereof and the first Stated Maturity or mandatory sinking fund redemption date with respect to such Series of Bonds, then the Trustee shall make equal monthly deposits to the credit of the Principal Account on the last Business Day of each calendar month beginning with the calendar month following the month in which such Series of Bonds is delivered to the initial purchasers such that the amount required to be on deposit in the Principal Account for the next succeeding Stated Maturity or mandatory sinking fund redemption date is on deposit by the last Business Day of the next October). In making the deposits required to be deposited and credited to the Principal Account, all other deposits and credits otherwise made or required to be made to the Principal Account will, to the extent available for such purpose, be taken into consideration and allowed for.

If on any Stated Maturity or mandatory sinking fund redemption date there are insufficient amounts on deposit in the Principal Account to make payments of principal due on the Bonds on such date, the Trustee will transfer the deficiency from the applicable account of the following Funds, in the following order of priority (after transfers from any such Funds to the Interest Account required on such date): the Capitalized Interest Fund, the Student Loan Fund, and the Debt Service Reserve Fund, subject to the limitations and conditions with respect thereto in the Indenture.

The moneys in the Principal Account required for the payment of the principal of Bonds at the Stated Maturity thereof or on a mandatory sinking fund redemption date therefor will be applied by the Trustee to such payment when due without further authorization or direction.

Amounts transferred to the Principal Account pursuant to certain sections of the Indenture will be used solely for the payment of principal at Stated Maturity or on a mandatory sinking fund redemption date on Senior Bonds. Amounts transferred to the Principal Account pursuant to certain sections of the Indenture will be used solely for the payment of principal at Stated Maturity or on a mandatory sinking fund redemption date on Subordinate Bonds.

(c) *Retirement Account.* The Trustee will deposit to the credit of the Retirement Account any amounts transferred thereto or deposited therein to provide for the redemption of, or the distribution of principal with respect to, the Bonds. All redemptions of and distribution of principal with respect to Bonds (other than at a Stated Maturity or on a mandatory sinking fund redemption date), will be made with moneys deposited to the credit of the Retirement Account. In the event that Bonds are to be prepaid from the Retirement Account on a date other than a regularly scheduled Interest Payment Date, accrued interest on such Bonds will be paid from the Interest Account. The moneys in the Retirement Account required for the redemption of, or the distribution of principal with respect to, Bonds will be applied by the Trustee to such payment as set forth in any Supplemental Indenture providing for such redemption or distribution of principal without further authorization or direction.

*Debt Service Reserve Fund.* The Trustee will deposit to the Debt Service Reserve Fund the amount, if any, specified in each Supplemental Indenture and any other moneys of the Corporation designated by the Corporation for deposit therein pursuant to a Corporation Order. On each Bond Payment Date, to the extent there are insufficient moneys in the Interest Account or the Principal Account (after transfers from the

Revenue Fund, the Capitalized Interest Fund and the Student Loan Fund) to make the payments due on the Senior Bonds (or Subordinate Bonds if (i) no Senior Bonds are then Outstanding or (ii) the amount on deposit in the Debt Service Reserve Fund Requirement will exceed the Senior Debt Service Reserve Fund Requirement after making such payments on the Subordinate Bonds) on such Bond Payment Date, then the amount of such deficiency will be paid directly from the Debt Service Reserve Fund, first, to the Interest Account, and second, to the Principal Account, as necessary. In addition, if on the last Business Day of any Calendar Month, there are insufficient moneys in the Revenue Fund after transfers from the Capitalized Interest Fund and the Student Loan Fund to make the transfers required by the Indenture and described herein under clause (b)(i) through (iv) of the caption “—*Revenue Fund*” (or to make the transfers required by the Indenture and described herein under clause (b)(i) through (vii) of the caption “—*Revenue Fund*” if (i) no Senior Bonds are then Outstanding or (ii) the amount on deposit in the Debt Service Reserve Fund Requirement will equal or exceed the Senior Debt Service Reserve Fund Requirement after making such payments on the Subordinate Bonds), an amount equal to such deficiency will be transferred directly from the Debt Service Reserve Fund to make such transfers (but only from amounts on deposit in the Debt Service Reserve Fund not constituting proceeds of a Series of Tax-Exempt Bonds unless a Favorable Opinion has been received by the Corporation and the Trustee). Notwithstanding the foregoing, no transfers will be made to pay debt service on the Subordinate Bonds during any Subordinate Suspended Interest Period.

If the Debt Service Reserve Fund is used for the purposes described above, the Trustee will restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement with respect thereto by transfers from the Revenue Fund pursuant to the Indenture. If the full amount required to restore the Debt Service Reserve Fund to the applicable Debt Service Reserve Fund Requirement is not available in the Revenue Fund on the day of any required transfer pursuant to the Indenture, the Trustee will continue to transfer funds from the Revenue Fund as they become available and in accordance with the Indenture until the deficiency in the Debt Service Reserve Fund has been eliminated.

On any day that the amount in the Debt Service Reserve Fund, if any, exceeds the Debt Service Reserve Fund Requirement with respect thereto for any reason, the Trustee, at the direction of the Corporation, will transfer the excess to the Revenue Fund.

***Rebate Fund.*** The Trustee will, upon receipt of a Corporation Order and in accordance with the Indenture, withdraw from the Revenue Fund and deposit to the Rebate Fund an amount such that the balance held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the Computation Date. Computation of the amounts on deposit in each Fund and of the Rebate Amount will be furnished to the Trustee by or on behalf of the Corporation in accordance with any Tax Document, as the same may be amended or supplemented in accordance with their terms. The Trustee, upon receipt of a Corporation Order in accordance with any Tax Document, will pay to the United States of America from the Rebate Fund the Rebate Amount as of the end of any applicable Computation Date. The Trustee will, upon receipt of a Corporation Order and in accordance with the Indenture, withdraw from the Revenue Fund and deposit to the Rebate Fund such amount as will be required to be paid to the federal government as Excess Earnings. The Trustee will, upon receipt of a Corporation Order, pay such Excess Earnings to the United States of America. Alternatively, the Corporation may from time to time forgive Financed Eligible Loans to satisfy such requirement, in accordance with any Tax Document. In the event that on any Computation Date the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon receipt of written instructions from an Authorized Representative specifying the amount of the excess, will withdraw such excess amount and deposit it in the Revenue Fund.

Notwithstanding anything in the Indenture to the contrary, in the event the Corporation and the Trustee will receive a Favorable Opinion to the effect that it is not necessary under either existing statutes and court decisions or under any then federal legislation to pay any portion of earnings on Funds held under the Indenture or Excess Earnings to the United States of America in order to assure the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds, then the provisions described

above need not be complied with and will no longer be effective and all or a portion of such amounts on deposit in the Rebate Fund will be transferred to the Revenue Fund.

***Operating Fund.*** The Trustee will transfer to the Corporation for deposit to the Operating Fund the amount, if any, specified in each Supplemental Indenture. The Trustee will also transfer to the Corporation for deposit to the Operating Fund the amounts transferred from the Revenue Fund pursuant to the Indenture. The Operating Fund will be held by the Corporation, and no Registered Owner will have any right, title or interest in the Operating Fund. Amounts deposited in the Operating Fund will be used to pay Indenture Expenses.

The amount deposited in the Operating Fund and the schedule of deposits will be determined by the Corporation or set forth in a Supplemental Indenture, and the requisition, in the form of a Corporation Order provided by the Corporation to the Trustee, further will include a statement that the amount requisitioned, when combined with the amount requisitioned previously in the Fiscal Year, does not exceed the limitations set forth in the Indenture or any Supplemental Indenture, and will direct to which depository bank such transfer or deposit, or any designated portion thereof, will be transferred or deposited. The Corporation has covenanted that the amount so transferred in any one Fiscal Year will not exceed the amount budgeted by the Corporation as Indenture Expenses for such Fiscal Year with respect to the Bonds and as may be limited by a Supplemental Indenture, unless the Corporation has satisfied the Rating Agency Notification with respect to such greater amounts.

***Transfers to Corporation.*** No transfers from the Revenue Fund to the Corporation may be made pursuant to the Indenture if there is not on deposit in the Debt Service Reserve Fund an amount equal to at least the Debt Service Reserve Fund Requirement and unless all conditions contained in any Supplemental Indenture are complied with and the Trustee has received (a) a certificate of an Authorized Representative of the Corporation to the effect that all rebate liability as calculated pursuant to any Tax Document through the date of such transfer has been paid or deposited in the Rebate Fund; and (b) a certificate of an Authorized Officer of the Corporation stating that, immediately following such release, (i) the Senior Parity Percentage (assuming that amounts in the Retirement Account have been used to redeem a principal amount of Bonds equal to amounts on deposit therein) will equal or exceed 130% and any higher Senior Parity Percentage requirement provided in a Supplemental Indenture and (ii) the Total Parity Percentage (assuming that amounts in the Retirement Account have been used to redeem a principal amount of Bonds equal to amounts on deposit therein) will equal or exceed 125% and any higher Total Parity Percentage requirement provided in a Supplemental Indenture (provided, however, that such Senior Parity Percentage or Total Parity Percentage may be lowered by the Corporation if the Corporation has satisfied the Rating Agency Notification with respect to S&P (if S&P is then rating the Bonds at the request of the Corporation) and if the Corporation has satisfied the Rating Agency Confirmation with respect to Fitch (if Fitch is then rating the Bonds at the request of the Corporation)).

Subject to compliance with the Indenture, the amounts so transferred to the Corporation free and clear of the lien of the Indenture and may be used for any proper purpose of the Corporation.

***Investment of Funds Held by Trustee.*** The Trustee will invest money held for the credit of any Fund or Account or Subaccount held by the Trustee hereunder as directed in writing (or orally, confirmed in writing) by an Authorized Representative of the Corporation, to the fullest extent practicable and reasonable, in Investment Securities which will mature or be redeemed at the option of the holder prior to the respective dates when the money held for the credit of such Fund, Account or Subaccount will be required for the purposes intended. In the absence of any such direction and to the extent practicable, the Trustee will invest amounts held under the Indenture in those Investment Securities described in clause (h) of the definition of Investment Securities. The Trustee and the Corporation agree that unless an Event of Default will have occurred under the Indenture, the Corporation acting by and through an Authorized Representative will be entitled to, and will, provide written direction or oral direction confirmed in writing to the Trustee with respect to any discretionary acts required or permitted of the Trustee under any Investment Securities, and the Trustee will not take such discretionary acts without such written direction.

The Investment Securities purchased will be held by the Trustee and will be deemed at all times to be part of such Fund or Account or Subaccounts or combination thereof, and the Trustee will inform the Corporation of the details of all such investments. Earnings with respect to, and any net gain on the disposition of, any such investments, except on investments contained in the Rebate Fund and the Operating Fund, will be deposited into the Revenue Fund as provided in the Indenture. Earnings on amounts contained in the Rebate Fund will remain in the Rebate Fund. Earnings on amounts contained in the Operating Fund will remain in the Operating Fund. Upon direction in writing (or orally, confirmed in writing) from an Authorized Representative of the Corporation, the Trustee will use its best efforts to sell at the best price obtainable, or present for redemption, any Investment Securities purchased by it as an investment whenever it is necessary to provide money to meet any payment from the applicable Fund. The Trustee will advise the Corporation in writing, on or before the fifteenth day of each calendar month (or such later date as reasonably consented to by the Corporation), of all investments held for the credit of each Fund in its custody under the provisions of the Indenture as of the end of the preceding month and the value thereof, and will list any investments which were sold or liquidated for less than their value at the time thereof.

Subject to any limitations in the Tax Documents, money in any Fund constituting a part of the Trust Estate may be pooled for the purpose of making investments and may be used to pay accrued interest on Investment Securities purchased. Subject to any limitations in the Tax Documents, the Trustee and its affiliates may act as principal or agent in the acquisition or disposition of any Investment Securities.

Notwithstanding the foregoing, the Trustee will not be responsible or liable for any losses on investments made by it under the Indenture or for keeping all Funds held by it fully invested at all times, its only responsibility being to comply with the investment instructions of the Corporation or its designee in compliance with the Trustee's standard of care described in the Indenture.

The Corporation acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Corporation the right to receive brokerage confirmations of security transactions, the Corporation waives receipt of such confirmations.

The Corporation will retain the authority to institute, participate in and join in any plan of reorganization, readjustment, merger or consolidation with respect to the issuer of any Investment Securities held under the Indenture, and, in general, to exercise each and every other power or right with respect to such Investment Securities as individuals generally have and enjoy with respect to their own assets and investments, including power to vote upon any matter relating to holders of such Investment Securities.

**Release.** The Trustee will, upon Corporation Order and subject to the provisions of the Indenture, take all actions reasonably necessary to effect the release of any Financed Eligible Loans from the lien of the Indenture to the extent the terms thereof permit the sale, disposition or transfer of such Financed Eligible Loans.

**Purchase of Bonds.** Pursuant to the Indenture, any amounts held under the Indenture which are available to redeem Bonds may instead be used to purchase such Bonds subject to redemption at the same times and subject to the same conditions (except as to price) as apply to such Bonds subject to redemption, except that such purchases made with amounts held under the Indenture will be made only if the purchase price is less than the required Redemption Price.

## **Defaults and Remedies**

**Events of Default Defined.** For the purpose of the Indenture, the following events are defined as, and are declared to be, "Events of Default":

- (a) default in the due and punctual payment of the principal of or interest on any of the Senior Bonds when due (other than the failure to make Principal Reduction Payments);



(b) if no Senior Bonds are Outstanding under the Indenture, default in the due and punctual payment of the principal of or interest (other than Subordinate Carry-over Interest) on any of the Subordinate Bonds when due (other than the failure to make Principal Reduction Payments); provided that failure to pay Subordinate Carry-over Interest will be an Event of Default only if no Senior Bonds are Outstanding, such Subordinate Carry-over Interest has not been extinguished and amounts were available to pay Subordinate Carry-over Interest pursuant to the Indenture but such Subordinate Carry-over Interest was not paid from amounts available therefor;

(c) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Corporation to be kept, observed and performed contained in the Indenture or in the Bonds, and, if such default is capable of being cured, the continuation of such default for a period of 90 days after written notice thereof by the Trustee to the Corporation; and

(d) the occurrence of an Event of Bankruptcy.

Except as provided in the Indenture, the Trustee will not be required to take notice, or be deemed to have knowledge, of any default or Event of Default.

Any notice provided in the Indenture to be given to the Corporation with respect to any default will be deemed sufficiently given if sent by first class mail with postage prepaid to the Person to be notified, addressed to such Person at the post office address as shown in the Indenture or such other address as may be given as the principal office of the Corporation in writing to the Trustee by an Authorized Officer of the Corporation. The Trustee may give any such notice in its discretion and will give such notice if requested to do so in writing by the Registered Owners of at least a majority of the collective aggregate principal amount of the Highest Priority Bonds at the time Outstanding.

**Remedy on Default; Possession of Trust Estate.** Upon the happening and continuance of any Event of Default, the Trustee personally or by its attorneys or agents may (but in the case of an Event of Default under the Indenture described herein under clause (c) of the caption “—Events of Default Defined” only upon the written direction of 100% of the Registered Owners of the Highest Priority Bonds then Outstanding) enter into and upon and take possession of such portion of the Trust Estate as will be in the custody of others, and all property comprising the Trust Estate, and each and every part thereof, and exclude the Corporation and its agents, servants and employees wholly therefrom, and have, hold, use, operate, manage, and control the same and each and every part thereof, and in the name of the Corporation or otherwise, as they deem best, conduct the business thereof and exercise the privileges pertaining thereto and all the rights and powers of the Corporation and use all of the then existing Trust Estate for that purpose, and collect and receive all charges, income and Revenue of the same and of every part thereof, and after deducting therefrom all expenses incurred under the Indenture and all other proper outlays authorized under the Indenture, and all payments which may be made as just and reasonable compensation for its own services, and for the services of its attorneys, agents and assistants, the Trustee will apply the rest and residue of the money received by the Trustee as follows:

(a) if the principal of none of the Bonds has become due: *first*, to the Rebate Fund if necessary to comply with any Tax Document with respect to rebate or Excess Earnings; *second*, to the payment of Servicing and Administrative Fees and Indenture Expenses due and owing, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *third*, to the payment of the interest in default on the Senior Bonds, in order of the maturity of the installments thereof, with interest on the overdue installments thereof at the same rates, respectively, as were borne by the Senior Bonds on which such interest is in default, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; and *fourth*, to the payment of the interest in default on the Subordinate Bonds, in order of the maturity of the installments of such interest, with interest on the overdue installments thereof at the same rates, respectively, as were borne by the Subordinate Bonds on which

such interest is in default, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference.

(b) subject to the provisions of the Indenture governing accelerated maturity, if the principal of any of the Bonds has become due by declaration of acceleration or otherwise: *first*, to the Rebate Fund if necessary to comply with any Tax Document with respect to rebate or Excess Earnings; *second*, the payment of Servicing and Administrative Fees and Indenture Expenses due and owing, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *third*, to the payment of the interest in default on the Senior Bonds, in the order of the maturity of the installments thereof, with interest on overdue installments thereof at the same rates, respectively, as were borne by the Senior Bonds on which such interest is in default; *fourth*, to the payment of the principal of all Senior Bonds then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; *fifth*, to the payment of the interest in default on the Subordinate Bonds, in the order of the maturity of the installments thereof with interest on overdue installments thereof at the same rates, respectively, as were borne by the Subordinate Bonds on which such interest is in default, as the case may be; and *sixth*, to the payment of the principal of all Subordinate Bonds then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference.

**Remedies on Default; Sale of Trust Estate.** Upon the happening of any Event of Default and if the principal of all of the Outstanding Bonds has been declared due and payable, then and in every such case, and irrespective of whether other remedies authorized have been pursued in whole or in part, the Trustee may sell, with or without entry, to the highest bidder the Trust Estate, and all right, title, interest, claim and demand thereto and the right of redemption thereof, at any such place or places, and at such time or times and upon such notice and terms as may be required by law; provided, however, that no such sale will be made unless (a) the Trustee has received an opinion of Bond Counsel stating that adequate provision has been made to assure that such transfer will not impair the Corporation's capacity to comply with its obligations relative to the restrictions upon Portfolio Yield and to the rebate of certain amounts to the federal government as such obligations would be calculated upon the date of such opinion in accordance with any Tax Document and that such transfer will not affect adversely the exclusion from federal income taxation of interest on the Bonds afforded by Section 103 of the Code and (b) the Trustee has determined that such sale will result in the recovery of sufficient moneys, together with other amounts held under the Indenture, to pay the Bonds Outstanding in full, including all principal of and accrued interest on the Bonds Outstanding. Upon such sale the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale will be a perpetual bar both at law and in equity against the Corporation and all Persons claiming such properties. No purchaser at any sale will be bound to see to the application of the purchase money or to inquire as to the authorization, necessity, expediency or regularity of any such sale. The Trustee is hereby irrevocably appointed the true and lawful attorney-in-fact of the Corporation, in its name and stead, to make and execute all bills of sale, instruments of assignment and transfer and such other documents of transfer as may be necessary or advisable in connection with a sale of all or part of the Trust Estate, but the Corporation, if so requested by the Trustee, will ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary, or in the judgment of the Trustee, proper for the purpose which may be designated in such request. In addition, the Trustee may proceed to protect and enforce the rights of the Trustee and the Registered Owners of the Bonds in such manner as counsel for the Trustee may advise, whether for the specific performance of any covenant, condition, agreement or undertaking contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of such other appropriate legal or equitable remedies as may in the opinion of such counsel, be more effectual to protect and enforce the rights aforesaid. The Trustee will take any such action or actions if requested to do so in writing by the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds at the time Outstanding.

***Appointment of Receiver.*** In case an Event of Default occurs, and if all of the Outstanding Bonds have been declared due and payable and in case any judicial proceedings are commenced to enforce any right of the Trustee or of the Registered Owners under the Indenture or otherwise, then as a matter of right, the Trustee will be entitled to the appointment of a receiver of the Trust Estate and of the earnings, income or Revenue, rents, issues and profits thereof with such powers as the court making such appointments may confer.

***Restoration of Position.*** In case the Trustee will have proceeded to enforce any rights under the Indenture by sale or otherwise, and such proceedings will have been discontinued, or will have been determined adversely to the Trustee, then and in every such case to the extent not inconsistent with such adverse decree, the Corporation, the Trustee, and the Registered Owners, will be restored to their former respective positions and the rights under the Indenture in respect to the Trust Estate, and all rights, remedies, and powers of the Corporation, the Trustee and the Registered Owners will continue as though no such proceeding had been taken.

***Accelerated Maturity.*** If an Event of Default has occurred and is continuing, the Trustee may declare, or upon the written direction by the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding or due to the occurrence of an Event of Default pursuant to clause (d) of the definition thereof will, by notice in writing delivered to the Corporation not later than the next Business Day succeeding such direction, declare the principal of all Bonds then Outstanding and the interest thereon immediately due and payable, anything in the Bonds or the Indenture to the contrary notwithstanding, subject, however, to the provisions of the Indenture governing waivers of Events of Default; provided, however, that a declaration of acceleration upon a default pursuant to clause (c) of the definition of Event of Default will require the consent of 100% of the Registered Owners of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding.

The Trustee will give notice of a declaration of acceleration by first class mail, postage prepaid, to all Registered Owners of Outstanding Bonds; provided, however, that the giving of such notice will not be considered a precondition to the Trustee declaring the entire principal amount of the Bonds then Outstanding and the interest accrued thereon immediately due and payable. The Bonds will cease to accrue interest on the date of declaration of acceleration whether or not they are paid on such date.

***Remedies Not Exclusive.*** The remedies in the Indenture conferred upon or reserved to the Trustee or the Registered Owners of Bonds are not intended to be exclusive of any other remedy, but each remedy provided in the Indenture will be cumulative and will be in addition to every other remedy given under the Indenture or now or hereafter existing, and every power and remedy given to the Trustee or the Registered Owners of Bonds, or any supplement thereto, may be exercised from time to time as often as may be deemed expedient. No delay or omission of the Trustee or any Registered Owner of Bonds to exercise any power or right arising from any default under the Indenture will impair any such right or power nor will be construed to be a waiver of any such default or to be acquiescence therein.

***Direction of Trustee.*** Upon the happening of any Event of Default, the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding will have the right by an instrument or instruments in writing delivered to the Trustee to direct and control the Trustee as to the method of taking any and all proceedings for any sale of any or all of the Trust Estate, or for the appointment of a receiver, if permitted by law, and may at any time cause any proceedings authorized by the terms of the Indenture to be so taken or to be discontinued or delayed; provided, however, that such Registered Owners will not be entitled to cause the Trustee to take any proceedings which in the Trustee's opinion would be unjustly prejudicial to non-assenting Registered Owners of Bonds, but the Trustee will be entitled to assume that the action requested by the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding will not be prejudicial to any non-assenting Registered Owners unless the Registered Owners of a majority of the collective aggregate principal amount of the non-assenting

Registered Owners of such Highest Priority Bonds, in writing, show the Trustee how they will be prejudiced. These provisions are expressly subject to the provisions of the Indenture.

***Waivers of Events of Default.*** The Trustee may, in its discretion, waive any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration of Bonds, and will do so upon the written request of the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding; provided, however, that there will not be waived (a) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds at the date of maturity or redemption thereof, or any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal and premium, if any, and all fees and expenses of the Trustee, in connection with such default or otherwise incurred under the Indenture have been paid or provided for; or (b) any default in the payment of amounts relating to the Corporation's tax covenants contained in the Indenture. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default will have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Corporation, the Trustee and the Registered Owners of Bonds will be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission will extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

### **The Trustee**

The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following terms and conditions:

Except during the continuance of an Event of Default:

(a) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations may be read into the Indenture against the Trustee; and

(b) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provisions of the Indenture are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform as to form with the requirements of the Indenture.

In case an Event of Default has occurred and is continuing, the Trustee, in exercising the rights and powers vested in it by the Indenture, will use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Before taking any action under the Indenture or refraining from taking any action under the Indenture, the Trustee may require that it be furnished an indemnity bond or other indemnity and security satisfactory to it by the Corporation or the Registered Owners, as applicable, for the reimbursement of all expenses to which it may be put and to protect it against all liability including costs incurred in defending itself against any and all charges, claims, complaints, allegations, assertions or demands of any nature whatsoever arising from or related to its role as Trustee, except liability which results from the negligence or willful misconduct of the Trustee, including without limitation negligence or willful misconduct with respect to moneys deposited and applied pursuant to the Indenture.

***Indemnification of Trustee.*** Other than with respect to its duties to make payment on the Bonds when due and its duty to pursue the remedy of acceleration as provided in the Indenture, for each of which no additional security, indemnity or consent may be required, the Trustee will be under no obligation or duty to take any action or refrain from taking any action under the Indenture or to perform any act at the request of

Registered Owners or to institute or defend any suit in respect thereof unless properly indemnified and provided with security to its satisfaction as provided in the Indenture. The Trustee will not be required to take notice, or be deemed to have knowledge, of any default or Event of Default of the Corporation under the Indenture and may conclusively assume that there has been no such default or Event of Default (other than an Event of Default described in clause (a) or (b) of “Events of Default” defined above) unless and until it will have been specifically notified in writing at the address in the Indenture of such default or Event of Default by (a) the Registered Owners of the required percentages in principal amount of the Bonds then Outstanding specified above; (b) 100% of the Registered Owners of any Series of Bonds then Outstanding; and (c) an Authorized Representative of the Corporation. However, the Trustee may begin suit, or appear in and defend suit, execute any of the trusts created in the Indenture, enforce any of its rights or powers thereunder, or do anything else in its judgment proper to be done by it as Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee will be reimbursed or indemnified by the Registered Owners requesting such action, if any, for all fees, costs and expenses, liabilities, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith, unless such costs and expenses, liabilities, outlays and attorneys’ fees and other reasonable disbursements properly incurred in connection therewith are adjudicated to have resulted from the negligence or willful misconduct of the Trustee. In furtherance and not in limitation of this section, the Trustee will not be liable for, and will be held harmless by the Corporation from, following any Corporation Orders, instructions or other directions upon which the Trustee is authorized to rely pursuant to the Indenture or any other agreement to which it is a party. If the Corporation or the Registered Owners, as appropriate, fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any money in its possession under the provisions of the Indenture, (i) except during the continuance of an Event of Default, subject only to the prior lien of the Bonds for the payment of the principal thereof, premium, if any, and interest thereon from the Revenue Fund; and (ii) during the continuance of an Event of Default in accordance with the remedy on default of the possession of the trust estate as described in the Indenture. None of the provisions contained in the Indenture or any other agreement to which it is a party will require the Trustee to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if the Registered Owners will not have offered security and indemnity acceptable to it or if it will have reasonable grounds for believing that prompt repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

***Trustee’s Right to Reliance.*** The Trustee will be protected in acting upon any notice, resolution, request, consent, order, certificate, report, appraisal, opinion, report or document of the Corporation 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 will be under no duty to make any investigation as to any statement contained in any such instrument, paper or document, but may accept the same as conclusive evidence of the truth and accuracy of such statement. Before acting or refraining from acting in the administration of the Indenture, the Trustee may consult with experts and with counsel (who may be counsel for the Corporation), and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered, and in respect of any determination made by it under the Indenture in good faith and in accordance with the opinion of such counsel.

Should the Trustee deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action under the Indenture, the Trustee (unless other evidence be specifically prescribed in the Indenture) may require and, in the absence of bad faith on its part, may rely upon a certificate signed by an Authorized Representative of the Corporation. Whenever in the administration of the Indenture the Trustee is directed to comply with a Corporation Order, the Trustee will be entitled to act in reliance on such Corporation Order; provided, however, that the Trustee will not comply with any Corporation Order which does not comply with the express terms and provisions of the Indenture or which directs the Trustee to take any action that is not expressly permitted by the terms and provisions of the Indenture.

The Trustee will not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Corporation but the Trustee may require of the

Corporation full information and advice as to the performance of any covenants, conditions or agreements pertaining to Financed Eligible Loans.

The Trustee will not be liable for any action taken, suffered, or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture or error of judgment made in good faith; provided, however, that the Trustee will be liable for its negligence or willful misconduct. The permissive right of the Trustee to take action under or otherwise do things enumerated in the Indenture will not be construed as a duty.

The Trustee is authorized, under the Indenture, subject to certain provisions thereof, including tax covenants of the Corporation, to sell, assign, transfer or convey Financed Eligible Loans in accordance with a Corporation Order. The Trustee is further authorized to enter into agreements with other Persons, in its capacity as Trustee, in order to carry out or implement the terms and provisions of the Indenture.

The Trustee will not be liable for any action taken or omitted by it in good faith on the direction of the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding as to the time, method, and place of conducting any proceedings for any remedy available to the Trustee or the exercising of any power conferred by the Indenture.

**Compensation of Trustee.** Except as otherwise expressly provided in the Indenture, all advances, counsel fees (including without limitation allocated fees of in house counsel) and other expenses reasonably made or incurred by the Trustee in and about the execution and administration of the trust thereby created and reasonable compensation to the Trustee for its services in the premises will be paid by the Corporation. The compensation of the Trustee will not be limited to or by any provision of law in regard to the compensation of Trustees of an express trust. Except during the continuance of an Event of Default, the fees of the Trustee will be limited to those set forth in the most recent engagement letter executed by the Trustee and an Authorized Officer of the Corporation. If not paid by the Corporation, the Trustee will have a lien against all money held pursuant to the Indenture (other than the moneys and investments held in the Rebate Fund), (a) except during the continuance of an Event of Default, subject only to the prior lien of the Bonds against the money and investments in the Revenue Fund for the payment of the principal thereof, premium, if any, and interest thereon, for such reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and the exercise and performance of the powers and duties of the Trustee thereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee); and (b) during the continuance of an Event of Default in accordance with the remedy on default of the possession of the Trust Estate as described in the Indenture.

**Resignation of Trustee.** The Trustee and any successor to the Trustee may resign and be discharged from the trust created by the Indenture by giving to the Corporation notice in writing which notice will specify the date on which such resignation is to take effect; provided, however, that such resignation will only take effect on the day specified in such notice if a successor Trustee will have been appointed pursuant to the Indenture (and is qualified to be the Trustee under the requirements of the Indenture) and said successor Trustee will have accepted such appointment in writing. If no successor Trustee has been appointed by the later of the date specified or 30 days after the receipt of the notice by the Corporation, the Trustee may (a) appoint a temporary successor Trustee having the qualifications required by the Indenture; or (b) request a court of competent jurisdiction to (i) require the Corporation to appoint a successor, as provided in the Indenture, within three days of the receipt of citation or notice by the court, or (ii) appoint a Trustee having the qualifications set forth in the Indenture. In no event may the resignation of the Trustee be effective until a qualified successor Trustee will have been selected and appointed and said successor Trustee will have accepted such appointment in writing. In the event a temporary successor Trustee is appointed pursuant to clause (a) above, the Corporation may remove such temporary successor Trustee and appoint a successor thereto pursuant to the Indenture.

**Removal of Trustee.** The Trustee or any successor Trustee may be removed (a) at any time by the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding; (b) by the Corporation for cause or upon the sale or other disposition of the Trustee or its trust functions; or (c) by the Corporation without cause so long as no Event of Default exists or has existed within the last 30 days, upon payment to the Trustee so removed of all money then due to it under the Indenture and appointment of a successor thereto by the Corporation and acceptance thereof by said successor. One copy of any such order of removal will be filed with the Corporation and the other with the Trustee so removed.

In the event a Trustee (or successor Trustee) is removed, by any Person or for any reason permitted under the Indenture, such removal will not become effective until (a) in the case of removal by the Registered Owners, such Registered Owners by instrument or concurrent instruments in writing (signed and acknowledged by such Registered Owners or their attorneys in fact) filed with the Trustee removed have appointed a successor Trustee or otherwise the Corporation will have appointed a successor; and (b) the successor Trustee has accepted appointment as such.

**Successor Trustee.** In case at any time the Trustee or any successor Trustee will resign, be dissolved, or otherwise will be disqualified to act or be incapable of acting, or in case control of the Trustee or of any successor Trustee or of its officers will be taken over by any public officer or officers, a successor Trustee may be appointed by the Corporation by an instrument in writing duly authorized by resolution. In the case of any such appointment by the Corporation of a successor to the Trustee, the Corporation will forthwith cause notice thereof to be mailed to the Registered Owners of the Bonds at the address of each Registered Owner appearing on the bond registration books maintained by the Registrar.

Every successor Trustee appointed by the Registered Owners, by a court of competent jurisdiction, or by the Corporation will be a bank or trust company in good standing, organized and doing business under the laws of the United States or of a state therein, which has a reported capital and surplus of not less than \$50,000,000, be authorized under the law to exercise corporate trust powers, including maintaining the Funds and Accounts created pursuant to the Indenture (other than the Operating Fund) as Eligible Accounts and be subject to supervision or examination by a federal or state authority.

## **Supplemental Indentures**

**Supplemental Indentures Not Requiring Consent of Registered Owners.** The Corporation and the Trustee may, without the consent of or notice to any of the Registered Owners enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;
- (c) to subject to the Indenture additional revenues, properties or collateral;
- (d) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Indenture and any indenture supplemental thereto under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(e) to evidence the appointment of a separate or co-Trustee or a co registrar or transfer agent or the succession of a new Trustee under the Indenture;

(f) to add such provisions to or to amend such provisions of the Indenture as may be necessary or desirable to assure implementation of the Program if, together with such Supplemental Indenture there is filed a an opinion of counsel (which may be counsel to the Corporation) addressed to the Corporation and the Trustee to the effect that the addition or amendment of such provisions will not impair the existing security of the Registered Owners of any Outstanding Bonds;

(g) to make any change as will be necessary in order to obtain and maintain for any of the Bonds an investment grade Rating from a nationally recognized rating service, if along with such Supplemental Indenture there is filed a Bond Counsel's opinion addressed to the Trustee to the effect that such changes will in no way impair the existing security of the Registered Owners of any Outstanding Bonds;

(h) to make any changes necessary to comply with the Code and the regulations promulgated thereunder;

(i) to provide for the issuance of Bonds pursuant to the provisions of the Indenture, including the creation of appropriate Funds, Accounts and Subaccounts with respect to such Bonds;

(j) with a Rating Agency Notification, in connection with the issuance of Subordinate Bonds, to create any additional Funds or Accounts or Subaccounts under the Indenture, including without limitation in the nature of debt service reserve or capitalized interest Funds, Accounts or Subaccounts for Subordinate Bonds, and to modify or amend the provisions of the Indenture described herein under clause (b) of the caption "*—Revenue Fund*" in connection with the foregoing; provided, that no such modification or amendment shall change the amount or timing of application of Revenues or of amounts transferred to the Revenue Fund from other funds and accounts to pay principal of or interest or redemption premium, if any, on Senior Bonds;

(k) to create any other additional Funds or Accounts or Subaccounts under the Indenture deemed by the Trustee to be necessary or desirable;

(l) to amend the Indenture to provide for use of a surety bond or other financial guaranty instrument in lieu of cash and/or Investment Securities in all or any portion of the Debt Service Reserve Fund upon satisfaction of the Rating Agency Notification;

(m) with a Rating Agency Notification to the extent required by a Supplemental Indenture, to evidence the extension of any Origination Period or Recycling Period;

(n) to modify any of the provisions of the Indenture in any respect whatever; provided, however, that (i) such modification will be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the execution by the Corporation of such Supplemental Indenture will cease to be Outstanding; and (ii) such Supplemental Indenture will be specifically referred to in text of all Bonds of any Series authenticated and delivered after the date of the execution by the Corporation of such Supplemental Indenture and of Bonds issued in exchange therefore or in place thereof; or

(o) to make any other change (other than changes with respect to any matter requiring satisfaction of the Rating Agency Notification unless the Bonds are not rated at the time) which, in the judgment of the Trustee is not materially adverse to the Registered Owners of any Bonds;



provided, however, that nothing above will permit, or be construed as permitting, any modification of the trusts, powers, rights, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

***Supplemental Indentures Requiring Consent of Registered Owners.*** Exclusive of Supplemental Indentures covered by the previous section and subject to the terms and provisions described in this section, and not otherwise, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Bonds then Outstanding will have the right, from time to time, to consent to and approve the execution by the Corporation and the Trustee of such other indenture or indentures supplemental to the Indenture as will be deemed necessary and desirable by the Corporation for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this section will permit, or will be construed as permitting (a) without the consent of the Registered Owners of all then Outstanding Bonds affected thereby, (i) an extension of the maturity date of the principal of or the interest on any Bond; (ii) a reduction in the principal amount of any Bond or the rate of interest thereon; (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as otherwise provided in the Indenture; (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture; or (v) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding under the Indenture except as otherwise provided in the Indenture; or (b) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

If at any time the Corporation will request the Trustee to enter into any such Supplemental Indenture for any of the purposes described in this section, the Trustee will, upon being satisfactorily secured with respect to expenses cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Registered Owner of a Bond at the address shown on the registration records. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Registered Owners. If, within 60 days, or such longer period as will be prescribed by the Corporation, following the mailing of such notice, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture will have consented in writing to and approved the execution thereof as provided in the Indenture, no Registered Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as permitted and provided in this section, the Indenture will be and be deemed to be modified and amended in accordance therewith.

***Additional Limitation on Modification of Indenture.*** No amendment to the Indenture or to the indentures supplemental thereto will be effective unless the Trustee receives an opinion of Bond Counsel to the effect that such amendment was adopted in conformance with the Indenture and will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

### **Satisfaction of Indenture**

If the Corporation will pay, or cause to be paid, or there will otherwise be paid (a) to the Registered Owners of the Bonds, the principal of and interest on the Bonds, at the times and in the manner stipulated in the Indenture and (b) to the United States of America, the amount required to be rebated in satisfaction of its obligations as described in any Tax Document, then the pledge of the Trust Estate, except the Rebate Fund, which is not pledged under the Indenture, and all covenants, agreements, and other obligations of the Corporation to the Registered Owners of Bonds other than as provided in the Corporation's tax covenants as described in the Indenture will thereupon cease, terminate, and become void and be discharged and satisfied.

In such event, the Trustee will execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee will pay over or deliver all money held by it under the Indenture to the party entitled to receive the same under the Indenture. If the Corporation will pay or cause to be paid, or there will otherwise be paid, to the Registered Owners of any Outstanding Bonds the principal of and interest on such Bonds, such Bonds will cease to be entitled to any lien, benefit, or security under the Indenture, and all covenants, agreements, and obligations of the Corporation to the Registered Owners thereof will thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds or interest installments will be deemed to have been paid within the meaning of the previous paragraph if money for the payment or redemption thereof has been set aside and is being held in trust by the Trustee at the Stated Maturity or earlier redemption date thereof. Any Outstanding Bond will, prior to the Stated Maturity or earlier redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the previous paragraph if (i) such Bond is to be redeemed on any date prior to its Stated Maturity; and (ii) the Corporation will have given notice of redemption as provided in the Indenture on said date and there will have been deposited with the Trustee either money (fully insured by the Federal Deposit Insurance Corporation or fully collateralized by Governmental Obligations) in an amount which will be sufficient, or Governmental Obligations (including any Governmental Obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, will be sufficient, to pay when due the principal of and interest to become due on such Bond on and prior to the redemption date or Stated Maturity thereof, as the case may be, provided that with respect to the defeasance of Bonds in a variable-rate mode (the "Variable Rate Bonds") for which the interest rate cannot be determined at the time of defeasance, the Corporation will have deposited funds with the Trustee sufficient to pay interest at the maximum rate allowable on the Variable Rate Bonds for the defeasance period. Notwithstanding anything in the Indenture to the contrary, however, no such deposit will have the effect specified in this paragraph: (A) if made during the existence of an Event of Default, unless made with respect to all of the Bonds then Outstanding; (B) unless on the date of such deposit there will be provided to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay in full the Outstanding Bonds to be redeemed or to be deemed paid pursuant to this paragraph; and (C) unless there will be delivered to the Trustee an opinion of Bond Counsel to the effect that such deposit will not, in and of itself, adversely affect any exclusion from gross income for federal income tax purposes of interest on any Bond. Neither Governmental Obligations nor money deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any such Governmental Obligations will be withdrawn or used for any purpose other than, and will be held irrevocably in trust in an escrow account for, the payment of the principal of and interest on such Bonds. Any cash received from such principal of and interest on such Governmental Obligations deposited with the Trustee, if not needed for such purpose, will, to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal of and interest on such Bonds on and prior to such redemption date or Stated Maturity thereof, as the case may be, and interest earned from such reinvestments will be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien, or pledge. Any payment for Governmental Obligations purchased for the purpose of reinvesting cash as aforesaid will be made only against delivery of such Governmental Obligations. For the purposes of this paragraph, "Governmental Obligations" will mean and include only non-callable direct obligations of the Department of the Treasury of the United States of America or portions thereof (including interest or principal portions thereof). Such Governmental Obligations will be of such amounts, maturities, and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make the payments required in the Indenture, and which obligations have been deposited in an escrow account which is irrevocably pledged as security for the Bonds. Such term will not include mutual funds and unit investment trusts. The provisions of this section are applicable to the Bonds.

***Cancellation of Paid Bonds.*** Any Bonds which have been paid or purchased by the Corporation, Bonds exchanged for new Bonds, mutilated Bonds replaced by new Bonds, and any temporary Bond for which

definitive Bonds have been delivered will (unless otherwise directed by the Corporation by Corporation Order) forthwith be cancelled by the Trustee and, except for temporary Bonds, returned to the Corporation.

**Miscellaneous Provision Regarding Subordinate Carry-Over Interest**

For all purposes of the Indenture, the term “principal” when used with respect to the Bonds will not include Subordinate Carry-over Interest. To the extent that on any payment date for Subordinate Carry-over Interest, the amount available therefor under the Indenture will be less than the total amount due, then the amount available therefor shall be distributed pro rata based on the total amount of Subordinate Carry-over Interest then payable.

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## THE FIXED RATE LOAN PROGRAM

The Corporation will originate private education loans with the proceeds of the Series 2018 Bonds, and other monies available for such purposes. The Corporation makes its private education loans in accordance with the provisions of the Corporation's Program Documentation. All of the provisions of the Fixed Rate Loan Program Documentation may be modified by the Corporation from time to time or waived on a case-by-case basis, subject to any limitations contained in a Supplemental Indenture.

This APPENDIX B contains a brief description of the eligible borrowers, the eligible loan terms, the eligible educational institutions, the loan origination process, including borrower eligibility and credit analysis, and the loan servicing process under the Fixed Rate Loan Program. Some, but not all, of the education loans described under the heading "Fixed Rate Loan Program Portfolio Information" in this APPENDIX B have been pledged pursuant to the Indenture as Financed Eligible Loans that will secure the Bonds, including the Series 2018 Bonds. See "APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO AS OF JANUARY 31, 2018."

The historical information relative to the origination, distribution and payment experience of the Corporation in connection with its previously originated Program Loans contained in this Official Statement is included for general reference purposes only and is not intended as a representation that the origination, distribution or payment experience of the Financed Eligible Loans to be originated in the future will be similar to that of previously originated Program Loans during any period or over the respective lives of such Program Loans. See "THE FIXED RATE LOAN PROGRAM" and "CERTAIN INVESTMENT CONSIDERATIONS — Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations" and "— Composition and Characteristics of the Financed Eligible Loans May Change." Moreover, no representation is made that the payment experience of the Financed Eligible Loans that are included in the Fixed Rate Loan Program Portfolio described under the heading "Fixed Rate Loan Program Portfolio Information" in this APPENDIX B will be similar to that of such Fixed Rate Loan Program Portfolio as a whole. See "APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO AS OF JANUARY 31, 2018."

### General

The Corporation established its VSAC Fixed Rate Loan Program (the "Fixed Rate Loan Program"), to originate non-guaranteed, private, fixed rate, education loans (the "Program Loans") to creditworthy borrowers attending educational institutions that are eligible to receive funds under Title IV of the federal Higher Education Act of 1965, as amended ("Title IV") as well as programs authorized or approved by a U.S. public entity or state agency, or accredited by a U.S.-accrediting agency recognized by the U.S. Department of Education or by a professional accrediting body (an "Eligible Institution"). The Corporation began originating Program Loans to student borrowers under the Fixed Rate Loan Program in July, 2010, and has financed those Program Loans with proceeds of Prior Master Indenture Bonds, and with proceeds of its Series 2010A-1 Bonds, Series 2011A-1 Bonds, Series 2014A Bonds and Series 2015A Bonds, each of which were issued pursuant to separate indentures of trust. Commencing with the 2016-2017 Academic Year, the Corporation began originating Program Loans to parent borrowers. The Corporation expects to apply proceeds of the Series 2018 Bonds to finance Program Loans to both student borrowers and parent borrowers. See "— Eligible Borrowers" and "— Eligible Program Loan Terms."

### Eligible Borrowers

#### *Student Borrowers*

Under the Fixed Rate Loan Program, Program Loans may be made to students (the "Student Borrower"). All Program Loans with Student Borrowers are also required to have a parent, legal guardian, or

any other individual meeting the credit standards established by the Corporation for the Fixed Rate Loan Program as a cosigner (each a “Cosigner”). The Student Borrower generally must be a Vermont resident or be attending a Vermont based school. Each of the Student Borrower and the Cosigner must be a U.S. citizen or eligible non-citizen of the United States (as defined for purposes of Title IV). The Student Borrower must be currently enrolled or admitted to an Eligible Institution on at least a half-time basis. The Corporation has established the underwriting criteria described herein for the Fixed Rate Loan Program.

A Cosigner may be released from his or her obligation on a Program Loan after 48 payments have been made on such Program Loan. For a Cosigner to be released, the Student Borrower must request the release, meet the minimum FICO credit score requirement in effect at the time the Fixed Rate Loan Program Loan was made, and have no adverse credit history.

### ***Parent Borrowers***

Commencing with the 2016-2017 Academic Year, Program Loans were also made to the parent (a “Parent Borrower”) of a student, which student generally must be a Vermont resident or is attending a Vermont based school. The Parent Borrower must be a U.S. citizen or eligible non-citizen of the United States (as defined for purposes of Title IV) and must satisfy the same Fixed Rate Loan Program underwriting criteria, but no Cosigner will be required.

## **Eligible Program Loan Terms**

### ***Student Borrowers***

The Corporation anticipates that Program Loans to Student Borrowers that are financed with the proceeds of the Series 2018 Bonds, other Corporation moneys deposited to the Student Loan Fund and other available funds during the Origination Period will have the following terms:

- (a) bear a fixed rate of interest which the Corporation anticipates will be competitive with federal and other non-federal student loan programs; the respective interest rate will be 5.90% per annum if the Student Borrower chooses to begin immediate repayment, 6.65% per annum if the Student Borrower chooses to defer principal while the Student Borrower is in school or 7.55% per annum if the Student Borrower chooses to defer principal and interest while the Student Borrower is in school;
- (b) a substantial portion of the Program Loans will not go into repayment until after the Student Borrower leaves school; although some Student Borrowers may elect to begin repayment within forty-five (45) days of final disbursement of their Program Loan (certain limitations on the amount of Financed Eligible Loans which can have deferred interest and/or principal are summarized below);
- (c) an origination fee of 0.00%, 3.00% or 5.00% is to be deducted from the Student Borrower’s loan amount, depending upon the creditworthiness of the Student Borrower and Cosigner;
- (d) Program Loans may be extended by forbearance for a cumulative total of up to two (2) years, at the discretion of the Corporation, for situations of documented financial hardship;
- (e) Program Loans of \$10,000 or more will provide for repayment in level monthly installments over a maximum of 15 years, while Program Loans of less than \$10,000 will amortize in such manner over a maximum of ten (10) years; subject to extension by forbearance;
- (f) all Program Loans may be prepaid in full or in part at any time without penalty; and

- (g) the amount of the Program Loan cannot exceed the certified cost of the student's attendance as determined by the Eligible Institution, less other financial aid.

### ***Parent Borrowers***

The Corporation anticipates that Program Loans to Parent Borrowers that are financed with the proceeds of the Series 2018 Bonds, other Corporation moneys deposited to the Student Loan Fund and other available funds during the Origination Period will have the following terms:

- (a) bear a fixed rate of interest which the Corporation anticipates will be competitive with federal and other non-federal student loan programs; the respective interest rate will be 5.90% per annum if the Parent Borrower chooses to begin immediate repayment or 7.45% per annum if the Parent Borrower chooses to defer principal and interest for up to 12 months;
- (b) an origination fee of 0.00%, 3.00% or 5.00% is to be deducted from the Parent Borrower's loan amount, depending upon the creditworthiness of the Parent Borrower;
- (c) Program Loans may be extended by forbearance for a cumulative total of up to two (2) years, at the discretion of the Corporation, for situations of documented financial hardship;
- (d) Program Loans of \$10,000 or more will provide for repayment in level monthly installments over a maximum of 15 years, while Program Loans of less than \$10,000 will amortize in such manner over a maximum of ten (10) years; subject to extension by forbearance;
- (e) all Program Loans may be prepaid in full or in part at any time without penalty; and
- (f) the amount of the Program Loan cannot exceed the certified cost of the student's education as determined by the Eligible Institution, less other financial aid.

### **Eligible Loan Availability**

Based on the Corporation's past experience and discussions with Eligible Institutions, the Corporation expects an aggregate demand for Program Loans that may be financed as Eligible Loans during the Origination Period to be at least sufficient to expend the amount currently available in and the amount to be deposited to the Student Loan Fund in connection with the issuance of the Series 2018 Bonds.

The Corporation shall not originate or finance an Eligible Loan from amounts deposited to the 2018 Subaccount of the Student Loan Fund if, subsequent to the origination or financing of such Eligible Loan:

- (a) with respect to Eligible Loans to Student Borrowers, either (i) both the principal and interest on such Eligible Loan is to be initially deferred and the aggregate principal amount of all such Eligible Loans that are so financed would exceed 53% of the aggregate principal amount of all Eligible Loans financed with such amounts to Student Borrowers, or (ii) only the principal on such Eligible Loan is to be initially deferred (such that interest on such Eligible Loan is being paid once the Eligible Loan is financed) and the aggregate principal amount of all such Eligible Loans and all Eligible Loans described in clause (i) of this paragraph (a) that are so financed would exceed 83% of the aggregate principal amount of all Eligible Loans financed with such amounts to Student Borrowers; provided however that, notwithstanding the foregoing, the Corporation may originate and finance, respectively, \$15,772,800 and \$24,700,800 of such Eligible Loans described in clauses (i) or (ii) of this paragraph (a) prior to June 15, 2019;
- (b) (i) both the principal and interest on such Eligible Loan is to initially be deferred, (ii) such Eligible Loan is being made to a Student Borrower who has more than three years before his

or her anticipated separation date from the related Eligible Institution, and (iii) the aggregate principal amount of all Eligible Loans financed with such amounts made to Student Borrowers who have more than three years before their anticipated separation date from their related Eligible Institution and for which both principal and interest are deferred shall exceed 60% of the aggregate principal amount of all Eligible Loans financed with such amounts to Student Borrowers for which both principal and interest are deferred; provided however that, notwithstanding the foregoing, the Corporation may originate and finance \$9,463,680 of such Eligible Loans described in this paragraph (b) with such amounts prior to June 15, 2019;

- (c) with respect to Eligible Loans to Parent Borrowers on which the principal and interest on such Eligible Loan is to be initially deferred, either (i) the aggregate principal amount of all such Eligible Loans that are so financed and initially deferred would exceed 30% of the aggregate principal amount of all Eligible Loans financed with such amounts to Parent Borrowers or (ii) the aggregate principal amount of all such Eligible Loans that are so financed and initially deferred would exceed \$2,232,000 in aggregate principal amount of all Eligible Loans financed with such amounts to Parent Borrowers; provided, however, that, notwithstanding the foregoing, the Corporation may originate and finance \$7,440,000 of Eligible Loans to Parent Borrowers prior to June 15, 2019; and
- (d) (i) such Eligible Loan is being made to either a Student Borrower attending a Proprietary School or a Parent Borrower of a student attending a Proprietary School, and (ii) the aggregate principal amount of all Eligible Loans financed with such amounts made to, collectively, Student Borrowers attending Proprietary Schools and Parent Borrowers of students attending a Proprietary School shall exceed 6% of the aggregate principal amount of all Eligible Loans financed with such amounts to Student Borrowers or to Parent Borrowers; provided, however, that, notwithstanding the foregoing, the Corporation may originate and finance \$2,232,000 of such Eligible Loans described in this paragraph (d) with such amounts prior to June 15, 2019.

Any amounts, dates or percentages contained above may be modified if the Corporation shall have satisfied the requirements of a Rating Agency Notification with respect to each of Fitch and S&P.

### **Credit Evaluation by the Corporation**

Applications for the Fixed Rate Loan Program are submitted to the Corporation which conducts the loan application review activities described below. The Corporation performs a credit evaluation of all Eligible Loan applications. The credit evaluation includes, but is not limited to, FICO credit scoring and a credit report history for the Cosigner or the Parent Borrower, as applicable. The Student Borrower or Parent Borrower, as applicable, must certify that he or she has not previously defaulted on any education loans with the Corporation. All Student Borrowers are required to have a Cosigner. Parent Borrowers are not required to have a Cosigner. The minimum FICO credit score permitted under the Fixed Rate Loan Program is 680.

The Corporation may also deny an application for other reasons, provided that the Corporation's denial is in accordance with applicable law.

The Corporation requests one or more credit bureau reports on the Student Borrower's Cosigner or on the Parent Borrower, as applicable. Credit reports more than one hundred twenty (120) days old are not to be used for underwriting purposes.

The Corporation retains the right to change its underwriting methodology, subject, with respect to Financed Eligible Loans, to any limitations contained in a Supplemental Indenture, and in some cases, satisfaction of the requirements of a Rating Agency Notification.



## **Certification by the Eligible Institution**

After credit evaluation, the Corporation notifies the appropriate Eligible Institution that an applicant has been approved or denied, and in the case of approvals requiring that the Eligible Institution certify that the Student Borrower or the student for whose benefit a Parent Borrower took out a Program Loan, as applicable, is currently enrolled and that the loan amount, before fees, does not exceed cost of attendance less other financial aid (including other student loans). The minimum loan amount is \$200.

## **Eligible Institutions**

Any Title IV eligible institution in the United States or an authorized program may participate in the Fixed Rate Loan Program. Authorized programs are authorized or approved by a U.S. public entity or state agency, or are accredited by a U.S.-accrediting agency recognized by the Department of Education or by a professional accrediting body.

## **Loan Disbursement**

Loan Disbursements are sent to Eligible Institutions via electronic funds transfer (EFT) and generally in 2 equal installments. Eligible Institutions not utilizing EFT receive two equal installments via check. Single disbursement loans for one semester are also permitted.

## **Servicing**

Program Loans will be serviced after origination by the Corporation. However, the Corporation reserves the right to use other servicers with appropriate approvals.

## **Defaults**

When a Program Loan is 180 days past due, it is deemed to be “defaulted.” In addition, the Student Borrower or the Parent Borrower will be deemed to be in default under the Program Loan if certain other terms and covenants of the Program Loan have not been complied with, or any of the representations by the Student Borrower or the Parent Borrower are found to have been false when made. The Corporation retains responsibility for enforcement and settlement decisions related to defaulted accounts, including the commencement of legal action against the Student Borrower or the Cosigner or against the Parent Borrower, as applicable, to collect the Fixed Rate Loan Program Loan. The Corporation has in the past engaged outside third-party collection agencies to collect on all defaulted Program Loans and currently expects to continue such practice.

If, with respect to a Program Loan to a Student Borrower, the Student Borrower dies or becomes totally and permanently disabled (as documented according to the requirements of the Corporation), the Corporation releases both the Student Borrower and any Cosigner from further liability on the Program Loan. When the Cosigner of such a Program Loan dies or becomes so disabled, the Corporation releases the Cosigner, but not the Student Borrower, from further liability. If, with respect to a Program Loan to a Parent Borrower, either the Parent Borrower or the benefited student dies or becomes so disabled, the Corporation releases the Parent Borrower from further liability. In each case the release of a person from further liability applies as well to that person’s estate.

## **Fixed Rate Loan Program Portfolio Information**

*All tables below are set forth for informational purposes only and are not necessarily representative of the characteristics of the portfolio of Financed Eligible Loans to be pledged under the Indenture. The loan portfolio described in the following tables includes all Program Loans that were financed through application of proceeds of the Prior Master Indenture Bonds as well as of other funds available to the Corporation for costs of attendance during the 2010-2011 through 2017-2018 Academic Years, inclusive.*

***All information in the tables below is current as of January 31, 2018. None of the Program Loans that were financed with proceeds of the Series 2010A-1 Bonds, Series 2011A-1 Bonds, Series 2014A Bonds and Series 2015A Bonds are assets of the Trust Estate.*** See “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO AS OF JANUARY 31, 2018” for a description of the Program Loans financed with the proceeds of the Prior Master Indenture Bonds and other available funds under the Indenture.

The following information summarizes the characteristics of loan disbursements under the Fixed Rate Loan Program from all sources during the 2010-2011 through 2017-2018 Academic Years, inclusive. Certain totals in the following table may reflect rounding adjustments. Commencing with the 2016-2017 Academic Year, Program Loans were available to qualifying parents, without student cosigners. The interest-only option will not be available to such loans and the available deferment option will be limited to a twelve-month deferment period. Although the Corporation currently expects that the Eligible Loans to be financed with the available proceeds of the Series 2018 Bonds and Corporation moneys deposited to the Student Loan Fund will be otherwise substantially similar to the current Fixed Rate Loan Program portfolio, there can be no assurance that the Eligible Loans to be so financed will not be materially different from the current Fixed Rate Loan Program portfolio in one or more respects. See “CERTAIN INVESTMENT CONSIDERATIONS — Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations” and “— Composition and Characteristics of the Financed Eligible Loans May Change.” Certain numbers presented in the following tables may not add up precisely to the totals provided and certain percentages may not precisely reflect the absolute figures due to rounding.

Aggregate Outstanding Principal Balance .....	\$176,801,040
Number of Borrowers .....	8,219
Average Outstanding Principal Balance per Borrower .....	\$21,511
Accrued Interest to be Capitalized .....	\$3,270,599
Accrued Interest Due.....	\$649,223
Total Accrued Interest <sup>(1)</sup> .....	\$3,919,822
Number of Loans .....	16,118
Average Outstanding Principal Balance per Loan .....	\$10,969
Weighted Average Annual Interest Rate.....	6.51%
Weighted Average Original Term (Months).....	168
Weighted Average Remaining Term (Months) <sup>(2)</sup> .....	153
Weighted Average FICO Score (Cosigner) .....	761

<sup>(1)</sup> Includes accrued interest to be capitalized.

<sup>(2)</sup> Exclusive of Financed Eligible Loans in In-School Status that have not entered repayment.

The following table sets forth the FICO credit scoring on loan disbursements under the Fixed Rate Loan Program from all sources during the 2010-2011 through 2017-2018 Academic Years, inclusive.

<b>FICO Range</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
680-689	576	\$ 6,057,138	3.43%
690-699	674	8,027,519	4.54
700-709	780	8,400,248	4.75
710-719	869	9,567,451	5.41
720-729	961	10,908,048	6.17
730-739	999	11,528,127	6.52
740-749	1,150	12,600,971	7.13
750-759	1,239	13,087,366	7.40
760-769	1,392	15,346,744	8.68
770-779	1,564	16,754,969	9.48
780-789	1,523	15,936,961	9.01
790-799	1,381	14,698,873	8.31
800-809	1,222	13,425,895	7.59
810-819	940	10,793,128	6.10
820-829	559	6,547,053	3.70
830-839	206	2,163,183	1.22
840-849	83	957,365	0.54
<b>TOTAL</b>	<b><u>16,118</u></b>	<b><u>\$176,801,040</u></b>	<b><u>100.00%</u></b>

The following table sets forth the distribution by repayment plan of loans disbursed under the Fixed Rate Loan Program from all sources during the 2010-2011 through 2017-2018 Academic Years, inclusive.

<b>Repayment Options</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
Deferred	8,380	\$ 94,103,259	53.23%
Interest-Only	4,170	45,007,223	25.46
Immediate Repayment	2,844	28,622,356	16.19
Repayment Parent Deferred	85	1,015,609	0.57
Parent Repayment	639	8,052,593	4.55
<b>TOTAL</b>	<b><u>16,118</u></b>	<b><u>\$176,801,040</u></b>	<b><u>100.00%</u></b>

The following tables set forth the current status of the loans disbursed under the Fixed Rate Loan Program from all sources for the 2010-2011 through 2017-2018 Academic Years, inclusive. The tables set forth the current status of the loans, as well as the remaining term on each loan and the number of days delinquent.

<u>Loan Status</u>	<u>Number of Loans</u>	<u>Aggregate Principal Balance</u>	<u>Percentage of Principal Balance</u>
Forbearance	88	\$ 1,283,664	0.73%
Reduced Payment Forbearance	48	686,419	0.39
In School Deferred	3,255	40,522,915	22.92
Grace	239	2,114,477	1.20
Interest Only Repayment	1,812	23,473,503	13.28
Repayment	<u>10,676</u>	<u>108,720,064</u>	<u>61.49</u>
<b>TOTAL</b>	<b><u>16,118</u></b>	<b><u>\$176,801,040</u></b>	<b><u>100.00%</u></b>

<u>Remaining Term (months)</u>	<u>Number of Loans</u>	<u>Aggregate Principal Balance</u>	<u>Percentage of Principal Balance</u>
Less than 61	641	\$ 1,658,510	0.94%
61 - 72	563	1,974,167	1.12
73 - 84	640	2,566,375	1.45
85 - 96	891	4,331,355	2.45
97 - 108	1,381	7,958,494	4.50
109 - 120	3,748	22,392,733	12.67
121 - 132	484	6,243,314	3.53
133 - 144	659	8,888,033	5.03
145 - 156	918	13,545,099	7.66
157 - 168	1,344	21,911,261	12.39
169 - 180	<u>4,849</u>	<u>85,331,699</u>	<u>48.26</u>
<b>TOTAL</b>	<b><u>16,118</u></b>	<b><u>\$176,801,040</u></b>	<b><u>100.00%</u></b>

<u>Days Delinquent (Loans in Repayment Only)</u>	<u>Number of Loans</u>	<u>Aggregate Principal Balance</u>	<u>Percentage of Principal Balance</u>
Not in Repayment	3,582	\$ 43,921,055	24.84%
Current	11,619	123,797,451	70.02
Less than 30 Days	655	6,462,905	3.66
30 to 59 Days	155	1,537,658	0.87
60 to 89 Days	45	396,559	0.22
90 to 119 Days	26	308,963	0.17
120 to 149 Days	18	221,402	0.13
150 to 179 Days	18	155,047	0.09
180 to 209 Days	-	-	0.00
210 to 239 Days	-	-	0.00
240 to 269 Days	-	-	0.00
270 + Days	-	-	0.00
<b>TOTAL</b>	<b><u>16,118</u></b>	<b><u>\$176,801,040</u></b>	<b><u>100.00%</u></b>

The following table sets forth the grade level of each recipient of the loans disbursed under the Fixed Rate Loan Program from all sources for the 2010-2011 through 2017-2018 Academic Years, inclusive.

<u>Grade Level</u>	<u>Number of Loans</u>	<u>Aggregate Principal Balance</u>	<u>Percentage of Principal Balance</u>
Undergrad Freshman	5,790	\$ 64,873,997	36.69%
Undergrad Sophomore	4,046	45,334,038	25.64
Undergrad Junior	3,145	33,916,080	19.18
Undergrad Senior	2,598	26,604,149	15.05
Undergrad Senior+	243	2,449,425	1.39
Graduate	278	3,454,247	1.95
N/A	18	169,104	0.10
<b>TOTAL</b>	<u>16,118</u>	<u>\$176,801,040</u>	<u>100.00%</u>

The following table sets forth the institutional distribution of Corporation's Fixed Rate Loan Program disbursements from all sources during the 2010-2011 through 2017-2018 Academic Years, inclusive, as arranged by type of school:

<u>School Type</u>	<u>Number of Loans</u>	<u>Aggregate Principal Balance</u>	<u>Percentage of Principal Balance</u>
2 Year	278	\$ 1,594,908	0.90%
4 Year	15,065	166,113,304	93.95
Foreign	125	1,672,182	0.95
Private-nonprofit			
Non-Degree Program	9	132,543	0.07
Proprietary	598	6,935,737	3.92
Public Non-Degree Program	43	352,366	0.20
<b>TOTAL</b>	<u>16,118</u>	<u>\$176,801,040</u>	<u>100.00%</u>

The following table sets forth the distribution of outstanding principal balance of individual loans disbursed under the Fixed Rate Loan Program from all sources for the 2010-2011 through 2017-2018 Academic Years, inclusive.

<u>Principal Balance by Loan</u>	<u>Number of Loans</u>	<u>Aggregate Principal Balance</u>	<u>Percentage of Principal Balance</u>
\$0 - \$4,999.99	4,316	\$ 12,662,207	7.16%
\$5,000 - \$9,999.99	4,528	33,216,063	18.79
\$10,000 - \$14,999.99	3,115	37,815,455	21.39
\$15,000 - \$19,999.99	1,943	33,150,224	18.75
\$20,000 - \$24,999.99	1,075	23,688,576	13.40
\$25,000 - \$29,999.99	578	15,652,757	8.85
\$30,000 - \$34,999.99	313	10,013,620	5.66
\$35,000 - \$39,999.99	130	4,831,605	2.73
\$40,000 - \$44,999.99	49	2,041,630	1.15
\$45,000 - \$49,999.99	31	1,442,927	0.82
\$50,000 - \$54,999.99	19	998,063	0.56
\$55,000 - \$59,999.99	10	570,810	0.32
\$60,000 - \$64,999.99	8	496,757	0.28
\$65,000 - \$69,999.99	1	66,923	0.04
\$70,000 - \$74,999.99	1	74,875	0.04
\$75,000+	1	78,547	0.04
<b>TOTAL</b>	<u>16,118</u>	<u>\$176,801,040</u>	<u>100.00%</u>

The following table sets forth the distribution of outstanding principal balance of individual loans disbursed under the Fixed Rate Loan Program from all sources for the 2010-2011 through 2017-2018 Academic Years, inclusive, as arranged by interest rate:

<b>Principal Balance by Interest Rate</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
4.51% to 5.00%	879	\$ 10,505,765	5.94%
5.01% to 5.50%	1,339	15,897,336	8.99
5.51% to 6.00%	2,831	30,289,483	17.13
6.01% to 6.50%	2,846	34,240,857	19.37
6.51% to 7.00%	3,087	32,997,169	18.66
7.01% to 7.50%	2,822	32,199,721	18.21
7.51% to 8.00%	1,635	14,476,602	8.19
8.01% to 8.50%	<u>679</u>	<u>6,194,106</u>	<u>3.50</u>
<b>TOTAL</b>	<b><u>16,118</u></b>	<b><u>\$176,801,040</u></b>	<b><u>100.00%</u></b>

The following table sets forth the distribution of the Corporation's Fixed Rate Loan Program from all sources for the 2010-2011 through 2017-2018 Academic Years, inclusive, by school.

<b>School Name</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance<sup>1</sup></b>
University of Vermont	2,138	\$21,174,651	11.98%
Vermont Technical College	1,275	10,947,755	6.19
Castleton University	1,358	10,594,662	5.99
Saint Michael's College	646	7,677,512	4.34
Champlain College	548	7,262,388	4.11
Northern Vermont University	666	4,313,146	2.44
Norwich University	376	4,236,096	2.40
Northern Vermont University - Lyndon	569	3,908,504	2.21
University of New Hampshire	298	3,786,807	2.14
New England Culinary Institute	272	3,023,036	1.71
Keene State College	234	2,328,249	1.32
University of New England	156	2,268,316	1.28
Endicott College	132	2,116,878	1.20
Clarkson University	150	2,018,938	1.14
Southern Vermont College	189	1,900,757	1.08
Plattsburgh State University of New York	157	1,602,582	0.91
Rochester Institute of Technology	113	1,550,275	0.88
Plymouth State College - USNH	144	1,488,663	0.84
Southern New Hampshire University	118	1,426,243	0.81
Saint Lawrence University	<u>102</u>	<u>1,414,579</u>	<u>0.80</u>
<b>TOTAL</b>	<b><u>9,641</u></b>	<b><u>\$95,040,036</u></b>	<b><u>53.76%</u></b>

<sup>1</sup> Percentages of all Program Loans

The following tables set forth certain loan performance information for loans disbursed under the Fixed Rate Loan Program from all sources for the 2010-2011 through 2017-2018 Fiscal Years, inclusive (and through January 31, 2018 with respect to the current Fiscal Year). The first table provides such information with respect to all such loans, while the remaining tables each provides such information with respect to a subset of such loans with the same identified characteristic. Terms and calculations used in the following tables are defined as follows:

- “Repayment Year” means the Fiscal Year that the loans entered repayment. Each Repayment Year represents the Fiscal Year from July 1 of the prior year through June 30 of the Repayment Year.
- “Principal Balance at Repayment” means the amount of principal entering repayment in a given Fiscal Year based on the disbursed principal including any interest capitalized at repayment.
- “Repayment Year of Default” is measured in years between repayment start date and default date.
- “Periodic Defaults” means defaulted principal and interest in each Repayment Year of Default as a percentage of Principal Balance at Repayment in each repayment year, includes any interest capitalization that occurred prior to default and is not reduced by any amount of recoveries after the loan defaulted.
- “Total” means the sum of the Periodic Defaults by Repayment Year of Default for each Repayment Year.

**All Loans**

Repayment Year	Principal Balance at Repayment	Periodic Defaults by Repayment Year of Default <sup>(1)</sup>								
		1	2	3	4	5	6	7	8	Total
2011	\$7,825,405	0.00%	0.16%	0.65%	0.69%	2.12%	0.93%	0.52%	0.46%	5.53%
2012	15,870,301	0.04	0.25	1.63	1.21	1.09	0.21	0.37	-	4.81
2013	17,219,447	0.40	1.07	0.72	0.38	1.70	1.12	-	-	5.40
2014	20,658,973	0.00	0.98	2.62	0.24	0.31	-	-	-	4.15
2015	24,327,117	0.09	0.57	0.33	1.18	-	-	-	-	2.17
2016	30,669,817	0.00	0.21	0.84	-	-	-	-	-	1.04
2017	36,480,192	0.00	0.15	-	-	-	-	-	-	0.15
	<u>153,051,252</u>	<u>0.53%</u>	<u>3.39%</u>	<u>6.80%</u>	<u>3.70%</u>	<u>5.22%</u>	<u>2.26%</u>	<u>0.89%</u>	<u>0.46%</u>	

<sup>(1)</sup> Numerator is the amount of principal from each Repayment Year cohort that defaulted in each subsequent years.  
Denominator is the amount of principal that entered Repayment in the Repayment Year.

**Immediate Repayment Loans**

Repayment Year	Principal Balance at Repayment	Periodic Defaults by Repayment Year of Default <sup>(1)</sup>								
		1	2	3	4	5	6	7	8	Total
2011	\$2,691,064	0.00%	0.15%	1.14%	0.00%	0.57%	1.23%	0.00%	0.00%	3.09%
2012	3,195,369	0.00	0.00	0.77	0.96	0.07	0.00	0.10	-	1.90
2013	3,690,933	0.00	0.00	0.17	0.19	0.69	0.00	-	-	1.05
2014	4,876,858	0.00	0.55	0.00	0.00	0.25	-	-	-	0.80
2015	5,356,611	0.16	0.00	0.00	0.00	-	-	-	-	0.16
2016	6,877,278	0.00	0.00	0.00	-	-	-	-	-	0.00
2017	7,532,772	0.00	0.00	-	-	-	-	-	-	0.00
	<u>\$34,220,885</u>	<u>0.16%</u>	<u>0.70%</u>	<u>2.09%</u>	<u>1.14%</u>	<u>1.58%</u>	<u>1.23%</u>	<u>0.10%</u>	<u>0.00%</u>	

<sup>(1)</sup> Numerator is the amount of principal from each Repayment Year cohort that defaulted in each subsequent years.  
Denominator is the amount of principal that entered Repayment in the Repayment Year.



**Interest Only Repayment Loans**

<b>Repayment Year</b>	<b>Principal Balance at Repayment</b>	<b>Periodic Defaults by Repayment Year of Default<sup>(1)</sup></b>								
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Total</b>
2011	\$2,278,904	0.00%	0.00%	0.00%	0.15%	3.02%	0.00%	1.02%	0.19%	4.38%
2012	5,111,604	0.13	0.08	0.44	0.42	0.00	0.00	0.31	-	1.36
2013	4,894,898	0.00	0.00	0.34	0.59	0.36	0.39	-	-	1.68
2014	6,050,929	0.00	0.59	0.27	0.83	0.00	-	-	-	1.69
2015	6,799,298	0.00	0.00	0.42	0.27	-	-	-	-	0.69
2016	9,118,614	0.00	0.00	0.00	-	-	-	-	-	0.00
2017	11,039,082	0.00	0.27	-	-	-	-	-	-	0.27
	<b>\$45,293,329</b>	<b>0.13%</b>	<b>0.93%</b>	<b>1.46%</b>	<b>2.26%</b>	<b>3.37%</b>	<b>0.39%</b>	<b>1.33%</b>	<b>0.19%</b>	

<sup>(1)</sup> Numerator is the amount of principal from each Repayment Year cohort that defaulted in each subsequent years.  
Denominator is the amount of principal that entered Repayment in the Repayment Year.

**Deferred Repayment Loans**

<b>Repayment Year</b>	<b>Principal Balance at Repayment</b>	<b>Periodic Defaults by Repayment Year of Default<sup>(1)</sup></b>								
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Total</b>
2011	\$2,855,437	0.00%	0.29%	0.71%	1.77%	2.87%	1.38%	0.61%	1.11%	8.74%
2012	7,563,328	0.00	0.48	2.81	1.85	2.26	0.45	0.53	-	8.37
2013	8,633,616	0.80	2.14	1.18	0.34	2.90	2.01	-	-	9.37
2014	9,731,185	0.00	1.43	5.40	0.00	0.53	-	-	-	7.36
2015	12,171,208	0.10	1.15	0.43	2.20	-	-	-	-	3.88
2016	14,673,925	0.00	0.43	1.75	-	-	-	-	-	2.18
2017	17,908,338	0.00	0.15	-	-	-	-	-	-	0.15
	<b>\$73,537,037</b>	<b>0.90%</b>	<b>6.07%</b>	<b>12.28%</b>	<b>6.16%</b>	<b>8.56%</b>	<b>3.84%</b>	<b>1.14%</b>	<b>1.11%</b>	

<sup>(1)</sup> Numerator is the amount of principal from each Repayment Year cohort that defaulted in each subsequent years.  
Denominator is the amount of principal that entered Repayment in the Repayment Year.

**All Parent Loans**

<b>Repayment Year</b>	<b>Principal Balance at Repayment</b>	<b>Periodic Defaults by Repayment Year of Default<sup>(1)</sup></b>								
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Total</b>
2016	\$ 40,300	0.00 %	0.00 %	0.00 %	-	-	-	-	-	0.00 %
2017	4,397,554	0.00	0.00	-	-	-	-	-	-	0.00
	<u>\$4,437,854</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00 %</u>

<sup>(1)</sup> Numerator is the amount of principal from each Repayment Year cohort that defaulted in each subsequent years.  
Denominator is the amount of principal that entered Repayment in the Repayment Year.

**FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION  
AS OF JANUARY 31, 2018**

The Corporation has covenanted in the Indenture to make periodic Financed Eligible Loan information publicly available at least quarterly. Such information will include operating data substantially of the type indicated in this APPENDIX C. The Corporation reserves the right, however: (i) to alter the format in which such periodic information is presented and (ii) to make such periodic information available either by posting as part of, or in the same manner as, annual reports filed pursuant to the Continuing Disclosure Agreement described in APPENDIX E to this Official Statement or, subject to compliance with such Continuing Disclosure Agreement, by posting on a publicly accessible web site. All references to FICO Scores are to FICO credit scores used in connection with the Eligible Loan origination process.

The following information relates to the current portfolio of Financed Eligible Loans, which was financed through application of available proceeds of the Prior Master Indenture Bonds and the Series 2018A Bonds and Series 2018B Bonds and other funds available pursuant to the Master Indenture for costs of attendance during the 2012-2013 Academic Year, the 2013-2014 Academic Year, the 2016-2017 Academic Year and the 2017-2018 Academic Year. Program Loans for costs of attendance during the 2010-2012 and the 2014-2016 Academic Years were financed from other sources. All information in the tables below is current as of January 31, 2018. See “CERTAIN INVESTMENT CONSIDERATIONS — Actual Performance of Financed Eligible Loans May Differ from Historical Program Loan Performance and Current Expectations” and “— Composition and Characteristics of the Financed Eligible Loans May Change” and “APPENDIX B — THE FIXED RATE LOAN PROGRAM—Fixed Rate Loan Program Portfolio Information.” Certain numbers presented in the following tables may not add up precisely to the totals provided and certain percentages may not precisely reflect the absolute figures due to rounding

**Composition of the Financed Eligible Loans**

Aggregate Outstanding Principal Balance	\$99,777,362
Number of Borrowers	5,668
Average Outstanding Principal Balance per Borrower	\$17,604
Accrued Interest to be Capitalized	\$1,438,715
Accrued Interest Due	\$283,048
Total Accrued Interest <sup>(1)</sup>	\$1,721,763
Number of Loans	8,463
Average Outstanding Principal Balance per Loan	\$11,790
Weighted Average Annual Interest Rate	6.31%
Weighted Average Original Term (Months)	169
Weighted Average Remaining Term (Months) <sup>(2)</sup>	160
Weighted Average FICO Score (Cosigner)	761

<sup>(1)</sup> Includes accrued interest to be capitalized.

<sup>(2)</sup> Exclusive of Financed Eligible Loans in In-School Status that have not entered repayment.

**Distribution of the Financed Eligible Loans by FICO Score**

<b>FICO Score</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
680 to 689	309	\$ 3,372,870	3.38%
690 to 699	385	4,792,580	4.80
700 to 709	417	4,681,874	4.69
710 to 719	448	5,321,487	5.33
720 to 729	498	6,023,085	6.04
730 to 739	554	6,935,226	6.95
740 to 749	638	7,534,207	7.55
750 to 759	635	7,413,580	7.43
760 to 769	733	8,843,120	8.86
770 to 779	819	9,524,356	9.55
780 to 789	776	8,778,435	8.80
790 to 799	708	8,038,582	8.06
800 to 809	639	7,764,813	7.78
810 to 819	464	5,541,058	5.55
820 to 829	295	3,565,330	3.57
830 to 839	95	1,025,523	1.03
840 to 849	50	621,237	0.62
<b>TOTAL</b>	<b><u>8,463</u></b>	<b><u>\$99,777,362</u></b>	<b><u>100.00%</u></b>

**Distribution of the Financed Eligible Loans by Interest Rate**

<b>Interest Rate</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
4.51% to 5.00%	796	\$ 9,813,680	9.84%
5.01% to 5.50%	756	9,768,375	9.79
5.51% to 6.00%	1,401	15,725,653	15.76
6.01% to 6.50%	2,098	26,987,228	27.05
6.51% to 7.00%	1,336	13,708,956	13.74
7.01% to 7.50%	1,352	16,494,674	16.53
7.51% to 8.00%	724	7,278,797	7.30
8.01% to 8.50%	-	-	0.00
<b>TOTAL</b>	<b><u>8,463</u></b>	<b><u>\$99,777,362</u></b>	<b><u>100.00%</u></b>

**Distribution of the Financed Eligible Loans by Loan Type**

<u>Loan Payment Status</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent of Loans by Principal Balance</u>
Deferred	4,147	\$49,691,170	49.80%
Interest-Only	2,219	26,174,297	26.23
Immediate Repayment	1,492	16,181,345	16.22
Immediate Repayment Parent	<u>605</u>	<u>7,730,549</u>	<u>7.75</u>
<b>TOTAL</b>	<u><b>8,463</b></u>	<u><b>\$99,777,362</b></u>	<u><b>100.00%</b></u>

**Distribution of the Financed Eligible Loans by Loan Status**

<u>Loan Payment Status</u>	<u>Number of Loans</u>	<u>Aggregate Principal Balance</u>	<u>Percentage of Principal Balance</u>
Repayment	4,662	\$51,059,053	51.17%
In School Deferred	2,283	28,900,287	28.96
Interest Only Repayment	1,243	16,947,027	16.98
Forbearance	217	1,908,963	1.91
Grace	35	621,434	0.62
Reduced Payment Forbearance	<u>23</u>	<u>340,598</u>	<u>0.34</u>
<b>TOTAL</b>	<u><b>8,463</b></u>	<u><b>\$99,777,362</b></u>	<u><b>100.00%</b></u>

**Distribution of the Financed Eligible Loans by Number of Days Delinquent  
(Loans in Repayment Only)**

<u>Days Delinquent</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent of Loans by Outstanding Balance</u>
Not In Repayment	2,558	\$31,771,282	31.84%
Current	5,589	64,741,989	64.89
Less than 30 Days	232	2,439,775	2.45
30 to 59 Days	48	494,750	0.50
60 to 89 Days	14	134,765	0.14
90 to 119 Days	8	73,295	0.07
120 to 149 Days	6	41,805	0.04
150 to 179 Days	8	79,702	0.08
180 to 209 Days	-	-	0.00
210 to 239 Days	-	-	0.00
240 to 269 Days	-	-	0.00
270 + Days	<u>-</u>	<u>-</u>	<u>0.00</u>
<b>TOTAL</b>	<u><b>8,463</b></u>	<u><b>\$99,777,362</b></u>	<u><b>100.00%</b></u>

**Distribution of the Financed Eligible Loans by School Type**

<b>School Type</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
2 Year	129	\$ 763,003	0.76%
4 Year	8,010	94,965,742	95.18
Foreign	72	1,016,648	1.02
Proprietary	223	2,708,255	2.71
Private-nonprofit Non-Degree Program	6	114,052	0.11
Public Non-Degree Program	22	204,662	0.21
Unknown	<u>1</u>	<u>5,000</u>	<u>0.01</u>
<b>TOTAL</b>	<b><u>8,463</u></b>	<b><u>\$99,777,362</u></b>	<b><u>100.00%</u></b>

**Distribution of Financed Eligible Loans by Grade Level**

<b>Grade Level</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
0	6	\$ 75,558	0.08%
1	3,062	36,274,264	36.36
2	2,216	26,541,355	26.60
3	1,653	18,995,153	19.04
4	1,289	14,985,238	15.02
5	105	1,122,079	1.12
6	96	1,212,666	1.22
7	34	558,201	0.56
8	<u>2</u>	<u>12,848</u>	<u>0.01</u>
<b>TOTAL</b>	<b><u>8,463</u></b>	<b><u>\$99,777,362</u></b>	<b><u>100.00%</u></b>

**Distribution of Financed Eligible Loans by Remaining Term**

<b>School Type</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
Less than 61	92	\$ 279,182	0.28%
61 - 72	287	980,989	0.98
73 - 84	261	1,027,669	1.03
85 - 96	231	1,109,201	1.11
97 - 108	500	2,521,025	2.53
109 - 120	2,264	12,880,358	12.91
121 - 132	280	3,365,858	3.37
133 - 144	278	3,758,902	3.77
145 - 156	269	4,203,901	4.21
157 - 168	681	11,132,343	11.16
169 - 180	<u>3,320</u>	<u>58,517,934</u>	<u>58.65</u>
<b>TOTAL</b>	<b><u>8,463</u></b>	<b><u>\$99,777,362</u></b>	<b><u>100.00%</u></b>

**Distribution of Financed Eligible Loans by Principal Balance**

<b>School Type</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
\$0 - \$4,999.99	1,902	\$ 5,792,179	5.81%
\$5,000 - \$9,999.99	2,403	17,616,084	17.66
\$10,000 - \$14,999.99	1,677	20,259,489	20.30
\$15,000 - \$19,999.99	1,123	19,090,046	19.13
\$20,000 - \$24,999.99	627	13,793,639	13.82
\$25,000 - \$29,999.99	356	9,614,279	9.64
\$30,000 - \$34,999.99	219	7,009,597	7.03
\$35,000 - \$39,999.99	77	2,842,280	2.85
\$40,000 - \$44,999.99	30	1,255,429	1.26
\$45,000 - \$49,999.99	26	1,211,365	1.21
\$50,000 - \$54,999.99	13	682,587	0.68
\$55,000 - \$59,999.99	4	231,620	0.23
\$60,000 - \$64,999.99	5	311,846	0.31
\$65,000 - \$69,999.99	1	66,923	0.07
\$70,000 - \$74,999.99	-	-	0.00
\$75,000 +	-	-	0.00
<b>TOTAL</b>	<u>8,463</u>	<u>\$99,777,362</u>	<u>100.00%</u>

**Distribution of Financed Eligible Loans by Top 20 Schools**

<b>School Name</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance<sup>1</sup></b>
University of Vermont and State Agricultural College	1,180	\$12,461,067	12.49%
Vermont Technical College	657	5,933,449	5.95
Castleton State College	673	5,500,211	5.51
Champlain College	273	3,999,875	4.01
Saint Michael's College	305	3,940,032	3.95
Norwich University	190	2,443,082	2.45
University of New Hampshire	174	2,344,200	2.35
Johnson State College	316	2,027,463	2.03
Lyndon State College	251	1,855,236	1.86
University of New England	90	1,392,514	1.40
Keene State College	135	1,364,588	1.37
Endicott College	75	1,304,090	1.31
Clarkson University	91	1,190,211	1.19
New England Culinary Institute	99	1,143,415	1.15
Rochester Institute of Technology	67	985,598	0.99
Southern Vermont College	81	929,723	0.93
Albany College of Pharmacy and Health Sciences	40	927,090	0.93
Plymouth State University of the University System of New Hampshire	85	914,150	0.92
State University of New York College at Plattsburgh	85	892,046	0.89
St. Lawrence University	56	827,385	0.83
<b>TOTAL</b>	<u>4,923</u>	<u>\$52,375,424</u>	<u>52.49%</u>

<sup>1</sup> Percentages of all Financed Eligible Loans

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## PROPOSED FORM OF BOND COUNSEL OPINION

June \_\_, 2018

**\$37,055,000**  
**Vermont Student Assistance Corporation**  
**Education Loan Revenue Bonds**  
**Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds)**  
**and**  
**Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds)**

We have acted as Bond Counsel to the Vermont Student Assistance Corporation (the “Corporation”), a nonprofit public corporation organized pursuant to the laws of the State of Vermont, in connection with the issuance by the Corporation on the date hereof of \$32,555,000 aggregate principal amount of its Education Loan Revenue Bonds, Senior Series 2018A (the “Series 2018A Bonds”) and \$4,500,000 aggregate principal amount of its Education Loan Revenue Bonds, Subordinate Series 2018B (the “Series 2018B Bonds” and together with the Series 2018A Bonds, the “Series 2018 Bonds”).

The Series 2018 Bonds have been authorized and issued pursuant to (i) Title 16, Chapter 87 of the Vermont Statutes Annotated, as amended (the “Authorizing Act”), (ii) the Indenture of Trust, dated as of July 1, 2012 (as previously amended and supplemented, the “Master Indenture”), by and between the Corporation and People’s United Bank, National Association, a national banking association, as trustee (the “Trustee”), as amended and supplemented by the Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018 (the “Series 2018A&B Supplemental Indenture” and together with the Master Indenture, the “Indenture”), by and between the Corporation and the Trustee and (iii) an authorizing resolution adopted by the Corporation’s Board of Directors on April 16, 2018 (the “Resolution”). The Indenture provides that the Series 2018 Bonds are to be issued to provide funds, together with an equity contribution of the Corporation on the date of issuance of the Series 2018 Bonds, to (a) finance Eligible Loans, (b) pay the costs of issuance with respect to the Series 2018 Bonds and (c) fund a deposit to the Debt Service Reserve Fund. The Series 2018A Bonds are issued on a parity with the Corporation’s Education Loan Revenue Bonds, Senior Series 2012A, Education Loan Revenue Bonds, Senior Series 2013A, Education Loan Revenue Bonds, Senior Series 2016A and Education Loan Revenue Bonds, Senior Series 2017A that were previously issued pursuant to the Master Indenture (collectively, the “Prior Senior Bonds”). The Series 2018B Bonds are issued on subordinated basis to the Series 2018A Bonds and the Prior Senior Bonds and on a parity with the Corporation’s Education Loan Revenue Bonds, Subordinate Series 2018B. Any capitalized term used herein and not defined herein shall have the same meaning ascribed thereto in the Indenture unless the context shall clearly otherwise require.

The Series 2018 Bonds are dated, mature on the dates and in the principal amounts, bear interest at the rates, are payable and are subject to redemption as provided in the Indenture.

In our capacity as Bond Counsel, we have examined the Indenture; a certified transcript of proceedings relating to the authorization, sale, issuance and delivery of the Series 2018 Bonds, including the Resolution; a certified copy of the Bylaws of the Corporation; certificates of public officials; and such other documents and instruments as we have deemed necessary for the purpose of rendering this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings, including the representations therein, and other certifications of officials furnished to us, without undertaking to verify the same by independent investigation. We have also examined the Authorizing Act and such other statutes, regulations and law as we have deemed necessary under the circumstances.

Based upon the foregoing, and on laws, regulations, rulings and judicial decisions existing as of the date hereof, we are of the opinion that:

1. The Corporation is duly organized and existing as a nonprofit public corporation under the Authorizing Act, with full power and authority to issue the Series 2018 Bonds and execute and deliver the Indenture.

2. The Indenture has been duly authorized, executed, and delivered by the Corporation and constitutes the legal, valid and binding obligation of the Corporation enforceable in accordance with its terms. The Indenture creates a valid pledge, to secure payment of the principal of and interest on the Series 2018 Bonds, of the Trust Estate, which is subject to provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Series 2018 Bonds have been duly authorized, executed and delivered by the Corporation and are valid and binding special, limited obligations of the Corporation, payable solely from the Trust Estate, and entitled to the protections, benefits and security of the Indenture. The Series 2018 Bonds are not a lien or charge upon the funds or property of the Corporation except to the extent of the aforementioned pledge of the Trust Estate. Neither the faith and credit nor the taxing power of the State of Vermont or any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2018 Bonds.

4. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2018 Bonds (including any original issue discount properly allocable to the owner of a Series 2018 Bond) is excludable from gross income for federal income tax purposes. The opinion set forth in the preceding sentence assumes the accuracy of certain representations and continuing compliance by the Corporation with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2018 Bonds. Failure to comply with such requirements could cause interest on the Series 2018 Bonds to be included in gross income for federal income tax purposes or could otherwise adversely affect such opinion retroactive to the date of issuance of the Series 2018 Bonds. The Corporation has covenanted to comply with such requirements. We are also of the opinion that interest on the Series 2018 Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and, for taxable years beginning before January 1, 2018, on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Series 2018 Bonds.

The accrual or receipt of interest on the Series 2018 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2018 Bonds. The extent of these other tax consequences will depend upon such owners' particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

5. Under existing laws of the State of Vermont, the Series 2018 Bonds and the interest thereon are exempt from all taxation, franchise taxes, fees or special assessments of whatever kind imposed by the State of Vermont, except for transfer, inheritance and estate taxes.

Our opinions in paragraphs 2 and 3 above are qualified to the extent that (a) the enforceability of the Series 2018 Bonds and the Indenture and the rights of the registered owners of the Series 2018 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally heretofore or hereafter enacted, (b) the enforceability thereof may be limited by the application of general principles of equity and (c) the enforcement of such rights may also be subject to the exercise of judicial discretion in appropriate cases.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based on existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation or as to any other matters.

Very truly yours,

**PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (this “Agreement”) dated June \_\_, 2018 is executed and delivered by the Vermont Student Assistance Corporation (the “Issuer”) and People’s United Bank, National Association, a national banking association, Burlington, Vermont, as Trustee (the “Trustee”), in connection with the issuance of the Issuer’s Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds) in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2018A Bonds”) and the Issuer’s Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds) in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2018B Bonds” and together with the Series 2018A Bonds, the “Bonds”). The Bonds are being issued pursuant to the Indenture of Trust, dated as of July 1, 2012 (as previously amended and supplemented, the “Master Indenture”), and the Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018 (the “Series 2018A&B Supplemental Indenture” and collectively with the Master Indenture, the “Indenture”), each between the Issuer and the Trustee. Capitalized terms used in this Agreement which are not otherwise defined above or in Article IV hereof shall have the respective meanings established for purposes of the Indenture. The Issuer and the Trustee covenant and agree as follows:

**ARTICLE I**

The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with its fiscal year ending June 30, 2018, by no later than 9 months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB and (ii) the Trustee.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee has actual notice of an occurrence which would require the Issuer to provide notice of a Notice Event hereunder; provided, however, that the failure of the Trustee so to advise the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Indenture.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information

or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Issuer chooses to do so, the Issuer shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

## ARTICLE II

### Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents: (i) available to the public on the MSRB Internet Web site (currently, [www.emma.msrb.org](http://www.emma.msrb.org)); or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Agreement, and revoke or modify any such designation.

Section 2.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is [www.emma.msrb.org](http://www.emma.msrb.org).

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The Issuer's current fiscal year is July 1-June 30, and the Issuer shall promptly notify (i) the MSRB and (ii) the Trustee of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

## ARTICLE III

### Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The Issuer's and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (i) delivers to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (ii) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby; (ii) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) the Issuer shall have delivered to the Trustee an opinion of Counsel or a determination by an entity, in each case unaffiliated with the Issuer (such as bond counsel or the Trustee), addressed to the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of either the holders of the Series 2018A Bonds or of the holders of the Series 2018B Bonds or (B) the holders of each of the Series 2018A Bonds and of the Series 2018B Bonds consent to the amendment to this Agreement, in each case, in the same percentages and pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of Highest Priority Bonds pursuant to the Indenture as in effect at the time of the amendment; and (v) the Issuer shall have delivered, or caused to be delivered, copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement; (ii) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that performance by the Issuer and Trustee under this Agreement as so amended will not result in a violation of the Rule; and (iii) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or non-action positions of Staff, of the SEC; and (ii) the Trustee shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable: (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds; or (ii) in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than 25% in aggregate principal amount of each of the Series 2018A Bonds and the Series 2018B Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

## ARTICLE IV

### Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively: (i) Audited Financial Statements, if available, or Unaudited Financial Statements; (ii) updated versions of the following financial information and operating data contained in the Official Statement, for each fiscal year of the Issuer, including, but not limited to:

(a) Quantitative and operating information for the preceding fiscal year of the type presented in the Official Statement under the headings “THE FIXED RATE LOAN PROGRAM” and “THE CORPORATION”; and

(b) Periodic Program Loan and Financed Eligible Loan portfolio information of the type identified in “APPENDIX B — THE FIXED RATE LOAN PROGRAM” and “APPENDIX C — FINANCED ELIGIBLE LOAN PORTFOLIO INFORMATION AS OF JANUARY 31, 2018” to the Official Statement, including similar applicable information with respect to Program Loans to Parent Borrowers; provided that the Issuer reserves the rights: (I) to alter the format in which such periodic information is presented; and (II) if then permitted by the Rule, to incorporate such periodic information by reference to any publicly accessible website;

and (iii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement.

The descriptions contained in Section 4.1(1) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the Issuer may from time to time, if required by federal or state legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or state law or regulation describing such accounting principles, or other description thereof.

(3) “Counsel” means nationally recognized bond counsel or counsel expert in federal securities laws.

(4) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(5) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(6) “Notice Event” means any of the following events with respect either to the Series 2018A Bonds or to the Series 2018B Bonds, whether relating to the Issuer or otherwise:

- (ii) principal and interest payment delinquencies;
- (iii) non-payment related defaults, if material;
- (iv) unscheduled draws on debt service reserves reflecting financial difficulties;
- (v) unscheduled draws on credit enhancements reflecting financial difficulties;
- (vi) substitution of credit or liquidity providers, or their failure to perform;
- (vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (viii) modifications to rights of Holders of Bonds, if material;
- (ix) Bond calls, if material, and tender offers;
- (x) defeasances;
- (xi) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xii) rating changes;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Issuer; for the purposes of the event identified in this clause (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (xiv) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.



(7) “Official Statement” means the Official Statement dated May 4, 2018 of the Issuer relating to the Bonds.

(8) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(9) “SEC” means the United States Securities and Exchange Commission.

(10) “State” means the State of Vermont.

(11) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

(12) “Underwriter” shall have the same meaning as set forth in the Official Statement.

## ARTICLE V

### Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of Trustee. Article VII of the Master Indenture is hereby made applicable to this Agreement as if this Agreement were, solely for this purpose, contained in the Master Indenture.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed all as of the date first above written.

VERMONT STUDENT ASSISTANCE  
CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PEOPLE’S UNITED BANK,  
NATIONAL ASSOCIATION,  
a national banking association,  
as Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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