
FIRST SUPPLEMENTAL INDENTURE OF TRUST

between

HIGHER EDUCATION FUNDING I

and

**THE BANK OF NEW YORK,
as Trustee**

Dated as of January 1, 2004

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FIRST SUPPLEMENTAL INDENTURE OF TRUST

THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST (this “First Supplemental Indenture”), dated as of January 1, 2004, between **HIGHER EDUCATION FUNDING I**, a Delaware statutory trust (the “Issuer”), and **THE BANK OF NEW YORK**, a banking corporation duly established, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the State of New York (the “Trustee”);

WITNESSETH:

WHEREAS, the Issuer, The Bank of New York, as eligible lender trustee, and the Trustee, as indenture trustee, have previously executed and delivered an Indenture of Trust, dated as of January 1, 2004 (as amended and supplemented from time to time, the “Indenture”); and

WHEREAS, the Indenture prescribes the terms and conditions upon which the Issuer may from time to time authorize and issue series of Notes (as defined in the Indenture); and

WHEREAS, the Issuer has authorized and determined to issue fifteen series of Senior Notes (collectively, the “Series 2004-1 Senior Notes”) and two series of Subordinate Notes (the “Series 2004-1 Subordinate Notes” and, together with the Series 2004-1 Senior Notes, the “Series 2004-1 Notes”) pursuant to the Indenture and this First Supplemental Indenture; and

WHEREAS, the Issuer desires by this First Supplemental Indenture to prescribe the terms and provisions of the Series 2004-1 Notes all as more fully set forth herein; and

WHEREAS, pursuant to Section 8.01(e) of the Indenture, the Issuer and the Trustee may amend the Indenture without consent of, or notice to, any of the Holders or any Other Beneficiary to authorize the issuance of a series of Notes, subject to the requirements of Article II of the Indenture; and

WHEREAS, the execution and delivery of this First Supplemental Indenture and the issuance of the Series 2004-1 Notes have been in all respects duly and validly authorized by the Issuer and all acts and things necessary to constitute this First Supplemental Indenture a valid supplemental indenture according to its terms have been done and performed;

NOW, THEREFORE, This First Supplemental Indenture Witnesseth:

Section 1. Definitions.

(a) In the event that any term or provision contained in this First Supplemental Indenture shall conflict with or be inconsistent with any provision contained in the Indenture, the terms and provisions of this First Supplemental Indenture shall govern with respect to the Series 2004-1 Notes.

(b) All capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Indenture; provided, that if a capitalized term is defined both in

this First Supplemental Indenture and the Indenture, with respect to the Series 2004-1 Notes, this First Supplemental Indenture shall govern.

(c) In addition, the following terms shall have the following respective meanings unless the context hereof clearly requires otherwise:

“Acquisition Period” means, with respect to the use of proceeds of any series of the Series 2004-1 Notes in the Acquisition Fund, the period beginning on the Closing Date for such series and ending on and including (a) May 31, 2004 with respect to the Series 2004-1 Notes issued on March 5, 2004 and (b) the date which is 90 days from the Closing Date for such series with respect to the Series 2004-1 Notes issued on a date other than March 5, 2004, or such later dates as may be provided by Issuer Order; provided that a Rating Agency Confirmation shall have been obtained with respect to each such Issuer Order.

“Administration Fee” means a monthly fee equal to the greater of (a) 1/12 of 0.05% of the ending Principal Balance of the Financed Student Loans, plus accrued interest thereon, during the preceding month, and (b) \$20,833, or such greater or lesser amount as may be provided by Issuer Order (provided that a Rating Agency Confirmation is obtained with respect to any increase in such amount).

“All Hold Rate” means, on any date of determination, the Applicable LIBOR-Based Rate less 0.25%, provided that in no event shall the applicable All Hold Rate be greater than the applicable Maximum Rate.

“Applicable Interest Rate” means the rate of interest per annum borne from time to time by a series of the Series 2004-1 Notes, which shall be (a) during the Initial Interest Period for such series, the Initial Interest Rate, and (b) during each Interest Period thereafter, the rate of interest determined in accordance with the provisions of Sections 4 through 12 hereof.

“Applicable LIBOR-Based Rate” means (a) for an Auction Period of 35 days or less, One-Month LIBOR, (b) for an Auction Period of more than 35 days but less than 115 days, Three-Month LIBOR, (c) for an Auction Period of more than 114 days but less than 195 days, Six-Month LIBOR, and (d) for an Auction Period of more than 194 days, One-Year LIBOR.

“Applicable Number of Business Days” means the greater of two Business Days or one Business Day plus the number of Business Days by which the Auction Date precedes the first day of the next succeeding Interest Period.

“Auction” means the implementation of the Auction Procedures on an Auction Date.

“Auction Agent” means the Initial Auction Agent under the Initial Auction Agent Agreement unless and until a Substitute Auction Agent Agreement becomes effective, after which “Auction Agent” means the Substitute Auction Agent.

“Auction Agent Agreement” means the Initial Auction Agent Agreement unless and until a Substitute Auction Agent Agreement is entered into, after which “Auction Agent Agreement” means such Substitute Auction Agent Agreement.

“*Auction Agent Fee*” shall have the meaning ascribed to such term in the Auction Agent Agreement.

“*Auction Agent Fee Rate*” shall have the meaning ascribed to such term in the Auction Agent Agreement.

“*Auction Date*” means, initially, with respect to the Series 2004-1A-1 Senior Notes, March 29, 2004; with respect to the Series 2004-1A-2 Senior Notes, March 30, 2004; with respect to the Series 2004-1A-3 Senior Notes, April 5, 2004; with respect to the Series 2004-1A-4 Senior Notes, April 6, 2004; with respect to the Series 2004-1A-5 Senior Notes and the Series 2004-1B-1 Subordinate Notes, April 5, 2004; and with respect to the Series 2004-1A-6 Senior Notes, the Series 2004-1A-7 Senior Notes, the Series 2004-1A-8 Senior Notes, the Series 2004-1A-9 Senior Notes, the Series 2004-1A-10 Senior Notes, the Series 2004-1A-11 Senior Notes, the Series 2004-1A-12 Senior Notes, the Series 2004-1A-13 Senior Notes, the Series 2004-1A-14 Senior Notes, the Series 2004-1A-15 Senior Notes and the Series 2004-1B-2 Subordinate Notes, as set forth in an Issuer Order as described in Section 24 hereof; provided, that if the initial Auction Date with respect to any Series specified above is not a Business Day, the initial Auction Date shall be the Business Day immediately preceding the date so listed. Thereafter, with respect to each such series of Series 2004-1 Notes, the Auction Date means the Business Day immediately preceding the first day of each Auction Period for such series, other than:

- (a) an Auction Period commencing after the ownership of such series is no longer maintained in Book-Entry Form by the Securities Depository;
- (b) an Auction Period commencing after the occurrence and during the continuance of a Payment Default; or
- (c) an Auction Period commencing less than the Applicable Number of Business Days after the cure or waiver of a Payment Default.

Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed pursuant to Section 11 of this First Supplemental Indenture.

“*Auction Period*” means the Interest Period applicable to each series of the Series 2004-1 Notes, which Auction Period (after the Initial Interest Period for each such series) initially shall consist generally of 28 days, as the same may be adjusted pursuant to Section 10 hereof.

“*Auction Period Adjustment*” means an adjustment to the Auction Period as provided in Section 10 hereof.

“*Auction Procedures*” means the procedures set forth in Section 4 through Section 11 hereof by which the Auction Rate is determined.

“*Auction Rate*” means the rate of interest per annum that results from implementation of the Auction Procedures and is determined as described in Section 4(c)(ii) hereof.

“*Authenticating Agent*” means the Trustee and its successor or successors.

“*Authorized Denominations*” means, with respect to the Series 2004-1 Notes, \$50,000 and any integral multiple thereof.

“*Available Series 2004-1 Notes*” shall have the meaning ascribed to such term in Section 4(c)(i)(A) hereof.

“*Bid*” shall have the meaning ascribed to such term in Section 4(a)(i) hereof.

“*Bidder*” shall have the meaning ascribed to such term in Section 4(a)(i) hereof.

“*Book-Entry Form*” or “*Book-Entry System*” means a form or system under which (a) the beneficial right to principal and interest may be transferred only through a book entry and (b) physical securities in registered form are issued only to a Securities Depository or its nominee as registered holder, with the securities “immobilized” to the custody of the Securities Depository.

“*Borrower Benefits*” means (a) but only with respect to a Consolidation Loan with an interest rate of 5.00% or greater, (i) a rebate payment up to 1% of the principal balance of the Consolidation Loan if the borrower thereunder makes the first six monthly payments when due and (ii) a 0.25% reduction in the interest rate on the Consolidation Loan if the borrower thereunder uses an ACH direct debit system, and (b) with respect to any Eligible Loans, any other borrower benefit programs for which the Issuer receives a Rating Agency Confirmation.

“*Broker-Dealer*” means (a) initially, with respect to the Series 2004-1 Notes, UBS Financial Services Inc.; and (b) with respect to any series of Series 2004-1 Notes, any other broker or dealer (each as defined in the Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that (i) is a Participant (or an affiliate of a Participant), (ii) has been appointed as such with respect to such series of Series 2004-1 Notes by the Issuer pursuant to Section 9 hereof and (iii) has entered into a Broker-Dealer Agreement that is in effect on the date of reference.

“*Broker-Dealer Agreement*” means each agreement between the Auction Agent and a Broker-Dealer, approved by the Issuer, pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as such agreement may from time to time be amended or supplemented. Each Broker-Dealer Agreement shall be in substantially the form of the Broker-Dealer Agreement, dated as of January 1, 2004, between The Bank of New York, as Auction Agent, and UBS Financial Services Inc., as Broker-Dealer.

“*Broker-Dealer Fee*” shall have the meaning ascribed to such term in the Auction Agent Agreement.

“*Broker-Dealer Fee Rate*” shall have the meaning ascribed to such term in the Auction Agent Agreement.

“*Business Day*” means any day other than December 30, December 31, April 14, April 15, such other dates as may be agreed to in writing by the Trustee, the Market Agent, the Auction Agent, the Broker-Dealer and the Issuer, or a Saturday, Sunday, holiday or day on

which banks located in the City of New York, New York, or the New York Stock Exchange, the Trustee or the Auction Agent, are authorized or permitted by law or executive order to close.

“Carry-Over Amount” means the excess, if any, of (a) the amount of interest on a Series 2004-1 Note that would have accrued with respect to the related Auction Period at the lesser of the Auction Rate or the Maximum Interest Rate over (b) the amount of interest on such Series 2004-1 Note actually accrued with respect to such Series 2004-1 Note, with respect to such Auction Period based on the Maximum Rate, together with the unpaid portion of any such excess from prior Auction Periods; provided that any reference to “principal” or “interest” in this First Supplemental Indenture, in the Indenture and in the Series 2004-1 Notes shall not include, within the meanings of such words, any Carry-Over Amount or any interest accrued on any Carry-Over Amount.

“Closing Date” means, (a) with respect to the Series 2004-1A-1 Senior Notes, the Series 2004-1A-2 Senior Notes, the Series 2004-1A-3 Senior Notes, the Series 2004-1A-4 Senior Notes, the Series 2004-1A-5 Senior Notes and the Series 2004-1B-1 Subordinate Notes, March 5, 2004; (b) with respect to the Series 2004-1A-6 Senior Notes, the Series 2004-1A-7 Senior Notes, the Series 2004-1A-8 Senior Notes and the Series 2004-1B-2 Subordinate Notes on or about April 1, 2004, or such other date set forth in an Issuer Order; (c) with respect to the Series 2004-1A-9 Senior Notes, the Series 2004-1A-10 Senior Notes, the Series 2004-1A-11 Senior Notes and the Series 2004-1A-12 Senior Notes on or about May 5, 2004, or such other date set forth in an Issuer Order; and (d) with respect to the Series 2004-1A-13 Senior Notes, the Series 2004-1A-14 Senior Notes and the Series 2004-1A-15 Senior Notes, on or about June 2, 2004, or such other date set forth in an Issuer Order; in each case the date of initial issuance and delivery of the Series 2004-1 Notes hereunder.

“CP Rate” means, for each month, the rate as will be in effect on the second Business Day preceding the 25th day of such month (such date, the “Reset Date”) that is the bond equivalent yield of the rate set forth in H.15(519) for that Reset Date opposite the 90 day maturity and under the caption “Commercial paper-Financial.” If, by 5:00 p.m., New York City time, on the Business Day immediately following the Reset Date, such rate for the Reset Date is not yet published in H.15(519), the CP Rate for such month will be the bond equivalent yield of the rate for the first preceding day for which such rate is set forth in H.15(519) opposite the 90 day maturity and under the caption “Commercial paper-Financial.”

“Eligible Carry-Over Make-Up Amount” means, with respect to each Interest Period relating to a series of Series 2004-1 Notes as to which, as of the first day of such Interest Period, there is any unpaid Carry-Over Amount, an amount equal to the lesser of (a) interest computed on the principal balance of such series in respect of such Interest Period at a per annum rate equal to the excess, if any, of the Maximum Rate over the Applicable Interest Rate, and (b) the aggregate Carry-Over Amount remaining unpaid as of the first day of such Interest Period together with interest accrued and unpaid thereon through the end of such Interest Period. The Eligible Carry-Over Make-Up Amount shall be \$0.00 for any Interest Period with respect to which the Maximum Auction Rate equals or exceeds the Auction Rate.

“Existing Holder” means (a) with respect to and for the purpose of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the

Existing Holder Registry at the close of business on the Business Day immediately preceding such Auction and (b) with respect to and for the purpose of dealing with the Broker-Dealer in connection with an Auction, a Person who is a Beneficial Owner of Series 2004-1 Notes.

“Existing Holder Registry” means the registry of Persons who are owners of the Series 2004-1 Notes, maintained by the Auction Agent as provided in the Auction Agent Agreement.

“First Supplemental Indenture” means this First Supplemental Indenture of Trust, dated as of January 1, 2004, between the Issuer and the Trustee, as amended or supplemented in accordance with the terms hereof and of the Indenture.

“Hold Order” shall have the meaning ascribed to such term in Section 4(a)(i) hereof.

“Indenture” means the Indenture of Trust, dated as of January 1, 2004, from the Issuer, and The Bank of New York, as Eligible Lender Trustee, to the Trustee, as amended and supplemented from time to time.

“Initial Auction Agent” means The Bank of New York, a New York banking corporation, its successors and assigns, in its capacity as auction agent under the Initial Auction Agent Agreement.

“Initial Auction Agent Agreement” means the Auction Agent Agreement, dated as of January 1, 2004, by and among the Issuer, the Trustee and the Initial Auction Agent, including any amendment thereof or supplement thereto.

“Initial Interest Period” means, as to a series of Series 2004-1 Notes, the period commencing on the Closing Date and continuing through the day immediately preceding the Initial Interest Rate Adjustment Date for such series.

“*Initial Interest Rate*” means for each series of Series 2004-1 Notes, the per annum rate set forth below:

Series	Initial Interest Rate
Series 2004-1A-1	1.14%
Series 2004-1A-2	1.14
Series 2004-1A-3	1.14
Series 2004-1A-4	1.14
Series 2004-1A-5	1.14
Series 2004-1A-6	*
Series 2004-1A-7	*
Series 2004-1A-8	*
Series 2004-1A-9	*
Series 2004-1A-10	*
Series 2004-1A-11	*
Series 2004-1A-12	*
Series 2004-1A-13	*
Series 2004-1A-14	*
Series 2004-1A-15	*
Series 2004-1B-1	1.23
Series 2004-1B-2	*

* To be specified in an Issuer Order as described in Section 24(b)(iii) hereof.

“*Initial Interest Rate Adjustment Date*” means for each series of Series 2004-1 Notes, the date set forth below (or if such date is not a Business Day, the following Business Day):

Series	Initial Interest Rate Adjustment Date
Series 2004-1A-1	March 30, 2004
Series 2004-1A-2	March 31, 2004
Series 2004-1A-3	April 6, 2004
Series 2004-1A-4	April 7, 2004
Series 2004-1A-5	April 13, 2004
Series 2004-1A-6	*
Series 2004-1A-7	*
Series 2004-1A-8	*
Series 2004-1A-9	*
Series 2004-1A-10	*
Series 2004-1A-11	*
Series 2004-1A-12	*
Series 2004-1A-13	*
Series 2004-1A-14	*
Series 2004-1A-15	*
Series 2004-1B-1	April 13, 2004
Series 2004-1B-2	*

* To be specified in an Issuer Order as described in Section 24(b)(iii) hereof.

“*Interest Payment Date*” means (a) each regularly scheduled interest payment date on the Series 2004-1 Notes, which for each series of Series 2004-1 Notes shall be the Business Day immediately following the expiration of the Initial Interest Period for such series and each related Interest Period thereafter; or (b) with respect to the payment of interest upon redemption or acceleration of the Series 2004-1 Notes or the payment of Defaulted Interest, such date on which such interest is payable under the Indenture.

“*Interest Period*” means (a) with respect to each series of Series 2004-1 Notes, unless otherwise changed as described herein, initially, the Initial Interest Period for the applicable series of Series 2004-1 Notes and, thereafter, each successive period of generally 28 days, commencing on the first Business Day following the applicable Series Auction Date, and ending on (and including) the next applicable Series Auction Date (unless such date is not followed by a Business Day, in which case on the next succeeding day that is followed by a Business Day); and (b) if the Auction Periods are changed as provided herein, each period commencing on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date. By way of example, if an Interest Period ordinarily would end on a Tuesday, but the following Wednesday is not a Business Day, the Interest Period will end on that Wednesday and the new Interest Period will begin on Thursday.

“Interest Rate Adjustment Date” means the date on which the interest rate on a series of Series 2004-1 Notes is effective, which for each series of Series 2004-1 Notes shall be the date of commencement of each Auction Period for such series.

“Interest Rate Determination Date” means for each series of Series 2004-1 Notes, the Auction Date for such series, or, if no Auction Date is applicable to such series, the Business Day immediately preceding the date of commencement of an Auction Period.

“LIBOR Determination Date” means the Auction Date, or if no Auction Date is applicable, the Business Day immediately preceding the first day of the applicable Interest Period.

“Market Agent” means UBS Financial Services Inc., or with respect to any series of Series 2004-1 Notes, any successor in such capacity hereunder.

“Market Agent Agreement” means the Market Agent Agreement, dated as of January 1, 2004, between the Market Agent and the Trustee, including any supplement thereto or amendment thereof.

“Maximum Auction Rate” means, for any Auction, a per annum interest rate on the Series 2004-1 Notes which, when taken together with the interest rate on the Series 2004-1 Notes for the one-year period ending on the final day of the proposed Auction Period, would result in the average interest rate on the Series 2004-1 Notes for such period either (a) not being in excess (on a per annum basis) of the average of the Ninety-One Day United States Treasury Bill Rate plus 1.20% for such one-year period (if any one of the ratings assigned by the Rating Agencies to the Series 2004-1 Notes are “Aa3” or “AA-” or better), (b) not being in excess (on a per annum basis) of the Ninety-One Day United States Treasury Bill Rate plus 1.50% for such one-year period (if any one of the ratings assigned by the Rating Agencies to the Series 2004-1 Notes is less than “Aa3” or “AA-,” but both are at least any category of “A”), or (c) not being in excess (on a per annum basis) of the average of Ninety-One Day United States Treasury Bill Rate plus 1.75% for such one-year period (if any one of the ratings assigned by the Rating Agencies to the Series 2004-1 Notes is less than the lowest category of “A”); provided, however, that if the Series 2004-1 Notes have not been Outstanding for at least such one-year period then for any portion of such period during which such Series 2004-1 Notes were not Outstanding, the interest rates on the Series 2004-1 Notes for purposes of this definition shall be deemed to be equal to such rates as the Market Agent shall determine were the rates of interest on equivalently rated auction securities with comparable lengths of auction periods during such period; provided further, however, that for any Auction with respect to any Series 2004-1 Notes rated any category of “A” or better by Moody’s & S&P, respectively, the Maximum Auction Rate shall not exceed the Applicable LIBOR-Based Rate plus 1.50%; and, provided further, however, that this definition may be modified at the direction of the Issuer upon receipt by the Trustee of (i) written consent of the Market Agent and (ii) written consent from each Rating Agency then rating the Series 2004-1 Notes that such change will not in and of itself result in a reduction of the rating on any Series 2004-1 Notes. For purposes of the Auction Agent Agreement and the Auction Procedures, the ratings referred to in this definition shall be the last ratings of which the Auction Agent has been given notice pursuant to the Auction Agent Agreement. The percentage amount to be added to the Ninety-One Day United States Treasury Bill Rate in any one or more of (a),

(b) or (c) above may be increased by delivery to the Auction Agent and the Trustee of a certificate signed by an Authorized Officer of the Issuer directing such increase, together with a Rating Agency Confirmation with respect to such increase.

“*Maximum Interest Rate*” means the lesser of (a) 17% per annum (or such higher rate as the Issuer may establish upon receipt of a Rating Agency Confirmation) or (b) the highest rate the Issuer may legally pay, from time to time, as interest on the Series 2004-1 Notes.

“*Maximum Rate*” on any date of determination, means the interest rate per annum equal to the least of: (a) the Maximum Auction Rate, (b) the Maximum Interest Rate and (c) during the occurrence of a Net Loan Rate Restriction Period, the Net Loan Rate, in each case rounded to the nearest one-thousandth (0.001) of 1%.

“*Net Loan Rate*” means, with respect to any Auction Period, the rate of interest per annum (rounded to the next highest 0.01%) equal to the amount determined by dividing (a) the product of 12 times the sum of the following amounts accrued during the most recent calendar month that ended at least 25 days before the start of such Auction Period: (i) interest (including Interest Subsidy Payments), assumed Special Allowance Payments and late fees collected with respect to the Financed Student Loans, after giving effect to borrower incentive and similar programs, plus (ii) investment earnings on amounts in the Funds, plus (iii) any Counterparty Swap Payments, minus (iv) any rebate fees due to the U.S. Department of Education with respect to Financed Student Loans that are Consolidation Loans, minus (v) any Issuer Swap Payments, minus (vi) the interest accrued on all Outstanding Notes other than those that bear interest based upon an auction mode, minus (vii) the Note Fees, Administration Fees and Servicing Fees; by (b) the aggregate principal balance of all Notes bearing interest based upon an auction mode that are Outstanding on the date of such calculation. For this purpose, the Special Allowance Payment shall be computed based upon the bond equivalent yield of 91-day United States Treasury Bills most recently auctioned, or the CP Rate, as applicable (whether or not the actual Special Allowance Payment rate could then be determined); and, provided further, however, that this definition may be modified at the direction of the Issuer upon receipt by the Trustee of (i) written consent of the Market Agent and (ii) written consent from each Rating Agency then rating the Series 2004-1 Notes that such change will not in and of itself result in a reduction of the rating on any Series 2004-1 Notes.

“*Net Loan Rate Restriction Period*” means, with respect to any series of the Series 2004-1 Notes, the period of time from and including a Net Loan Rate Trigger Date to but excluding a Net Loan Rate Termination Date.

“*Net Loan Rate Termination Date*” means, for a series of Series 2004-1 Notes for which the Net Loan Rate Trigger Date has occurred, the 25th day of a month which immediately follows two consecutive months for which both (a) the daily weighted average of the Auction Rates for each series of Notes bearing interest based upon an auction mode in effect during the month for which such calculation is being made was equal to or less than a per annum rate equal to the sum of (i) the bond equivalent yield of 91-day United States Treasury Bills sold at the last auction prior to the 25th day of the month for which such calculation is being made plus (ii) 1.0%; and (b) the most recently available Three-Month LIBOR as of the Reset Date for the

CP Rate in the month for which such calculation is being made is less than the sum of (i) the CP Rate for the month for which such calculation is being made plus (ii) 0.25%.

“*Net Loan Rate Trigger Date*” means, for a series of Series 2004-1 Notes, the 25th day of a month which immediately follows three consecutive months for which either (a) the daily weighted average of the Auction Rates for each series of Notes bearing interest based upon an auction made in effect during the month for which such calculation is being made exceeded a per annum rate equal to the sum of (i) the bond equivalent yield of the 91-day United States Treasury Bills sold at the last auction prior to the 25th day of the month for which such calculation is being made plus (ii) 1.0%; or (b) the most recently available Three-Month LIBOR as of the Reset Date for the CP Rate in the month for which such calculation is being made is equal to or greater than the sum of (i) the CP Rate for the applicable month plus (ii) 0.25%.

“*Ninety-One Day United States Treasury Bill Rate*” means the bond-equivalent yield on the 91-day United States Treasury Bills sold at the last auction thereof that immediately precedes the Auction Date, as determined by the Market Agent on the Auction Date.

“*Non-Payment Rate*” means for any determination date, a rate per annum equal to the lesser of (a) the sum of (i) One-Month LIBOR and (ii) 150 basis points and (b) the Maximum Interest Rate.

“*Note Registrar*” means, with respect to the Series 2004-1 Notes, the Trustee.

“*One-Month LIBOR*,” “*Three-Month LIBOR*,” “*Six-Month LIBOR*” or “*One-Year LIBOR*” means the offered rate, as determined by the Auction Agent or Trustee, as applicable, of the Applicable LIBOR-Based Rate for United States dollar deposits which appears on Telerate Page 3750, as reported by Bloomberg Financial Markets Commodities News (or such other page as may replace Telerate Page 3750 for the purpose of displaying comparable rates) as of approximately 11:00 a.m., London time, on the LIBOR Determination Date; provided, that if on any calculation date, no rate appears on Telerate Page 3750 as specified above, the Auction Agent or Trustee, as applicable, shall determine the arithmetic mean of the offered quotations of four major banks in the London interbank market, for deposits in U.S. dollars for the respective periods specified above to the banks in the London interbank market as of approximately 11:00 a.m., London time, on such calculation date and in a principal amount of not less than \$1,000,000 that is representative of a single transaction in such market and at such time, unless fewer than two such quotations are provided, in which case, the Applicable LIBOR-Based Rate shall be the arithmetic mean of the offered quotations that leading banks in New York City selected by the Auction Agent or Trustee, as applicable, are quoting on the relevant LIBOR Determination for loans in U.S. dollars to leading European banks in a principal amount of not less than \$1,000,000 that is representative of a single transaction in such market at such time. All percentages resulting from such calculations shall be rounded upwards, if necessary, to the nearest one-hundredth of one percent.

“*Order*” shall have the meaning ascribed to such term in Section 4(a)(i) hereof.

“*Participant*” means a member of, or participant in, the Securities Depository.

“*Paying Agent*” means the Trustee and its successor or successors or any other commercial bank designated in accordance herewith as the party from whom principal of, premium, if any, or interest on the Series 2004-1 Notes is payable to the Holders thereof.

“*Payment Default*” means, with respect to a series of Series 2004-1 Notes, (a) a default in the due and punctual payment of any installment of interest on such series, or (b) the circumstance that on any Auction Date there are insufficient moneys in the Debt Service Fund to pay, or otherwise held by the Trustee under the Indenture and available to pay, the principal of and interest due on the Series 2004-1 Notes of such series on the Interest Payment Date immediately following such Auction Date.

“*Potential Holder*” means any Person (including an Existing Holder) that is (a) a Broker-Dealer when dealing with the Auction Agent and (b) a potential Beneficial Owner when dealing with a Broker-Dealer, who may be interested in acquiring Series 2004-1 Notes (or, in the case of an Existing Holder thereof, an additional Principal Amount of Series 2004-1 Notes).

“*Regular Record Date*” means, with respect to any series of Series 2004-1 Notes, (a) so long as Interest Payment Dates are specified to occur at the end of each Auction Period, the Applicable Number of Business Days immediately preceding each Interest Payment Date and (b) if and for so long as interest on such series of Series 2004-1 Notes is payable semiannually, one Business Day prior to each Interest Payment Date.

“*Reserve Fund Requirement*” means, with respect to all Notes, on each Monthly Calculation Date, an amount equal to (a) 0.75% of the aggregate Principal Amount of Notes then Outstanding or (b) such other amount specified as the Reserve Fund Requirement in another Supplemental Indenture; provided, however, that in no event shall the amount in the Reserve Fund be less than \$500,000. The Reserve Fund Requirement may not be changed pursuant to a Supplemental Indenture unless the Issuer and the Trustee shall have received a Rating Agency Confirmation with respect to such Supplemental Indenture.

“*Revolving Period*” means the period beginning on the date of issuance of any Series 2004-1 Notes and ending on January 1, 2005 or such later date as may be provided by Issuer Order, provided that a Rating Agency Confirmation shall have been obtained with respect to such Issuer Order.

“*Securities Depository*” means The Depository Trust Company, New York, New York, and its successors and assigns, or, if (a) the then-existing Securities Depository resigns from its functions as depository of the Series 2004-1 Notes or (b) the Issuer discontinues use of the Securities Depository pursuant to Section 17(c) hereof, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Series 2004-1 Notes and which is selected by the Issuer with the consent of the Trustee.

“*Sell Order*” shall have the meaning ascribed to such term in Section 4(a)(i) hereof.

“*Series Auction Date*” means (a) with respect to the Series 2004-1A-1 Senior Notes, Series 2004-1A-2 Senior Notes, Series 2004-1A-3 Senior Notes, Series 2004-1A-4 Senior Notes, Series 2004-1A-5 Senior Notes and the Series 2004-1B-1 Subordinate Notes, Wednesday, and

(b) with respect to all other Series 2004-1 Notes, as provided in an Issuer Order pursuant to Section 24 hereof.

“*Series 2004-1 Notes*” means, collectively, the Series 2004-1 Senior Notes and the Series 2004-1 Subordinate Notes.

“*Series 2004-1 Senior Notes*” means, collectively, the Series 2004-1A-1 Senior Notes, the Series 2004-1A-2 Senior Notes, the Series 2004-1A-3 Senior Notes, the Series 2004-1A-4 Senior Notes, the Series 2004-1A-5 Senior Notes, the Series 2004-1A-6 Senior Notes, the Series 2004-1A-7 Senior Notes, the Series 2004-1A-8 Senior Notes, the Series 2004-1A-9 Senior Notes, the Series 2004-1A-10 Senior Notes, the Series 2004-1A-11 Senior Notes, the Series 2004-1A-12 Senior Notes, the Series 2004-1A-13 Senior Notes, the Series 2004-1A-14 Senior Notes and the Series 2004-1A-15 Senior Notes.

“*Series 2004-1A-1 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-1.”

“*Series 2004-1A-2 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-2.”

“*Series 2004-1A-3 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-3.”

“*Series 2004-1A-4 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-4.”

“*Series 2004-1A-5 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$75,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-5.”

“*Series 2004-1A-6 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-6.”

“*Series 2004-1A-7 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$75,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-7.”

“*Series 2004-1A-8 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$75,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-8.”

“*Series 2004-1A-9 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-9.”

“*Series 2004-1A-10 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$75,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-10.”

“*Series 2004-1A-11 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$75,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-11.”

“*Series 2004-1A-12 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-12.”

“*Series 2004-1A-13 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-13.”

“*Series 2004-1A-14 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$75,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-14.”

“*Series 2004-1A-15 Senior Notes*” means the Senior Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-15.”

“*Series 2004-1 Subordinate Notes*” means, collectively, the Series 2004-1B-1 Subordinate Notes and the Series 2004-1B-2 Subordinate Notes.

“*Series 2004-1B-1 Subordinate Notes*” means the Subordinate Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Subordinate Series 2004-1B-1.”

“*Series 2004-1B-2 Subordinate Notes*” means the Subordinate Notes created and to be issued under this First Supplemental Indenture in the original Principal Amount of \$50,000,000 and designated as the “Auction Rate Student Loan Asset-Backed Notes, Subordinate Series 2004-1B-2.”

“*Submission Deadline*” means 1:00 p.m., New York City time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

“*Submitted Bid*” shall have the meaning ascribed to such term in Section 4(c)(i) hereof.

“*Submitted Hold Order*” shall have the meaning ascribed to such term in Section 4(c)(i) hereof.

“*Submitted Order*” shall have the meaning ascribed to such term in Section 4(c)(i) hereof.

“*Submitted Sell Order*” shall have the meaning ascribed to such term in Section 4(c)(i) hereof.

“*Substitute Auction Agent*” means the Person with whom the Trustee is directed by the Issuer to enter into a Substitute Auction Agent Agreement.

“*Substitute Auction Agent Agreement*” means an auction agent agreement containing terms substantially similar to the terms of the Initial Auction Agent Agreement, whereby a Person having the qualifications required by Section 8 of this First Supplemental Indenture agrees with the Trustee and the Issuer to perform the duties of the Auction Agent under this First Supplemental Indenture.

“*Sufficient Bids*” shall have the meaning ascribed to such term in Section 4(c)(i)(B) hereof.

“*Winning Bid Rate*” shall have the meaning ascribed to such term in Section 4(c)(i)(C) hereof.

Section 2. Authorization and Terms of Series 2004-1 Notes. There is hereby created and there shall be (a) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-1,” (b) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-2,” (c) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-3,” (d) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-4,” (e) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-5,” (f) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-6,” (g) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-7,” (h) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-8,” (i) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-9,” (j) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-10,” (k) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-11,” (l) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-12,” (m) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-13,” (n) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-14,” (o) a series of Senior Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Senior Series 2004-1A-15,” (p) a series of Subordinate Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Subordinate Series 2004-1B-1, and (q) a series of Subordinate Notes entitled “Auction Rate Student Loan Asset-Backed Notes, Subordinate Series 2004-1B-2.” The aggregate Principal Amount of the Series 2004-1A-1 Senior Notes that may be authenticated and delivered and Outstanding under

the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1A-2 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1A-3 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1A-4 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1A-5 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$75,000,000. The aggregate Principal Amount of the Series 2004-1A-6 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1A-7 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$75,000,000. The aggregate Principal Amount of the Series 2004-1A-8 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$75,000,000. The aggregate Principal Amount of the Series 2004-1A-9 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1A-10 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$75,000,000. The aggregate Principal Amount of the Series 2004-1A-11 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$75,000,000. The aggregate Principal Amount of the Series 2004-1A-12 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1A-13 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1A-14 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$75,000,000. The aggregate Principal Amount of the Series 2004-1A-15 Senior Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1B-1 Subordinate Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000. The aggregate Principal Amount of the Series 2004-1B-2 Subordinate Notes that may be authenticated and delivered and Outstanding under the Indenture is limited to and shall not exceed \$50,000,000.

Each series of Series 2004-1 Notes shall have a single Stated Maturity on January 1, 2044.

Each series of Series 2004-1 Notes shall bear interest at the Applicable Interest Rate, and at such Applicable Interest Rate (to the extent that the payment of such interest shall be legally enforceable) on overdue installments of interest.

The Series 2004-1 Notes shall be issued as fully registered Notes without coupons in Authorized Denominations.

The Series 2004-1 Notes shall be dated as provided in Section 2.09 of the Indenture and shall bear interest from their date of original issue until payment of principal has been made or duly provided for. The date of original issue of the Series 2004-1 Notes shall be the Closing Date. The Series 2004-1 Notes of each series shall be numbered in such manner as the Note Registrar shall determine.

Interest on each series of Series 2004-1 Notes shall be computed on the basis of a 365-day year for the number of days actually elapsed, except that, for any leap year, such calculation with respect to an Interest Payment Date occurring after January 1 of such year through December 31 of such year shall be computed on the basis of a 366-day year and accrue daily from the date thereof, and shall be payable on each Interest Payment Date with respect to such series prior to the Maturity thereof and at the Maturity thereof. The interest payable on each Interest Payment Date for each series of Series 2004-1 Notes shall be calculated on a per unit basis, based on a unit of \$50,000, and shall be that interest which has accrued through the last day preceding such Interest Payment Date or, in the case of the Maturity of a Series 2004-1 Note, the last day preceding the date of such Maturity. The Applicable Interest Rate shall be effective as of and on the first day of the applicable Interest Period and be in effect thereafter through the end of such Interest Period.

The principal of and premium, if any, on the Series 2004-1 Notes, together with interest payable on the Series 2004-1 Notes at the Maturity thereof if the date of such Maturity is not a regularly scheduled Interest Payment Date, shall be payable in lawful money of the United States of America upon, except as otherwise provided in Section 17 hereof, presentation and surrender of such Series 2004-1 Notes at the Principal Office of the Trustee, as Paying Agent with respect to the Series 2004-1 Notes, or a duly appointed successor Paying Agent. Interest due on the Series 2004-1 Notes on each regularly scheduled Interest Payment Date shall, except as otherwise provided in Section 17 hereof, be paid by check or draft drawn upon the Paying Agent and mailed to the person who is the Holder thereof as of 5:00 p.m. on the Regular Record Date for such Interest Payment Date at the address of such Holder as it appears on the Note Register, or, in the case of any Series 2004-1 Note the Holder of which is the Holder of Series 2004-1 Notes in the aggregate Principal Amount of \$1,000,000 or more (or, if less than \$1,000,000 in Principal Amount of Series 2004-1 Notes is Outstanding, the Holder of all Outstanding Series 2004-1 Notes), at the direction of such Holder received by the Paying Agent by 5:00 p.m. on the last Business Day preceding the applicable Regular Record Date, by electronic transfer by the Paying Agent in immediately available funds to an account designated by such Holder. Any interest not so timely paid or duly provided for (herein referred to as "Defaulted Interest") shall cease to be payable to the person who is the Holder thereof at the close of business on the Regular Record Date and shall be payable to the person who is the Holder thereof at the close of business on a Special Record Date for the payment of any such Defaulted Interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the Defaulted Interest, and notice of the Special Record Date shall be given to the Holders of the Series 2004-1 Notes with respect to which such Defaulted Interest is to be paid, not less than 10 days prior to such Special Record Date by first-class mail to each such Holder as shown on the Note Register on a date selected by the Trustee, stating the date of the Special Record Date and the date fixed for the payment of such Defaulted Interest. All payments of principal of and premium, if any, and interest on the Series 2004-1 Notes shall be made in lawful money of the United States of America.

The Series 2004-1 Notes are subject to redemption prior to their Stated Maturity upon the terms and conditions and at the Prepayment Prices specified in Section 16 hereof.

Subject to the provisions of the Indenture, the Series 2004-1 Senior Notes shall be in substantially the form set forth in Exhibit A hereto, with such variations, omissions and insertions as may be required by the circumstances, be required or permitted by the Indenture, or be consistent with the Indenture and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto.

Subject to the provisions of the Indenture, the Series 2004-1 Subordinate Notes shall be in substantially the form set forth in Exhibit B hereto, with such variations, omissions and insertions as may be required by the circumstances, be required or permitted by the Indenture, or be consistent with the Indenture and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto.

Section 3. Interest Payable On Series 2004-1 Notes. During the Initial Interest Period, each series of the Series 2004-1 Notes shall bear interest at the Initial Interest Rate for such series. Thereafter, except with respect to an Auction Period Adjustment, each series of the Series 2004-1 Notes shall bear interest at the Applicable Interest Rate for the number of days of the applicable Interest Period, as determined pursuant to this Section and Sections 4 through 12 hereof.

The Applicable Interest Rate to be borne by each series of Series 2004-1 Notes for each Auction Period after the Initial Interest Period until an Auction Period Adjustment, if any, shall be determined as herein below described. Each such Auction Period with respect to each series of the Series 2004-1 Notes (i) shall commence on and include the first Business Day following the applicable Series Auction Date, and end on (and include) the applicable Series Auction Date (unless such date is not followed by a Business Day, in which case on the next succeeding day that is followed by a Business Day) and (ii) if the Auction Periods are changed as provided herein, each period commencing on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date; provided, however, that if an Auction is scheduled to occur for the next Interest Period on a date that was reasonably expected to be a Business Day, but such Auction does not occur because such date is later not considered to be a Business Day, the Auction shall nevertheless be deemed to have occurred, and the applicable Auction Rate in effect for the next Interest Period will be the Auction Rate in effect for the preceding Interest Period and such Interest Period will generally be 28 days in duration, beginning on the calendar day following the date of the deemed Auction and ending on (and including) the applicable Series Auction Date (unless such date is not followed by a Business Day, in which case on the next succeeding day that is followed by a Business Day). If the preceding Interest Period was other than generally 28 days in duration, the Auction Rate for the deemed Auction will instead be the rate of interest determined by the Market Agent on equivalently rated auction securities with a comparable length of auction period.

Notwithstanding the foregoing:

(a) if the ownership of a series of Series 2004-1 Notes is no longer maintained in Book-Entry Form, the Auction Rate on such series for any Interest Period commencing after the delivery of definitive notes representing such series pursuant to Section 17 hereof shall equal the Maximum Rate on the Business Day immediately preceding the first day of such subsequent Interest Period; or

(b) if a Payment Default shall have occurred with respect to a series of Series 2004-1 Notes, the Applicable Interest Rate on such series for the Interest Period commencing on or immediately after such Payment Default, and for each Interest Period thereafter, to and including the Interest Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured, shall equal the Non-Payment Rate on the first day of each such Interest Period.

In accordance with Section 4(c)(ii) hereof, the Auction Agent shall promptly give written notice to the Trustee and the Issuer of each Auction Rate (unless the Applicable Interest Rate is the Non-Payment Rate or the ownership of such series is no longer maintained in Book-Entry Form) applicable to each series of the Series 2004-1 Notes. The Trustee shall notify the Holders of Series 2004-1 Notes of the Applicable Interest Rate with respect to each such series for each Auction Period not later than the second Business Day of such Auction Period.

In the event that the Auction Agent no longer determines, or fails to determine, when required, the Applicable Interest Rate with respect to a series of Series 2004-1 Notes, or if, for any reason, such manner of determination shall be held to be invalid or unenforceable, the Applicable Interest Rate for the next succeeding Interest Period shall be the Maximum Rate. The Maximum Rate with respect to each Interest Rate Determination Date shall be determined and communicated by the Auction Agent in accordance with Section 6 hereof and the Auction Agent Agreement. If the Auction Agent shall fail or refuse to determine the Maximum Rate, the Maximum Rate shall be determined by a securities dealer appointed by the Issuer capable of making such a determination in accordance with the provisions hereof and written notice of such determination shall be given by such securities dealer to the Trustee.

If the Auction Rate for a series of Series 2004-1 Notes is greater than the Maximum Rate, then the Applicable Interest Rate with respect to such series for the related Interest Period will be the Maximum Rate. The excess of the amount of interest that would have accrued on the Series 2004-1 Notes at the Auction Rate over the amount of interest actually accrued at the Maximum Rate will accrue as the Carry-Over Amount. Such determination of the Carry-Over Amount shall be made separately for each series of Series 2004-1 Notes. Each Carry-Over Amount shall bear interest for each Interest Period calculated at a rate equal to One-Month LIBOR (as determined by the Auction Agent on the related Interest Rate Determination Date, provided the Trustee has received notice of One-Month LIBOR from the Auction Agent, and, if the Trustee shall not have received such notice from the Auction Agent, then as determined by the Trustee on such date) from the Interest Payment Date for the Interest Period with respect to which such Carry-Over Amount was calculated, until paid. Any payment in respect of Carry-Over Amount shall be applied, first, to any accrued interest payable thereon and thereafter in reduction of such Carry-Over Amount. For purposes of this First Supplemental Indenture, the Indenture and the Series 2004-1 Notes, any reference to "principal" or "interest" herein and therein shall not include, within the meaning of such words, any Carry-Over Amount or any

interest accrued on any Carry-Over Amount. Such Carry-Over Amount shall be separately calculated for each Series 2004-1 Note of such series by the Trustee during such Interest Period in sufficient time for the Trustee to give notice to each Holder of such Carry-Over Amount as required in the next succeeding sentence. On the Interest Payment Date for an Interest Period with respect to which such Carry-Over Amount has been calculated by the Trustee, the Trustee shall give written notice to each Holder of the Carry-Over Amount applicable to such Holder's Series 2004-1 Note, which written notice may accompany the payment of interest (if made by check made to each such Holder on such Interest Payment Date) or otherwise shall be mailed on such Interest Payment Date by first-class mail, postage prepaid, to each such Holder at such Holder's address as it appears on the registration books maintained by the Note Registrar. Such notice shall state, in addition to such Carry-Over Amount, that, unless and until a Series 2004-1 Note has been redeemed under the Indenture (after which all accrued Carry-Over Amount with respect to such Series 2004-1 Note, and all accrued interest thereon, that remains unpaid shall be canceled and no Carry-Over Amount, or interest accrued thereon, shall be paid with respect to such Series 2004-1 Note), (i) the Carry-Over Amount (and interest accrued thereon) shall be paid by the Trustee on the first occurring Interest Payment Date for a subsequent Interest Period if and to the extent that (A) the Eligible Carry-Over Make-Up Amount with respect to such Interest Period is greater than zero, and (B) moneys are available pursuant to the terms of the Indenture to pay such Carry-Over Amount (and interest accrued thereon), and (ii) interest shall accrue on the Carry-Over Amount at a per annum rate equal to One-Month LIBOR until such Carry-Over Amount is paid in full or is canceled.

The Carry-Over Amount (and interest accrued thereon) on Outstanding Series 2004-1 Notes of a series shall be paid by the Trustee on the first occurring Interest Payment Date for a subsequent Interest Period with respect to such series if and to the extent that (i) the Eligible Carry-Over Make-Up Amount with respect to such Interest Period is greater than zero, and (ii) moneys in the Collection Fund and the Surplus Fund are available on the Monthly Calculation Date immediately preceding the month in which such Interest Payment Date occurs, for transfer to the Interest Account for such purpose in accordance with Sections 4.05 and 4.07 of the Indenture, after taking into account all other amounts payable from the Collection Fund and the Surplus Fund in accordance with such Sections on such Monthly Calculation Date. At least three days prior to any Interest Payment Date, the Trustee shall notify the Auction Agent, in writing, if, and to the extent, there are available funds in the Collection Fund and Surplus Fund, and of any unpaid Carry-Over Amount plus interest accrued thereon at One-Month LIBOR that the Trustee intends to pay on such next Interest Payment Date. Any Carry-Over Amount (and any interest accrued thereon) with respect to any Series 2004-1 Note which is unpaid as of the Maturity of such Series 2004-1 Note shall be paid to the Holder thereof on the date of such Maturity to the extent that moneys are available therefor in accordance with the provisions of the preceding clause (ii); provided, however, that any Carry-Over Amount (and any interest accrued thereon) which is not so paid on the date of such Maturity shall be canceled with respect to such Series 2004-1 Note on the date of such Maturity and shall not be paid on any succeeding Interest Payment Date. The Trustee shall notify the Auction Agent, in writing at least three days prior to any Interest Payment Date, of the maturity or redemption of any such Series 2004-1 Note, at which time the Auction Agent shall cease to determine the Carry-Over Amount with respect to any Series 2004-1 Note so maturing or redeemed. To the extent that any portion of the Carry-Over Amount (and any interest accrued thereon) remains unpaid after payment of a portion thereof, such unpaid portion shall be paid in whole or in part as required hereunder until

fully paid by the Trustee on the next occurring Interest Payment Date(s), as necessary, for the subsequent Interest Period(s), if and to the extent that the conditions in the first sentence of this paragraph are satisfied. On any Interest Payment Date(s) on which the Trustee pays less than all of the Carry-Over Amount (and any interest accrued thereon) with respect to a Series 2004-1 Note, the Trustee shall give written notice in the manner set forth in the immediately preceding paragraph to the Holder of such Series 2004-1 Note of the Carry-Over Amount remaining unpaid on such Series 2004-1 Note.

The Interest Payment Date on which any Carry-Over Amount (or any interest accrued thereon) for a series of Series 2004-1 Notes shall be paid shall be determined by the Trustee in accordance with the provisions of the immediately preceding paragraph, and the Trustee shall make payment of the Carry-Over Amount (and any interest accrued thereon) in the same manner as it pays interest on the Series 2004-1 Notes on an Interest Payment Date.

Section 4. Determining the Applicable Interest Rate. By purchasing Series 2004-1 Notes, whether in an Auction or otherwise, each purchaser of the Series 2004-1 Notes, or its Broker-Dealer, must agree and shall be deemed by such purchase to have agreed (a) to participate in Auctions on the terms described herein; (b) to have its Beneficial Ownership Interest in the Series 2004-1 Notes maintained at all times in Book Entry Form for the account of its Participant, which in turn will maintain records of such Beneficial Ownership Interest; (c) to authorize such Participant to disclose to the Auction Agent such information with respect to such Beneficial Ownership Interest as the Auction Agent may request; (d) that a Sell Order placed by an Existing Holder will constitute an irrevocable offer to sell the principal amount of the Series 2004-1 Notes specified in such Sell Order; (e) that a Bid placed by an Existing Holder will constitute an irrevocable offer to sell the principal amount, or a lesser principal amount, of the Series 2004-1 Notes specified in such Bid if the rate specified in such Bid is greater than, or in some cases equal to, the Applicable Interest Rate, determined as described herein; and (f) that a Bid placed by a Potential Holder will constitute an irrevocable offer to purchase the amount, or a lesser principal amount, of the Series 2004-1 Notes specified in such Bid if the rate specified in such Bid is, respectively, less than or equal to the Applicable Interest Rate, determined as set forth herein.

So long as the ownership of a series of Series 2004-1 Notes is maintained in Book-Entry Form by the Securities Depository, an Existing Holder may sell, transfer or otherwise dispose of Series 2004-1 Notes of such series only pursuant to a Bid or Sell Order placed in an Auction or otherwise sell, transfer or dispose of Series 2004-1 Notes through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer. Auctions shall be conducted on each Auction Date, if there is an Auction Agent on such Auction Date, in the following manner (such procedures to be applicable separately to each series of the Series 2004-1 Notes):

(a) *Submission by Existing Holders and Potential Holders to a Broker-Dealer.*

(i) Prior to the Submission Deadline on each Auction Date:

(A) each Existing Holder of Series 2004-1 Notes may submit to a Broker-Dealer by telephone or otherwise any information as to:

(1) the Principal Amount of Outstanding Series 2004-1 Notes, if any, owned by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(2) the Principal Amount of Outstanding Series 2004-1 Notes, if any, which such Existing Holder offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Existing Holder; and/or

(3) the Principal Amount of Outstanding Series 2004-1 Notes, if any, owned by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Auction Period; and

(B) one or more Broker-Dealers may contact Potential Holders to determine the Principal Amount of Series 2004-1 Notes which each Potential Holder offers to purchase, if the Auction Rate for the next succeeding Auction Period shall not be less than the rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (A) or (B) of this paragraph (i) is herein referred to as an "Order," and each Existing Holder and each Potential Holder placing an Order is herein referred to as a "Bidder"; an Order described in clause (A)(1) is herein referred to as a "Hold Order"; an Order described in clauses (A)(2) and (B) is herein referred to as a "Bid"; and an Order described in clause (A)(3) is herein referred to as a "Sell Order."

(ii) (A) Subject to the provisions of Section 4(b) hereof, a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the Principal Amount of Outstanding Series 2004-1 Notes specified in such Bid if the Auction Rate determined as provided in this Section 4 shall be less than the rate specified therein; or

(2) such Principal Amount, or a lesser Principal Amount of Outstanding Series 2004-1 Notes to be determined as

set forth in Section 4(d)(i)(D) hereof, if the Auction Rate determined as provided in this Section 4 shall be equal to the rate specified therein; or

(3) such Principal Amount, or a lesser Principal Amount of Outstanding Series 2004-1 Notes to be determined as set forth in Section 4(d)(ii)(C) hereof, if the rate specified therein shall be higher than the Maximum Rate and Sufficient Bids have not been made.

(B) Subject to the provisions of Section 4(b) hereof, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the Principal Amount of Outstanding Series 2004-1 Notes specified in such Sell Order; or

(2) such Principal Amount, or a lesser Principal Amount of Outstanding Series 2004-1 Notes determined as set forth in Section 4(d)(ii)(C) hereof, if Sufficient Bids have not been made.

(C) Subject to the provisions of Section 4(b) hereof, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the Principal Amount of Outstanding Series 2004-1 Notes specified in such Bid if the Auction Rate determined as provided in this Section 4 shall be higher than the rate specified in such Bid; or

(2) such Principal Amount, or a lesser Principal Amount of Outstanding Series 2004-1 Notes determined as set forth in Section 4(d)(i)(E) hereof, if the Auction Rate determined as provided in this Section 4 shall be equal to the rate specified in such Bid.

(b) ***Submission by Broker-Dealer to the Auction Agent.***

(i) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

(A) the name of the Bidder placing such Order;

(B) the aggregate Principal Amount of Series 2004-1 Notes that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(1) the Principal Amount of Series 2004-1 Notes, if any, subject to any Hold Order placed by such Existing Holder;

(2) the Principal Amount of Series 2004-1 Notes, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the Principal Amount of Series 2004-1 Notes, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate specified in such Potential Holder's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest .001%.

(iii) If an Order or Orders covering all Outstanding Series 2004-1 Notes owned by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the Principal Amount of Outstanding Series 2004-1 Notes owned by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) Neither the Issuer, the Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the Principal Amount of Outstanding Series 2004-1 Notes owned by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(A) All Hold Orders shall be considered valid, but only up to the aggregate Principal Amount of Outstanding Series 2004-1 Notes held by such Existing Holder, and if the aggregate Principal Amount of Series 2004-1 Notes subject to such Hold Orders exceeds the aggregate Principal Amount of Series 2004-1 Notes held by such Existing Holder, the aggregate Principal Amount of Series 2004-1 Notes subject to each such Hold Order shall be reduced pro rata so that the aggregate Principal Amount of Series 2004-1 Notes subject to such Hold Order equals the aggregate Principal Amount of Outstanding Series 2004-1 Notes owned by such Existing Holder.

(B) (1) any Bid shall be considered valid up to an amount equal to the excess of the Principal Amount of Outstanding Series 2004-1 Notes owned by such Existing Holder over the

aggregate Principal Amount of Series 2004-1 Notes subject to any Hold Order referred to in clause (A) of this paragraph (v);

(2) subject to subclause (1) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate Principal Amount of Outstanding Series 2004-1 Notes subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including an amount equal to such excess, and the stated amount of Outstanding Series 2004-1 Notes subject to each Bid with the same rate shall be reduced pro rata to cover the stated amount of Outstanding Series 2004-1 Notes equal to such excess;

(3) subject to subclauses (1) and (2) of this clause (B), if more than one Bid with different rates are submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to the amount of such excess; and

(4) in any such event, the amount of Outstanding Series 2004-1 Notes, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) All Sell Orders shall be considered valid up to an amount equal to the excess of the Principal Amount of Outstanding Series 2004-1 Notes held by such Existing Holder over the aggregate Principal Amount of Series 2004-1 Notes subject to valid Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for Series 2004-1 Notes is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and Principal Amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate Principal Amount of Series 2004-1 Notes not equal to an Authorized Denomination shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate Principal Amount of Series 2004-1 Notes not equal to an Authorized Denomination shall be rejected.

(viii) Any Bid submitted by an Existing Holder or a Potential Holder specifying a rate lower than the All Hold Rate shall be treated as a Bid specifying the All Hold Rate, and any such Bid shall be considered as valid and shall be selected in the ascending order of the respective rates in the Submitted Bids.

(ix) An Existing Holder that offers to purchase additional Series 2004-1 Notes is, for purposes of such offer, treated as a Potential Holder.

(x) Any Bid specifying a rate higher than the Maximum Interest Rate will (A) be treated as a Sell Order if submitted by an Existing Holder and (B) not be accepted if submitted by a Potential Holder.

(c) ***Determination of Sufficient Bids, Auction Rate and Winning Bid Rate.***

(i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being herein referred to individually as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order," and collectively as "Submitted Hold Orders," "Submitted Bids" or "Submitted Sell Orders," as the case may be, or as "Submitted Orders") and shall determine:

(A) the excess of the total Principal Amount of Outstanding Series 2004-1 Notes over the sum of the aggregate Principal Amount of Outstanding Series 2004-1 Notes subject to Submitted Hold Orders (such excess being herein referred to as the "Available Series 2004-1 Notes"), and

(B) from the Submitted Orders whether:

(1) the aggregate Principal Amount of Outstanding Series 2004-1 Notes subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Interest Rate exceeds or is equal to the sum of:

(2) the aggregate Principal Amount of Outstanding Series 2004-1 Notes subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Interest Rate, and

(3) the aggregate Principal Amount of Outstanding Series 2004-1 Notes subject to Submitted Sell Orders;

(in the event such excess or such equality exists, other than because the sum of the Principal Amount of Series 2004-1 Notes in subclauses (2) and (3) above is zero because all of the Outstanding Series 2004-1 Notes are subject to Submitted Hold Orders, such Submitted Bids described in subclause (1) above shall be referred to collectively as "Sufficient Bids"); and

(C) if Sufficient Bids exist, the Winning Bid Rate, which shall be the lowest rate specified in such Submitted Bids such that if:

(1) (y) each such Submitted Bid from Existing Holders specifying such lowest rate and (z) all other Submitted Bids from Existing Holders specifying lower rates were rejected (thus entitling such Existing Holders to continue to own the Principal Amount of Series 2004-1 Notes subject to such Submitted Bids); and

(2) (y) each such Submitted Bid from Potential Holders specifying such lowest rate and (z) all other Submitted Bids from Potential Holders specifying lower rates were accepted;

the result would be that such Existing Holders described in subclause (1) above would continue to own an aggregate Principal Amount of Outstanding Series 2004-1 Notes which, when added to the aggregate Principal Amount of Outstanding Series 2004-1 Notes to be purchased by such Potential Holders described in subclause (2) above, would equal not less than the Available Series 2004-1 Notes.

(ii) Promptly after the Auction Agent has made the determinations pursuant to Section 4(c)(i) hereof, the Auction Agent shall advise the Trustee, the Broker-Dealers and the Issuer of the Maximum Auction Rate, the Maximum Interest Rate, the All Hold Rate, One-Month LIBOR and the Applicable LIBOR-Based Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Interest Period as follows:

(A) if Sufficient Bids exist, that the Auction Rate for the next succeeding Interest Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Bids do not exist (other than because all of the Outstanding Series 2004-1 Notes are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Interest Period shall be equal to the Maximum Rate; or

(C) if all Outstanding Series 2004-1 Notes are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Interest Period shall be equal to the All Hold Rate.

Promptly after the Auction Agent has determined the Auction Rate, the Auction Agent will determine and advise the Trustee of the Applicable Interest Rate, which shall not exceed the Maximum Rate.

If for any Interest Period the Auction Rate exceeds the Maximum Rate, the Applicable Interest Rate for such Interest Period shall equal the Maximum Rate. If the Maximum Auction Rate is less than the Auction Rate, the Applicable Interest Rate will be the Maximum Auction Rate. If the Auction Agent has not received Sufficient Bids

(other than because all of the Outstanding Series 2004-1 Notes are subject to Submitted Hold Orders), the Applicable Interest Rate will be the Maximum Rate. In any of the cases described above, Submitted Orders will be accepted or rejected and the Auction Agent will take such other action as described below in subparagraph (ii) of Section 4(d) hereof.

(d) ***Acceptance and Rejection of Submitted Bids and Submitted Sell Orders.*** Existing Holders shall continue to own the Principal Amount of Series 2004-1 Notes that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to Section 4(c)(i) hereof, Submitted Bids and Submitted Sell Orders shall be accepted or rejected, and the Auction Agent shall take such other action as described below:

(i) if Sufficient Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (iv) and (v) of this Section 4(d), Submitted Bids shall be accepted or rejected as follows in the following order of priority, and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate Principal Amount of Series 2004-1 Notes subject to such Submitted Bids;

(B) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to own the aggregate Principal Amount of Series 2004-1 Notes subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Owner to purchase the aggregate Principal Amount of Series 2004-1 Notes subject to such Submitted Bid;

(D) Each Existing Holders' Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to own the aggregate Principal Amount of Series 2004-1 Notes subject to such Submitted Bid, unless the aggregate Principal Amount of Outstanding Series 2004-1 Notes subject to all such Submitted Bids shall be greater than the Principal Amount of Series 2004-1 Notes (the "Remaining Principal Amount") equal to the excess of the Available Series 2004-1 Notes over the aggregate Principal Amount of Series 2004-1 Notes subject to Submitted Bids described in clauses (B) and (C) of this Section 4(d)(i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to own the Principal Amount of Series 2004-1 Notes subject to such Submitted Bid, but only in an amount equal to the aggregate Principal Amount of Series 2004-1 Notes obtained by multiplying the Remaining Principal Amount by a fraction, the

numerator of which shall be the Principal Amount of Outstanding Series 2004-1 Notes owned by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the Principal Amount of Outstanding Series 2004-1 Notes subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) Each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted, but only in an amount equal to the Principal Amount of Series 2004-1 Notes obtained by multiplying the excess of the aggregate Principal Amount of Available Series 2004-1 Notes over the aggregate Principal Amount of Series 2004-1 Notes subject to Submitted Bids described in clauses (B), (C) and (D) of this Section 4(d)(i) by a fraction, the numerator of which shall be the aggregate Principal Amount of Outstanding Series 2004-1 Notes subject to such Submitted Bid and the denominator of which shall be the sum of the Principal Amount of Outstanding Series 2004-1 Notes subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Bids have not been made (other than because all of the Outstanding Series 2004-1 Notes are subject to Submitted Hold Orders), subject to the provisions of Section 4(d)(iv) hereof, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be rejected, thus entitling such Existing Holders to continue to own the aggregate Principal Amount of Series 2004-1 Notes subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus requiring each Potential Holder to purchase the aggregate Principal Amount of Series 2004-1 Notes subject to such Submitted Bids; and

(C) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Rate and each Existing Holder's Submitted Sell Order shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Series 2004-1 Notes subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate Principal Amount of Series 2004-1 Notes obtained by multiplying the aggregate Principal Amount of Series 2004-1 Notes subject to Submitted Bids described in clause (B) of this Section 4(d)(ii) by a fraction, the numerator of which shall be the aggregate Principal Amount of Outstanding Series 2004-1 Notes owned by such Existing Holder subject

to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate Principal Amount of Outstanding Series 2004-1 Notes subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding Series 2004-1 Notes are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraph (i) or (ii) of this Section 4(d), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a Principal Amount of Series 2004-1 Notes that is not equal to an Authorized Denomination, the Auction Agent shall, in such manner as in its sole discretion it shall determine, round up or down the Principal Amount of Series 2004-1 Notes to be purchased or sold by any Existing Holder or Potential Holder so that the Principal Amount of Series 2004-1 Notes purchased or sold by each Existing Holder or Potential Holder shall be equal to an Authorized Denomination.

(v) If, as a result of the procedures described in paragraph (i) of this Section 4(d), any Potential Holder would be entitled or required to purchase less than an Authorized Denomination of Series 2004-1 Notes, the Auction Agent shall, in such manner as in its sole discretion it shall determine, allocate Series 2004-1 Notes for purchase among Potential Holders so that only Series 2004-1 Notes in Authorized Denominations are purchased by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any Series 2004-1 Notes.

(e) Based on the result of each Auction, the Auction Agent shall determine the aggregate Principal Amount of Series 2004-1 Notes to be purchased and the aggregate Principal Amount of Series 2004-1 Notes to be sold by Potential Holders and Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate Principal Amount of Series 2004-1 Notes to be sold differs from such aggregate Principal Amount of Series 2004-1 Notes to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, Series 2004-1 Notes.

(f) Any calculation by the Auction Agent, the Issuer or the Trustee, as applicable, of the Applicable Interest Rate, the Applicable LIBOR-Based Rate, the Maximum Auction Rate, the Maximum Interest Rate, the All Hold Rate and the Non-Payment Rate shall, in the absence of manifest error, be binding on all other parties.

(g) Notwithstanding anything in this First Supplemental Indenture to the contrary notwithstanding, no Auction will be held on any Auction Date hereunder during the continuance of a Payment Default (or on the next Business Day after a Payment Default is cured) or if the Series 2004-1 Notes are no longer in Book-Entry-Form.

(h) The Issuer shall not, and shall not cause (or, to the extent within its control, permit) any affiliate to, submit any Order (other than a Sell Order) in any Auction.

Section 5. Determination of Payment Defaults and Payment of Auction Agent and Broker-Dealer Fees.

(a) The Trustee shall determine, not later than 2:00 p.m., New York City time, on the Business Day next preceding each Interest Payment Date, whether a Payment Default has occurred. If a Payment Default has occurred, the Trustee shall, not later than 2:15 p.m., New York City time, on such Business Day, send a notice thereof in substantially the form of Exhibit C hereto to the Auction Agent by telecopy or similar means and, if such Payment Default is cured, the Trustee shall immediately send a notice in substantially the form of Exhibit D hereto to the Auction Agent by telecopy or similar means.

(b) Not later than 12:00 noon, New York City time, on each Interest Payment Date, the Issuer shall pay to the Auction Agent, in immediately available funds out of amounts available therefor in the Administration Fund, an amount equal to the Auction Agent Fee and the Broker-Dealer Fee as calculated in accordance with the Auction Agent Agreement. The Issuer shall, from time to time at the request of the Auction Agent, reimburse the Auction Agent for its reasonable expenses as provided in the Auction Agent Agreement, such expenses to be paid out of amounts available therefor in the Administration Fund.

Section 6. Calculation of Various Rates. The Auction Agent shall calculate the Maximum Auction Rate, the All Hold Rate and the Applicable LIBOR-Based Rate on each Auction Date and shall notify the Issuer, Trustee and the Broker-Dealers of the Maximum Auction Rate, the Maximum Interest Rate, the All Hold Rate and the Applicable LIBOR-Based Rate, all as provided in the Auction Agent Agreement. If the ownership of the Series 2004-1 Notes is no longer maintained in Book-Entry Form by the Securities Depository, the Trustee, in consultation with the Market Agent, shall calculate the Maximum Rate on the Business Day immediately preceding the first day of each Interest Period after the delivery of definitive Series 2004-1 Notes pursuant to Section 17 hereof. If a Payment Default shall have occurred, the Trustee, in consultation with the Market Agent, shall calculate the Non-Payment Rate on the Interest Rate Determination Date for (a) each Interest Period commencing after the occurrence and during the continuance of such Payment Default and (b) any Interest Period commencing less than two Business Days after the cure of any Payment Default. The Auction Agent shall determine the Applicable LIBOR-Based Rate for each Interest Period other than the first Interest Period; provided that if the ownership of the Series 2004-1 Notes is no longer maintained in Book-Entry Form, or if a Payment Default has occurred, then the Trustee shall determine the Applicable LIBOR-Based Rate for each such Interest Period.

For any Interest Period for which any Carry-Over Amount exists, the Auction Agent shall calculate One-Month LIBOR.

By the 10th day of each month, the Issuer shall determine whether the Net Loan Rate Restriction Period will be applicable as of the 25th day of such month and the Issuer shall on such 10th day provide written notice to the Trustee, the Auction Agent and the Broker-Dealers whether the Net Loan Rate Restriction Period will be applicable, and if the Trustee receives notice that the Net Loan Rate Restriction Period will be applicable, the Trustee shall verify that the Net Loan Rate Trigger Date has occurred. If the 25th day of a month will occur during a Net Loan Rate Restriction Period, the Issuer shall calculate the then applicable Net Loan Rate on the Business Day immediately preceding such 25th day, and shall provide written notice thereof to the Trustee, the Auction Agent and the Broker-Dealers of such Net Loan Rate. The Net Loan Rate applicable to any Auction Period for which an Auction occurred during a Net Loan Rate Restriction Period shall be the Net Loan Rate most recently determined on or prior to the first day of such Auction Period.

Section 7. Notification of Rates, Amounts and Payment Dates.

(a) By 10:00 a.m., New York City time, on each Regular Record Date with respect to the Series 2004-1 Notes, the Trustee shall determine the aggregate amounts of interest distributable on the next succeeding Interest Payment Date to the Beneficial Owners of each series thereof.

(b) As soon as practicable prior to each Interest Payment Date with respect to the Series 2004-1 Notes, the Trustee shall:

(i) confirm with the Auction Agent, so long as no Payment Default has occurred and is continuing and the ownership of the Series 2004-1 Notes is maintained in Book-Entry Form by the Securities Depository, (A) the date of such next Interest Payment Date and (B) the amount payable to the Auction Agent on such Interest Payment Date pursuant to Section 5(b) hereof;

(ii) advise the Securities Depository, so long as the ownership of the Series 2004-1 Notes is maintained in Book-Entry Form by the Securities Depository, upon request, of the aggregate amount of interest, and the aggregate amount (if any) of Carry-Over Amount and interest thereon, distributable on the next succeeding Interest Payment Date to the Beneficial Owners of each series thereof; and

(iii) pursuant to Section 3 hereof, advise the Holders of each series of Series 2004-1 Notes of any Carry-Over Amount accruing on such series.

Section 8. Auction Agent.

(a) The Bank of New York is hereby appointed as Initial Auction Agent to serve as agent for the Issuer in connection with Auctions. The Trustee and the Issuer will, and the Trustee is hereby directed to, enter into the Initial Auction Agent Agreement with The Bank of New York, as the Initial Auction Agent. Any Substitute Auction Agent shall be (i) a bank, national banking association or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, New York, or such other

location as approved by the Trustee in writing and having a combined capital stock or surplus of at least \$50,000,000, or (ii) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$50,000,000, and, in either case, authorized by law to perform all the duties imposed upon it hereunder and under the Auction Agent Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this First Supplemental Indenture by giving at least 90 days' notice to the Trustee, each Market Agent and the Issuer. The Auction Agent may be removed at any time by the Trustee upon the written direction of an Authorized Officer of the Issuer or the Holders of 66-2/3% of the aggregate Principal Amount of the Series 2004-1 Senior Notes then Outstanding (or, if there shall be no Series 2004-1 Senior Notes Outstanding, the Holders of 66-2/3% of the aggregate Principal Amount of the Series 2004-1 Subordinate Notes), and if by such Holders, by an instrument signed by such Holders or their attorneys and filed with the Auction Agent, the Issuer and the Trustee upon at least 90 days' notice. Neither resignation nor removal of the Auction Agent pursuant to the preceding two sentences shall be effective unless and until a Substitute Auction Agent has been appointed and has accepted such appointment. However, if a Substitute Auction Agent shall not have been appointed within 60 days from the date of a notice of resignation, the resigning Auction Agent may petition any court of competent jurisdiction for the appointment of a Substitute Auction Agent. If required by the Issuer, a Substitute Auction Agent Agreement shall be entered into with a Substitute Auction Agent. Notwithstanding the foregoing, the Auction Agent may terminate the Auction Agent Agreement if, within 25 days after notifying the Trustee, each Market Agent and the Issuer in writing that it has not received payment of any Auction Agent Fee due it in accordance with the terms of the Auction Agent Agreement, the Auction Agent does not receive such payment.

(b) If the Auction Agent shall resign or be removed or be dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, an Authorized Officer of the Issuer in consultation with the Market Agent, shall use its best efforts to appoint a Substitute Auction Agent.

(c) The Auction Agent is acting as agent for the Issuer in connection with Auctions. In the absence of bad faith, negligent failure to act or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or any error of judgment made by it in the performance of its duties under the Auction Agent Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

(d) In the event of a change in the Auction Agent Fee Rate pursuant to Section 6.4(b) of the Auction Agent Agreement, the Auction Agent shall give notice thereof to the Trustee in accordance with the Auction Agent Agreement.

Section 9. Broker-Dealers.

(a) The Auction Agent will enter into a Broker-Dealer Agreement with UBS Financial Services Inc., as the initial Broker-Dealer. An Authorized Officer of the Issuer may, from time to time, approve one or more additional persons to serve as Broker-Dealers under Broker-Dealer Agreements and shall be responsible for providing such Broker-Dealer Agreements to the Trustee and the Auction Agent.

(b) Any Broker-Dealer may be removed at any time, at the request of an Authorized Officer of the Issuer, but there shall, at all times, be at least one Broker-Dealer appointed and acting as such with respect to each series of Series 2004-1 Notes.

Section 10. Changes in Auction Period or Periods. While any of the Series 2004-1 Notes are Outstanding, the Issuer may, from time to time, convert the length of one or more Auction Periods (an "Auction Period Adjustment"), in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the Applicable Interest Rate borne by any series of the Series 2004-1 Notes. The Issuer shall not initiate an Auction Period Adjustment unless it shall have received, not less than 10 days nor more than 20 days prior to the Auction Period Adjustment, the written consent of the applicable Market Agent, which consent shall not be unreasonably withheld. The Issuer shall initiate the Auction Period Adjustment by giving written notice by Issuer Order to the Trustee, the Auction Agent, the applicable Market Agent and the Securities Depository in substantially the form of, or containing substantially the information contained in, Exhibit E hereto at least ten days prior to the Auction Date for such Auction Period.

Any such adjusted Auction Period shall not be less than seven days nor more than one year.

An Auction Period Adjustment shall take effect only (a) if the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the first such Auction Period, an Issuer Certificate in substantially the form attached as, or containing substantially the same information contained in, Exhibit F hereto, authorizing the Auction Period Adjustment specified in such certificate along with written confirmation that a Rating Agency Confirmation has been obtained with respect to such Auction Period Adjustment, and (b) Sufficient Bids exist as of the Auction on the Auction Date for such first Auction Period. If the condition referred to in (a) above is not met, the Applicable Interest Rate for the next Auction Period shall be determined pursuant to the provisions of Sections 4 through 9 hereof and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (a) is met but the condition referred to in (b) above is not met, the Applicable Interest Rate for the next Auction Period shall be the Maximum Rate, and in either case the Auction Period shall be the Auction Period determined without reference to the proposed change.

In connection with any Auction Period Adjustment, the Auction Agent shall provide such further notice to such parties as is specified in Section 2.5 of the Auction Agent Agreement.

Section 11. Changes in the Auction Date. The applicable Market Agent, with the written consent of an Authorized Officer of the Issuer, may specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in Section 1 of this First Supplemental Indenture with respect to one or more specified Auction Periods for one or more series of Series 2004-1 Notes in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the Applicable Interest Rate borne by the Series 2004-1 Notes of such series. The applicable Market Agent shall deliver a written request for consent to such change in the Auction Date to the Issuer not less than three days nor more than twenty days prior to the effective date of such change. The applicable Market Agent shall provide notice of its determination to specify an earlier Auction Date for one or more Auction Periods by means of a written notice delivered at least three days prior to the proposed changed Auction Date to the Trustee, the Auction Agent, the Issuer and the Securities Depository. Such notice shall be substantially in the form of, or contain substantially the information contained in, Exhibit G hereto.

In connection with any change described in this Section, the Auction Agent shall provide such further notice to such parties as is specified in Section 2.5 of the Auction Agent Agreement.

Section 12. Additional Provisions Regarding the Applicable Interest Rate. The determination of each Applicable Interest Rate by the Auction Agent or any other Person pursuant to the provisions of the applicable Section of this First Supplemental Indenture shall be conclusive and binding on the Holders of the series of Series 2004-1 Notes to which such Applicable Interest Rate applies, and the Issuer and the Trustee may rely thereon for all purposes.

In no event shall the cumulative amount of interest paid or payable on a series of Series 2004-1 Notes (including interest calculated as provided herein, plus any other amounts that constitute interest on the Series 2004-1 Notes of such series under applicable law, which are contracted for, charged, reserved, taken or received pursuant to the Series 2004-1 Notes of such series or related documents) calculated from the date of issuance of such series through any subsequent day during the term of such series or otherwise prior to payment in full of the Series 2004-1 Notes of such series exceed the amount permitted by applicable law. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under the Series 2004-1 Notes of a series or related documents or otherwise contracted for, charged, reserved, taken or received in connection with the Series 2004-1 Notes of such series, or if the redemption or acceleration of the maturity of the Series 2004-1 Notes of such series results in payment to or receipt by the Holder or any former Holder of the Series 2004-1 Notes of such series of any interest in excess of that permitted by applicable law, then, notwithstanding any provision of the Series 2004-1 Notes of such series or related documents to the contrary, all excess amounts theretofore paid or received with respect to the Series 2004-1 Notes of such series shall be credited on the Principal Amount of the Series 2004-1 Notes of such series (or, if the Series 2004-1 Notes of such series have been paid or would thereby be paid in full, refunded by the recipient thereof), and the provisions of the Series 2004-1 Notes of such series and related documents shall automatically and immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new

document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for under the Series 2004-1 Notes of such series and under the related documents.

Section 13. Qualifications of Market Agent. Each Market Agent shall be a member of the National Association of Securities Dealers, Inc., have a capitalization of at least \$50,000,000 and be authorized by law to perform all the duties imposed upon it by this First Supplemental Indenture. Any Market Agent may resign and be discharged of the duties and obligations created by this First Supplemental Indenture by giving at least 30 days' notice to the Issuer and the Trustee, provided that such resignation shall not be effective until the appointment of a successor market agent by the Issuer and the acceptance of such appointment by such successor market agent. Any Market Agent may be replaced at the direction of the Issuer, by an instrument signed by an Authorized Officer of the Issuer filed with such Market Agent and the Trustee at least 30 days before the effective date of such replacement, provided that such replacement shall not be effective until the appointment of a successor market agent by the Issuer and the acceptance of such appointment by such successor market agent.

Section 14. Purposes of Issuance of Series 2004-1 Notes. The Series 2004-1 Notes are being issued (a) to provide funds to be used to acquire Eligible Loans, (b) to make a deposit to the Reserve Fund and (c) to pay costs of issuing the Series 2004-1 Notes.

Section 15. Deposit of Series 2004-1 Note Proceeds. From the proceeds derived from the sale of the Series 2004-1 Notes issued on March 5, 2004 (equal to par less an underwriting discount of \$2,880,000), there shall be deposited with the Trustee:

- (a) for credit to the Acquisition Fund, an amount equal to \$314,682,500
- (b) for the credit of the Administration Fund, an amount equal to \$1,000,000;
- (c) for credit to the Collection Fund, an amount equal to \$4,000,000; and
- (d) for credit to the Reserve Fund, an amount equal to \$2,437,500.

On each Closing Date thereafter, an amount equal to 0.75% of the principal amount of each series of Series 2004-1 Notes being issued on such date shall be deposited in the Reserve Fund and the balance of such proceeds shall be deposited in the Acquisition Fund.

Section 16. Redemption of Series 2004-1 Notes. The Series 2004-1 Notes are subject to redemption as provided in this Section.

(a) **Optional Redemption.** Subject to compliance with Section 3.02 of the Indenture, Outstanding Series 2004-1 Notes of any series may, at the option of the Issuer and from amounts credited to the Retirement Account for such purpose, be redeemed on any Business Day for such series, in whole or in part, at a Prepayment Price equal to 100% of the Principal Amount of Series 2004-1 Notes to be so redeemed plus accrued interest thereon to the Prepayment Date.

(b) ***Mandatory Redemption.***

(i) The Series 2004-1 Notes of any series are subject to mandatory redemption on any Interest Payment Date following the end of the Acquisition Period applicable to such series of Series 2004-1 Notes from revenues deposited to the Retirement Account of the Debt Service Fund pursuant to Section 4.06(c) of the Indenture. For purposes of determining the amount of Series 2004-1 Notes to be redeemed pursuant to this Section 16(b)(i), the Issuer shall assume that moneys in the Acquisition Fund from the proceeds of the Series 2004-1 Notes were used to acquire or originate Eligible Loans on a “first-in, first-out” basis. The Series 2004-1 Notes of each series selected for redemption as provided in subsection (c) of this Section shall be redeemed on the first Interest Payment Date for that series for which the Trustee can give the required notice. The Prepayment Price will be 100% of the Principal Amount of such Notes to be redeemed, plus accrued interest thereon to the Prepayment Date.

(ii) Notes of any series, including the Series 2004-1 Notes, are subject to mandatory redemption on the next regularly scheduled Interest Payment Date for which redemption notice can be given following the end of each Revolving Period for the Notes from revenues deposited to the Retirement Account of the Debt Service Fund pursuant to Section 4.06(c) of the Indenture. The Prepayment Price will be 100% of the Principal Amount of such Notes to be redeemed, plus accrued interest thereon to the Prepayment Date.

(iii) The Principal Amount of Series 2004-1 Notes to be redeemed pursuant to this subsection (b) from revenues deposited to the Retirement Account of the Debt Service Fund and available for such purpose in accordance with Section 4.06(c) of the Indenture on any Monthly Calculation Date shall be equal to the largest amount which can be redeemed in the minimum Authorized Denomination.

(c) ***Selection of Series 2004-1 Notes for Redemption.*** If less than all Outstanding Series 2004-1 Notes are to be redeemed pursuant to subsections (a) or (b) of this Section, such Principal Amounts of each series of Series 2004-1 Notes as the Issuer may designate (subject to the limitations contained in this Section) shall be selected for redemption, to the extent that the provisions of Section 3.02 of the Indenture will not be violated thereby. In the absence of valid direction by the Issuer, the Series 2004-1 Notes to be redeemed will be selected first from the Series 2004-1 Senior Notes in ascending numerical order of the series designation, and thereafter from the Series 2004-1 Subordinate Notes in ascending numerical order of the series designation.

If less than all of the Outstanding Series 2004-1 Notes of a given series are to be redeemed pursuant to this Section, the particular Series 2004-1 Notes to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Series 2004-1 Notes in an Authorized Denomination.

The Trustee shall promptly notify the Note Registrar and any Paying Agent for the Series 2004-1 Notes (in each case, if other than the Trustee) in writing of the Series 2004-1 Notes selected for redemption and, in the case of any Series 2004-1 Note selected for partial redemption, the Principal Amount thereof to be redeemed.

For all purposes of the Indenture, unless the context otherwise requires, all provisions relating to the redemption of Series 2004-1 Notes shall relate, in the case of any Series 2004-1 Note redeemed or to be redeemed only in part, to the portion of the principal of such Series 2004-1 Note which has been or is to be redeemed.

(d) **Notice of Redemption.** Notice of redemption of Series 2004-1 Notes pursuant to this Section shall be given not less than fifteen (15) days nor more than forty-five (45) days prior to the Prepayment Date in accordance with the provisions of Section 3.04 of the Indenture. In addition, the Trustee shall give notice of such redemption to the Auction Agent pursuant to Section 2.02(a)(ii) of the Auction Agent Agreement.

Section 17. Book-Entry Series 2004-1 Notes.

(a) Subject to subsection (c) below, the Holder of all Series 2004-1 Notes shall be the Securities Depository, and the Series 2004-1 Notes shall be registered in the name of the nominee for the Securities Depository.

(b) The Series 2004-1 Notes shall be initially issued in the form of one or more separate, authenticated fully-registered Series 2004-1 Notes for each series thereof in the aggregate Principal Amount of such series. Upon initial issuance, the ownership of each such Series 2004-1 Note shall be registered in the registration books kept by the Note Registrar in the name of the nominee of the Securities Depository. The Trustee and the Issuer may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Series 2004-1 Notes registered in its name for the purposes of (i) payment of the principal or Prepayment Price of and interest on the Series 2004-1 Notes, (ii) selecting the Series 2004-1 Notes or portions thereof to be redeemed, (iii) giving any notice permitted or required to be given to Holders under the Indenture, (iv) registering the transfer of Series 2004-1 Notes, and (v) obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever, and neither the Trustee nor the Issuer shall be affected by any notice to the contrary (except as provided in subsection (c) below). Neither the Trustee nor the Issuer shall have any responsibility or obligation to any Participant, any Beneficial Owner of Series 2004-1 Notes or any other Person claiming a Beneficial Ownership Interest in the Series 2004-1 Notes under or through the Securities Depository or any Participant, or any other Person which is not shown on the registration books of the Note Registrar as being a Holder, with respect to the accuracy of any records maintained by the Securities Depository or any Participant, the payment to the Securities Depository of any amount in respect of the principal or Prepayment Price of or interest on the Series 2004-1 Notes; any notice which is permitted or required to be given to Holders under the Indenture; the selection by the Securities Depository or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2004-1 Notes; or any consent given or other action taken by the Securities

Depository as Holder. The Trustee shall pay all principal and Prepayment Price of and interest on the Series 2004-1 Notes only to or upon the order of the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal, purchase price or Prepayment Price of and interest on the Series 2004-1 Notes to the extent of the sum or sums so paid. Except as provided in subsection (c) below, no Person other than the Securities Depository shall receive an authenticated Series 2004-1 Note evidencing the obligation of the Issuer to make payments of principal or Prepayment Price and interest pursuant to this Indenture. Upon delivery by the Securities Depository to the Trustee of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of the preceding nominee, the Series 2004-1 Notes will be transferable to such new nominee in accordance with subsection (f) below.

(c) In the event the Issuer determines that it is in the best interest of the Issuer not to continue the Book-Entry System of transfer or that the interest of the Holders might be adversely affected if the Book-Entry System of transfer is continued, the Issuer may so notify the Securities Depository and the Trustee, whereupon the Securities Depository will notify the Participants of the availability through the Securities Depository of definitive Series 2004-1 Notes. In such event, the Trustee shall authenticate, transfer and exchange definitive Series 2004-1 Notes as requested by the Securities Depository in appropriate amounts in accordance with subsection (f) below. The Securities Depository may determine to discontinue providing its services with respect to the Series 2004-1 Notes at any time by giving notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Issuer may determine that the Securities Depository is incapable of discharging its responsibilities and may so advise the Securities Depository. In either such event, the Issuer shall either establish its own Book-Entry System or use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor Securities Depository), the Issuer and the Trustee shall be obligated to deliver definitive Series 2004-1 Notes as described in this Indenture and in accordance with subsection (f) below. In the event definitive Series 2004-1 Notes are issued, the provisions of the Indenture and this Supplemental Indenture shall apply to such definitive Series 2004-1 Notes in all respects, including, among other things, the transfer and exchange of such Series 2004-1 Notes and the method of payment of principal or Prepayment Price of and interest on such Series 2004-1 Notes. Whenever the Securities Depository requests the Issuer and the Trustee to do so, the Issuer and the Trustee will cooperate with the Securities Depository in taking appropriate action after reasonable notice (i) to make available one or more separate definitive Series 2004-1 Notes to any Participant having Series 2004-1 Notes credited to its account with the Securities Depository or (ii) to arrange for another securities depository to maintain custody of definitive Series 2004-1 Notes.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2004-1 Note is registered in the name of the nominee of the Securities Depository, all payments with respect to the principal or Prepayment Price of and interest on such Series 2004-1 Note and all notices with respect to such Series 2004-1 Note shall

be made and given, respectively, to the Securities Depository as provided in its Letter of Representations.

(e) In connection with any notice or other communication to be provided to Holders pursuant to the Indenture by the Issuer or the Trustee or with respect to any consent or other action to be taken by Holders, the Issuer or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than 15 calendar days in advance of such record date (or such longer time as may be required by the Securities Depository) to the extent possible. Such notice to the Securities Depository shall be given only when the Securities Depository is the sole Holder.

(f) In the event that any transfer or exchange of Series 2004-1 Notes is permitted under subsection (b) or (c) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered Holder thereof of the Series 2004-1 Notes to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of the Indenture. In the event definitive Series 2004-1 Notes are issued to Holders other than the nominee of the Securities Depository, or another securities depository as Holder of all the Series 2004-1 Notes, the provisions of the Indenture shall also apply to, among other things, the printing of such definitive Series 2004-1 Notes and the methods of payment of principal or Prepayment Price of and interest on such Series 2004-1 Notes.

Section 18. Limitation on Fees.

(a) For so long as any Series 2004-1 Notes shall be Outstanding, the Issuer covenants and agrees that the Note Fees with respect to the Series 2004-1 Notes to be paid, or reimbursed to the Issuer, from the Administration Fund shall not, in any year, exceed the sum of (i) the annual fees of the Trustee, the Delaware Trustee, the Eligible Lender Trustee and the Market Agent in effect as of the Closing Date, plus (ii) the Broker-Dealer Fees payable at the Broker-Dealer Fee Rate in effect as of the Closing Date, plus (iii) the Auction Agent Fees payable at the Auction Agent Fee Rate in effect as of the Closing Date, plus (iv) the costs of any opinions required by the Indenture or by any Rating Agency, unless the Issuer delivers to the Trustee a Rating Agency Confirmation with respect to the payment or reimbursement of such additional Note Fees.

(b) The Issuer covenants and agrees that the aggregate amount of Servicing Fees, Administration Fees and Note Fees paid from the Administration Fund shall not, in any Fiscal Year, exceed the sum of such fees provided for in the Cash Flows provided to each Rating Agency on the Closing Date for the Series 2004-1 Notes, unless a Rating Agency Confirmation is obtained with respect to any such excess amount.

Section 19. Certain Designations Pursuant to the Indenture.

(a) For so long as any Series 2004-1 Notes shall be Outstanding, for purposes of the Indenture:

(i) the “Senior Asset Requirement” shall mean that, as of the date of determination, the Senior Asset Percentage is at least equal to 107.0% and the Subordinate Asset Percentage is at least equal to 101.5% or such lesser percentage as permitted upon obtaining a Rating Agency Confirmation;

(ii) the “Asset Release Requirement” shall mean that, as of the date of determination, (A)(i) the Senior Asset Percentage is at least equal to 107.0% and (ii) the Subordinate Asset Percentage is at least equal to 101.5% and (B) the Aggregate Value of assets held under the Indenture, less the principal amount of all Notes Outstanding will exceed \$3,000,000 after release or payment; provided, however, that if any Financed Eligible Loan shall have ceased to be an Eligible Loan because it has lost its Guarantee as a result of marketing operations of Student Loan Consolidation Center, LLC, or any agents thereof, and not Servicer error and such Financed Student Loan remains in the Trust Estate as of such date of determination (a “Non-Guaranteed Loan”), then “Asset Release Requirement” shall mean, as of the date of determination and after release or payment, that (A) the Aggregate Value less the sum of all accrued interest on Outstanding Senior Notes, all accrued Issuer Swap Payments with respect to Senior Swap Agreements and all accrued fees with respect to Senior Credit Enhancement Facilities is equal to at least 107.0% of the principal amount of all Senior Notes Outstanding plus 100% of the unpaid principal and accrued interest on the Non-Guaranteed Loans remaining in the Trust Estate, (B) the Aggregate Value less the sum of all accrued interest on all Outstanding Subordinate Notes, all accrued Issuer Swap Payments (other than with respect to Junior Subordinate Swap Agreements) and all accrued fees with respect to Credit Enhancement Facilities (other than Junior Subordinate Credit Enhancement Facilities) is equal to at least 101.5% of the principal amount of all Notes Outstanding plus 100% of the unpaid principal and accrued interest on the Non-Guaranteed Loans remaining in the Trust Estate and (C) the Aggregate Value of assets held under the Indenture, less the principal amount of all Notes Outstanding will exceed \$3,000,000 after release or payment; or in all cases such lesser percentages or amounts as may be permitted with a Rating Agency Confirmation.

or, in either case, such greater amount(s) as may be provided in a Supplemental Indenture providing for the issuance of any series of Notes any of which are then Outstanding; provided, that in connection with any proposed amendment to the Indenture to reduce any such requirements to levels not below those set forth above, the Holders of all Outstanding Series 2004-1 Notes shall be deemed to have consented to such amendment.

(iii) “Premium” shall mean, for the Eligible Loans acquired by the Issuer, an amount not to exceed an average of 2.1% on such Eligible Loans (which premiums may be changed with a Rating Agency Confirmation).

(b) For purposes of making the deposits required by Section 4.06(a) of the Indenture with respect to the Series 2004-1 Notes, for any Interest Period for which the actual Applicable Interest Rate with respect to a series of Series 2004-1 Notes is not

known on the Monthly Calculation Date, such series of Series 2004-1 Notes shall be assumed to bear interest at the rate determined by the Issuer and set forth in an Issuer Order.

Section 20. Mandatory Redemption of or Distributions of Principal With Respect to Notes.

(a) For purposes of Section 3.03 of the Indenture and subject to the provisions of Section 3.02 of the Indenture, if less than all Outstanding Series 2004-1 Notes are to be redeemed, the particular series from which Notes shall be redeemed will be determined by the Issuer and reported by the Issuer in writing to the Trustee.

(b) For purposes of Section 3.03 of the Indenture, any Supplemental Indenture pursuant to which any series of Notes is issued may provide that amounts transferred to the Retirement Account for the mandatory redemption of, or distribution of principal with respect to, Notes shall be applied to such series of Notes, or any portions thereof, either prior to or after the application of such amounts to the Series 2004-1 Notes, or shall be allocated between such series of Notes and the Series 2004-1 Notes in any other manner. This Section shall not alter the limitation set forth in Section 3.02 of the Indenture.

Section 21. List of Non-Business Days. The Trustee shall provide to the Auction Agent on the Closing Date, and on each January 1 thereafter and upon any change in the state in which the Trustee's Principal Office is located, a list of all legal holidays in the state in which the Principal Office of the Trustee is located during the ensuing calendar year.

Section 22. Transfer Restrictions.

(a) Each person who is or who becomes a Beneficial Owner of a Series 2004-1 Note shall be deemed by the acceptance or acquisition of such Beneficial Ownership Interest to have agreed to be bound by the provisions of this Section. No Beneficial Ownership Interest in a Series 2004-1 Note may be transferred, unless the proposed transferee shall have delivered to the Issuer and the Trustee either (i) evidence satisfactory to them that such Series 2004-1 Note has been registered under the Securities Act and has been registered or qualified under all applicable state securities laws to the reasonable satisfaction of the Issuer or (ii) an express agreement substantially in the form of the Investment Letter attached as Exhibit H-1 or Exhibit H-2 hereto by the proposed transferee to be bound by and to abide by the provisions of this Section and the restrictions noted in the Investment Letter; provided that compliance with the provisions of subparagraphs (i) and (ii) of this Section shall not be required if the proposed transferee is listed in the latest available S&P Rule 144A list of Qualified Institutional Buyers or other industry recognized subscriber services listing Qualified Institutional Buyers.

(b) The Issuer will, upon the request of any Beneficial Owner of any Series 2004-1 Note, which Beneficial Owner is a qualified institutional buyer, provide such Beneficial Owner, and any qualified institutional buyer designated by such Beneficial Owner, such financial and other information as such Beneficial Owner may

reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Series 2004-1 Notes, except at such time as the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended. For the purposes of this paragraph, the term “qualified institutional buyer” shall have the meaning specified in Rule 144A under the Securities Act.

Section 23. Certain Findings, Determinations and Designations. The Issuer hereby finds and determines as follows:

(a) This First Supplemental Indenture supplements the Indenture, constitutes and is a “Supplemental Indenture” within the meaning of such term as defined and used in the Indenture and is executed under and pursuant to the Indenture.

(b) No Notes have heretofore been issued under the Indenture.

(c) The Series 2004-1 Senior Notes constitute, and are hereby designated as, “Senior Notes” within the meaning of the term as defined and used in the Indenture and the Series 2004-1 Subordinate Notes constitute, and are hereby designated as, “Subordinate Notes” within the meaning of the term as defined and used in the Indenture.

(d) Upon receipt of the proceeds of the sale of the Series 2004-1 Notes, (i) the revenues and other moneys and property pledged under the Indenture will not be encumbered by any lien or charge thereon or pledge thereof, other than the lien and charge thereon and pledge thereof created by the Indenture for the payment and security of the Notes and (ii) there will not be outstanding any bonds, notes or other evidences of indebtedness payable from and secured by a lien on or pledge or charge upon the revenues and other moneys and property pledged under the Indenture.

(e) There does not exist an “Event of Default,” within the meaning of such term as defined in the Indenture, which is continuing, nor does there exist any condition which, after the passage of time, would constitute such an “Event of Default.”

Section 24. Conditions Precedent. Each series of Series 2004-1 Notes shall be executed, authenticated and delivered on the applicable Closing Date for such series set forth herein subject to the satisfaction of the conditions precedent set forth in this Section.

(a) With respect to the Closing Date for the Series 2004-1 Notes to occur on March 5, 2004, the execution, authentication and delivery of such Series 2004-1 Notes is conditioned upon the satisfaction of the conditions set forth in Section 2.02 of the Indenture.

(b) With respect to the Closing Date for each series of Series 2004-1 Notes that is to occur on any date other than March 5, 2004, the execution, authentication and delivery of each such series of Series 2004-1 Notes is conditioned upon the following:

(i) the satisfaction of the conditions set forth in Section 2.02 of the Indenture (provided that the requirement for any legal opinions may be satisfied by “bring-down” letters relating to prior opinions);

(ii) either (A) the receipt from the Issuer by the Trustee on or before such Closing Date of an Issuer Order certifying that there have been no material changes with respect to the information in the Offering Memorandum since the delivery of the Offering Memorandum dated March 3, 2004 (the “Offering Memorandum”) that would require updating the Offering Memorandum; or (B) the delivery to the Initial Purchaser of a supplement to the Offering Memorandum setting forth any material changes with respect to the information in the Offering Memorandum since the delivery of the most recent Offering Memorandum to the Initial Purchaser and the Initial Purchaser shall have determined that such changes, do not, in its reasonable judgment, adversely affect the market price of the Series 2004-1 Senior Notes;

(iii) the receipt from the Issuer by the Trustee on or before such Closing Date of an Issuer Order, which Issuer Order shall include the terms of each series of Series 2004-1 Notes to be issued on such Closing Date, including an identification of each series to be issued, the date of issuance of each series of Notes, the aggregate Principal Amount of the Notes and the denominations of each such series, the Initial Interest Rate of each such series, the initial Auction Date, Initial Interest Rate Adjustment Date and Series Auction Date of each such series, a direction to the Trustee to execute the certificate of authentication for each such Series 2004-1 Note in the form provided in this Second Supplement, which, upon receipt, shall be executed by the Trustee or the Authenticating Agent and the Notes shall be executed by the Delaware Trustee, on behalf of the Issuer, each in accordance with Section 2.05 of the Indenture; and

(iv) the receipt by the Issuer and the Trustee of evidence (i) that each series of Series 2004-1 Senior Notes has received the ratings of “AAA” by Standard & Poor’s Ratings Service and “Aaa” by Moody’s Investors Service, Inc. and (ii) that each series of Series 2004-1 Subordinate Notes has received the ratings of “A” by Standard & Poor’s Ratings Service and “A2” by Moody’s Investors Service, Inc.; or, if such ratings have been previously assigned, that Rating Agency Confirmations with respect to such ratings have been received.

(c) The aggregate amount of the Series 2004-1 Senior Notes that are issued shall not exceed \$475,000,000 unless the Series 2004-1B-2 Subordinate Notes have been previously issued or are being issued simultaneously with the Series 2004-1 Senior Notes which exceed the aggregate amount of \$475,000,000.

Section 25. Covenants Regarding Student Loans.

(a) Notwithstanding Section 4.02 of the Indenture, except for Premiums established pursuant to this First Supplemental Indenture or any future Supplemental Indenture or unless the Issuer has obtained a Rating Agency Confirmation, (i) the Issuer

shall not pay any Premium and (ii) after giving effect to the acquisition of any Eligible Loan, the Balance of the Financed Eligible Loans with “graduated repayment characteristics” (bearing interest only for the first one-third of the payment term) held in the Acquisition Fund shall not exceed 80% of the Balance of all Financed Eligible Loans purchased with the sale proceeds of the Series 2004-1 Notes.

(b) Unless a Rating Agency Confirmation is obtained, each Financed Student Loan shall be either (i) a Consolidation Loan or (ii) a Student Loan other than a Consolidation Loan, provided that the aggregate Principal Balance of all such Student Loans which are not Consolidation Loans does not exceed \$50,000,000 at any given time and provided further that no such Student Loans which are not Consolidation Loans may be “unsubsidized or subsidized Stafford loans.”

(c) Not more than 3% of the Financed Student Loans purchased with moneys on deposit in the Acquisition Fund which are Consolidation Loans may have original principal balances at the time of purchase by the Issuer of less than \$15,000; provided, however, that any Consolidation Loan which was purchased with an original principal balance of less than \$15,000 at the time of purchase by the Issuer, but for which a subsequent Add-On Loan has been made and the principal balance of the Add-On Loan, when added to the original principal balance of such Consolidation Loan at the time of purchase by the Issuer, shall cause the original principal balance of such Consolidation Loan to exceed \$15,000, shall be excluded from the 3% limitation of this subsection (c).

Section 26. Covenant Regarding Net Reject Rate. If on any Monthly Calculation Date the Net Reject Rate equals or exceeds 2.0%, any moneys in the Collection Fund which were received during the prior calendar month and which are not used to make the transfers required by subsections (a) through (i) of Section 4.05 of the Indenture shall be transferred to the Retirement Account for the redemption of, or principal distributions with respect to, Notes (or the reimbursement of Credit Facility Providers for the payment of the Prepayment Price of Notes), and the Issuer shall use such moneys transferred to the Retirement Account to redeem Notes on the next applicable redemption date for the Notes which are to be redeemed. Once the Net Reject Rate has equaled or exceeded 2.0%, the Issuer shall continue to transfer any moneys in the Collection Fund which were received during the prior calendar month and which are not used to make the transfers required by subsections (a) through (i) of Section 4.05 of the Indenture to the Retirement Account on each subsequent Monthly Calculation Date for the redemption of, or principal distributions with respect to, Notes (or the reimbursement of Credit Facility Providers for the payment of the Prepayment Price of Notes) until the Monthly Calculation Date on which the Net Reject Rate is less than 1%, and the Issuer shall use all such moneys transferred to the Retirement Account to redeem Notes on the next applicable redemption date for the Notes which are to be redeemed. The “Net Reject Rate” shall be the percentage determined by the Issuer by dividing (a) the cumulative principal amount of those Defaulted Student Loans which at the end of the cure period applicable thereto under the applicable Servicing Agreement have been rejected for payment by the Guarantee Agency and were neither cured nor repurchased by the Servicer pursuant to the terms of its Servicing Agreement, by (b) the cumulative principal amount of all Defaulted Student Loans which have been submitted for payment to a Guarantee Agency.

Section 27. Annual Audit. The Issuer shall provide Moody's Investors Service with annual audited financial statements of the Issuer by April 30 of each year.

Section 28. Governing Law. This First Supplemental Indenture shall be governed by and be construed in accordance with the laws of the State of New York without giving effect to the conflicts-of-laws principles thereof.

Section 29. Headings. The headings or titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning or construction, interpretation or effect of this First Supplemental Indenture.

Section 30. Severability. If any provision of this First Supplemental Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in this First Supplemental Indenture contained shall not affect the remaining portions of this First Supplemental Indenture or part thereof.

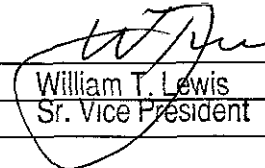
Section 31. Counterparts. This First Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 32. Effect of First Supplemental Indenture. Upon the execution and delivery of this First Supplemental Indenture, the Indenture shall be supplemented in accordance herewith, and this First Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Notes hereafter authenticated and delivered and Other Beneficiary under the Indenture shall be bound hereby.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

HIGHER EDUCATION FUNDING I

By The Bank of New York (Delaware), not in its individual capacity but solely as Delaware Trustee

By 
Name William T. Lewis
Title Sr. Vice President

THE BANK OF NEW YORK, as Trustee

By _____
Craig S. Wenzler, Assistant Vice President

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

HIGHER EDUCATION FUNDING I

By The Bank of New York (Delaware), not in its individual capacity but solely as Delaware Trustee

By _____
Name _____
Title _____

THE BANK OF NEW YORK, as Trustee

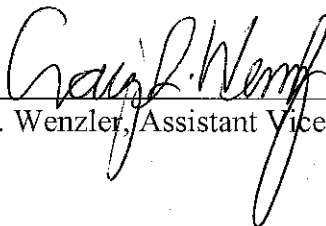
By  _____
Craig S. Wenzler, Assistant Vice President

EXHIBIT A

FORM OF SERIES 2004-1 SENIOR NOTES

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES OR BLUE SKY LAW OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (a)(i) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (ii) TO AN "ACCREDITED INVESTOR" (WITHIN THE MEANING OF RULE 501(a) UNDER THE SECURITIES ACT) PURCHASING FOR INVESTMENT AND NOT FOR DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, SUBJECT TO THE RECEIPT BY THE TRUSTEE OF SUCH EVIDENCE ACCEPTABLE TO THE TRUSTEE THAT SUCH REOFFER, RESALE, PLEDGE OR TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS, (b) PURSUANT TO ANOTHER EXEMPTION AVAILABLE UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (c) PURSUANT TO A VALID REGISTRATION STATEMENT.

Unless this Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any Note issued is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the Registered Owner hereof, CEDE & Co., has an interest herein.

Auction Rate Student Loan Asset-Backed Note
Senior Series 2004-1A-__

No. R-_____ \$ _____

Stated Maturity Date	Date of Original Issue	Interest Rate	CUSIP
_____ 1, _____		Auction Rate	_____

Registered Holder: CEDE & Co.
Principal Amount:

For Value Received, Higher Education Funding I, a Delaware statutory trust (the "Issuer", which term includes any successor under the Indenture hereinafter referred to), acknowledges itself indebted and hereby promises to pay to the Registered Holder specified above, or registered assigns (the "Registered Holder"), but solely from the revenues and receipts hereinafter specified and not otherwise, the Principal Amount specified above on the Stated Maturity Date specified above (subject to the right of prior redemption hereinafter mentioned), upon presentation and surrender of this note at the Principal Office of the Trustee (as hereinafter defined), as Paying Agent for the Series 2004-1 Notes (as hereinafter defined), or a duly appointed successor Paying Agent, and to pay interest on said Principal Amount, but solely from the revenues and receipts hereinafter specified and not otherwise, to the Registered Holder hereof from the date hereof until the payment of said Principal Amount has been made or duly provided for, payable on each Interest Payment Date and at Maturity, at the Applicable Interest Rate (as hereinafter described), and at the same rate per annum (to the extent that the payment of such interest shall be legally enforceable) on overdue installments of interest. Payment of interest on this note on each regularly scheduled Interest Payment Date shall be made by check or draft drawn upon the Paying Agent and mailed to the person who is the Registered Holder hereof as of 5:00 p.m. on the applicable Regular Record Date at the address of such Registered Holder as it appears on the Note Register maintained by the Note Registrar, or, if the Registered Holder of this note is the Holder of Series 2004-1 Notes in the aggregate principal amount of \$1,000,000 or more (or, if less than \$1,000,000 in Principal Amount of Series 2004-1 Notes is outstanding, the Holder of all outstanding Series 2004-1 Notes), at the direction of the Registered Holder received by the Paying Agent by 5:00 p.m. on the last Business Day preceding the applicable Regular Record Date, by electronic transfer by the Paying Agent in immediately available funds to an account designated by the Registered Holder. In addition, interest on this note is payable at the Maturity hereof in the same manner as the principal hereof, unless the date of such Maturity is a regularly scheduled Interest Payment Date, in which event interest is payable in the manner set forth in the preceding sentence. Any interest not so timely paid or duly provided for (herein referred to as "Defaulted Interest") shall cease to be payable to the person who is the Registered Holder hereof at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Holder hereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the Defaulted Interest, and notice of the Special Record Date shall be given to the Registered Holder hereof not less than ten days prior thereto by first-class mail to the Registered Holder hereof as shown on the Note Register on a date selected by the Trustee, stating the date of the special record date and the date fixed for the payment of such defaulted interest. The principal of, premium, if any, and interest on this note are payable in lawful money of the United States of America.

This note is one of an authorized issue of Notes, issued and to be issued by the Issuer in one or more series pursuant to an Indenture of Trust, dated as of January 1, 2004 (as previously supplemented and amended, the "Indenture"), from the Issuer and The Bank of New York, as eligible lender trustee, to The Bank of New York, as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), as supplemented by a First Supplemental Indenture of Trust, dated as of January 1, 2004 (the "First Supplemental Indenture"), between the Issuer and the Trustee. As provided in the Indenture, the Notes are issuable in series which may vary as in the Indenture provided or permitted. This note is one of a series of Senior Notes issued under the Indenture and the First Supplemental Indenture (collectively referred to herein as the

“Series 2004-1 Senior Notes”). The Series 2004-1 Senior Notes are issued simultaneously with a series of Subordinate Notes (the “Series 2004-1 Subordinate Notes” and, together with the Series 2004-1 Senior Notes, collectively referred to herein as the “Series 2004-1 Notes”).

Reference is hereby made to the Indenture, copies of which are on file in the principal corporate trust office of the Trustee, and to all of the provisions of which any Registered Holder of this note by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Notes and Other Obligations secured thereunder; the student loan acquisition program being financed by the issuance of the Notes; the revenues and other moneys pledged to the payment of the principal of and premium, if any, and interest on the Notes and the Other Obligations; the nature and extent and manner of enforcement of the pledge; the conditions upon which Notes may be issued or Other Obligations may be incurred by the Issuer thereunder, payable from such revenues and other moneys thereunder as Senior Obligations or Subordinate Obligations; the conditions upon which the Indenture may be amended or supplemented with or without the consent of the Holders of the Notes; the rights and remedies of the Registered Holder hereof with respect hereto and thereto, including the limitations upon the right of a Registered Holder hereof to institute any suit, action or proceeding in equity or at law with respect hereto and thereto; the rights, duties and obligations of the Issuer and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity or redemption of this note, and this note thereafter no longer be secured by the Indenture, or be deemed to be Outstanding thereunder; and for the other terms and provisions thereof. Terms used with initial capital letters but not defined in this note have the respective meanings given such terms in the Indenture. The Series 2004-1 Senior Notes are being issued as, and will constitute, Senior Notes under the Indenture. The Series 2004-1 Subordinate Notes are being issued as, and will constitute, Subordinate Notes under the Indenture.

The Notes and Other Obligations are limited obligations of the Issuer, payable solely from the Trust Estate created under the Indenture, consisting of certain revenues and Funds and Accounts pledged under the Indenture including, but not limited to, payments of principal and interest made by obligors of Financed Student Loans and available Note proceeds.

Interest payable on this note shall be computed on the basis of a 365-day year for the number of days actually elapsed, except that for any leap year, such calculation with respect to an Interest Payment Date occurring after January 1 of such year through December 31 of such year shall be computed on the basis of a 366-day year and accrue daily from the date hereof, and is payable on each regularly scheduled Interest Payment Date prior to the Maturity hereof and at the Maturity hereof. The interest payable on each Interest Payment Date for this note shall be that interest which has accrued through the last day of the last complete Interest Period immediately preceding the Interest Payment Date or, in the case of the Maturity hereof, the last day preceding the date of such Maturity. The Applicable Interest Rate shall be effective as of and on the first day (whether or not a Business Day) of the applicable Interest Period and be in effect thereafter through the end of such Interest Period.

The unpaid principal amount hereof from time to time outstanding shall bear interest at an Applicable Interest Rate, payable on each Interest Payment Date and at the Maturity hereof

such interest to accrue from the later of the date hereof or the date through which interest has been paid or duly provided for.

The Interest Period, the Applicable Interest Rate, the method of determining the Applicable Interest Rate on each of the Series 2004-1 Notes and the Auction Procedures related thereto, an Auction Period Adjustment, a change in the Auction Date and the Interest Payment Dates will be determined in accordance with the terms, conditions and provisions of the First Supplemental Indenture and the Auction Agent Agreement, to which terms, conditions and provisions specific reference is hereby made, and all of which terms, conditions and provisions are hereby specifically incorporated herein by reference.

By purchasing Series 2004-1 Notes, whether in an Auction or otherwise, each purchaser of the Series 2004-1 Notes, or its Broker-Dealer, must agree and shall be deemed by such purchase to have agreed (a) to participate in Auctions on the terms described in the First Supplemental Indenture, (b) to have its Beneficial Ownership Interest in the Series 2004-1 Notes maintained at all times in Book-Entry Form for the account of its Participant, which in turn will maintain records of such Beneficial Ownership Interest, and (c) to authorize such Participant to disclose to the Auction Agent such information with respect to such Beneficial Ownership Interest as the Auction Agent may request. So long as the ownership of Series 2004-1 Notes is maintained in Book-Entry Form by the Securities Depository, an Existing Holder may sell, transfer or otherwise dispose of Series 2004-1 Notes only pursuant to a Bid or Sell Order placed in an Auction or otherwise sell, transfer or dispose of Series 2004-1 Notes through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

The determination of the Applicable Interest Rate by the Auction Agent or any other authorized Person pursuant to the provisions of the First Supplemental Indenture shall be conclusive and binding on the Holders of the Series 2004-1 Notes to which such Applicable Interest Rate applies, and the Issuer and the Trustee may rely thereon for all purposes.

Notwithstanding any provision of this note to the contrary, in no event shall the cumulative amount of interest paid or payable on this note (including interest calculated as provided herein, plus any other amounts that constitute interest on this note under applicable law, which are contracted for, charged, reserved, taken or received pursuant to this note or related documents) calculated from the date of issuance of this note through any subsequent day during the term of this note or otherwise prior to payment in full of this note exceed the amount permitted by applicable law. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under this note or related documents or otherwise contracted for, charged, reserved, taken or received in connection with this note, or if the redemption or acceleration of the Maturity of this note results in payment to or receipt by the Registered Holder or any former Registered Holder hereof of any interest in excess of that permitted by applicable law, then notwithstanding any provision of this note or related documents to the contrary all excess amounts theretofore paid or received with respect to this note shall be credited on the principal balance of this note (or, if this note has been paid or would thereby be paid in full, refunded by the recipient thereof), and the provisions of this note and related documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply

with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for under this note and under the related documents.

Subject to compliance with the provisions of the Indenture relating to certain asset requirements, Outstanding Series 2004-1 Notes of any series shall be redeemed, in part, on the first regularly scheduled Interest Payment Date for such series for which notice can be given in accordance with the requirements of the First Supplemental Indenture, at a redemption price equal to 100% of the principal amount of Series 2004-1 Notes of such series so redeemed, from revenues deposited in the Retirement Account of the Debt Service Fund.

Subject to compliance with the provisions of the Indenture relating to certain asset requirements and certain other requirements, Outstanding Series 2004-1 Notes may, at the option of the Issuer, be redeemed on any Business Day, in whole or in part, at a redemption price equal to 100% of the principal amount thereof to be redeemed.

If not all Series 2004-1 Notes are to be redeemed, the particular Series 2004-1 Notes to be redeemed are to be selected as provided in the Indenture and the First Supplemental Indenture.

Notice of redemption shall be given by first-class mail mailed not less than 15 days before the redemption date to each Holder of Series 2004-1 Notes to be redeemed at his last address appearing on the Note Register; but no defect in or failure to give such notice of redemption shall affect the validity of proceedings for redemption of any Note not affected by such defect or failure. All Series 2004-1 Notes so called for redemption will cease to bear interest on such Redemption Date, provided funds for their redemption have been duly deposited, and, except for the purpose of payment, shall no longer be protected by the Indenture and shall not be deemed Outstanding thereunder.

It is provided in the First Supplemental Indenture that Series 2004-1 Notes of a denomination larger than \$50,000 may be redeemed in part (\$50,000 or a multiple thereof) and that upon any partial redemption of any such Series 2004-1 Note the same shall be surrendered in exchange for one or more new Notes of the same series in authorized form for the unredeemed portion of principal.

If provision is made for the payment of principal of and premium, if any, and interest on this note in accordance with the Indenture, this note shall no longer be deemed Outstanding under the Indenture, shall cease to be entitled to the benefits of the Indenture and shall thereafter be payable solely from the funds provided for such payment.

If an Event of Default shall occur, the principal of all the Outstanding Notes may and, under certain circumstances, shall be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes and Other Beneficiaries under the Indenture at any time by the Issuer with, among other things, the consent of the Holders of two-thirds of the aggregate principal amount of Senior Notes at the time Outstanding, if affected thereby, and with the consent of the Holders of

two-thirds of the aggregate principal amount of Subordinate Notes at the time Outstanding, if affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Senior Notes at the time Outstanding or Other Senior Beneficiaries or, if no Senior Obligations are Outstanding, the Holders of specified percentages in aggregate principal amount of the Subordinate Notes at the time Outstanding or Other Subordinate Beneficiaries, on behalf of the Holders of all the Notes, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver shall be conclusive and binding upon the Registered Holder of this note and upon all future Registered Holders hereof and of any Note issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this note.

The Issuer may require payment by the Registered Holder hereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of this note, other than certain exchanges specifically exempted under the Indenture and not involving any transfer.

The Issuer, the Trustee, each Paying Agent, any Authenticating Agent, the Note Registrar and any other agent of the Issuer may treat the Person in whose name this note is registered on the Note Register as the absolute owner hereof for all purposes, whether or not this note is overdue, and neither the Issuer, the Trustee, any Paying Agent, any Authenticating Agent, the Note Registrar nor any other such agent shall be affected by notice to the contrary.

It Is Hereby Certified, Recited, Covenanted and Declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this note have happened, do exist, and have been performed in regular and due time, form and manner as so required.

This note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee or by the Authenticating Agent by the manual signature of one of its authorized representatives.

It is expressly understood and agreed by the holder hereof that (a) the Indenture and this note each is executed and delivered by The Bank of New York (Delaware), not individually or personally but solely as Delaware Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in it; (b) each of the representations, undertakings and agreement in the Indenture and this note made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by The Bank of New York (Delaware) but is made and intended for the purpose of binding only the Issuer; (c) nothing contained in the Indenture and this note shall be construed as creating any liability on The Bank of New York (Delaware), individually or personally, to perform any covenant either expressed or implied contained in the Indenture and this note, all such liability, if any, being expressly waived by the holder hereof and by any Person claiming by, through or under the holder hereof; and (d) under no circumstances shall The Bank of New York (Delaware) be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligations, representation, warranty or covenant made or undertaken by the Issuer under the Indenture, this note or the other Basic Documents.

IN WITNESS WHEREOF, the Issuer has caused this note to be executed in its name by the manual signature of the Delaware Trustee.

HIGHER EDUCATION FUNDING I

By The Bank of New York (Delaware), not in its individual capacity but solely as Delaware Trustee

By _____
Name _____
Title _____

CERTIFICATE OF AUTHENTICATION

This note is one of the Notes of the series designated therein and issued under the provisions of the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By _____
Name: Craig S. Wenzler
Title: Assistant Vice President

ASSIGNMENT

For Value Received the undersigned hereby sells, assigns and transfers unto _____ the within Note and irrevocably appoints _____, attorney-in-fact, to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Please Insert Social Security or Other
Identifying Number of Assignee

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without any alteration whatsoever.

Signature Guaranteed:

EXHIBIT B

FORM OF SERIES 2004-1 SUBORDINATE NOTE

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES OR BLUE SKY LAW OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (a)(i) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (ii) TO AN "ACCREDITED INVESTOR" (WITHIN THE MEANING OF RULE 501(a) UNDER THE SECURITIES ACT) PURCHASING FOR INVESTMENT AND NOT FOR DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, SUBJECT TO THE RECEIPT BY THE TRUSTEE OF SUCH EVIDENCE ACCEPTABLE TO THE TRUSTEE THAT SUCH REOFFER, RESALE, PLEDGE OR TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS, (b) PURSUANT TO ANOTHER EXEMPTION AVAILABLE UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (c) PURSUANT TO A VALID REGISTRATION STATEMENT.

Unless this Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any Note issued is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the Registered Owner hereof, CEDE & Co., has an interest herein.

Auction Rate Student Loan Asset-Backed Note
Subordinate Series 2004-1B-__

No. R-1 \$ _____

Stated Maturity Date	Date of Original Issue	Interest Rate	CUSIP
_____, 1, ____		Auction Rate	_____

Registered Holder: CEDE & Co.
Principal Amount: FIFTY MILLION AND NO/100 DOLLARS

For Value Received, Higher Education Funding I, a Delaware statutory trust (the "Issuer," which term includes any successor under the Indenture hereinafter referred to), acknowledges itself indebted and hereby promises to pay to the registered holder specified above, or registered assigns (the "Registered Holder"), but solely from the revenues and receipts hereinafter specified and not otherwise, the Principal Amount specified above on the Stated Maturity Date specified above (subject to the right of prior redemption hereinafter mentioned), upon presentation and surrender of this note at the Principal Office of the Trustee (as hereinafter defined), as Paying Agent for the Series 2004-1 Notes (as hereinafter defined), or a duly appointed successor Paying Agent, and to pay interest on said Principal Amount, but solely from the revenues and receipts hereinafter specified and not otherwise, to the Registered Holder hereof from the date hereof until the payment of said Principal Amount has been made or duly provided for, payable on each Interest Payment Date and at Maturity, at the Applicable Interest Rate (as hereinafter described), and at the same rate per annum (to the extent that the payment of such interest shall be legally enforceable) on overdue installments of interest. Payment of interest on this note on each regularly scheduled Interest Payment Date shall be made by check or draft drawn upon the Paying Agent and mailed to the person who is the Registered Holder hereof as of 5:00 p.m. on the applicable Regular Record Date at the address of such Registered Holder as it appears on the Note Register maintained by the Note Registrar, or, if the Registered Holder of this note is the Registered Holder of Series 2004-1 Notes in the aggregate principal amount of \$1,000,000 or more (or, if less than \$1,000,000 in Principal Amount of Series 2004-1 Notes is outstanding, the Holder of all outstanding Series 2004-1 Notes), at the direction of such Registered Holder received by the Paying Agent by 5:00 p.m. on the last Business Day preceding the applicable Regular Record Date, by electronic transfer by the Paying Agent in immediately available funds to an account designated by such Registered Holder. In addition, interest on this note is payable at the Maturity hereof in the same manner as the principal hereof, unless the date of such Maturity is a regularly scheduled Interest Payment Date, in which event interest is payable in the manner set forth in the preceding sentence. Any interest not so timely paid or duly provided for (herein referred to as "Defaulted Interest") shall cease to be payable to the person who is the Registered Holder hereof at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Holder hereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the Defaulted Interest, and notice of the Special Record Date shall be given to the Registered Holder hereof not less than ten days prior thereto by first-class mail to such Registered Holder as shown on the Note Register on a date selected by the Trustee, stating the date of the special record date and the date fixed for the payment of such defaulted interest. The principal of, premium, if any, and interest on this note are payable in lawful money of the United States of America.

This note is one of an authorized issue of Notes, issued and to be issued by the Issuer in one or more series pursuant to an Indenture of Trust, dated as of January 1, 2004 (as previously supplemented and amended, the "Indenture"), from the Issuer and The Bank of New York, as eligible lender trustee, to The Bank of New York, as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), as supplemented by a First Supplemental Indenture of Trust, dated as of January 1, 2004 (the "First Supplemental Indenture"), between the Issuer and the Trustee. As provided in the Indenture, the Series 2004-1 Notes are issuable in series which may vary as in the Indenture provided or permitted. This note is one of a series of Subordinate Notes issued under the Indenture and the First Supplemental Indenture (the "Series 2004-1

Subordinate Notes”). The Series 2004-1 Subordinate Notes are issued simultaneously with multiple series of Senior Notes (the “Series 2004-1 Senior Notes” and, together with the Series 2004-1 Subordinate Notes, collectively referred to herein as the “Series 2004-1 Notes”).

Reference is hereby made to the Indenture, copies of which are on file in the principal corporate trust office of the Trustee, and to all of the provisions of which any Registered Holder of this note by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Notes and Other Obligations secured thereunder; the student loan acquisition program being financed by the issuance of the Notes; the revenues and other moneys pledged to the payment of the principal of and premium, if any, and interest on the Notes and the Other Obligations; the nature and extent and manner of enforcement of the pledge; the conditions upon which Notes may be issued or Other Obligations may be incurred by the Issuer thereunder, payable from such revenues and other moneys thereunder as Senior Obligations or Subordinate Obligations; the conditions upon which the Indenture may be amended or supplemented with or without the consent of the Holders of the Notes; the rights and remedies of the Registered Holder hereof with respect hereto and thereto, including the limitations upon the right of a Registered Holder hereof to institute any suit, action or proceeding in equity or at law with respect hereto and thereto; the rights, duties and obligations of the Issuer and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity or redemption of this note, and this note thereafter no longer be secured by the Indenture, or be deemed to be Outstanding thereunder; and for the other terms and provisions thereof. Terms used with initial capital letters but not defined in this note have the respective meanings given such terms in the Indenture. The Series 2004-1 Senior Notes are being issued as, and will constitute, Senior Notes under the Indenture. The Series 2004-1 Subordinate Notes are being issued as, and will constitute, Subordinate Notes under the Indenture.

The Notes and Other Obligations are limited obligations of the Issuer, payable solely from the Trust Estate created under the Indenture, consisting of certain revenues and Funds and Accounts pledged under the Indenture including, but not limited to, payments of principal and interest made by obligors of Financed Student Loans and available Note proceeds.

The Series 2004-1 Subordinate Notes constitute Subordinate Notes under the Indenture which are subordinated in right of payment, the direction of remedies and certain other matters in accordance with the terms of the Indenture to the rights of the Holders of Senior Notes issued from time to time under the Indenture (including, without limitation, the Series 2004-1 Senior Notes) and Other Senior Beneficiaries thereunder (except termination payments due under swap agreements as a result of swap counterparty default). A failure to pay principal of and premium, if any, or interest on this Subordinate Note will not constitute an Event of Default under the Indenture if any Senior Obligation is Outstanding.

Interest payable on this note shall be computed on the basis of a 365-day year for the number of days actually elapsed, except that for any leap year such calculation with respect to an Interest Payment Date occurring after January 1 of such year through December 31 of such year shall be computed on the basis of a 366-day year and accrue daily from the date hereof (on the basis of a 365 or 366-day year, as applicable), and is payable on each regularly scheduled Interest Payment Date prior to the Maturity hereof and at the Maturity hereof. The interest

payable on each Interest Payment Date for this note shall be that interest which has accrued through the last day of the last complete Interest Period immediately preceding the Interest Payment Date or, in the case of the Maturity hereof, the last day preceding the date of such Maturity. The Applicable Interest Rate shall be effective as of and on the first day (whether or not a Business Day) of the applicable Interest Period and be in effect thereafter through the end of such Interest Period.

The unpaid principal amount hereof from time to time outstanding shall bear interest at an Applicable Interest Rate, payable on each Interest Payment Date and at the Maturity hereof such interest to accrue from the later of the date hereof or the date through which interest has been paid or duly provided for.

The Interest Period, the Applicable Interest Rate, the method of determining the Applicable Interest Rate on each of the Series 2004-1 Notes and the Auction Procedures related thereto, an Auction Period Adjustment, a change in the Auction Date and the Interest Payment Dates will be determined in accordance with the terms, conditions and provisions of the First Supplemental Indenture and the Auction Agent Agreement, to which terms, conditions and provisions specific reference is hereby made, and all of which terms, conditions and provisions are hereby specifically incorporated herein by reference.

By purchasing Series 2004-1 Notes, whether in an Auction or otherwise, each purchaser of the Series 2004-1 Notes, or its Broker-Dealer, must agree and shall be deemed by such purchase to have agreed (a) to participate in Auctions on the terms described in the First Supplemental Indenture, (b) to have its Beneficial Ownership Interest of the Series 2004-1 Notes maintained at all times in Book-Entry Form for the account of its Participant, which in turn will maintain records of such Beneficial Ownership Interest, and (c) to authorize such Participant to disclose to the Auction Agent such information with respect to such Beneficial Ownership Interest as the Auction Agent may request. So long as the ownership of Series 2004-1 Notes is maintained in Book-Entry Form by the Securities Depository, an Existing Holder may sell, transfer or otherwise dispose of Series 2004-1 Notes only pursuant to a Bid or Sell Order placed in an Auction or otherwise sell, transfer or dispose of Series 2004-1 Notes through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

The determination of the Applicable Interest Rate by the Auction Agent or any other authorized Person pursuant to the provisions of the First Supplemental Indenture shall be conclusive and binding on the Holders of the Series 2004-1 Notes to which such Applicable Interest Rate applies, and the Issuer and the Trustee may rely thereon for all purposes.

Notwithstanding any provision of this note to the contrary, in no event shall the cumulative amount of interest paid or payable on this note (including interest calculated as provided herein, plus any other amounts that constitute interest on this note under applicable law, which are contracted for, charged, reserved, taken or received pursuant to this note or related documents) calculated from the date of issuance of this note through any subsequent day during the term of this note or otherwise prior to payment in full of this note exceed the amount permitted by applicable law. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under this note or related documents or otherwise contracted for,

charged, reserved, taken or received in connection with this note, or if the redemption or acceleration of the Maturity of this note results in payment to or receipt by the Registered Holder or any former Registered Holder hereof of any interest in excess of that permitted by applicable law, then notwithstanding any provision of this note or related documents to the contrary all excess amounts theretofore paid or received with respect to this note shall be credited on the principal balance of this note (or, if this note has been paid or would thereby be paid in full, refunded by the recipient thereof), and the provisions of this note and related documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for under this note and under the related documents.

Subject to compliance with the provisions of the Indenture relating to certain asset requirements, Outstanding Series 2004-1 Notes of any series shall be redeemed, in part, on the first regularly scheduled Interest Payment Date for such series for which notice can be given in accordance with the requirements of the First Supplemental Indenture, at a redemption price equal to 100% of the principal amount of Series 2004-1 Notes of such series so redeemed, from revenues deposited in the Retirement Account of the Debt Service Fund.

Subject to compliance with the provisions of the Indenture relating to certain asset requirements and certain other requirements, Outstanding Series 2004-1 Notes may, at the option of the Issuer, be redeemed on any Business Day, in whole or in part, at a redemption price equal to 100% of the principal amount thereof to be redeemed.

If not all Series 2004-1 Notes are to be redeemed, the particular Series 2004-1 Notes to be redeemed are to be selected as provided in the Indenture and the First Supplemental Indenture.

Notice of redemption shall be given by first-class mail mailed not less than 15 days before the redemption date to each Holder of Series 2004-1 Notes to be redeemed at his last address appearing on the Note Register; but no defect in or failure to give such notice of redemption shall affect the validity of proceedings for redemption of any Note not affected by such defect or failure. All Series 2004-1 Notes so called for redemption will cease to bear interest on such Redemption Date, provided funds for their redemption have been duly deposited, and, except for the purpose of payment, shall no longer be protected by the Indenture and shall not be deemed Outstanding thereunder.

It is provided in the First Supplemental Indenture that Series 2004-1 Notes of a denomination larger than \$50,000 may be redeemed in part (\$50,000 or a multiple thereof) and that upon any partial redemption of any such Series 2004-1 Note the same shall be surrendered in exchange for one or more new Notes of the same series in authorized form for the unredeemed portion of principal.

If provision is made for the payment of principal of and premium, if any, and interest on this note in accordance with the Indenture, this note shall no longer be deemed Outstanding under the Indenture, shall cease to be entitled to the benefits of the Indenture and shall thereafter be payable solely from the funds provided for such payment.

If an Event of Default shall occur, the principal of all the Outstanding Notes may and, under certain circumstances, shall be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes and Other Beneficiaries under the Indenture at any time by the Issuer with, among other things, the consent of the Holders of two-thirds of the aggregate principal amount of Senior Notes at the time Outstanding, if affected thereby, and with the consent of the Holders of two-thirds of the aggregate principal amount of Subordinate Notes at the time Outstanding, if affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Senior Notes at the time Outstanding or Other Senior Beneficiaries or, if no Senior Obligations are Outstanding, the Holders of specified percentages in aggregate principal amount of the Subordinate Notes at the time Outstanding or Other Subordinate Beneficiaries, on behalf of the Holders of all the Notes, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver shall be conclusive and binding upon the Registered Holder of this note and upon all future Registered Holders hereof and of any Note issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this note.

The Issuer may require payment by the Registered Holder hereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of this note, other than certain exchanges specifically exempted under the Indenture and not involving any transfer.

The Issuer, the Trustee, each Paying Agent, any Authenticating Agent, the Note Registrar and any other agent of the Issuer may treat the Person in whose name this note is registered on the Note Register as the absolute owner hereof for all purposes, whether or not this note is overdue, and neither the Issuer, the Trustee, any Paying Agent, any Authenticating Agent, the Note Registrar nor any other such agent shall be affected by notice to the contrary.

It Is Hereby Certified, Recited, Covenanted and Declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this note have happened, do exist, and have been performed in regular and due time, form and manner as so required.

This note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee or by the Authenticating Agent by the manual signature of one of its authorized representatives.

It is expressly understood and agreed by the holder hereof that (a) the Indenture and this note each is executed and delivered by The Bank of New York (Delaware), not individually or personally but solely as Delaware Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in it; (b) each of the representations, undertakings and agreement in the Indenture and this note made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by The Bank of New York (Delaware) but is made

and intended for the purpose of binding only the Issuer; (c) nothing contained in the Indenture and this note shall be construed as creating any liability on The Bank of New York (Delaware), individually or personally, to perform any covenant either expressed or implied contained in the Indenture and this note, all such liability, if any, being expressly waived by the holder hereof and by any Person claiming by, through or under the holder hereof; and (d) under no circumstances shall The Bank of New York (Delaware) be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligations, representation, warranty or covenant made or undertaken by the Issuer under the Indenture, this note or the other Basic Documents.

IN WITNESS WHEREOF, the Issuer has caused this note to be executed in its name by the manual signature of the Delaware Trustee.

HIGHER EDUCATION FUNDING I

By The Bank of New York (Delaware), not in its individual capacity but solely as Delaware Trustee

By _____
Name _____
Title _____

CERTIFICATE OF AUTHENTICATION

This note is one of the Notes of the series designated therein and issued under the provisions of the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By _____
Name _____
Title _____

ASSIGNMENT

For Value Received the undersigned hereby sells, assigns and transfers unto _____ the within Note and irrevocably appoints _____, attorney-in-fact, to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Please Insert Social Security or Other
Identifying Number of Assignee

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without any alteration whatsoever.

Signature Guaranteed:

EXHIBIT C

NOTICE OF A PAYMENT DEFAULT

**HIGHER EDUCATION FUNDING I
AUCTION RATE STUDENT LOAN ASSET-BACKED NOTES
[SENIOR SERIES 2004-1A-__]
[SUBORDINATE SERIES 2004-1B-__]**

Notice Is Hereby Given that a Payment Default has occurred and not been cured with respect to the Notes identified above. Determination of the Applicable Interest Rate pursuant to the Auction Procedures will be suspended. The Applicable Interest Rate on each series of the Series 2004-1 Notes for each Auction Period commencing after the date of Payment Default with respect thereto will equal the Non-Payment Rate, as it is determined by the Trustee on the first day of such Auction Period until _____.

Terms used herein have the meanings set forth in the First Supplemental Indenture of Trust relating to the above-referenced Notes.

Dated: _____

THE BANK OF NEW YORK, as Trustee

By _____
Name _____
Title _____

EXHIBIT D

NOTICE OF CURE OF PAYMENT DEFAULT

**HIGHER EDUCATION FUNDING I
AUCTION RATE STUDENT LOAN ASSET-BACKED NOTES
[SENIOR SERIES 2004-1A-__]
[SUBORDINATE SERIES 2004-1B-__]**

Notice Is Hereby Given that a Payment Default with respect to the Notes identified above has been waived or cured. The next Interest Payment Date is _____ and the next Auction Date is _____.

Terms used herein have the meanings set forth in the First Supplemental Indenture of Trust relating to the above-referenced Notes.

Dated: _____

THE BANK OF NEW YORK, as Trustee

By _____
Name _____
Title _____

EXHIBIT E

NOTICE OF PROPOSED AUCTION PERIOD ADJUSTMENT

**HIGHER EDUCATION FUNDING I
AUCTION RATE STUDENT LOAN ASSET-BACKED NOTES
[SENIOR SERIES 2004-1A-__]
[SUBORDINATE SERIES 2004-1B-__]**

Notice is hereby given that Higher Education Funding I proposes to change the length of one or more Auction Periods with respect to the Notes identified above, pursuant to the First Supplemental Indenture of Trust relating to such Notes (the "First Supplemental Indenture"), as follows:

1. The change shall take effect on the Interest Payment Date for the current Auction Period and the date of commencement of the next Auction Period (the "Effective Date").

2. The Auction Period Adjustment in Paragraph 1 shall take place only if (a) the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the Auction Period commencing on the Effective Date, the consent of the Market Agent (which consent has been obtained), as required by the First Supplemental Indenture, authorizing the change in length of one or more Auction Periods and confirmation from each Rating Agency that it will not reduce or withdraw its ratings on the Series 2004-1 Notes on account of such Auction Period Adjustment, and (b) Sufficient Bids exist on the Auction Date for the Auction Period commencing on the Effective Date.

3. If the condition referred to in (a) above is not met, the Auction Rate for the Auction Period commencing on the Effective Date will be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (a) is met but the condition referred to in (b) above is not met, the Auction Rate for the Auction Period commencing on the Effective Date shall be the Maximum Auction Rate and the Auction Period shall be the Auction Period determined without reference to the proposed change.

Terms used herein have the meanings set forth in the First Supplemental Indenture.

Dated: _____

HIGHER EDUCATION FUNDING I

By _____
Name _____
Title _____

EXHIBIT F

NOTICE ESTABLISHING AUCTION PERIOD ADJUSTMENT

**HIGHER EDUCATION FUNDING I
AUCTION RATE STUDENT LOAN ASSET-BACKED NOTES
[SENIOR SERIES 2004-1A-__]
[SUBORDINATE SERIES 2004-1B-__]**

Notice is hereby given that Higher Education Funding I establishes new lengths for one or more Auction Periods with respect to the Notes identified above pursuant to the First Supplemental Indenture of Trust relating to such Notes (the "First Supplemental Indenture"):

1. The change shall take effect on _____, the Interest Payment Date for the current Auction Period and the date of commencement of the next Auction Period (the "Effective Date").

2. For the Auction Period commencing on the Effective Date, the Interest Payment Date shall be _____, or the next succeeding Business Day if such date is not a Business Day.

3. For Auction Periods occurring after the Auction Period the Interest Payment Dates shall be [_____ (date) and every _____ (number) _____ (day of week) thereafter] [every _____ (number) (day of week) after the date set forth in paragraph 2 above], or the next Business Day if any such day is not a Business Day; provided, however, that the length of subsequent Auction Periods shall be subject to further change hereafter as provided in Section 10 of the First Supplemental Indenture.

4. The changes described in paragraphs 2 and 3 above shall take place only upon delivery of this Notice and the satisfaction of other conditions set forth in Section 10 of the First Supplemental Indenture and our prior notice dated _____ regarding the proposed change.

Terms used herein have the meanings set forth in the First Supplemental Indenture.

Dated: _____

HIGHER EDUCATION FUNDING I

By _____
Name _____
Title _____

EXHIBIT G

**NOTICE OF CHANGE IN AUCTION DATE
HIGHER EDUCATION FUNDING I
AUCTION RATE STUDENT LOAN ASSET-BACKED NOTES
[SENIOR SERIES 2004-1A-__]
[SUBORDINATE SERIES 2004-1B-__]**

Notice is hereby given by _____, as Market Agent for the Notes identified above, that, with respect to such Notes, the Auction Date is hereby changed as follows:

1. With respect to such Notes, the definition of "Auction Date" shall be deemed amended by substituting "_____ (number) Business Day" in the third and fourth lines thereof and by substituting "_____ (number) Business Days" for "two Business Days" in subsection (d) thereof.

2. This change shall take effect on _____, which shall be the Auction Date for the Auction Period commencing on _____.

3. The Auction Date for such Notes shall be subject to further change hereafter as provided in the First Supplemental Indenture of Trust relating to such Notes (the "First Supplemental Indenture").

Terms used herein have the meanings set forth in the First Supplemental Indenture.

Dated: _____

as Market Agent

By _____
Name _____
Title _____

EXHIBIT H-1

FORM OF INVESTMENT LETTER FOR QUALIFIED INSTITUTIONAL BUYERS

Higher Education Funding I

The Bank of New York

UBS Financial Services Inc.

Re: Higher Education Funding I,
Auction Rate Student Loan Asset-Backed Notes, Series 2004-1

Ladies and Gentlemen:

The undersigned (the "Purchaser") intends to purchase certain of the above referenced Notes (the "Notes") issued by Higher Education Funding I (the "Issuer") pursuant to the Indenture of Trust, dated as of January 1, 2004 between the Issuer and The Bank of New York, as Eligible Lender Trustee and Indenture Trustee (the "Trustee"), and a First Supplemental Indenture, dated as of January 1, 2004, between the Issuer and the Trustee (collectively, the "Indenture"). Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture.

THIS LETTER, OR A FACSIMILE COPY HEREOF, WILL BE DELIVERED TO THE ABOVE ADDRESSEES NO LATER THAN THE DATE OF PURCHASE.

In connection with the purchase of the Notes, the undersigned, as an authorized officer or agent of the Purchaser and on behalf of the Purchaser hereby agrees to the following terms and conditions and makes the representations and warranties stated herein with the express understanding that the truth and accuracy of the representations and warranties will be relied upon by the Issuer, the Trustee, and UBS Financial Services Inc. (the "Initial Purchaser");

1. The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of its creation and is authorized to purchase and invest in the Notes. The person executing this investment letter on behalf of the Purchaser is duly authorized to do so on the Purchaser's behalf.

2. The person executing this investment letter on behalf of the Purchaser and making the certifications included herein is the chief financial officer, a person fulfilling an equivalent function, or other executive or authorized officer of the Purchaser or, if the Purchaser is a

member of a "family of investment companies," the certification is submitted by an executive officer of the Purchaser's investment advisor.

3. The Purchaser acknowledges that it is familiar with Rule 144A ("Rule 144A") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and certifies that it is described in one or more of the categories set forth in Annex A attached hereto and is a "qualified institutional buyer" (a "QIB") as that term is defined in Rule 144A. The person executing this investment letter on behalf of the Purchaser further certifies as follows:

(a) The Purchaser owned and/or invested on a discretionary basis at least (i) \$100,000,000 in "eligible securities" (as defined in Annex A attached hereto); or (ii) if the Purchaser is a dealer registered under Section 15 of the Securities Exchange Act of 1934 (the "Exchange Act"), at least \$10,000,000 in "eligible securities," in each as of the end of the Purchaser's most recent fiscal year (such amounts being calculated in accordance with Rule 144A);

(b) If the amount specified in clause (a) above is less than \$10,000,000, the Purchaser is a dealer registered pursuant to Section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a QIB; and

(c) If the Purchaser decides to purchase Notes for the accounts of others, it will only purchase Notes for accounts that independently qualify as QIBs as defined in Rule 144A (unless the undersigned is an insurance company (as described in Annex A) and is purchasing for the account of one or more of its "separate accounts" (as defined in Annex A)).

4. The Purchaser is acquiring the Notes for its own account or for the account of a QIB, in each case for investment, or for investment purposes and not with a view toward selling or transferring the Notes or any portion thereof in connection with any distribution thereof, in whole or in part, subject to any requirement of law that the disposition of the Purchaser's property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant any applicable exemption from registration available under the Securities Act.

5. Neither the undersigned nor anyone acting on its behalf has (a) offered, pledged, sold, disposed of or otherwise transferred the Notes, any interest in the Notes or any other similar security to any Person in any manner, (b) solicited any offer to buy or accept a pledge, disposition or other transfer of the Notes, any interest in the Notes or any other similar security from any Person in any manner, (c) otherwise approached or negotiated with respect to the Notes, any interest in the Notes or any other similar security with any Person in any manner, (d) made any general solicitation by means of general advertising or in any other manner, or (e) taken any other action, that (in the case of any of the acts described in clauses (a) through (d) above) would constitute a distribution of the Notes under the Securities Act, would render the disposition of the Notes a violation of Section 5 of the Securities Act or any state securities law or would require registration or qualification of the Notes pursuant thereto. The undersigned will not act, nor has it authorized or will it authorize any Person to act, in any manner set forth in the foregoing sentence with respect to the Notes, any security issued in exchange therefor or in lieu

thereof or any interest in the foregoing (but without prejudice to its right at all times to sell or otherwise dispose of the Notes in accordance with the requirements of the Indenture and this Investment Letter).

6. The Purchaser understands that the Notes have not been registered under the Securities Act or any state securities or "Blue Sky" laws and are being sold in reliance on exemptions from the registration requirements of the Securities Act and any such laws for nonpublic offerings. The Purchaser further understands that the Notes and any security issued in exchange therefore or in lieu thereof must be held indefinitely unless subsequently registered under the Securities Act and any applicable state securities or "Blue Sky" laws or unless exemptions from the registration requirements of the Securities Act and such laws are available.

7. The Purchaser has received a copy of the Offering Memorandum, dated January __, 2004 (the "Offering Memorandum") relating to the Notes, and recognizes that an investment in the Notes involves significant risks. The Purchaser understands that other than through the auction of the Notes as described in the Offering Memorandum, if any, there is no established market for the Purchaser's Notes and that none will develop and, accordingly, that the Purchaser must bear the economic risk of an investment in the Notes for an indefinite period of time.

8. The Purchaser acknowledges that none of the Issuer, the Trustee, the Initial Purchaser or any person representing the Issuer, the Trustee or the Initial Purchaser has made any representation to it with respect to the Issuer or the offering or sale of any of the Notes, other than the information contained in the Offering Memorandum, which has been delivered to it and upon which it is relying in making its investment decision to acquire Notes.

9. The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investments in the Notes. The undersigned understands that there may be restrictions on the ability of certain investors, including, without limitation, depository institutions, either to purchase the Notes or to purchase investments having characteristics similar to those of the Notes representing more than a specified percentage of the investor's assets. The Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision, and is able to bear the economic risks of such an investment for an indefinite period of time and can afford a complete loss of such investment.

10. The Purchaser has had the opportunity to ask questions of and receive answers from the Issuer concerning the purchase of the Notes and all matters relating thereto or any additional information deemed necessary to its decision to purchase the Notes. The Purchaser has reviewed and has made its decision to invest on its review of the Indenture and the Offering Memorandum and on certain other information it has obtained and that it deems relevant to its investment in the Notes. The Purchaser has made its own independent review of credit and related matters applicable to the Issuer, the purchase and holding of the Notes and otherwise to its investment in the Notes.

11. The Purchaser understands that none of the Issuer, the Trustee or the Initial Purchaser makes any representation as to the proper characterization of the Notes for legal

investment or other purposes, or as to the ability of particular investors to purchase the Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Notes under applicable investment restrictions.

12. The Purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, to offer, sell or otherwise transfer such Notes only (i) in a transaction complying with Rule 144A, to a person it reasonably believes is a QIB purchasing for its own account or for the account of a QIB to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A; (ii) to a person it reasonably believes is an "accredited investor" (as defined in Rule 501(a) under the Securities Act) ("Accredited Investor") purchasing for investment purposes and not with a view toward selling or transferring the Notes or any portion thereof in connection with any distribution thereof, in whole or in part, or (iii) pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. If at some future time the Purchaser wishes to dispose of or exchange any of the Notes, the Purchaser will not do so unless before any such sale, transfer or other disposition the Purchaser has furnished to the Trustee a Transferee Certificate substantially in the form of Exhibit H-1 or H-2 to the Indenture, as applicable, executed by the proposed transferee.

13. The Purchaser agrees that the Purchaser is bound by and will abide by the provisions of the Indenture, the restrictions noted on the face of the Notes and this Investment Letter. The Purchaser agrees that it will provide to each person to whom it transfers such Notes notice of the restrictions on transfer of the Notes. The Purchaser will comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Notes by the Purchaser.

14. The Purchaser acknowledges that any proposed assignee of a beneficial ownership interest in the Notes will be deemed under the Indenture to have made agreements and representations substantially similar to those set forth above. The Purchaser understands that each of the Purchaser's Notes will bear a legend restricting transfer of the Notes substantially to the effect set forth in the Offering Memorandum under "Notice to Investors: Transfer Restrictions."

15. The Purchaser understands that it is the Issuer's intention that the Notes be treated as debt of the Issuer for federal income tax purposes, and by its acceptance of its Note, agrees to so treat the Note and to take no action inconsistent therewith.

16. The interpretation of the provisions hereof shall be governed and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

17. The Purchaser hereby certifies to the Issuer, the Trustee and the Initial Purchaser that either (a) it is not an employee benefit or other plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") (each, a "Plan"), and it is not acquiring the Series 2004-1 Notes directly or indirectly for, or on behalf of, a Plan or any entity whose underlying assets are deemed to be "plan assets" (within the meaning of 29 CFR § 2510.3-101

(the "Plan Assets Regulation")) of such a Plan, or (b)(i) the acquisition and holding of the Series 2004-1 Notes will not result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or other similar, applicable federal and state laws and (ii) if the Series 2004-1 Notes are subsequently deemed to be "plan assets" (within the meaning of the Plan Assets Regulation), it will promptly dispose of the Series 2004-1 Notes.

18. The Purchaser understands that the offer and sale of the Notes to it is being made in reliance on Rule 144A and that applicable exemptions from the registration or qualification requirements under state securities laws require that the Purchaser be a QIB under the applicable state securities law. The Purchaser will notify each of the addressees of this Investment Letter of any changes in the information and conclusions herein on or before the date of purchase. Until such notice is given, each purchase of Notes by the Purchaser will constitute a reaffirmation of the statements made in this Investment Letter as of the date of such purchase and the addressees of this Investment Letter will continue to rely on the statements and agreements made herein in connection with sales of Notes to the Purchaser made in reliance on Rule 144A.

19. If the Purchaser is acquiring any Notes as a fiduciary or agent for one or more investor accounts, the Purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make on behalf of such account the representations, confirmations, acknowledgments and agreements set forth in this investment letter.

20. If the Purchaser proposes that the Notes be registered in the name of a nominee, such nominee has completed the Nominee Acknowledgment below.

21. This Investment Letter will be deemed valid for the institution named on the signature page below. If there are additional institutions (e.g. subaccounts or mutual funds) to be designated as a QIB by this Certificate, the undersigned will provide a list of such institutions.

Very truly yours,

(NAME OF PURCHASER)

By _____
Name _____
Title _____
Date _____

Nominee Acknowledgment

The undersigned hereby acknowledges and agrees that as to the Note being registered in its name, the sole beneficial owner thereof is and shall be _____, the Purchaser identified above, for whom the undersigned is acting as nominee.

Very truly yours,

Print Name of Purchaser

By _____

Name _____

Title _____

Date _____

ANNEX A

1. Qualified Institutional Buyer ("QIB") means any of the following institutions:

(a) An institution referred to in any of clauses (i) through (xiii) below that in the aggregate owns or invests on a discretionary basis at least \$100 million in "eligible securities"(defined in Section 2 below); provided, that such institution is buying for its own account or for the accounts of other QIBs.

(i) *Insurance Company.* An insurance company as defined in Section 2(13) of the Securities Act of 1933, as amended (the "Securities Act"). A purchase by an insurance company for one or more of its separate accounts (as defined in Section 2(a)(37) of the Investment Company Act of 1940, as amended (the "Investment Company Act")), which are neither registered under Section 8 of the Investment Company Act nor required to be so registered, is deemed to be a purchase for the account of the insurance company.

(ii) *Investment Company.* An investment company registered under the Investment Company Act.

(iii) *Investment Adviser.* An investment adviser registered under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act").

(iv) *Corporation.* A corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act of a foreign bank or savings and loan association equivalent institution).

(v) *Partnership; Business Trust.* A partnership, Massachusetts or similar business trust.

(vi) *Plan.* A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees.

(vii) *Employee Benefit Plan.* An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended.

(viii) *Trust Fund.* A trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (vi) or (vii) above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans.

(ix) *501(c)(3) Organization.* Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

(x) *Business Development Company, Section 2(a)(48)*. A business development company as defined in Section 2(a)(48) of the Investment Company Act.

(xi) *Business Development Company, Section 202(a)(22)*. A business development company as defined in Section 202(a)(22) of the Investment Advisers Act.

(xii) *Small Business Investment Company*. A small business investment company licensed by the U.S. Small Business Company Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended.

(xiii) *Bank; Savings and Loan*. A bank as defined in Section 3(a)(2) of the Securities Act, a savings and loan association or other institution as referenced in Section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution that has an audited net worth of at least \$25 million in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.

(b) *Dealer*. A dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") acting for its own account or the accounts of other QIBs, that in the aggregate owns or invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer; provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer.

(c) *Dealer Acting in a Riskless Principal Transaction*. A dealer registered pursuant to Section 15 of the Exchange Act, acting in a riskless principal transaction (as defined in Rule 144A) on behalf of a QIB.

(d) *Investment Company, Part of a Family*. An investment company registered under the Investment Company Act, acting for its own account or for the accounts of other QIBs, that is part of a family of investment companies (as defined in Rule 144A) which own in the aggregate at least \$100 million in eligible securities.

(e) *Entity, All of the Equity Owners of which Are QIBs*. Any entity, all of the equity owners of which are QIBs, acting for its own account or the accounts of other QIBs.

2. *Eligible Securities/Discretionary Basis*. In determining the aggregate amount of securities owned or invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: securities issued by issuers that are affiliated with the purchaser or, if the purchaser is an investment company seeking to qualify as a QIB pursuant to Section 1(d) above, are part of that purchaser's "family of investment companies;" bank deposit notes and

certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The value of eligible securities must be calculated based on cost to the purchaser (or on the basis of market value if (a) the entity reports its securities holdings in its financial statements on the basis of their market value and (b) no current information with respect to the cost of those securities has been published).

In determining the aggregate amount of securities owned by an entity or invested by the entity on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless the entity is a reporting company under Section 13 or 15(d) of the Exchange Act, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in consolidated financial statements of another enterprise.

EXHIBIT H-2

FORM OF INVESTMENT LETTER FOR ACCREDITED INVESTORS

Higher Education Funding I

The Bank of New York

UBS Financial Services Inc.

Re: Higher Education Funding I,
Auction Rate Student Loan Asset-Backed Notes, Series 2004-1

Ladies and Gentlemen:

The undersigned (the "Purchaser") intends to purchase certain of the above referenced Notes (the "Notes") issued by Higher Education Funding I (the "Issuer") pursuant to the Indenture of Trust, dated as of January 1, 2004 between the Issuer and The Bank of New York, as Eligible Lender Trustee and Indenture Trustee (the "Trustee"), , and a First Supplemental Indenture, dated as of January 1, 2004, between the Issuer and the Trustee (collectively, the "Indenture"). Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture.

THIS LETTER, OR A FACSIMILE COPY HEREOF, WILL BE DELIVERED TO THE ABOVE ADDRESSEES NO LATER THAN THE DATE OF PURCHASE.

In connection with the purchase, the undersigned, as an authorized officer or agent of the Purchaser and on behalf of the Purchaser hereby agrees to the following terms and conditions and makes the representations and warranties stated herein with the express understanding that the truth and accuracy of the representations and warranties will be relied upon by the Issuer, the Trustee, and UBS Financial Services Inc. (the "Initial Purchaser"):

1. If other than an individual, the Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of its creation and is authorized to purchase and invest in the Notes, and the person executing this investment letter on behalf of such Purchaser is duly authorized to do so on the Purchaser's behalf.

2. The Purchaser acknowledges that it is familiar with Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), and certifies that it is described in one or more of the categories set forth in Annex A attached hereto and is an "Accredited Investor" as that term is defined in Rule 501(a) of Regulation D.

3. The Purchaser is acquiring the Notes for its own account or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, or for investment purposes and not with a view toward selling or transferring the Notes or any portion thereof in connection with any distribution thereof, in whole or in part, subject to any requirement of law that the disposition of the Purchaser's property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant any applicable exemption from registration available under the Securities Act.

4. Neither the undersigned nor anyone acting on its behalf has (a) offered, pledged, sold, disposed of or otherwise transferred the Notes, any interest in the Notes or any other similar security to any Person in any manner, (b) solicited any offer to buy or accept a pledge, disposition or other transfer of the Notes, any interest in the Notes or any other similar security from any Person in any manner, (c) otherwise approached or negotiated with respect to the Notes, any interest in the Notes or any other similar security with any Person in any manner, (d) made any general solicitation by means of general advertising or in any other manner, or (e) taken any other action, that (in the case of any of the acts described in clauses (a) through (d) above) would constitute a distribution of the Notes under the Securities Act, would render the disposition of the Notes a violation of Section 5 of the Securities Act or any state securities law or would require registration or qualification of the Notes pursuant thereto. The undersigned will not act, nor has it authorized or will it authorize any Person to act, in any manner set forth in the foregoing sentence with respect to the Notes, any security issued in exchange therefor or in lieu thereof or any interest in the foregoing (but without prejudice to its right at all times to sell or otherwise dispose of the Notes in accordance with the requirements of the Indenture and this Investment Letter).

5. The Purchaser understands that it may not sell or otherwise transfer Notes, any security issued in exchange therefor or in lieu thereof or any interest in the foregoing except in compliance with the provisions of the Indenture. The Purchaser understands that (a) the Notes have not been and will not be registered under the Securities Act or registered or qualified under any applicable state securities laws and are being sold in reliance on exemptions from the registration requirements of the Securities Act and any such laws for nonpublic offerings, (b) neither the Issuer nor the Initial Purchaser is obligated so to register or qualify the Notes and (c) neither the Notes held by the Purchaser nor any security issued in exchange therefor or in lieu thereof may be resold or transferred unless they are (i) registered pursuant to the Securities Act and registered or qualified pursuant to any applicable state securities laws or (ii) sold or transferred in transactions that are exempt from such registration and qualification requirements.

6. The Purchaser has received a copy of the Offering Memorandum, dated January __, 2004 (the "Offering Memorandum") relating to the Notes, and recognizes that an investment in the Notes involves significant risks. The Purchaser understands that other than through the auction of the Notes as described in the Offering Memorandum, if any, there is no established market for the Purchaser's Notes and that none will develop and, accordingly, that the Purchaser must bear the economic risk of an investment in the Notes for an indefinite period of time.

7. The Purchaser acknowledges that none of the Issuer, the Trustee, the Initial Purchaser or any person representing the Issuer, the Trustee or the Initial Purchaser has made any representation to it with respect to the Issuer or the offering or sale of any of the Notes, other than the information contained in the Offering Memorandum, which has been delivered to it and upon which it is relying in making its investment decision to acquire Notes.

8. The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investments in the Notes. The undersigned understands that there may be restrictions on the ability of certain investors, including, without limitation, depository institutions, either to purchase the Notes or to purchase investments having characteristics similar to those of the Notes representing more than a specified percentage of the investor's assets. The Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision, and is able to bear the economic risks of such an investment for an indefinite period of time and can afford a complete loss of such investment.

9. The Purchaser has had the opportunity to ask questions of and receive answers from the Issuer concerning the purchase of the Notes and all matters relating thereto or any additional information deemed necessary to its decision to purchase the Notes. The Purchaser has reviewed and has made its decision to invest on its review of the Indenture and the Offering Memorandum and on certain other information it has obtained and that it deems relevant to its investment in the Notes. The Purchaser has made its own independent review of credit and related matters applicable to the Issuer, the purchase and holding of the Notes and otherwise to its investment in the Notes.

10. The Purchaser understands that none of the Issuer, the Trustee and the Initial Purchaser makes any representation as to the proper characterization of the Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Notes under applicable investment restrictions.

11. The Purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, to offer, sell or otherwise transfer such Notes only (i) in a transaction complying with Rule 144A under the Securities Act, to a person it reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A) purchasing for its own account or for the account of a "qualified institutional buyer" to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A; (ii) to a person it reasonably believes is an "Accredited Investor" (as defined in Rule 501(a) under the Securities Act) purchasing for investment purposes and not with a view toward selling or transferring the Notes or any portion thereof in connection with any distribution thereof, in whole or in part, or (iii) pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. If at some future time the Purchaser wishes to dispose of or exchange any of the Notes, the Purchaser will not do so unless before any such sale, transfer or other disposition the Purchaser has furnished to the Trustee a Transferee Certificate substantially in the form of Exhibit H-1 or H-2 to the Indenture, as applicable, executed by the proposed transferee.

12. The Purchaser agrees that the Purchaser is bound by and will abide by the provisions of the Indenture, the restrictions noted on the face of the Notes and this Investment Letter. The Purchaser agrees that it will provide to each person to whom it transfers such Notes notice of the restrictions on transfer of the Notes. The Purchaser will comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Notes by the Purchaser.

13. The Purchaser acknowledges that any proposed assignee of a beneficial ownership interest in the Notes will be deemed under the Indenture to have made agreements and representations substantially similar to those set forth above. The Purchaser understands that each of the Purchaser's Notes will bear a legend restricting transfer of the Notes substantially to the effect set forth in the Offering Memorandum under "Notice to Investors: Transfer Restrictions."

14. The Purchaser understands that it is the Issuer's intention that the Notes be treated as debt of the Issuer for federal income tax purposes, and by its acceptance of its Note, agrees to so treat the Note and to take no action inconsistent therewith.

15. The interpretation of the provisions hereof shall be governed and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

16. The Purchaser hereby certifies to the Issuer, the Trustee and the Initial Purchaser that either (a) it is not an employee benefit or other plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") (each, a "Plan"), and it is not acquiring the Series 2004-1 Notes directly or indirectly for, or on behalf of, a Plan or any entity whose underlying assets are deemed to be "plan assets" (within the meaning of 29 CFR § 2510.3-101 (the "Plan Assets Regulation")) of such a Plan, or (b)(i) the acquisition and holding of the Series 2004-1 Notes will not result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or other similar, applicable federal and state laws and (ii) if the Series 2004-1 Notes are subsequently deemed to be "plan assets" (within the meaning of the Plan Assets Regulation), it will promptly dispose of the Series 2004-1 Notes.

17. The Purchaser will notify each of the addressees of this Investment Letter of any changes in the information and conclusions herein on or before the date of purchase. Until such notice is given, each purchase of Notes by the Purchaser will constitute a reaffirmation of the statements made in this Investment Letter as of the date of such purchase and the addressees of this Investment Letter will continue to rely on the statements and agreements made herein in connection with sales of Notes to the Purchaser made in reliance on Regulation D of the Securities Act.

18. If the Purchaser is acquiring any Notes as a fiduciary or agent for one or more investor accounts, the Purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make on behalf of such account the representations, confirmations, acknowledgments and agreements set forth in this investment letter.

19. If the Purchaser proposes that the Notes be registered in the name of a nominee, such nominee has completed the Nominee Acknowledgment below.

Very truly yours,

(NAME OF PURCHASER)

By _____
Name _____
Title _____
Date _____

Nominee Acknowledgment

The undersigned hereby acknowledges and agrees that as to the Note being registered in its name, the sole beneficial owner thereof is and shall be _____, the Purchaser identified above, for whom the undersigned is acting as nominee.

Very truly yours,

Print Name of Purchaser

By _____
Name _____
Title _____
Date _____

ANNEX A

An “Accredited Investor” means any of the following:

- (a) A bank (as defined in Section 3(a)(2) of the Securities Act) or a savings and loan association or other institution (as defined in Section 3(a)(5)(A) of the Securities Act) whether acting in its individual or fiduciary capacity..
- (b) A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.
- (c) An insurance company (as defined in Section 2(13) of the Securities Act).
- (d) An investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”).
- (e) A business development company (as defined in Section 2(a)(48) of the Investment Company Act).
- (f) A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended.
- (g) A plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000.
- (h) An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) whose investment decision to purchase the Notes is made by a plan fiduciary, as defined in Section 3(21) of ERISA, that is either a bank, a savings and loan association, an insurance company, or a registered investment advisor.
- (i) An employee benefit plan within the meaning of Title I of ERISA with total assets in excess of \$5,000,000.
- (j) A self-directed employee benefit plan within the meaning of Title I of ERISA whose investment decisions are made solely by persons that are accredited investors as that term is defined in Regulation D as promulgated by the Securities and Exchange Commission.
- (k) A private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended).
- (l) An organization described in Section 501(c)(3) of the Internal Revenue Code (tax exempt organization), corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Notes, having total assets in excess of \$5,000,000.

- (m) A director, executive officer, or general partner of the Issuer or of a general partner of the Issuer.
- (n) A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Notes, if the purchase of the Notes is directed by a person who either alone or with his purchaser representative(s), has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the Notes.
- (o) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000.
- (p) A natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
- (q) Any entity in which all of the equity owners are Accredited Investors.