

## **VSAC Finance Committee Meeting**

**March 26, 2018**

**12:30 p.m.**

**Boardroom, VSAC Offices**

**10 East Allen Street**

**Winooski, Vermont**

### **Attendance:**

Committee Members Present: Michael Smith (Chair), David Coates, Matt Trieber, and Beth Pearce

Committee Members Absent: NA

Other Board Members Present: Dodie Mitchell

Staff: Scott Giles, Mike Stuart, Tom Little, Marilyn Cargill, Bruce Hicken, and Kristi Rocheleau

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The meeting was called to order at 12:32 p.m. With a quorum established, Chair Michael Smith took up the first order of business.

### **Approval of Minutes**

Having not attended the January 22, 2018, Beth Pearce abstained from voting.

***Upon a motion made by David Coates and seconded by Matt Trieber, the remaining Committee Members unanimously voted to approve the minutes of the Committee meeting of January 22, as presented.***

### **FY18 Financials**

The Committee directed their attention to the financial reports included in the meeting materials. Mike Stuart noted that there is nothing major or unexpected on the Income Statement and Balance Sheet. On the Operating Budget side, Mike highlighted adjustments to four lines on the revenue section and two lines on the expense section. Overall budgeted revenue and expenses are down.

Bruce Hicken then covered the Actual to Budget Variance Analysis reports stating that there are no revenue variances meeting the discussion threshold established by the Board. On the Expense side, Other Administrative Costs are \$1.3 million under budget through February 28, 2018 meeting the discussion threshold. Bruce provided additional detail regarding various expense Administrative line items under budget noting that several are the result of timing. Those timing related line items will better match the budgeted expense by year's end.

### **Authorizing Resolution**

Tom Little presented the purpose, economics, and documentation for the proposed 2018 bonds and Authorizing Resolution outlined in his previously circulated Memo. No major changes were introduced to the 2017 resolution approved by the Board. The Committee then discussed the estimated pricing economics relating to stress scenarios and the potential bond market auction and closing schedule timing.

***Upon a motion made by David Coates and seconded by Beth Pearce, the Finance Committee voted unanimously to approve the 2018 Private Loan Authorizing Resolution as circulated and attached to these Minutes, and to recommend the adoption of the Authorizing Resolution to the full Board of Directors.***

#### **Series 2010 A Ratings Action Update**

As a follow up to the March 13, 2018 Finance and Board of Directors meetings, Mike Stuart informed the Committee of the recent work with the rating agencies, associated fees, and implementation timing.

#### **Other Business**

There being no other business, the meeting adjourned at 1:28 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary

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**SERIES 2018A&B SUPPLEMENTAL INDENTURE OF TRUST**

by and between

**VERMONT STUDENT ASSISTANCE CORPORATION**

and

**PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION,**  
as Trustee

relating to:

\$ \_\_\_\_\_  
Education Loan Revenue Bonds  
Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds)

\$ \_\_\_\_\_  
Education Loan Revenue Bonds  
Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds)

Dated as of June 1, 2018



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## SERIES 2018A&B SUPPLEMENTAL INDENTURE OF TRUST

**THIS SERIES 2018A&B SUPPLEMENTAL INDENTURE OF TRUST**, dated as of June 1, 2018 (this “Series 2018A&B Supplemental Indenture”), is by and between **VERMONT STUDENT ASSISTANCE CORPORATION**, a nonprofit public corporation created and established pursuant to the laws of the State of Vermont (the “Corporation”), and **PEOPLE’S UNITED BANK, NATIONAL ASSOCIATION**, a national banking association (the “Trustee”), and supplements that certain Indenture of Trust, dated as of July 1, 2012 (as previously supplemented and amended, the “Master Indenture” and, together with this Series 2018A&B Supplemental Indenture, the “Indenture”), between the Corporation and the Trustee;

### WITNESSETH:

WHEREAS, the Corporation represents that it is duly created as a nonprofit public corporation created and established pursuant to, and existing under, the laws of the State of Vermont, and that by proper action of its governing body it has duly authorized the issuance of (a) \$\_\_\_\_\_ of its Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds) (the “Series 2018A Bonds”) and (b) \$\_\_\_\_\_ of 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 Bonds pursuant to Section 2.08 of the Master Indenture, and it has by proper action authorized the execution and delivery of this Series 2018A&B Supplemental Indenture; and

WHEREAS, the Corporation represents that the conditions precedent to the issuance of the Series 2018 Bonds as Bonds, contained in Section 2.08 of the Master Indenture, will be satisfied on the Date of Issuance (as defined herein); and

WHEREAS, pursuant to Section 8.01(i) of the Master Indenture, the Corporation is entitled to supplement the Master Indenture for the purposes of issuing Bonds without the consent of or notice to the Registered Owners; and

WHEREAS, Section 8.01(k) of the Master Indenture provides that additional Subaccounts may be created under the Indenture if necessary or desirable by the Trustee; and

WHEREAS, the Corporation and the Trustee desire to create a 2018 Subaccount within certain Funds (as defined in the Master Indenture) previously created under the Indenture in order to ease the tracking of proceeds of the Series 2018 Bonds and certain moneys deposited by the Corporation on the date of issuance of the Series 2018 Bonds, all as more specifically set forth in Article V hereof; and

**[WHEREAS, Section 8.01(o) of the Master Indenture provides that the Indenture may be amended without the consent of or notice to any of the Registered Owners to make any 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; and]**

WHEREAS, the Trustee has been provided with an opinion of counsel to the effect that the amendments to the Master Indenture made by this Series 2018A&B Supplemental Indenture **[will in no way impair the existing security of the Registered Owners of any Outstanding Bonds,]** were adopted in conformance with the Master Indenture and will not, in and of themselves, adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Tax-Exempt Bonds (as defined in the Master Indenture) which were issued

under the Master Indenture, interest on which was intended to be excludable from gross income for federal income tax purposes; and

**[WHEREAS, the Trustee has determined that the amendments contained in Article \_\_ hereof are not materially adverse to the Registered Owners of the Bonds; and]**

WHEREAS, a Rating Agency Notification with respect to amendments being made to the Indenture has been provided to the Rating Agencies (as defined in the Master Indenture).

NOW, THEREFORE, it is mutually covenanted and agreed as follows:

## **ARTICLE I**

### **SHORT TITLE, DEFINITIONS AND STATUTORY AUTHORITY**

**Section 1.01. Short Title.** This Series 2018A&B Supplemental Indenture shall be known as and may be designated by the short title “Series 2018A&B Supplemental Indenture.”

**Section 1.02. Definitions.** All terms which are defined in the Master Indenture, the Series 2012A Supplemental Indenture, the Series 2013A Supplemental Indenture, the Series 2016A Supplemental Indenture and the Series 2017A&B Supplemental Indenture shall have the same meanings in this Series 2018A&B Supplemental Indenture. In addition, as used in this Series 2018A&B Supplemental Indenture, unless the context shall otherwise require, the terms set forth herein shall have the meanings set forth herein and therein as applicable, and the following terms shall have the following meanings:

“*Approved Undisbursed Loans*” shall mean, with respect to the Series 2018 Bonds, 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 for the Series 2018 Bonds, as applicable, and for which amounts are available in the 2018 Subaccount of the Student Loan Fund, all as further described in Section 4.01 hereof and the definition of “Origination Period” herein.

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

“*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.

“*Book-Entry System*” means the book-entry system of registering ownership described in Section 2.09 of 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.

“*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 \_\_, 2018, by and between the Corporation and the Purchaser as described in Section 2.08 herein.

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

“*Excess Revenue*” means any funds remaining in the Revenue Fund after all transfers required or permitted by Section 5.03(b)(i) through (viii) of the Master Indenture have been made.



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

*“Origination Period”* means, with respect to the Series 2018 Bonds, the period commencing on the Date of Issuance and ending on **[June 15, 2019]**; except that such period may be extended as set forth in a Corporation Order subject to satisfaction of the Rating Agency Notification.

*“Participating Underwriter”* shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

*“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.

*“Rating Agency”* shall, with respect to the Series 2018 Bonds, include Fitch and S&P.

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

*“Recycling Period”* shall have the meaning set forth in Section 4.01 hereof.

*“Series 2012A Bonds”* shall have the meaning set forth in the Series 2012A Supplemental Indenture.

*“Series 2012A Premium Bonds”* shall have the meaning set forth in the Series 2012A Supplemental Indenture.

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

*“Series 2013A Bonds”* shall have the meaning set forth in the Series 2013A Supplemental Indenture.

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

*“Series 2016A Bonds”* shall have the meaning set forth in the Series 2016A Supplemental Indenture.

*“Series 2016A Premium Bonds”* shall have the meaning set forth in the Series 2016A Supplemental Indenture.

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

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

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

*“Series 2017A Bonds”* shall have the meaning set forth in the Series 2017A&B Supplemental Indenture.

*“Series 2017A Premium Bonds”* shall have the meaning set forth in the Series 2017A&B Supplemental Indenture.

*“Series 2017B Bonds”* shall have the meaning set forth in the Series 2017A&B Supplemental Indenture.

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

*“Series 2018A Bonds”* means the \$\_\_\_\_\_ Vermont Student Assistance Corporation, Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds).

*“Series 2018A Premium Bonds”* means those Series 2018A Bonds which were initially sold at offering prices in excess of 100% of the principal amount thereof, which are the Series 2018A Bonds maturing on and prior to June 15, \_\_\_\_ and the Series 2018A Bonds maturing on June 15, \_\_\_\_.

*“Series 2018A Unamortized Premium”* means the unamortized premium portion of the Redemption Price for the Series 2018A Premium Bonds for purposes of Article III hereof, which shall be a price equal to the excess amount over 100% using the applicable yield of the Series 2018A Premium Bonds, the redemption date, semi-annual compounding and a 360-day year consisting of twelve 30-day months, as determined by the Corporation.

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

*“Series 2018B Bonds”* means the \$\_\_\_\_\_ Vermont Student Assistance Corporation, Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds).

*“Special Record Date”* with respect to the Series 2018 Bonds, has the meaning set forth in Section 2.05 hereof.

*“2018 Subaccount”* shall mean each subaccount established pursuant to Section 5.01 hereof.

The terms *“hereby,” “hereof,” “hereto,” “herein,” “hereunder,”* and any similar terms, as used in this Series 2018A&B Supplemental Indenture, refer to this Series 2018A&B Supplemental Indenture.

Any reference to time herein shall 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 shall prevail.

**Section 1.03. Authority for Issuance.** This Series 2018A&B Supplemental Indenture is executed and delivered pursuant to the provisions of the Master Indenture and resolutions adopted by the Board of Directors of the Corporation.

## ARTICLE II

### AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2018 BONDS

#### **Section 2.01. Authorization of the Series 2018 Bonds, Principal Amount, Designation and Series.**

(a) The Series 2018A Bonds are hereby authorized to be issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to and subject to the terms, conditions and limitations established in the Master Indenture and this Series 2018A&B Supplemental Indenture. The Series 2018A Bonds shall be entitled “Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds)” and may be issued only in fully registered form. The Series 2018A Bonds shall constitute “Senior Bonds” and “Tax-Exempt Bonds” under the Master Indenture.

(b) The Series 2018B Bonds are hereby authorized to be issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to and subject to the terms, conditions and limitations established in the Master Indenture and this Series 2018A&B Supplemental Indenture. The Series 2018B Bonds shall be entitled “Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds)” and may be issued only in fully registered form. The Series 2018B Bonds shall constitute “Subordinate Bonds” and “Tax-Exempt Bonds” under the Master Indenture.

**Section 2.02. Purposes.** The Series 2018 Bonds are being issued for the purposes of, together with an equity contribution of the Corporation, (i) originating and financing Eligible Loans, (ii) paying costs of issuance in connection therewith and (iii) financing deposits to the Debt Service Reserve Fund.

**Section 2.03. Application of Series 2018 Bond Proceeds and Deposit of Other Amounts.**

(a) The proceeds of the sale of the Series 2018 Bonds in the amount of \$\_\_\_\_\_ (equal to the par amount of the Series 2018 Bonds plus net original issue premium of \$\_\_\_\_\_) shall be paid to the Trustee, and the Trustee shall deposit such amount to the credit of the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund, and none of such proceeds will be used to pay any costs of issuance of the Series 2018 Bonds.

(b) The Corporation shall deposit \$\_\_\_\_\_ with the Trustee, and the Trustee shall deposit such amount as follows:

(i) the Trustee shall deposit an amount equal to \$\_\_\_\_\_ to the credit of the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund, and none of such amount will be used to pay any costs of issuance of the Series 2018 Bonds;

(ii) the Trustee shall deposit an amount equal to \$\_\_\_\_\_ to the credit of the 2018 Subaccount of the Debt Service Reserve Fund; and

(iii) the Trustee shall deposit an amount equal to \$\_\_\_\_\_ to the credit of the 2018 Corporation Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund, which shall be used solely to pay the costs of issuance of the Series 2018 Bonds.

**Section 2.04. Date of the Series 2018 Bonds.** The Series 2018 Bonds shall be dated as of the Date of Issuance.

**Section 2.05. Stated Maturities, Interest Rates and Payments on the Series 2018 Bonds.** The Series 2018 Bonds shall bear interest from the Date of Issuance until Maturity, payable on each Interest Payment Date, except that Series 2018 Bonds issued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or if no interest has been paid, from the Date of Issuance. Interest on the Series 2018 Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The principal of the Series 2018 Bonds shall be payable at the Principal Office of the Trustee, as paying agent for the Series 2018 Bonds, or at the Principal Office of its successor upon presentation and surrender of the Series 2018 Bonds.

Interest on any Series 2018 Bonds shall be paid on the Interest Payment Date to the Registered Owner thereof on the Record Date. Any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof at the close of business on the Record

Date and shall be payable to the Registered Owner thereof at the close of business on a special record date (a “Special Record Date”) for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever money becomes available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Registered Owner not less than ten (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 shall not be more than fifteen (15) nor less than ten (10) days after the Special Record Date.

Anything in the Indenture to the contrary notwithstanding, no interest on the Series 2018B Bonds due with respect to a Subordinate Suspended Interest Period therefor shall be paid until the Subordinate Restoration Interest Date therefor (provided, however, for purposes of clarity, interest that accrued prior to a Subordinate Suspended Interest Period with respect to the Series 2018B Bonds shall be paid on the Interest Payment Date on which such Subordinate Suspended Interest Period commences unless a Subordinate Suspended Interest Period with respect to the Series 2018B Bonds was already in effect). Interest not paid with respect to any Subordinate Suspended Interest Period applicable to the Series 2018B Bonds shall accrue interest at the Subordinate Carry-over Interest Rate compounded on each Interest Payment Date and shall be paid as Subordinate Carry-over Interest on the next succeeding Subordinate Restoration Interest Date applicable to the Series 2018B Bonds, and if not fully paid, on each succeeding Interest Payment Date on which Subordinate Carry-over Interest may be paid, but in all cases only to the extent amounts are available therefor in the Interest Account of the Indenture as provided in Section 5.04(a) of the Indenture. Interest on Subordinate Carry-over Interest with respect to any Series 2018B Bond shall continue to accrue until the earlier of the Interest Payment Date on which such Subordinate Carry-over Interest is paid thereon or such Series 2018B Bond is paid, either at final maturity or upon redemption prior thereto (at which time any unpaid Subordinate Carry-over Interest on such Series 2018B Bond shall be extinguished). For purposes of this paragraph, the Corporation shall compute and provide to the Trustee in writing the Total Parity Percentage within 60 days following each Subordinate Computation Date based on the then applicable Quarterly Report.

In the event the Series 2018 Bonds are in book-entry only form, principal and interest shall be paid to the Securities Depository by federal funds wire transfer to a designated account within the United States of America, all as provided for in the rules and regulations of the Securities Depository.

The Series 2018 Bonds shall initially be in book-entry only form. In the event the Series 2018 Bonds are no longer in book-entry-only form, interest will 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 paying agent to the 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 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.

If the specified date for payment of principal or interest is other than a Business Day, payment may be made on the next succeeding Business Day with the same force and effect as if made on the date specified for such payment, without additional interest.

All payments on the Series 2018 Bonds shall be made in 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 debt.

The Series 2018A Bonds shall mature on June 15 in the years and in the principal amounts, and bear interest at the rates per annum as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		

The Series 2018B Bonds shall mature on June 15, \_\_\_\_ and bear interest at \_\_\_\_% per annum.

**Section 2.06. Denominations, Numbers and Letters and Book Entry.**

(a) The Series 2018 Bonds shall be issued in Authorized Denominations. Each Stated Maturity of the Series 2018 Bonds of the same Series with the same interest rate shall be lettered “R” and shall be numbered consecutively from 1 upwards in such manner as the Trustee shall determine.

(b) Pursuant to the provisions of the Master Indenture, each Stated Maturity of each Series of the Series 2018 Bonds with the same interest rate shall be issued as a single separate fully registered bond certificate in typewritten form to be held by the Securities Depository or its agent in accordance with Section 2.09 of the Master Indenture.

**Section 2.07. CUSIP Numbers.** The Corporation is hereby authorized, in its discretion or if so requested by the Purchaser, to provide for the assignment of CUSIP numbers for each Stated Maturity of each Series of the Series 2018 Bonds with the same interest rate and to have such CUSIP numbers printed thereon, and the Corporation may direct the Trustee to use such CUSIP numbers in notices of redemption and on checks payable to Registered Owners as a convenience to Registered Owners, provided that any such notice may state that no representation is made as to the correctness of such number either as printed on the Series 2018 Bonds or as contained in any notice of redemption.

**Section 2.08. Sale of the Series 2018 Bonds.** The Series 2018 Bonds authorized to be issued pursuant to Section 2.01 hereof shall be sold to the Purchaser pursuant to the Contract of Purchase at a purchase price to be set forth therein and payment for which shall be made on the

terms and conditions set forth therein, such Contract of Purchase to be executed by an Authorized Officer of the Corporation.

**Section 2.09. Form of the Series 2018 Bonds.** The forms of the Series 2018A Bonds, including the Certificate of Authentication thereon, shall be substantially as set forth in Exhibit A hereto. The forms of the Series 2018B Bonds, including the Certificate of Authentication thereon, shall be substantially as set forth in Exhibit B hereto. Any Series 2018 Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words and such opinions and certifications not inconsistent with the provisions of the Master Indenture and this Series 2018A&B Supplemental Indenture as may be necessary or desirable, as determined by an Authorized Officer, prior to their authentication and delivery.

### **ARTICLE III**

#### **REDEMPTION OF SERIES 2018 BONDS BEFORE MATURITY**

##### **Section 3.01. Optional Redemption.**

(a) The Series 2018 Bonds maturing on and after June 15, [2028], are redeemable 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 2018 Bonds to be redeemed in Authorized Denominations, upon the written direction of an Authorized Representative, on any date on or after June 15, [2027], at a Redemption Price equal to the principal amount thereof, without premium, plus interest accrued (excluding any unpaid Subordinate Carry-over Interest), if any, to the redemption date.

(b) Optional redemptions of the Series 2018 Bonds may be made from (i) amounts held in the Retirement Account and not required to be used for any other redemption under the Indenture or (ii) other moneys that prior to the determination to use such moneys for redemption were not subject to the pledge set forth in the Master Indenture or are permitted to be used for such purpose by the Master Indenture and are available for transfer to the Retirement Account on or prior to the redemption date and are not required to be used for any other redemption under the Indenture. Notwithstanding the foregoing, so long as any Senior Bonds remain Outstanding, Series 2018B Bonds may only be redeemed if, after giving effect to the redemption of such Series 2018B Bonds and any other Senior Bonds and/or Subordinate Bonds and the use of any other amounts held under the Indenture to and including the redemption date, the Senior Parity Percentage will be at least [136%] and the Total Parity Percentage will be at least [130%]; provided, however, that such Senior Parity Percentage and 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).

**Section 3.02. Extraordinary Redemption.** The Series 2018 Bonds are subject to extraordinary redemption by the Corporation, upon the written direction of an Authorized Representative, 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 each maturity (with such adjustments as the Corporation may determine to enable the Series 2018 Bonds to be redeemed in Authorized Denominations), at a Redemption Price equal to (i) in the case of Series 2018A Premium Bonds, the principal amount thereof, together with accrued interest thereon, if any, to the redemption date, plus the Series 2018A Unamortized Premium, and (ii) in the case of all other Series 2018 Bonds, the principal amount thereof, together with accrued interest thereon (excluding any unpaid Subordinate Carry-over Interest), if any, 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. Notwithstanding the foregoing, no Series 2018B Bonds shall be redeemed pursuant to this Section so long as any Senior Bonds remain Outstanding.

**Section 3.03. Mandatory Redemptions.**

(a) ***Mandatory Redemption During and After Origination Period.*** The Series 2018 Bonds are subject to mandatory redemption on any date not later than 60 days after each respective date set forth in the following disbursement schedule (the “Disbursement Schedule”) to the extent that amounts deposited to the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund pursuant to Sections 2.03(a) and 2.03(b)(i) hereof have not been disbursed on Eligible Loans in accordance with the Disbursement Schedule:

**Disbursement Schedule\***

<b>Date</b>	<b>Amount to be Disbursed</b>
October 31, 2018	\$
February 28, 2019	
End of Origination Period	

The amount of Series 2018 Bonds to be redeemed pursuant to this subsection (a) shall be equal to the difference between (1) the amount disbursed on Eligible Loans from the moneys deposited to the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund pursuant to Sections 2.03(a) and 2.03(b)(i) hereof and (2) the amount required to be disbursed in 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 amount on any Approved Undisbursed Loans shall be deemed to have been disbursed by the end of the Origination Period. The applicable Unexpended Amounts on deposit in the 2018 Subaccount of the

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\* The “Date” and/or “Amount to be Disbursed” may be modified by the Corporation if the Corporation has satisfied the Rating Agency Notification.

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. To the extent that the Corporation shall have approved the funding of and certified to the Trustee the aggregate principal amount of any Approved Undisbursed Loan that remains undisbursed at the end of the Origination Period and to be made from the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund, an amount on deposit in the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund, up to the amount of such Approved Undisbursed Loans so certified (but not with respect to any amount in excess thereof) shall be used by the Corporation to fund such Approved Undisbursed Loans until the earlier of the date on which (i) the Corporation has disbursed the Approved Undisbursed Loans to the applicable borrowers or (ii) certified to the Trustee that such amounts remaining in the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund are no longer needed therefor, at which time any such remaining, unneeded amounts shall be transferred to the Revenue Fund. Each amount set forth under the caption "Amount to be Disbursed" in the Disbursement Schedule shall be reduced by the principal amount of any Series 2018 Bonds previously redeemed pursuant to this subsection (a). In the case of any such mandatory redemption from any Unexpended Amounts, the Series 2018 Bonds shall be redeemed on a pro rata basis as between the Series 2018A Bonds and the Series 2018B Bonds and then pro rata among all of the Stated Maturities of each such series of the Series 2018 Bonds, based upon the principal amount of the Series 2018 Bonds Outstanding at the time of determination (and by lot within a maturity) with such adjustments as the Corporation may determine to enable the Series 2018 Bonds to be redeemed in Authorized Denominations at a Redemption Price of: (i) in the case of Series 2018A Premium Bonds, the principal amount thereof, together with accrued interest thereon, if any, to the redemption date, plus the Series 2018A Unamortized Premium, and (ii) in the case of all other Series 2018 Bonds, the principal amount thereof, together with accrued interest thereon (excluding any unpaid Subordinate Carry-over Interest), if any, to the redemption date. The redemption date shall be the earliest practicable date for which the required notice of redemption may be given pursuant to Section 3.04 hereof, but in no event later than 60 days after the related date set forth in the Disbursement Schedule.

(b) ***Mandatory Redemption from Excess Revenues.*** The Series 2018 Bonds and any additional Bonds (excluding as, and to the extent, so provided in a Supplemental Indenture, any excluded additional Bonds), are subject to mandatory redemption on each Interest Payment Date from Excess Revenues on deposit in the Revenue Fund pursuant to Section 5.03(b)(ix) of the Master Indenture and not otherwise then required for cumulative mandatory sinking fund redemption of Bonds pursuant to any provisions of a Supplemental Indenture providing for cumulative mandatory sinking fund redemption of additional Bonds. Such Excess Revenues on deposit in the Revenue Fund and available pursuant to Section 5.03(b)(ix) of the Master Indenture shall be transferred to the Retirement Account of the Debt Service Fund in order to effectuate such mandatory redemption in the amounts and at the times required by Section 4.04 hereof. In the case of any such mandatory redemption from Excess Revenues, (i) so long as Senior Bonds remain Outstanding, the Senior Bonds subject to such redemption (presently being the Series 2012A Bonds (other than the Series 2012A Premium Bonds), the Series 2013A



Bonds, the Series 2016A Bonds (other than the Series 2016A Premium Bonds), the Series 2017A Bonds (other than the Series 2017A Premium Bonds maturing on and prior to June 15, 2027) and the Series 2018A Bonds (other than the Series 2018A Premium Bonds maturing on and prior to June 15, \_\_\_\_)) shall be redeemed in their entirety prior to Subordinate Bonds and (ii) Bonds of each class that are subject to such redemption (presently being the Series 2012A Bonds (other than the Series 2012A Premium Bonds), the Series 2013A Bonds, the Series 2016A Bonds (other than the Series 2016A Premium Bonds), the Series 2017A Bonds (other than the Series 2017A Premium Bonds maturing on and prior to June 15, 2027) and the Series 2018 Bonds (other than the Series 2018A Premium Bonds maturing on and prior to June 15, \_\_\_\_)) shall be selected for redemption on a pro rata basis among the Stated Maturities of such Bonds of such class based upon the Outstanding principal amounts of such Bonds of such class and Stated 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 Bonds to be redeemed in Authorized Denominations, at a Redemption Price of par plus accrued interest (excluding any unpaid Subordinate Carry-over Interest), if any, to the redemption date; except that the Corporation reserves the right with respect to any such redemption of Senior Bonds from time to time (including the Series 2018A Bonds) to apply such amounts or portions of such amounts not otherwise then required for cumulative mandatory sinking fund redemption to redemption as and to the extent, so provided in a Supplemental Indenture of certain additional Bonds that may be issued as Senior Bonds in the future as term bonds.

**Section 3.04. Terms Regarding Redemptions.** Redemptions of the Series 2018 Bonds shall be made in whole or in part from the largest integral multiple of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided that a Series 2018 Bond may only be redeemed in and remain Outstanding in an Authorized Denomination.

The Series 2018 Bonds shall be redeemed as provided in this Article upon notice as provided in Section 2.10 of the Master Indenture provided that notices of redemption shall be given not more than sixty (60) days nor less than thirty (30) days prior to the redemption date.

#### **ARTICLE IV**

#### **ADDITIONAL COVENANTS OF THE CORPORATION**

**Section 4.01. Recycling.** The Recycling Period shall mean, with respect to Eligible Loans originated from amounts deposited to the 2018 Subaccount of the Student Loan Fund or payments received with respect to such Eligible Loans, a period from the Date of Issuance to and including **[June 15, 2019]**, or such later date as may be as set forth in a Corporation Order subject to the satisfaction of a 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 2018 Subaccount of 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 2018

Subaccount of the Student Loan Fund up to the amount so certified (but not with respect to any amount in excess thereof) shall 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 2018 Subaccount of the Student Loan Fund are no longer needed therefor and may be transferred to the Revenue Fund.

**Section 4.02. Servicing and Administrative Fees.** On the last Business Day of each calendar month, the Trustee shall transfer from the Revenue Fund to the Corporation as payment for the Servicing and Administrative Fees pursuant to Section 5.03(b)(ii)(A) of the Master Indenture, an amount equal to one-twelfth (1/12<sup>th</sup>) of **[0.85%]** of principal amount of the Financed Eligible Loans as of the end of the prior calendar month unless a Rating Agency Notification shall have been satisfied with respect to a higher percentage.

**Section 4.03. Indenture Expenses.** The Indenture Expenses allocable to the Series 2018 Bonds for each calendar year shall not exceed an amount equal to **[\$29,000]** unless a Rating Agency Notification shall have been satisfied with respect to a higher dollar amount.

**Section 4.04. Transfer of Excess Revenues.** Notwithstanding any lower Senior Parity Percentage requirement provided in any other Supplemental Indenture or any lower Total Parity Percentage requirement provided in any other Supplemental Indenture, the Corporation shall transfer Excess Revenues on the last Business Day of each April and October pursuant to Section 5.03(b)(ix) of the Master Indenture to the Retirement Account of the Debt Service Fund in an amount such that, after giving effect to such transfer and the redemption of Bonds in that amount, the Senior Parity Percentage (calculated without regard to amounts in the Revenue Fund) shall be equal to **[136%]** and the Total Parity Percentage (calculated without regard to amounts in the Revenue Fund) shall be equal to **[130%]** (provided, however, that if the transfer of all amounts available to be transferred pursuant to Section 5.03(b)(ix) would result in such calculation of the Senior Parity Percentage being less than **[136%]** or such calculation of the Total Parity Percentage being less than **[130%]**, then the requirement of this Section shall be met if all such amounts are so transferred); and provided further, however, that such Senior Parity Percentage or 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 foregoing, (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 set forth in Section 3.03(b) hereof, and (ii) if the aggregate principal amount of all Bonds Outstanding under the Indenture is equal to or less than 10% of the aggregate principal amount of all Bonds Outstanding under the Indenture as of the last date of issuance of a Series of Bonds issued under the Indenture, then, notwithstanding the foregoing, the Corporation shall transfer all Excess Revenues on the last Business Day of each April and October pursuant to Section 5.03(b)(ix) of the Master Indenture to the Retirement Account of the Debt Service Fund and apply such transferred Excess Revenues to redeem Bonds Outstanding under the Indenture.

**Section 4.05. General Terms of the Program.** Certain general terms of the Corporation's Program are set forth in Exhibit C hereto with respect to any Eligible Loans acquired or originated with the amounts deposited to the 2018 Subaccount of the Student Loan Fund, and such terms may not be amended or modified except upon satisfaction of a Rating Agency Notification.

**Section 4.06. Use of Moneys in the Student Loan Fund.** Corporation moneys and original proceeds of the Series 2018 Bonds on deposit in the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund shall be used to originate and finance Eligible Loans and prior to the use of any recycling amounts with respect to the Series 2018 Bonds transferred from the Revenue Fund to the 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund pursuant to Section 5.03(b)(viii) of the Master Indenture.

**Section 4.07. Provisions with Respect to Subordinate Suspension Interest Date and Subordinate Restoration Event.** For purposes of the definitions of Subordinate Suspension Interest Date and Subordinate Restoration Event, the Total Parity Percentage to be used with respect to the Series 2018B Bonds shall be [ninety percent (90%)].

## ARTICLE V

### MISCELLANEOUS

**Section 5.01. Creation of Subaccounts.** There is hereby created within the Debt Service Reserve Fund and the Student Loan Fund, a 2018 Subaccount. For purposes of accounting for moneys deposited to the 2018 Subaccount of the Student Loan Fund, the amount deposited from the proceeds of the Series 2018 Bonds pursuant to Section 2.03(a) hereof, the amount deposited by the Corporation pursuant to Section 2.03(b)(i) hereof, and Revenues transferred from the Revenue Fund to the 2018 Subaccount of the Student Loan Fund pursuant to Section 5.03(b)(viii) of the Master Indenture shall be accounted for in a 2018 Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund, and the amount deposited by the Corporation pursuant to Section 2.03(b)(iii) hereof shall be accounted for in a 2018 Corporation Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund. The Trustee is hereby authorized and directed to establish such sub-subaccounts.

**Section 5.02. Series 2018A&B Supplemental Indenture Construed with Master Indenture.** All of the provisions of this Series 2018A&B Supplemental Indenture shall be deemed to be and construed as part of the Master Indenture to the same extent as if fully set forth therein.

**Section 5.03. Master Indenture as Supplemented to Remain in Effect.** Except as herein supplemented and amended, if at all, by this Series 2018A&B Supplemental Indenture, the Master Indenture shall remain in full force and effect with respect to all the Bonds, including, without limitation, the Series 2018 Bonds.

**Section 5.04. Execution in Counterparts.** This Series 2018A&B Supplemental Indenture may be executed in any number of counterparts, each of which, when so executed and

delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

**Section 5.05. Severability.** If any section, paragraph, clause or provision of this Series 2018A&B Supplemental Indenture shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Series 2018A&B Supplemental Indenture.

**Section 5.06. Confirmation of Actions.** All action (not inconsistent with the provisions of this Series 2018A&B Supplemental Indenture) heretofore taken by the Corporation, directed toward the issuance and sale of the Series 2018 Bonds is hereby ratified, approved and confirmed.

**Section 5.07. Governing Law.** This Series 2018A&B Supplemental Indenture shall be construed in accordance with the laws of the State of Vermont.

**Section 5.08. Limited Obligations of the Corporation and Not a Debt of the State of Vermont.** As provided in Section 9.13 of the Master Indenture, the Series 2018 Bonds shall 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 shall the Series 2018 Bonds 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 Series 2018 Bonds shall not constitute a general obligation of the Corporation, but shall be special, limited obligations of the Corporation, secured by and payable solely from the Trust Estate. The Series 2018 Bonds shall contain on their face a statement to the effect that the Corporation shall not be obligated to pay the Series 2018 Bonds or the interest thereon from any other source and that none of the faith and credit, the moral obligation or 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.

**Section 5.09. Notices.** Any notice, demand, direction, request or other instrument authorized or required by this Series 2018A&B Supplemental Indenture to be given to or filed with the Corporation shall be deemed to have been sufficiently given or filed for all purposes, if any, when delivered or sent by facsimile transmission, confirmed by first-class mail, postage prepaid, and shall be deemed given when transmitted (answer back confirmed) or when mailed to the addresses given in Section 9.01 of the Master Indenture.

**Section 5.10. Continuing Disclosure.** The Corporation and the Trustee hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Master Indenture, failure of the Corporation or the Trustee to comply with this covenant or the Continuing Disclosure Agreement shall not be considered an Event of Default; however, subject to Section 6.03 of the Master Indenture, and if the Trustee shall have been indemnified as provided in Section 6.11 of the Master Indenture, then the Trustee may (and, at the request of any Participating Underwriter or the Registered Owners of the Bond of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, shall) or any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate,

including seeking mandate or specific performance by court order, to cause the Corporation or the Trustee, as the case may be, to comply with its obligations under this Section.

IN WITNESS WHEREOF, the Corporation has caused this Series 2018A&B Supplemental Indenture to be executed in its corporate name and behalf by an Authorized Officer, and the Trustee has caused this Series 2018A&B Supplemental Indenture to be executed in its corporate name and behalf by a duly authorized officer, all in multiple counterparts, each of which shall be deemed an original, and the Corporation and the Trustee have caused this Series 2018A&B Supplemental Indenture to be dated as of the date herein above first shown.

**VERMONT STUDENT ASSISTANCE  
CORPORATION, as the Corporation**

By \_\_\_\_\_  
Scott A. Giles, President/CEO

**PEOPLE'S UNITED BANK, NATIONAL  
ASSOCIATION, as Trustee**

By \_\_\_\_\_  
Simona Chubb, Vice President

***Exhibit a***

***form of Series 2018A bonds***

EXCEPT AS OTHERWISE PROVIDED IN THE HEREINAFTER DEFINED INDENTURE, THIS GLOBAL BOOK-ENTRY BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

No.: R-\_\_\_\_ \$\_\_\_\_\_

**VERMONT STUDENT ASSISTANCE CORPORATION  
EDUCATION LOAN REVENUE BONDS  
SENIOR SERIES 2018A (TAX-EXEMPT FIXED RATE AMT BONDS)**

DATED DATE	STATED MATURITY DATE	INTEREST RATE	CUSIP
June __, 2018	June 15, 20__	____%	92428C ____

REGISTERED OWNER: \*\*\_\_\_\_\_\*\*

PRINCIPAL AMOUNT: \*\*\_\_\_\_\_\*\*

The Vermont Student Assistance Corporation (the “Corporation”), a nonprofit public corporation duly created, organized and existing under the laws of the State of Vermont (the “State”), for value received, hereby promises to pay (but only out of the Trust Estate pledged under the Indenture, as hereinafter defined) to the Registered Owner set forth above, or registered assigns, on the Stated Maturity Date identified above or upon earlier redemption hereof upon the presentation and surrender hereof, the principal sum set forth above and to pay (but only out of the Trust Estate held under the Indenture) interest on said principal sum from the later of the initial dated date hereof or such later date as to which interest has been paid until payment of said principal sum has been made or duly provided for, at the rates determined under the Indenture and on the dates set forth herein. The principal of this bond is payable at the Principal Office of People’s United Bank, National Association, Burlington, Vermont (the “Trustee”). The interest so payable on any Interest Payment Date will, subject to certain exceptions provided in the Indenture, be paid to the person in whose name this bond is registered at the close of business on the Record Date as defined in the Indenture. Payment of the principal of and interest on this bond shall be made in lawful money of the United States of America.

Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings given to such terms in the Indenture.

THE CORPORATION SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2018A BONDS FROM ANY SOURCE EXCEPT FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. THE SERIES 2018A BONDS ARE

NOT A DEBT OR LIABILITY OF THE STATE OF VERMONT OR ANY POLITICAL SUBDIVISION OF THE STATE OF VERMONT. NONE OF THE FAITH AND CREDIT, THE MORAL OBLIGATION OR 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 THE SERIES 2018A BONDS.

This bond is one of a duly authorized issue of bonds of the Corporation designated “Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds)” issued in the principal amount of \$\_\_\_\_\_ (the “Series 2018A Bonds”). The Series 2018A Bonds are issued under and pursuant to the Constitution and laws of the State, particularly Title 16 of the Vermont Statutes Annotated, Chapter 87, as amended (the “Authorizing Act”), and the Indenture of Trust, dated as of July 1, 2012 by and between the Corporation and the Trustee (the “Master Indenture”), as supplemented by the Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018, by and between the Corporation and the Trustee (the “Series 2018A&B Supplemental Indenture” and together with the Master Indenture as heretofore supplemented and amended, the “Indenture”). The Series 2018A Bonds are being issued for the purposes set forth in the Indenture.

The Series 2018A Bonds constitute Senior Bonds which are equally and ratably secured with other Senior Bonds issued by the Corporation, to the extent provided in the Indenture, by the pledge thereunder of the Trust Estate. The right to payment of the principal of and interest on the Senior Bonds is prior and superior to that of any Subordinate Bonds issued under the Indenture. The Corporation has previously issued its Education Loan Revenue Bonds, Senior Series 2012A (Tax-Exempt Fixed Rate Bonds), its Education Loan Revenue Bonds, Senior Series 2013A (Tax-Exempt Fixed Rate Bonds), its Education Loan Revenue Bonds, Senior Series 2016A (Tax-Exempt Fixed Rate Bonds) and its Education Loan Revenue Bonds, Senior Series 2017A (Tax-Exempt Fixed Rate Bonds) as Senior Bonds pursuant to the Indenture, its Education Loan Revenue Bonds, Subordinate Series 2017B (Tax-Exempt Fixed Rate Bonds) as Subordinate Bonds pursuant to the Indenture and is simultaneously with the issuance of the Series 2018A Bonds issuing its Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate Bonds) as Subordinate Bonds pursuant to the Indenture. All Bonds issued pursuant to the Indenture are secured solely by the Trust Estate pledged under the Indenture, to the extent provided therein.

The unpaid principal amount hereof from time to time outstanding shall bear interest, payable on each June 15 and December 15 of each year, commencing December 15, 2018, at the Interest Rate set forth above. Interest on this bond shall be calculated on the basis of a 360-day year comprised of twelve 30-day months to the Registered Owner of this bond on the Record Date.

The transfer of this bond may be registered only upon surrender hereof at the Principal Office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing. Upon any such registration or transfer of this bond and subject to the payment of any fees and charges as provided in the Indenture, the Corporation shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Series 2018A Bond or Series 2018A Bonds of the same interest rate and for a like Series and aggregate principal amount of the same Stated Maturity Date.

The Series 2018A Bonds are subject to optional and mandatory redemption in the manner, at the prices, at the times and under the circumstances provided in the Indenture. Any Series 2018A



Bonds and portions thereof which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the specified redemption date and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

The Registered Owner of this bond shall have no right to institute any suit, action or proceedings for the enforcement of the provisions of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or for any other remedy under the Indenture, except as provided in the Indenture.

With certain exceptions as provided therein, the Indenture may be modified or amended (i) without the consent of the Registered Owners or (ii) with the consent of at least a majority of the Registered Owners of the collective aggregate principal amount of the Bonds, including the Series 2018A Bonds, then Outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Corporation, the Trustee and the Registered Owners of the Bonds, including the Series 2018A Bonds. The Registered Owner of this bond, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The Corporation and the Trustee may deem and regard the Person in whose name this bond is registered as the absolute owner hereof for all purposes.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this bond, do exist, have happened and have been performed in regular and due form as required by law.

Any agreements, covenants or representations contained in this bond or the Indenture 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 bond shall not be secured by or entitled to any benefit under the Indenture, or be valid or become obligatory for any purpose, until this bond shall have been authenticated by the Trustee, by execution of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Corporation has caused this bond to be executed with the signature of its President/CEO and attested by an Assistant Secretary and the official seal of the Corporation to be imprinted or impressed hereon.

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

[SEAL]

VERMONT STUDENT ASSISTANCE  
CORPORATION

By \_\_\_\_\_  
President/CEO

By \_\_\_\_\_  
Assistant Secretary

## **CERTIFICATE OF AUTHENTICATION**

This bond is one of the Bonds described in the within-mentioned Indenture and is one of the Education Loan Revenue Bonds, Senior Series 2018A of the Vermont Student Assistance Corporation.

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

PEOPLE'S UNITED BANK, NATIONAL  
ASSOCIATION, as Trustee

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

## ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney, to transfer said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

By \_\_\_\_\_ \*

Name \_\_\_\_\_

Title \_\_\_\_\_

Signature Guaranteed:

By \_\_\_\_\_ \*

\*NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee. The Assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular without alteration or any change whatever.

*form of Series 2018B bonds*

EXCEPT AS OTHERWISE PROVIDED IN THE HEREINAFTER DEFINED INDENTURE, THIS GLOBAL BOOK-ENTRY BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

No.: R-\_\_

\$\_\_\_\_\_

**VERMONT STUDENT ASSISTANCE CORPORATION  
EDUCATION LOAN REVENUE BONDS  
SUBORDINATE SERIES 2018B (TAX-EXEMPT FIXED RATE AMT BONDS)**

DATED DATE	STATED MATURITY DATE	INTEREST RATE	CUSIP
June __, 2018	June 15, ____	____%	92428C ____

REGISTERED OWNER: \*\*\_\_\_\_\_\*\*

PRINCIPAL AMOUNT: \*\*\_\_\_\_\_\*\*

The Vermont Student Assistance Corporation (the “Corporation”), a nonprofit public corporation duly created, organized and existing under the laws of the State of Vermont (the “State”), for value received, hereby promises to pay (but only out of the Trust Estate pledged under the Indenture, as hereinafter defined) to the Registered Owner set forth above, or registered assigns, on the Stated Maturity Date identified above or upon earlier redemption hereof upon the presentation and surrender hereof, the principal sum set forth above and to pay (but only out of the Trust Estate held under the Indenture) interest on said principal sum from the later of the initial dated date hereof or such later date as to which interest has been paid until payment of said principal sum has been made or duly provided for, at the rates determined under the Indenture and on the dates set forth herein. The principal of this bond is payable at the Principal Office of People’s United Bank, National Association, Burlington, Vermont (the “Trustee”). The interest so payable on any Interest Payment Date will, subject to certain exceptions provided in the Indenture, be paid to the person in whose name this bond is registered at the close of business on the Record Date as defined in the Indenture. Payment of the principal of and interest on this bond shall be made in lawful money of the United States of America.

Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings given to such terms in the Indenture.

THE CORPORATION SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2018B BONDS FROM ANY SOURCE EXCEPT FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. THE SERIES 2018B BONDS ARE

NOT A DEBT OR LIABILITY OF THE STATE OF VERMONT OR ANY POLITICAL SUBDIVISION OF THE STATE OF VERMONT. NONE OF THE FAITH AND CREDIT, THE MORAL OBLIGATION OR 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 THE SERIES 2018B BONDS.

This bond is one of a duly authorized issue of bonds of the Corporation designated “Education Loan Revenue Bonds, Subordinate Series 2018B (Tax-Exempt Fixed Rate AMT Bonds)” issued in the principal amount of \$\_\_\_\_\_ (the “Series 2018B Bonds”). The Series 2018B Bonds are issued under and pursuant to the Constitution and laws of the State, particularly Title 16 of the Vermont Statutes Annotated, Chapter 87, as amended (the “Authorizing Act”), and the Indenture of Trust, dated as of July 1, 2012 by and between the Corporation and the Trustee (the “Master Indenture”), as supplemented by the Series 2018A&B Supplemental Indenture of Trust, dated as of June 1, 2018, by and between the Corporation and the Trustee (the “Series 2018A&B Supplemental Indenture” and together with the Master Indenture as heretofore supplemented and amended, the “Indenture”). The Series 2018B Bonds are being issued for the purposes set forth in the Indenture.

The Series 2018B Bonds constitute Subordinate Bonds which are equally and ratably secured with other Subordinate Bonds which may be issued by the Corporation in the future, to the extent provided in the Indenture, by the pledge thereunder of the Trust Estate, as and to the extent provided in the Indenture. The right to payment of the principal of and interest on Subordinate Bonds is junior and subordinated to that of the Senior Bonds issued under the Indenture as and to the extent provided in the Indenture, and certain rights of the owners of Subordinate Bonds are otherwise subordinated to the rights of the owners of Senior Bonds as and to the extent provided in the Indenture. The Corporation has previously issued its Education Loan Revenue Bonds, Senior Series 2012A (Tax-Exempt Fixed Rate Bonds), its Education Loan Revenue Bonds, Senior Series 2013A (Tax-Exempt Fixed Rate Bonds), its Education Loan Revenue Bonds, Senior Series 2016A (Tax-Exempt Fixed Rate Bonds) and its Education Loan Revenue Bonds, Senior Series 2017A (Tax-Exempt Fixed Rate Bonds) as Senior Bonds pursuant to the Indenture, its Education Loan Revenue Bonds, Subordinate Series 2017B (Tax-Exempt Fixed Rate Bonds) as Subordinate Bonds pursuant to the Indenture, and is simultaneously with the issuance of the Series 2018B Bonds issuing its Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate Bonds) as Senior Bonds pursuant to the Indenture. All Bonds issued pursuant to the Indenture are secured solely by the Trust Estate pledged under the Indenture, to the extent provided therein.

The unpaid principal amount hereof from time to time outstanding shall bear interest, payable on each June 15 and December 15 of each year, commencing December 15, 2018, at the Interest Rate set forth above. Interest on this bond shall be calculated on the basis of a 360-day year comprised of twelve 30-day months to the Registered Owner of this bond on the Record Date.

Anything in the Indenture or this bond to the contrary notwithstanding, no interest on the Series 2018B Bonds due with respect to a Subordinate Suspended Interest Period therefor shall be paid until the Subordinate Restoration Interest Date therefor (provided, however, for purposes of clarity, interest that accrued prior to a Subordinate Suspended Interest Period shall be paid on the Interest Payment Date on which such Subordinate Suspended Interest Period commences unless a Subordinate Suspended Interest Period was already in effect). Interest not paid with respect to any Subordinate Suspended Interest Period applicable to the Series 2018B Bonds shall

accrue interest at the Subordinate Carry-over Interest Rate compounded on each Interest Payment Date and shall be paid as Subordinate Carry-over Interest on the next succeeding Subordinate Restoration Interest Date applicable to the Series 2018B Bonds, but only to the extent amounts are available therefor in the Interest Account of the Indenture as provided in the Indenture. Interest on Subordinate Carry-over Interest with respect to any Series 2018B Bond shall continue to accrue until the earlier of the Interest Payment Date on which Subordinate Carry-over Interest is paid thereon or such Series 2018B Bond is paid, either at final maturity or upon redemption prior thereto (at which time any unpaid Subordinate Carry-over Interest on such Series 2018B Bond shall be extinguished). All capitalized terms used in this paragraph and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

The transfer of this bond may be registered only upon surrender hereof at the Principal Office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing. Upon any such registration or transfer of this bond and subject to the payment of any fees and charges as provided in the Indenture, the Corporation shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Series 2018B Bond or Series 2018B Bonds of the same interest rate and for a like Series and aggregate principal amount of the same Stated Maturity Date.

The Series 2018B Bonds are subject to optional and mandatory redemption in the manner, at the prices, at the times and under the circumstances provided in the Indenture. Any Series 2018B Bonds and portions thereof which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the specified redemption date and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

The Registered Owner of this bond shall have no right to institute any suit, action or proceedings for the enforcement of the provisions of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or for any other remedy under the Indenture, except as provided in the Indenture.

With certain exceptions as provided therein, the Indenture may be modified or amended (i) without the consent of the Registered Owners or (ii) with the consent of at least a majority of the Registered Owners of the collective aggregate principal amount of the Bonds, including the Series 2018B Bonds, then Outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Corporation, the Trustee and the Registered Owners of the Bonds, including the Series 2018B Bonds. The Registered Owner of this bond, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The Corporation and the Trustee may deem and regard the Person in whose name this bond is registered as the absolute owner hereof for all purposes.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this bond, do exist, have happened and have been performed in regular and due form as required by law.

Any agreements, covenants or representations contained in this bond or the Indenture 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 bond shall not be secured by or entitled to any benefit under the Indenture, or be valid or become obligatory for any purpose, until this bond shall have been authenticated by the Trustee, by execution of the certificate of authentication inscribed hereon.



IN WITNESS WHEREOF, the Corporation has caused this bond to be executed with the signature of its President/CEO and attested by an Assistant Secretary and the official seal of the Corporation to be imprinted or impressed hereon.

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

[SEAL]

VERMONT STUDENT ASSISTANCE  
CORPORATION

By \_\_\_\_\_  
President/CEO

By \_\_\_\_\_  
Assistant Secretary

## **CERTIFICATE OF AUTHENTICATION**

This bond is one of the Bonds described in the within-mentioned Indenture and is one of the Education Loan Revenue Bonds, Subordinate Series 2018B of the Vermont Student Assistance Corporation.

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

PEOPLE'S UNITED BANK, NATIONAL  
ASSOCIATION, as Trustee

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

## ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney, to transfer said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

By \_\_\_\_\_ \*

Name \_\_\_\_\_

Title \_\_\_\_\_

Signature Guaranteed:

By \_\_\_\_\_ \*

\*NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee. The Assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular without alteration or any change whatever.

**GENERAL TERMS OF the PROGRAM**

Unless otherwise noted herein, the Eligible Loan restrictions and details set forth herein shall apply to Eligible Loans acquired or originated with the proceeds of the Series 2018 Bonds deposited to the Bond Proceeds Sub-Subaccount of the 2018 Subaccount of the Student Loan Fund pursuant to Sections 2.03(a) and (b)(i) of the Series 2018A&B Supplemental Indenture or with recycling amounts.

1. The interest rates on the Eligible Loans; unless such interest rates are to be increased, and required attributes of the Eligible Loans to qualify for a particular interest rate (currently, [5.80%] per annum if the student borrower chooses to begin immediate repayment, [6.20%] per annum if the student borrower chooses to defer principal while the student borrower is in school, [7.10%] per annum if the student borrower chooses to defer principal and interest while the student borrower is in school, [5.80%] per annum if the parent borrower chooses to begin immediate repayment and [6.95%] per annum if the parent borrower chooses to defer principal and interest for up to 12 months).

2. A reduction in the underwriting standards for the Eligible Loans (currently, for a co-signer or parent borrower, a FICO score of at least 680 and no active bankruptcy and, for a student borrower, a student who is a Vermont resident or attending a Vermont educational institution and who has no defaulted student loans with the Corporation).

3. The origination fees for the Eligible Loans, unless such origination fees are to be increased (currently, 0% for FICO scores equal to or greater than 800, 3% for FICO scores equal to or greater than 750, but less than 800, and 5% for FICO scores less than 750 but at least equal to or more than 680).

4. The repayment terms of the Eligible Loans and the required aggregate principal balances to qualify for a particular payment term (currently, Eligible Loans with initial principal balances of \$10,000 or more will provide for repayment in level monthly installments over a maximum of fifteen (15) years and Eligible Loans with initial principal balances of less than \$10,000 will amortize in such manner over a maximum of ten (10) years; subject to extension by forbearance).

5. The forbearance terms for the Eligible Loans, unless the length of the permitted forbearance term is being decreased (currently, a cumulative total of up to three (3) years, at the discretion of the Corporation, for situations of documented financial hardship).

6. The requirement that all loans (other than parent loans) must have a co-signer, subject to the co-signer release requirement. The provisions for releasing a co-signer on an Eligible Loan, unless the minimum number of payments for such release is being increased or the minimum FICO for the borrower is being increased (currently, a co-signer may be released from his or her obligation on an Eligible Loan after 48 payments have been made on such Eligible Loan and the student borrower must request the release, meet the minimum 680 FICO credit score requirement in effect at the time the Eligible Loan was made and have no adverse credit history).

7. The period for declaring a payment default on an Eligible Loan (currently, 180 days delinquent).

8. The school certification process for the amount of the Eligible Loan (currently, after credit evaluation, the Corporation notifies the appropriate educational institution that an application has been approved or denied, and in the case of approvals requires that the applicable educational institution certify that the student borrower is currently enrolled and that the loan amount, before fees, does not exceed cost of attendance less other financial aid (including other student loans)).

9. Each Eligible Loan shall be made to or on behalf of a student attending an educational institution that is eligible to receive Title IV funds or an institution or program 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.

10. The Corporation shall not originate or finance an Eligible Loan 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 \_\_\_% of the aggregate principal amount of all Financed Eligible Loans made to student borrowers acquired or originated with amounts

deposited to the 2018 Subaccount of the Student Loan Fund, 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 originated or 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 \_\_\_% of the aggregate principal amount of all Financed Eligible Loans made to student borrowers acquired or originated with amounts deposited to the 2018 Subaccount of the Student Loan Fund; provided however that, notwithstanding the foregoing, the Corporation may originate and finance, respectively, \$\_\_\_\_\_ and \$\_\_\_\_\_ 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 educational institution and (iii) the aggregate principal amount of all Financed Eligible Loans acquired or originated with amounts deposited to the 2018 Subaccount of the Student Loan Fund and made to student borrowers who have more than three years before their anticipated separation date from their related educational institution and for which both principal and interest are deferred shall exceed \_\_\_% of the aggregate principal amount of all Financed Eligible Loans acquired or originated with amounts deposited to the 2018 Subaccount of the Student Loan Fund and for which both principal and interest are deferred; provided, however, that notwithstanding the foregoing the Corporation may originate and finance \$\_\_\_\_\_ of such Eligible Loans described in this subparagraph (b) 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 Financed Eligible Loans made to parent borrowers acquired or originated with amounts deposited to the 2018 Subaccount of the Student Loan Fund or (ii) the aggregate principal amount of all such Eligible Loans that are so financed and initially deferred would exceed \$3,000,000 in aggregate principal amount of all Financed Eligible Loans made to parent borrowers acquired or originated with amounts deposited to the 2018 Subaccount of the Student Loan Fund; provided however that, notwithstanding the foregoing, the Corporation may originate and finance \$\_\_\_\_\_ 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 for a student attending a Proprietary School and (ii) the aggregate principal amount of all Financed Eligible Loans made to borrowers acquired or originated with amounts deposited to the 2018 Subaccount of the Student Loan Fund and made to either a student borrower attending a Proprietary School or a parent borrower for a student attending a Proprietary School shall exceed 6% of the aggregate principal amount of all Financed Eligible Loans acquired or originated with amounts deposited to the 2018 Subaccount of the Student Loan Fund; provided, however, that notwithstanding the foregoing the Corporation may originate and finance \$\_\_\_\_\_ of such Eligible Loans described in this subparagraph (d) prior to **[June 15, 2019]**;

Any amounts, percentages or dates contained in this paragraph 10 may be modified upon satisfaction of the Rating Agency Notification.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL \_\_\_, 2018

*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 the caption "TAX MATTERS" herein.*

**NEW ISSUE - Book-Entry Only**

**ARTICLE I[\$31,875,000]\***  
**VERMONT STUDENT ASSISTANCE CORPORATION**  
**(a nonprofit public corporation established by the laws of the State of Vermont)**  
**Education Loan Revenue Bonds**

**[\$29,575,000]\***  
**Senior Series 2018A**  
**(Tax-Exempt Fixed Rate AMT Bonds)**  
**Expected Ratings for Series 2018A Bonds**  
**Fitch: "Asf"; S&P: "A(sf)"; See "Ratings."**

**[\$2,300,000]\***  
**Subordinate Series 2018B**  
**(Tax-Exempt Fixed Rate AMT Bonds)**  
**Expected Ratings for Series 2018B Bonds**  
**Fitch: "BBBsf"; S&P: "BBB(sf)"; See "Ratings."**

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\* Preliminary, subject to change.

**Dated: Date of Issuance**

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

**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 **[\$29,575,000]** (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 **[\$2,300,000]** (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, 2027, 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.

## **ARTICLE IIBofA Merrill Lynch**

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

ARTICLE III[\$31,875,000]\*  
ARTICLE IVVermont Student Assistance Corporation  
Education Loan Revenue Bonds

ARTICLE V[\$29,575,000]\*  
Senior Series 2018A Bonds  
(Tax-Exempt Fixed Rate AMT Bonds)  
ARTICLE VIMATURITY SCHEDULE

<u>Due June 15,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u> <sup>(1)</sup>	<u>Yield</u> <sup>*</sup>	<u>CUSIP</u> <sup>†</sup>
2022	\$	%	____%	____%	
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					

[\$2,300,000]\*  
Subordinate Series 2018B Bonds  
(Tax-Exempt Fixed Rate AMT Bonds)

MATURITY SCHEDULE

<u>Due June 15,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u> <sup>*</sup>	<u>Yield</u> <sup>(1)</sup>	<u>CUSIP</u> <sup>†</sup>
[2046]	\$_____	____%	____%	____%	

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\* Preliminary, subject to change.

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

<sup>(2)</sup> Priced to the first optional redemption date of June 15, 2028.

<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 [\$29,575,000]\* 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 [\$2,300,000]\*.

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.”

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\* Preliminary, subject to change.

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. \$\_\_\_\_\_ of Prior Master Indenture Senior Bonds and \$\_\_\_\_\_ 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 co-signer 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 FEBRUARY 28, 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.”

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\* Preliminary, subject to change.

## **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, 2027\*, 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.”

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\* Preliminary, subject to change.

## **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 134.0%\* of the principal amount of the Senior Bonds and will equal approximately 123.5%\* 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.

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\* Preliminary, subject to change.

## **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.”

**OFFICIAL STATEMENT**  
**of the**  
**VERMONT STUDENT ASSISTANCE CORPORATION**  
**relating to its**  
**[\$31,875,000]\* Education Loan Revenue Bonds**  
**consisting of**  
**[\$29,575,000]\* Senior Series 2018A**  
**(Tax-Exempt Fixed Rate AMT Bonds)**  
**and**  
**[\$2,300,000]\* 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 [\$29,575,000]\* Education Loan Revenue Bonds, Senior Series 2018A (Tax-Exempt Fixed Rate AMT Bonds) (the “Series 2018A Bonds”) and its [\$2,300,000]\* 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”). \$\_\_\_\_\_ of Prior Master Indenture Senior Bonds and \$\_\_\_\_\_ 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.

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\* Preliminary, subject to change.

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, 2028\*, 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 co-signer. 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 \$\_\_\_\_\_ Prior Master Indenture Bond proceeds and substantially no Separately Secured

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\* Preliminary, subject to change.

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. Accordingly, specific Fixed Rate Loan Program origination and performance data reflect a period that is shorter than the expected full repayment period applicable to Program Loans. In addition, the repayment of the principal of, or of both principal and interest of, 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, only limited specific Fixed Rate Loan Program origination and performance data is available. However, 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 FEBRUARY 28, 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.

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\* Preliminary, subject to change.



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 [\$29,575,000]\*, and the Series 2018B Bonds will be issued in the aggregate amount of [\$2,300,000]\*, 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 17, 2017, 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

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\* Preliminary, subject to change.

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 and maturity 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 maturity (and interest rate, if applicable) 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, 2028\* 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, 2027\*, 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, 2028\*, 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 136%\* and Total Parity Percentage will be at least 130%\*; 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*.”

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\* Preliminary, subject to change.

## 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 or prior to June 15, 2027\* (the “Series 2018A Premium Bonds”), 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 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 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 Premium Bonds, 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>
_____	\$
_____†	††
_____	

† Last day of the initial Origination Period.

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\* Preliminary, subject to change.

†† 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 Premium Bonds and, as and to the extent so provided in a Supplemental Indenture, any excluded Additional Bonds) are subject to mandatory

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\* Preliminary, subject to change.



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) 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

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\* Preliminary, subject to change.

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 136%\* and the Total Parity Percentage (calculated without regard to amounts in the Revenue Fund) shall be at least equal to 130%\*; 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 136%\* or of the Total Parity Percentage being less than 130%\*, 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

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\* Preliminary, subject to change.

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

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\* Preliminary, subject to change.

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 134.0%\* and to cause the Total Parity Percentage to be no less than 123.5%\* 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 \$\_\_\_\_\_ 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. 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:

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\* Preliminary, subject to change.

<u>Date</u>	<u>Requirement Amount</u>
June 15, 2018	\$
December 15, 2018	
June 15, 2019	
December 15, 2019	-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 \$\_\_\_\_\_ \* as of the Date of Issuance, along with approximately \$\_\_\_\_\_ \* in principal amount of existing Financed Eligible Loans, as of February 28, 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 \$\_\_\_\_\_ \* 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: (y) 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

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\* Preliminary, subject to change.

## 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 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 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:

#### SOURCES:

Principal Amount of Series 2018 Bonds .....	\$
Net Original Issue Premium .....	
Corporation Contribution .....	
<b>Total</b> .....	<b>\$</b> _____

#### USES:

Student Loan Fund .....	\$
Debt Service Reserve Fund .....	
Costs of Issuance (including the underwriting fee) .....	
<b>Total</b> .....	<b>\$</b> _____

### 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 co-signer 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 \$548 million of loans originated. The variable rate loan portfolio currently has over \$177 million in loan principal outstanding. Start here.

The Corporation established its Fixed Rate Loan Program in 2010. Accordingly, specific Fixed Rate Loan Program origination and performance data reflect a period that is shorter than the expected full repayment period applicable to Program Loans. As of February 28, 2018, the Fixed Rate Loan Program had approximately \$\_\_\_\_\_ in Program Loan principal outstanding, of which approximately \$\_\_\_\_\_ 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 FEBRUARY 28, 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 co-signer 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 co-signers. 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, 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 FEBRUARY 28, 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**

### **[TO BE FURTHER REVIEWED]**

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 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 the Bonds, Servicing and Administrative Fees and Indenture Expenses.

#### **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, co-signer credit evaluation, will be payable solely by the borrower and any applicable co-signer and will not be guaranteed by the Corporation or by any other person, other than by any such co-signer. 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,” “— 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 more common 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 Revenue 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 co-signers. 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 co-signer 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 FEBRUARY 28, 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 co-signers 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 February 28, 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 February 28, 2018 to the Date of Issuance or otherwise, the Financed Eligible Loans that are included in the described portfolio as of February 28, 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 FEBRUARY 28, 2018.” In addition, the proceeds of the Series 2018 Bonds and 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 FEBRUARY 28, 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 co-signers 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

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\* Preliminary, subject to change.

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 Co-signers**

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 co-signers 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 co-signer’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 co-signers. If a borrower or co-signer incurs additional debt after obtaining a Financed Eligible Loan, that additional debt may adversely affect the creditworthiness of the borrower or co-signer generally, and could result in the financial distress, insolvency, or bankruptcy of the borrower or co-signer. This circumstance could ultimately impair the ability of the borrower, or co-signer to make payments on the Financed Eligible Loan. To the extent that the borrower or co-signer has or incurs other indebtedness and cannot pay all of its indebtedness, the borrower or co-signer may choose to make payments to other creditors, rather than on the Financed Eligible Loans.

To the extent borrowers or co-signers 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 co-signer’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 the U.S. Senate Committee on Health, Education, Labor and Pensions have 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 establishes 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, including the Securities and Exchange Commission (the "SEC") and the Commodity Futures Trading Commission (the "CFTC"), 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 will have an impact on the Corporation, including as discussed below.



The Dodd-Frank Act gave the CFPB authority to supervise private education lenders. In addition, the CFPB supervises and examines certain non-bank student loan servicers that service more than 1 million borrower accounts to ensure that bank and non-bank servicers follow the same rules in the student loan servicing market. The rule covers both federal and private student loans. The Corporation does not currently service more than 1 million student loan borrower accounts; however, if in the future the Corporation were to service more than 1 million student loan borrower accounts, then the rule would become applicable to the Corporation. The CFPB began conducting its initial supervisory examinations of the large nonbank student loan servicers after the rule became effective in March 2014. If, in the course of an examination, the CFPB were to determine that a Servicer or the Corporation is 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.

In addition to its supervisory authority, the CFPB has broad authority to enforce compliance with federal consumer financial laws applicable to private student lenders and student 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.

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

### **[TO BE UPDATED]**

#### **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.

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 on April 28, 2017.

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:

**DIRECTORS**

Dorothy R. Mitchell  
Chair

Martha P. Heath  
Vice-Chair

David Larsen  
Secretary

Elizabeth Pearce  
*Ex-officio*

Senator Ann E. Cummings

Representative Matthew Trieber

Pamela A. Chisholm

David Coates

G. Dennis O'Brien

Michael K. Smith

Chuck Soule

**PRINCIPAL OCCUPATIONS OR AFFILIATIONS**

Higher Education and Community Volunteer  
Worcester, Vermont

Retired, Former Member, Vermont House of Representatives  
Westford, Vermont

Middle School Educator (Retired)  
Wilmington, Vermont

Treasurer, State of Vermont  
Montpelier, Vermont

Vermont State Senator  
Montpelier, Vermont

Vermont House of Representatives  
Bellows Falls, Vermont

Associate Dean for Enrollment Services  
Community College of Vermont  
Montpelier, Vermont

Retired Managing Partner of the Burlington, Vermont  
KPMG office  
Colchester, Vermont  
President Emeritus, University of Rochester  
Middlebury, Vermont

Retired, Former President, FairPoint Communications  
of Vermont  
Westford, Vermont

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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](http://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:

**NAME****POSITION**

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 the past 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.

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." **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 co-signer.**

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 Higher Education Act, as amended by the Omnibus Budget Reconciliation Act of 1987, requires that any guaranty agency, including the State Guarantor, return certain advances and not accumulate cash reserves in excess of an amount determined by the Secretary of Education.

The Corporation serviced Federal Act Loans originated by the Department under the Higher Education Act program commonly known as the "Direct Loan Program" (the "Direct Loans") from November 1, 2012 through August 15, 2016, when the Corporation voluntarily withdrew from participation as a servicer in the Direct Loan Program. The Corporation does not expect that its ceasing to service loans under the Direct Loan Program, or related staff reductions, will materially adversely affect the overall financial condition of the Corporation or its ability to discharge its obligations with respect to Program Loans. See "—Servicing of Education Loans."

### **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 in the principal amount of \$3,600,000. ] The general obligation note is not payable from or secured by the Indenture or any of the collateral held under the Indenture. The note is expected to be amortized over a period of five years.

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 1, 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**

### **[STATEMENT AS TO BAML SECURITIES TO COME]**

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 will be paid underwriting fees and expenses by the Corporation in an amount equal to \$\_\_\_\_\_. 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 FEBRUARY 28, 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 FEBRUARY 28, 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, 2016 and June 30, 2015, 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.

## **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  
President/CEO

## **APPENDIX A**

### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

**ARTICLE VII 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 FEBRUARY 28, 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 FEBRUARY 28, 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 co-signer (each a “Co-signer”). The Student Borrower generally must be a Vermont resident or be attending a Vermont based school. Each of the Student Borrower and the Co-signer 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 Co-signer may be released from his or her obligation on a Program Loan after 48 payments have been made on such Program Loan. For a Co-signer 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 Co-signer 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 \_\_\_\_% per annum if the Student Borrower chooses to begin immediate repayment, \_\_\_\_% per annum if the Student Borrower chooses to defer principal while the Student Borrower is in school or \_\_\_\_% 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 Co-signer;
- (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 \_\_\_\_% per annum if the Parent Borrower chooses to begin immediate repayment or \_\_\_\_% 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 \_\_\_\_%\* 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 \_\_\_\_%\* 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, \$\_\_\_\_\_ \* and \$\_\_\_\_\_ \* of such Eligible Loans described in clauses (i) or (ii) of this paragraph (a) prior to June 15, 2019\*;

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\* Preliminary, subject to change.

- (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 \_\_\_\_%\* 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 \$\_\_\_\_\_\* 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 \_\_\_\_%\* 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 \$\_\_\_\_\_\* 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 \$\_\_\_\_\_\* 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 \_\_\_\_%\* 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 \$\_\_\_\_\_\* 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 Co-signer 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 Co-signer. Parent Borrowers are not required to have a Co-signer. 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 Co-signer 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.

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\* Preliminary, subject to change.

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**

*The Fixed Rate Loan Program.* 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 Co-signer 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.

When a Student Borrower or either a Parent Borrower or the benefitted student dies or becomes totally and permanently disabled (as documented according to the requirements of the Corporation), the Corporation releases the Student Borrower and Co-signer or releases the Parent Borrower, as applicable (and, in each instance, his or her estate), from liability on such Financed Eligible Loan.

### **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 February 28, 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 FEBRUARY 28, 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 co-signers. 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 (Co-signer) .....	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
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.

<b>Loan Status</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
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>
TOTAL	<u>16,118</u>	<u>\$176,801,040</u>	<u>100.00%</u>

<b>Remaining Term (months)</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
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>
TOTAL	<u>16,118</u>	<u>\$176,801,040</u>	<u>100.00%</u>

<b>Days Delinquent (Loans in Repayment Only)</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
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	<u>-</u>	<u>-</u>	<u>0.00</u>
TOTAL	<u>16,118</u>	<u>\$176,801,040</u>	<u>100.00%</u>





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.

<b>Grade Level</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
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>	<b>16,118</b>	<b>\$176,801,040</b>	<b>100.00%</b>

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:

<b>School Type</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
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>	<b>16,118</b>	<b>\$176,801,040</b>	<b>100.00%</b>

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.

<b>Principal Balance by Loan</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
\$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+	<u>1</u>	<u>78,547</u>	<u>0.04</u>
TOTAL	<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 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</b>
University of Vermont 003696	2,138	\$21,174,651	11.98%
Vermont Technical College 003698	1,275	10,947,755	6.19
Castleton University 003683	1,358	10,594,662	5.99
Saint Michael's College 003694	646	7,677,512	4.34
Champlain College 003684	548	7,262,388	4.11
Northern Vermont University 003688	666	4,313,146	2.44
Norwich University 003692	376	4,236,096	2.40
Northern Vermont University - Lyndon 003689	569	3,908,504	2.21
University of New Hampshire 002589	298	3,786,807	2.14
New England Culinary Institute 022540	272	3,023,036	1.71
Keene State College 002590	234	2,328,249	1.32
University of New England 002050	156	2,268,316	1.28
Endicott College 002148	132	2,116,878	1.20
Clarkson University 002699	150	2,018,938	1.14
Southern Vermont College 003693	189	1,900,757	1.08
Plattsburgh State University of New York 002849	157	1,602,582	0.91
Rochester Institute of Technology 002806	113	1,550,275	0.88
Plymouth State College - USNH 002591	144	1,488,663	0.84
Southern New Hampshire University 002580	118	1,426,243	0.81
Saint Lawrence University 002829	<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>

【When a Student Borrower dies or becomes totally and permanently disabled (as documented according to the requirements of the Corporation), the Corporation’s current policy is to release the Student Borrower (and his or her estate) and the Co-Signer from liability on such Program Loan.】

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 February 28, 2018 with respect to the current Fiscal Year). The first table provides such information with respect to all loans, while the remaining three tables provide such information with respect to loans with the same repayment option. 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**

<b>Repayment Year</b>	<b>Principal Balance at Repayment</b>	<b>Periodic Defaults by Repayment Year of Default<sup>(1)</sup></b>							<b>Totals</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	
2011	\$	__%	__%	__%	__%	__%	__%	__%	__%
2012									
2013									
2014									
2015									
2016									
2017									
2018	\$								

<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>							Totals
		1	2	3	4	5	6	7	
2011	\$	__%	__%	__%	__%	__%	__%	__%	__%
2012									
2013									
2014									
2015									
2016									
2017									
2018	\$								

<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

Repayment Year	Principal Balance at Repayment	Periodic Defaults by Repayment Year of Default <sup>(1)</sup>							Totals
		1	2	3	4	5	6	7	
2011	__%	__%	__%	__%	__%	__%	__%	__%	__%
2012									
2013									
2014									
2015									
2016									
2017									
2018	\$								

<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

Repayment Year	Principal Balance at Repayment	Periodic Defaults by Repayment Year of Default <sup>(1)</sup>							Totals
		1	2	3	4	5	6	7	
2011	\$	__%	__%	__%	__%	__%	__%	__%	__%
2012									
2013									
2014									
2015									
2016									
2017									
2018	\$								

1

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<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 FEBRUARY 28, 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 February 28, 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 (Co-signer)	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	<u>50</u>	<u>621,237</u>	<u>0.62</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 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%to5.00%	796	\$ 9,813,680	9.84%
5.01%to5.50%	756	9,768,375	9.79
5.51%to6.00%	1,401	15,725,653	15.76
6.01%to6.50%	2,098	26,987,228	27.05
6.51%to7.00%	1,336	13,708,956	13.74
7.01%to7.50%	1,352	16,494,674	16.53
7.51%to8.00%	724	7,278,797	7.30
8.01%to8.50%	<u>-</u>	<u>-</u>	<u>0.00</u>
<b>TOTAL</b>	<b><u>8,463</u></b>	<b><u>\$99,777,362</u></b>	<b><u>100.00%</u></b>



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

<b>Loan Payment Status</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Principal Balance</b>
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>	<b><u>8,463</u></b>	<b><u>\$99,777,362</u></b>	<b><u>100.00%</u></b>

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

<b>Loan Payment Status</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
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>	<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 Number of Days Delinquent  
(Loans in Repayment Only)**

<b>Days Delinquent</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
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>	<b>8,463</b>	<b>\$99,777,362</b>	<b>100.00%</b>

**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>
TOTAL	8,463	\$99,777,362	100.00%

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

<b>School Type</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>
TOTAL	8,463	\$99,777,362	100.00%

**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>
TOTAL	<u>8,463</u>	<u>\$99,777,362</u>	<u>100.00%</u>

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

School Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Balance
\$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
TOTAL	<u>8,463</u>	<u>\$99,777,362</u>	<u>100.00%</u>

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

School Name	Number of Loans	Aggregate Principal Balance	Percentage of Principal Balance
University of Vermont and State Agricultural College 003696	1,180	\$12,461,067	12.49%
Vermont Technical College 003698	657	5,933,449	5.95
Castleton State College 003683	673	5,500,211	5.51
Champlain College 003684	273	3,999,875	4.01
Saint Michael's College 003694	305	3,940,032	3.95
Norwich University 003692	190	2,443,082	2.45
University of New Hampshire 002589	174	2,344,200	2.35
Johnson State College 003688	316	2,027,463	2.03
Lyndon State College 003689	251	1,855,236	1.86
University of New England 002050	90	1,392,514	1.40
Keene State College 002590	135	1,364,588	1.37
Endicott College 002148	75	1,304,090	1.31
Clarkson University 002699	91	1,190,211	1.19

<b>School Name</b>	<b>Number of Loans</b>	<b>Aggregate Principal Balance</b>	<b>Percentage of Principal Balance</b>
New England Culinary Institute 022540	99	1,143,415	1.15
Rochester Institute of Technology 002806	67	985,598	0.99
Southern Vermont College 003693	81	929,723	0.93
Albany College of Pharmacy and Health Sciences 002885	40	927,090	0.93
Plymouth State University of the University System of New Hampshire 002591	85	914,150	0.92
State University of New York College at Plattsburgh 002849	85	892,046	0.89
St. Lawrence University 002829	<u>56</u>	<u>827,385</u>	<u>0.83</u>
TOTAL	<u>4,923</u>	<u>\$52,375,424</u>	<u>52.49%</u>

PROPOSED FORM OF BOND COUNSEL OPINION

June \_\_, 2018

**[\$31,875,000]**  
**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 [\$29,575,000] aggregate principal amount of its Education Loan Revenue Bonds, Senior Series 2018A (the “Series 2018A Bonds”) and [\$2,300,000] 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 \_\_\_\_\_ (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 [\$29,575,000] (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 [\$2,300,000] (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 no-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 FEBRUARY 28, 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:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;
- (vii) modifications to rights of Holders of Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) 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;
- (xiii) 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
- (xiv) 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 \_\_, 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: \_\_\_\_\_