

A SERIES RESOLUTION

PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING TWO HUNDRED MILLION DOLLARS (\$200,000,000) SOUTH CAROLINA STUDENT LOAN CORPORATION STUDENT LOAN BACKED NOTES, 2004-A SERIES; AND OTHER MATTERS RELATING THERETO.

Effective November 9, 2004

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BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH CAROLINA STUDENT LOAN CORPORATION, IN MEETING DULY ASSEMBLED

RECITAL

FINDINGS OF FACT AND INTENT OF RESOLUTION

1. On November 2, 2004, the Board of Directors of the South Carolina Student Loan Corporation (the "Corporation") adopted a resolution entitled "A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STUDENT LOAN CORPORATION STUDENT LOAN BACKED NOTES, AND OTHER MATTERS RELATING THERETO" (the "General Resolution").

2. The Board hereby determines that the issuance by the Corporation of Student Loan Backed Notes, 2004-A Series in an aggregate amount of not exceeding \$200,000,000 is necessary to provide funds to be used and expended to (i) finance and refinance the acquisition and the making of Student Loans; (ii) fund the Debt Service Reserve Fund; and (iii) pay certain Costs of Issuance and hereby approves the issuance of the 2004-A Series Notes in an aggregate principal amount of not exceeding \$200,000,000. The 2004-A Series Notes shall be in substantially the form attached hereto as Exhibit A.

3. The 2004-A Series Notes shall be sold in the manner and in accordance with the provisions of the Note Purchase Agreement authorized by Section 211 hereof.

4. Interest on the 2004-A Series Notes will be includable in gross income for federal income tax purposes.

## ARTICLE I

### DEFINITIONS

Section 101. Definitions. Certain terms used as defined terms herein shall have the meanings ascribed thereto in the General Resolution. Unless the context clearly indicates some other meaning, the following words and terms shall, for all purposes of this 2004-A Series Resolution, have the following meanings:

“All-Hold Rate” on any date of determination, means the least of (i) 90% of the Applicable LIBOR Rate rounded to the nearest thousandth of a percent (0.001%), (ii) 17%, (iii) the maximum rate permitted by State law, or (iv) the Maximum Auction Rate.

“Applicable LIBOR Rate” means (a) for Auction Periods of 28 days or less, One-Month LIBOR; (b) for Auction Periods of more than 28 days but less than 91 days, Three-Month LIBOR; (c) for Auction Periods of more than 90 days but less than 181 days, Six-Month LIBOR; and (d) for Auction Periods of more than 180 days, One-Year LIBOR. As used in this definition and otherwise herein, the terms “One-Month LIBOR,” “Three-Month LIBOR,” “Six-Month LIBOR” or “One-Year LIBOR” mean the rate of interest per annum equal to the rate per annum at which United States dollar deposits have a maturity of one month, three months, six months or one year, respectively, are offered to prime banks in the London interbank market which appear on Bloomberg LP by reference to the screen pages currently designated “US0001M<Index>HP”, “US0003M<Index>HP”, “US0006M<Index>HP” or “US0012M<Index>HP”, respectively, (or such other screen pages which may replace such screen pages), on the Auction Date. If such Auction Date is not a business day in London, then the most recently fixed London Interbank Offered Rates on U.S. dollar deposits for the “One-Month LIBOR”, “Three-Month LIBOR”, “Six-Month LIBOR” or “One-Year LIBOR”, respectively, shall be used. If such rate is no longer available from such source, the Auction Agent or Trustee, as applicable, shall ascertain the rate in good faith from such sources as it shall determine to be comparable to such source

“Auction” means each periodic implementation of the Auction Procedures set forth in Section 302 hereof.

“Auction Agent” means a person having the qualifications set forth in Section 307 hereof and includes the Initial Auction Agent under the Initial Auction Agency Agreement unless and until a Substitute Auction Agency Agreement becomes effective, after which “Auction Agent” shall mean the Substitute Auction Agent.

“Auction Agency Agreement” means an agreement in the form of Exhibit C hereto, executed as the Initial Auction Agency Agreement unless and until a Substitute Auction Agency Agreement is entered into, after which “Auction Agency Agreement” shall mean such Substitute Auction Agency Agreement.

“Auction Date” means with respect to each Auction Period for a Tranche, initially, the date set forth in the Corporation Issuance and Sale Certificate and thereafter on such Auction Dates for each Tranche as are set forth in the Corporation Issuance and Sale Certificate (or such other day that the Market Agent, at the direction of the Corporation, shall establish as the Auction Date therefor pursuant to Section 305 hereof); provided, that if such day is not a Business Day, the Auction Date shall be the next succeeding Business Day.

“Auction Period” means the Standard Auction Period or such other period established as provided by Section 305 hereof.

“Auction Procedures” means the procedures set forth in Section 302 hereof.

“Auction Rate” means, with respect to each respective Auction Period, the rate of interest per annum determined for a Tranche of the 2004-A Series Notes pursuant to the implementation of the Auction Procedures or, if an Auction is not held or is cancelled hereunder, the rate determined pursuant to this 2004-A Series Resolution.

“Authorized Denomination” means with respect to the 2004-A Series Notes, \$50,000 and integral multiples thereof.

“Available Notes” shall have the meaning set forth in Section 302(c)(i)(A) hereof.

“Beneficial Owners” means a Person who has an ownership interest in the 2004-A Series Notes Outstanding in book-entry form.

“Bid” shall have the meaning set forth in Section 302(a)(i)(B) hereof.

“Bidder” shall have the meaning set forth in Section 302(a)(i)(B) hereof.

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

“Book-Entry System” means the system directed by Section 209 hereof.

“Broker-Dealer” means any broker or dealer (as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that is a DTC Participant (or an affiliate of a DTC Participant), has been selected by the Corporation, is acceptable to the Auction Agent and has entered into a Broker-Dealer Agreement that remains effective as set forth in Section 308 hereof.

“Business Day” means any day other than a Saturday, Sunday, legal holiday or any other day on which banking institutions in the State of New York or the state in which the corporate trust office of the Trustee set forth in the General Resolution is located, are generally authorized or obligated by law or executive order to close or on which the New York Stock Exchange is closed.

“Certificate and Agreement” shall mean the agreement defined in the General Resolution as such and attached hereto as Exhibit J.

“Conversion” means the change in the interest methodology on the 2004-A Series Notes from an Auction Rate to some other method for determining the rate of interest thereon.

“Conversion Date” means the date established for the Conversion of the 2004-A Series Notes.

“Corporation Issuance and Sale Certificate” shall mean a certificate executed and delivered by an Authorized Officer of the Corporation, which certificate shall be filed among the official records of the Corporation, in which such Authorized Officer shall certify, as hereinafter provided, the Corporation’s determination to issue the 2004-A Series Notes and shall determine the methodology for determining interest rates or yields thereon, the initial principal amount thereof, the deposits required into certain Funds and Accounts and such other matters as shall be further provided herein with respect to the details of the 2004-A Series Notes.

“Existing Owner” means (i) with respect to and for the purposes of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the Existing Owner Registry at the close of business on the Business Day immediately preceding the Auction Date for such Auction, and (ii) 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 2004-A Series Notes.

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

“Hold Order” has the meaning set forth in Section 302(a)(i)(B) hereof.

“Initial Auction Agent” means Wilmington Trust Company and its successors and assigns.

“Initial Auction Agency Agreement” means the agreement in the form of Exhibit C hereto, entered into by and among the Corporation, the Initial Auction Agent and the Trustee.

“Initial Period” means the period beginning on the date of delivery of the 2004-A Series Notes and ending on and including the day prior to the first Interest Rate Adjustment Date for each Tranche.

“Initial Interest Rate” means the rate of interest established for the respective Initial Periods for a Tranche and as set forth in the Corporation Issuance and Sale Certificate.

“Insufficient Funds Event” means the failure of the Corporation to make or cause to be made the deposit required by Section 303(a) hereof.

“Interest Accrual Period” means with respect to a Tranche, the Initial Period and thereafter the period commencing on and including the Interest Rate Adjustment Date, and ending on and including the day prior to the next Interest Rate Adjustment Date.

“Interest Payment Date” means initially, the dates set forth in the Corporation Issuance and Sale Certificate for each Tranche and thereafter any redemption date for a given Tranche and (i) during an Auction Period of not greater than 180 days for a given Tranche, the Business Day immediately following each Auction Date and (ii) during an Auction Period of greater than 180 days for a given Tranche, the first Business Day of each March and September.

“Interest Period” means (i) during an Auction Period of not greater than 180 days for a given Tranche, the Interest Accrual Period, and (ii) during an Auction Period of greater than 180 days for a given Tranche, the period from (a) each September 1 through and including February 28, or if applicable, February 29, and (b) each March 1 through and including August 31.

“Interest Rate” means with respect to a Tranche, the rate of interest on the 2004-A Series Notes determined in the manner provided in this 2004-A Series Resolution.

“Interest Rate Adjustment Date” means with respect to a Tranche, the date of commencement of each Auction Period, being the first Business Day after each Auction Date.

“Interest Rate Determination Date” means with respect to a Tranche, the Auction Date, or if no Auction Date is applicable, the Business Day immediately preceding the date of commencement of an Auction Period.

“Market Agent” means RBC Dain Rauscher Inc. or another market agent or market agents designated by the Corporation in accordance with the terms of this 2004-A Series Resolution, and its or their successors or assigns as set forth in Section 309 hereof.

“Maximum Auction Rate” means the least of (i) the Applicable LIBOR Rate on such date plus 1.50% (if all the ratings assigned by the Rating Agencies to the 2004-A Series Notes are “Aa3” and “AA-”, or the equivalent or better), or (ii) the Applicable LIBOR Rate on such date plus 2.50% (if any one of the ratings assigned by a Rating Agency to the 2004-A Series Notes is less than “Aa3” or “AA-”), (iii) the maximum rate permitted by State law, or (iv) 20%; provided, however, if the Maximum Auction Rate applies to a Tranche with an Auction Period greater than 180 days, the Standard Auction Period with respect to such Tranche shall automatically convert to an Auction Period of 28 days. The methodology set forth in this definition shall not be amended without the prior written consent of Ambac Assurance.

“Non-Payment Rate” means a rate equal to the Maximum Auction Rate.

“Note Counsel Opinion” means an opinion of an attorney or firm of attorneys of recognized standing with respect to obligations of municipal, state and public agencies selected by the Corporation.

“Order” shall have the meaning set forth in Section 302(a)(i)(B) hereof.

“Participant” means a participant in the electronic, computerized book-entry system of transferring beneficial ownership interests in the 2004-A Series Notes administered by the Securities Depository.

“Paying Agent” means The Bank of New York, as well as any successor appointed by the Corporation under the General Resolution.

“Payment Default” means (i) a default by the Corporation in the punctual payment of any installment of interest due on any of the 2004-A Series Notes at the time Outstanding under this 2004-A Series Resolution or (ii) a default by the Corporation in the due and punctual payment of the principal or premium, if any, on any of the Outstanding Senior Notes at their maturity.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, incorporated organization or government or any agency or political subdivision thereof.

“Potential Owner” means any Person (including an Existing Owner) that is (i) a Broker-Dealer when dealing with the Auction Agent and (ii) a potential Beneficial Owner (when dealing with a Broker-Dealer) who may be interested in acquiring 2004-A Series Notes or, in the case of an Existing Owner thereof, an additional principal amount thereof.

“Record Date” means, with respect to any installment of interest due on an Interest Payment Date, the Business Day prior to such respective Interest Payment Date.

“Registrar” means The Bank of New York, as well as any successor appointed by the Corporation under the General Resolution.

“Remarketing Agent” means the entity selected by the Corporation and bound by a Remarketing Agreement following a Conversion to remarket or purchase the 2004-A Series Notes, or any successor to it as such Remarketing Agent.

“Remarketing Agreement” means an agreement between the Corporation and a Remarketing Agent, providing for the remarketing of any 2004-A Series Notes in accordance with the terms of the 2004-A Series Resolution.

“Resolution” means, collectively, the General Resolution and this 2004-A Series Resolution.

“Securities Depository” means The Depository Trust Company, New York, New York, and any successor for the 2004-A Series Notes.

“Sell Order” shall have the meaning set forth in Section 302(a)(i)(B) hereof.

“Standard Auction Period” means with respect to each Tranche of the 2004-A Series Notes, an Auction Period of approximately 28 days following the Initial Period or such other Standard Auction Period prescribed by Section 301 hereof or authorized by Section 305 hereof; provided, however, the length of any Standard Auction Period may not be increased without the prior written consent of Ambac Assurance.

“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 set forth in Section 302(c)(i) hereof.

“Submitted Hold Order” shall have the meaning set forth in Section 302(c)(i) hereof.

“Submitted Order” shall have the meaning set forth in Section 302(c)(i) hereof.

“Submitted Sell Order” shall have the meaning set forth in Section 302(c)(i) hereof.

“Substitute Auction Agent” means a Person meeting the requirements set forth in Section 307 hereof, with whom the Corporation and the Trustee enter into a Substitute Auction Agency Agreement.

“Substitute Auction Agency Agreement” means an auction agent agreement containing terms substantially similar to the terms contained in Exhibit C hereto as the form of the Initial Auction Agency Agreement, whereby a Person having the qualifications required by Section 307 hereof, agrees with the Trustee and the Corporation to perform the duties of the Auction Agent under this 2004-A Series Resolution.

“Sufficient Clearing Bids” shall have the meaning for which such term is used in Section 302(c)(i)(B)(2) hereof.

“Tranche” means the 2004-A Series Notes identified as such in the Corporation Issuance and Sale Certificate having the same Auction Dates, stated maturity and interest rate methodology.

“Trustee” means The Bank of New York, as trustee, or any successor to it in that capacity.

“2004-A Series A-1 Notes” means the 2004-A Series Notes bearing interest at an Auction Rate in the original principal amount as set forth in the Corporation Issuance and Sale Certificate.

“2004-A Series A-2 Notes” means the 2004-A Series Notes bearing interest at an Auction Rate in the original principal amount as set forth in the Corporation Issuance and Sale Certificate.

“2004-A Series Notes” means the South Carolina Student Loan Corporation Student Loan Backed Notes, 2004-A Series, bearing interest at an Auction Rate in the original principal amount not exceeding \$200,000,000; consisting of the following Tranches: (i) 2004-A Series A-1 Notes, and (ii) 2004-A Series A-2 Notes.

“2004-A Series Resolution” means this 2004-A Series Resolution.

“Winning Bid Rate” shall have the meaning set forth in Section 302(c)(i)(C) hereof.

## ARTICLE II

### AUTHORIZATION AND TERMS OF 2004-A SERIES NOTES

Section 201. Principal Amount, Designation of Series. Pursuant to the provisions of the General Resolution, a Series of Senior Notes of the Corporation entitled to the benefits, protection and security of such provisions is hereby authorized in an aggregate principal amount not exceeding \$200,000,000. The 2004-A Series Notes shall be designated South Carolina Student Loan Corporation Student Loan Backed Notes, 2004-A Series, and shall be issued as Senior Notes under the General Resolution.

Section 202. Purposes. The 2004-A Series Notes are authorized to obtain funds with which to (i) finance and refinance the acquisition and the making of Student Loans; (ii) fund the Debt Service Reserve Fund; and (iii) pay certain Costs of Issuance.

Section 203. Date, Maturities, Conversion and Interest Rates for 2004-A Series Notes. The 2004-A Series Notes shall be dated the date of delivery thereof. The 2004-A Series Notes will bear interest at the Initial Interest Rate for each Tranche during the respective Initial Periods and thereafter at the Auction Rate for such Tranche (unless converted as herein provided) and will mature on the date or dates set forth in the Corporation Issuance and Sale Certificate. Interest on the 2004-A Series Notes is payable on each Interest Payment Date until maturity or earlier redemption or acceleration or Conversion on such 2004-A Series Notes. An Auction is to be held on each Auction Date as more fully described in Article III hereof. The aggregate of interest accrued during the most recent Interest Period at the rates established in each Auction shall be due and payable on each Interest Payment Date until maturity or earlier payment of such 2004-A Series Notes.

The 2004-A Series Notes shall be subject to mandatory tender for purchase upon a Conversion. The effective date of such Conversion shall be set forth in a Supplemental Resolution.

Notice of Conversion shall be in substantially the form of Exhibit I hereto. Such notice as prepared by the Corporation and provided to the Trustee at least 40 days prior to the Conversion Date, shall be mailed by the Trustee to the Noteholders, the Auction Agent and the Rating Agencies at least 30 days prior to the Conversion Date. Any Conversion shall be subject to written request for, and confirmation of, ratings on all Notes Outstanding by such Rating Agencies. In the event of a failure of the

Conversion on the Conversion Date, 2004-A Series Notes then submitted for purchase, will be returned, with an appropriate notice explaining the failure of the Conversion and that the former position of such Noteholders will be restored in all particulars.

2004-A Series Notes which are not tendered by the Conversion Date shall be deemed tendered to the Trustee as of the Conversion Date, subject, however, to remarketing or purchase by the Remarketing Agent for settlement on the Conversion Date and receipt by the Trustee of the price equal to 100% of the principal amount thereof from the purchasers thereof or the Remarketing Agent. If, on the Conversion Date, the Remarketing Agent has been unable to remarket all 2004-A Series Notes for settlement on the Conversion Date and has elected not to purchase for its own account such unremarketed 2004-A Series Notes, or on the Conversion Date the Trustee has not received the purchase price therefor, the proposed Conversion shall be cancelled, such 2004-A Series Notes shall remain subject to the Auction Procedures and shall bear interest at the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

*Section 204. Details of 2004-A Series Notes.* The 2004-A Series Notes shall be issuable as fully registered notes and shall be subject to a book-entry system, as hereinafter described. Individual purchases of 2004-A Series Notes shall be in Authorized Denominations.

The Series 2004-A Series Notes shall bear interest from their Issue Date payable at such time as hereinafter provided.

The President of the Corporation, the Executive Vice President and its Chairman, and each of them, is hereby directed and appointed on behalf of the Board to determine certain details, subject to the provisions of this 2004-A Series Resolution, of the 2004-A Series Notes. Such determination shall be evidenced by the execution and the filing of a Corporation Issuance and Sale Certificate among the official records of the Corporation, which certificate shall contain, among other details, the following details of the 2004-A Series Notes:

- (a) Par Amount: The original principal amount of each Tranche of the 2004-A Series Notes.
- (b) Initial Interest Rate: The Initial Interest Rate on each Tranche which shall not exceed 4%. Thereafter each Tranche shall bear interest at the Auction Rate unless converted as herein provided.
- (c) Auction Dates: The initial Auction Date and Auction Dates for each Tranche of the 2004-A Series Notes.
- (d) Purchase Price: The underwriters' purchase price of the 2004-A Series Notes reflecting the underwriters' discount for the 2004-A Series Notes.
- (e) Interest Payment Dates: The initial Interest Payment Dates with respect to each Tranche of 2004-A Series Notes.
- (f) Required Deposits: The several deposits and other details required by Article IV of this 2004-A Series Resolution.
- (g) Maturity Date: The maturity dates for each Tranche of 2004-A Series Notes.

The Board hereby irrevocably delegates to each of the President and the Executive Vice President of the Corporation and the Chairman and to each of them, the authority to determine, subject to the

provisions of this 2004-A Series Resolution, the above details of the 2004-A Series Notes. All such determinations shall be conclusive and binding upon the Corporation.

Section 205. Denominations, Numbers and Letters. The 2004-A Series Notes of a Tranche shall be issued in the form of fully registered notes without coupons in Authorized Denominations not exceeding the aggregate principal amount of 2004-A Series Notes of a Tranche of that tenor maturing in such year. The 2004-A Series Notes will initially be registered in the name of Cede & Co., as nominee of the Securities Depository. The Securities Depository will act as securities depository for the 2004-A Series Notes. Ownership interests of Participants of the Securities Depository will be recorded in book-entry form by the Securities Depository. Payments of principal of and interest on the 2004-A Series Notes shall be made by wire transfer from the Paying Agent to the Securities Depository.

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

Section 206. Paying Agent, Registrar; Payment. The Bank of New York is hereby appointed Paying Agent and Registrar for the 2004-A Series Notes. Payment of principal or redemption price of and interest on the 2004-A Series Notes shall be made to the Securities Depository as provided in Section 209 hereof.

Section 207. Optional Redemption, Prices and Terms. Subject to the limitations contained in the General Resolution, the Corporation may, at its option, redeem the 2004-A Series Notes while in the Auction Rate mode together with accrued interest, without premium, in whole or in part on the first day of any Auction Period.

Section 208. Manner of Redemption of 2004-A Series Notes. The 2004-A Series Notes shall be redeemed in the manner and upon notice as prescribed by Article X of the General Resolution. If on any occasion, less than all of the 2004-A Series Notes shall be redeemed, the particular 2004-A Series Notes or portions thereof to be redeemed shall be selected pro rata among Tranches, unless the Corporation has directed the Trustee otherwise, and by lot within a Tranche in accordance with the procedures of the Securities Depository; provided that, such notice shall be given not less than 15 nor more than 30 days prior to the redemption date in accordance with Section 1105 of the General Resolution.

Section 209. Book-Entry System; Recording and Transfer of Ownership of 2004-A Series Notes. The 2004-A Series Notes will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Securities Depository, and transfers of beneficial ownership of the 2004-A Series Notes shall be made only through the Securities Depository and its Participants in accordance with rules specified by the Securities Depository. Such beneficial ownership must be of an Authorized Denomination of the 2004-A Series Notes of the same maturity or any integral multiple of an Authorized Denomination.

The 2004-A Series Notes shall be issued in fully registered form, one certificate for each Tranche of the 2004-A Series Notes, in the name of Cede & Co., as the nominee of the Securities Depository. When any principal of, premium, if any, or interest on the 2004-A Series Notes becomes due, the Corporation shall transmit or cause the Trustee to transmit to the Securities Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Securities Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Securities Depository shall be considered to be the owner of the 2004-A Series Notes so registered for all purposes of this 2004-A Series Resolution,

including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of 2004-A Series Noteholders.

The Trustee shall notify the Securities Depository of any notice of redemption required to be given pursuant to the General Resolution or this 2004-A Series Resolution not less than 15 nor more than 30 days prior to the date fixed for redemption except as provided in Section 208 hereof.

The Securities Depository is expected to maintain records of the positions of Participants in the 2004-A Series Notes, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners. The Corporation and the Trustee make no assurances that the Securities Depository and its Participants and persons acting through Participants will act in accordance with such rules or expectations on a timely basis, and the Corporation and the Trustee shall have no responsibility for any such maintenance of records or transfer of payments by the Securities Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

If (a) the Securities Depository determines not to continue to act as Securities Depository for the 2004-A Series Notes, or (b) the Corporation has advised the Securities Depository and the Trustee of the Corporation's determination to discontinue using the Securities Depository for any reason, the Corporation shall attempt to retain another qualified Securities Depository to replace the Securities Depository. Upon receipt by the Corporation or the Trustee of the 2004-A Series Notes together with an assignment thereof duly executed by the Securities Depository, the Corporation shall execute and deliver to the successor depository, 2004-A Series Notes of the same principal amount, interest rate and maturity.

If the Corporation is unable to retain a qualified successor to the Securities Depository or the Corporation has determined that it is in the best interest of the Corporation not to continue the Book-Entry System of transfer or that the interest of the Beneficial Owners of the 2004-A Series Notes might be adversely affected if the Book-Entry System of transfer is continued (the Corporation undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the 2004-A Series Notes by mailing an appropriate notice to the Securities Depository, upon receipt by the Corporation of the 2004-A Series Notes together with an assignment thereof duly executed by the Securities Depository, the Corporation, at its expense, shall, subject to the limitations of Article III hereof, execute, and cause to be authenticated and delivered pursuant to the instructions of the Securities Depository, 2004-A Series Notes in fully registered form, in substantially the form set forth in this 2004-A Series Resolution, in Authorized Denominations. In such event, payment of principal at maturity shall be made upon surrender of such 2004-A Series Notes to the Trustee. In such case, the Interest Rate on the 2004-A Series Notes for any Interest Accrual Period commencing after the delivery of 2004-A Series Notes in fully registered form shall equal the Maximum Auction Rate. To the extent the 2004-A Series Notes are restored to the Book-Entry System authorized by this Section 209, the Interest Rate on the 2004-A Series Notes shall be determined by the Auction Procedures prescribed by Section 302 hereof.

Section 210. Form of 2004-A Series Notes. The 2004-A Series Notes shall be in fully registered form substantially as set forth in Exhibit A attached hereto.

Section 211. Sale of 2004-A Series Notes. The 2004-A Series Notes shall be sold pursuant to a note purchase agreement (the "Note Purchase Agreement"), to the underwriters named in the Note Purchase Agreement and upon the terms and conditions set forth therein. The purchase price will be as stated in the Note Purchase Agreement and set forth in the Corporation Issuance and Sale Certificate. The action to be taken by the President of the Corporation, the Executive Vice President of the Corporation or the Chairman in executing the Note Purchase Agreement and awarding the 2004-A Series Notes is hereby approved.

Section 212. Manner of Execution of 2004-A Series Notes. The 2004-A Series Notes shall be executed in the name and on behalf of the Corporation by the manual or facsimile signature of an Authorized Officer of the Corporation, and the seal of the Corporation shall be reproduced thereon, and attested by the manual or facsimile signature of the Executive Vice President of the Corporation.

Section 213. Recycling. The Corporation shall not direct that amounts be transferred to the Loan Account pursuant to the authorization of Section 504(b)(x) of the General Resolution after the date set forth in the Certificate and Agreement.

### ARTICLE III

#### AUCTION RATE PROVISIONS AND OTHER GENERAL PROVISIONS RESPECTING THE 2004-A SERIES NOTES

Section 301. Auction Rate; Auction Period-General. (a) Unless converted to another interest rate methodology following a mandatory tender for purchase, the 2004-A Series Notes shall, subsequent to the Initial Period, bear interest at the Auction Rate. The Initial Interest Rates for the 2004-A Series Notes of each Tranche shall be set forth in the Corporation Issuance and Sale Certificate. During each Auction Period, the Auction Rate shall be equal to the rate of interest per annum that results from implementation of the Auction Procedures subject to the Maximum Auction Rate, provided that, if on any scheduled Auction Date, an Auction is not held for any reason (with the determination that an Auction was not held to be made by the Auction Agent and if the Auction Agent is not capable of or does not make such determination, then such determination shall be made by the Market Agent), then the following shall apply:

- (1) With respect to a Tranche with an Auction Period of greater than 180 days, the Standard Auction Period shall automatically convert to an Auction Period of 28 days;
- (2) An Auction shall be deemed to have occurred on the scheduled Auction Date;
- (3) The Auction Rate for such deemed Auction to be in effect for the succeeding Auction Period shall be equal to the Auction Rate for the preceding Auction Period; and
- (4) The succeeding Auction Period shall begin on the calendar day following the scheduled Auction Date.

Such procedures set forth above shall be applicable for one Auction Period with respect to the applicable Tranche. In the event that the next Auction is not held for any reason with respect to the applicable Tranche (with the determination to be made by the Auction Agent that an Auction was not held and if the Auction Agent is not capable of or does not make such determination, then such determination shall be made by the Market Agent) then the Maximum Auction Rate shall apply with respect to succeeding Auction Periods until an Auction can be held with respect to the applicable Tranche.

By purchasing 2004-A Series Notes, whether in an Auction or otherwise, each such purchaser or its Broker-Dealer, must agree and shall be deemed by such purchase to have agreed (i) to participate in Auctions on the terms described herein, (ii) to have its beneficial ownership of the 2004-A Series 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 and (iii) to authorize such Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

So long as the beneficial ownership of a Tranche of the 2004-A Series Notes is maintained in the Book-Entry System, an Existing Owner of such Tranche may sell, transfer or otherwise dispose thereof only pursuant to a Bid or Sell Order placed in an Auction or otherwise sell, transfer or dispose thereof through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Owner, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

Notwithstanding the foregoing, if:

(1) if the beneficial ownership of a Tranche of the 2004-A Series Notes is no longer maintained in the Book-Entry System, the Interest Rate on such Tranche for any Interest Accrual Period commencing after the delivery of certificates representing 2004-A Series Notes pursuant to the Resolution shall equal the Maximum Auction Rate;

(2) a Payment Default shall have occurred, then the rate of interest for each subsequent Auction Period commencing after such occurrence and during the continuance thereof to and including the subsequent Auction Period, if any, during which, or commencing less than two (2) Business Days after, such Payment Default is waived in accordance with the terms hereof, shall equal the Non-Payment Rate on the Auction Date for each such subsequent Auction Period; or

(3) a proposed Conversion under Section 203 hereof shall have failed, then the rate of interest for the 2004-A Series Notes shall be the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

(b) Interest on the 2004-A Series Notes shall accrue daily for each respective Interest Period, shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days and shall be payable, in arrears, on each Interest Payment Date.

(c) Auction Periods may be established pursuant to Section 305 hereof at any time unless an Event of Default has occurred. Each Auction Period shall be a Standard Auction Period unless a different Auction Period is established pursuant to Section 305 and each Auction Period which immediately succeeds a non-Standard Auction Period shall be a Standard Auction Period unless a different Auction Period is established pursuant to Section 305 hereof.

Section 302. Auction Procedures. Subject to the provisions of subsection (a) of Section 301, Auctions shall be conducted on each Auction Date in the following manner:

(a) (i) Prior to 1:00 p.m. (New York City time) on each Auction Date:

(A) each Existing Owner of 2004-A Series Notes may submit to a Broker-Dealer information as to:

(1) the principal amount of Outstanding 2004-A Series Notes, if any, held by such Existing Owner which such Existing Owner desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(2) the principal amount of Outstanding 2004-A Series Notes, if any, which such Existing Owner 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 Owner; and/or

(3) the principal amount of Outstanding 2004-A Series Notes, if any, held by such Existing Owner which such Existing Owner 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 Owners to determine the principal amount of 2004-A Series Notes which each such Potential Owner 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 Owner.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (A)(1), (A)(2), (A)(3), or (B) of this paragraph (i) is hereinafter referred to as an "Order" and collectively as "Orders," and each Existing Owner and each Potential Owner placing an Order is hereinafter referred to as a "Bidder" and collectively as "Bidders"; an Order containing the information referred to in (x) clause (A)(1) of this paragraph (i) is hereinafter referred to as a "Hold Order" and collectively as "Hold Orders," (y) clause (A)(2) or (B) of this paragraph (i) is hereinafter referred to as a "Bid" and collectively as "Bids" and (z) clause (A)(3) of this paragraph (i) is hereinafter referred to as a "Sell Order" and collectively as "Sell Orders."

(ii) (A) Subject to the provisions of subsection (b) of this Section, a Bid by an Existing Owner shall constitute an irrevocable offer to sell:

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

(2) such principal amount or a lesser principal amount of Outstanding 2004-A Series Notes to be determined as set forth in clause (D) of paragraph (i) of subsection (d) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein; or

(3) such principal amount or a lesser principal amount of Outstanding 2004-A Series Notes to be determined as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if the rate specified therein shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids have not been made.

(B) Subject to the provisions of subsection (b) of this Section, a Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding 2004-A Series Notes specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding 2004-A Series Notes as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of subsection (b) of this Section, a Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

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

(2) such principal amount or a lesser principal amount of Outstanding 2004-A Series Notes as set forth in clause (E) of paragraph (i) of subsection (d) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein.

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

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

(B) the aggregate principal amount of 2004-A Series Notes that are the subject of such Order;

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

(1) the principal amount of 2004-A Series Notes, if any, subject to any Hold Order placed by such Existing Owner;

(2) the principal amount of 2004-A Series Notes, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(3) the principal amount of 2004-A Series Notes, if any, subject to any Sell Order placed by such Existing Owner; and

(D) to the extent such Bidder is a Potential Owner, the principal amount of 2004-A Series Notes and the rate specified in such Potential Owner'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 one thousandth (.001) of 1%.

(iii) If an Order or Orders covering all Outstanding 2004-A Series Notes held by any Existing Owner 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 Owner covering the principal amount of Outstanding 2004-A Series Notes held by such Existing Owner and not subject to an Order submitted to the Auction Agent.

(iv) Neither the Corporation, 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 Owner or Potential Owner.

(v) If any Existing Owner submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding 2004-A Series Notes held by such Existing Owner, 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 and including in the aggregate the principal amount of 2004-A Series Notes held by such Existing Owner;

(B) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding 2004-A Series Notes held by such Existing Owner over the aggregate principal amount of 2004-A Series Notes subject to any Hold Orders 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 Owner and the aggregate principal amount of Outstanding 2004-A Series Notes subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess;

(3) subject to subclauses (1) and (2) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Owner, 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 and including the amount of such excess; and

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

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding 2004-A Series Notes held by such Existing Owner over the aggregate principal amount of 2004-A Series 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 Notes is submitted on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

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

(viii) Any Bid or Sell Order submitted by an Existing Owner covering an aggregate principal amount of 2004-A Series Notes not equal to the Authorized Denomination or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Owner covering an aggregate principal amount of 2004-A Series Notes not equal to the Authorized Denomination or an integral multiple thereof shall be rejected.

(c) (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 hereinafter 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 2004-A Series Notes over the sum of the aggregate principal amount of Outstanding 2004-A Series Notes subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Notes"); and

(B) from the Submitted Orders whether the aggregate principal amount of Outstanding 2004-A Series Notes subject to Submitted Bids by Potential Owners specifying one or more rates equal to or lower than the Maximum Auction Rate exceeds or is equal to the sum of:

(1) the aggregate principal amount of Outstanding 2004-A Series Notes subject to Submitted Bids by Existing Owners specifying one or more rates higher than the Maximum Auction Rate; and

(2) the aggregate principal amount of Outstanding 2004-A Series Notes subject to Submitted Sell Orders. In the event such excess or such equality exists (other than because the sum of the principal amounts of 2004-A Series Notes in subclauses (A) and (B) above is zero because all of the Outstanding 2004-A Series Notes are the subject of Submitted Hold Orders), such Submitted Bids in this subclause (B) are hereinafter referred to collectively, as “Sufficient Clearing Bids”; and

(C) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (the “Winning Bid Rate”) which if:

(1) (aa) each such Submitted Bid from Existing Owners specifying such lowest rate and (bb) all other Submitted Bids from Existing Owners specifying lower rates were rejected, would entitle such Existing Owners to continue to hold the principal amount of 2004-A Series Notes subject to such Submitted Bids; and

(2) (aa) each such Submitted Bid from Potential Owners specifying such lowest rate and (bb) all other Submitted Bids from Potential Owners specifying lower rates were accepted;

the result would be that the Existing Owners described in subclause (1) above continuing to hold an aggregate principal amount of Outstanding 2004-A Series Notes which, when added to the aggregate principal amount of Outstanding 2004-A Series Notes to be purchased by such Potential Owners described in this subclause (2), would equal not less than the Available Notes.

(D) if Sufficient Clearing Bids have not been made (other than because all of the Outstanding 2004-A Series Notes are subject to Submitted Hold Orders), the Auction Agent shall notify the Broker-Dealers and provide an opportunity for such Broker-Dealers to each submit additional Bid Orders within 15 minutes of such notification. If additional Bid Orders are submitted, the Auction Agent shall re-apply the procedures in this Section 302(c)(i) but excluding this subsection (D).

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall, by telecopy confirmed in writing, advise the Corporation and the Broker-Dealers of the Maximum Auction Rate and the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

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

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

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

(iii) Promptly after the Auction Agent has determined the Auction Rate, the Auction Agent shall advise the Trustee thereof.

(d) Existing Owners shall continue to hold the principal amount of 2004-A Series Notes that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to paragraph (i) of subsection (c) of this Section 302, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraph (iv) of this subsection (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 Owners' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to sell the aggregate principal amount of 2004-A Series Notes subject to such Submitted Bids;

(B) Existing Owners' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Owner to continue to hold the aggregate principal amount of 2004-A Series Notes subject to such Submitted Bids;

(C) Potential Owners' 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 2004-A Series Notes subject to such Submitted Bid;

(D) Each Existing Owner's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Owner to continue to hold the aggregate principal amount of 2004-A Series Notes subject to such Submitted Bid, unless the aggregate principal amount of Outstanding 2004-A Series Notes subject to all such Submitted Bids shall be greater than the principal amount of 2004-A Series Notes (the "remaining principal amount") equal to the excess of the Available Notes over the aggregate principal amount of 2004-A Series Notes subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Owner shall be rejected in part, and such Existing Owner shall be entitled to continue to hold the principal amount of 2004-A Series Notes subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of 2004-A Series Notes obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding 2004-A Series Notes held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding 2004-A Series Notes subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate; and

(E) Each Potential Owner'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 2004-A Series Notes obtained by multiplying the excess of the aggregate principal amount of Available Notes over the aggregate principal amount of 2004-A Series Notes subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding 2004-A Series Notes subject to such Submitted Bid of such Potential Owner and the denominator of which shall be the sum of the principal amounts of Outstanding 2004-A Series Notes subject to Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding 2004-A Series Notes are subject to Submitted Hold Orders), subject to the provisions of paragraphs (iv) and (v) of this subsection (d), 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 Owners' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling such Existing Owners to continue to hold the aggregate principal amount of 2004-A Series Notes subject to such Submitted Bids;

(B) Potential Owners' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring such Potential Owners to purchase the aggregate principal amount of 2004-A Series Notes subject to such Submitted Bid; and

(C) Each Existing Owner's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Owner shall be accepted, thus entitling each Existing Owner that submitted any such Submitted Bid or Submitted Sell Order to sell the 2004-A Series 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 2004-A Series Notes obtained by multiplying the aggregate principal amount of 2004-A Series Notes subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding 2004-A Series Notes held by such Existing Owner subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding 2004-A Series Notes subject to all such Submitted Bids and Submitted Sell Orders.

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

(iv) If, as a result of the procedures described in paragraphs (i) or (ii) of this subsection (d), any Existing Owner would be entitled or required to sell, or any Potential Owner would be entitled or required to purchase, a principal amount of 2004-A Series Notes that is not equal to the Authorized Denomination or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of 2004-A Series Notes to be purchased or sold by any Existing Owner or Potential Owner so that the principal amount of 2004-A Series Notes purchased or sold by each Existing Owner or Potential Owner shall be equal to the Authorized Denomination or any integral multiple thereof.

(v) If, as a result of the procedures described in paragraph (ii) of this subsection (d), any Potential Owner would be entitled or required to purchase less than the Authorized Denomination principal amount of 2004-A Series Notes, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate 2004-A Series Notes for purchase among Potential Owners so that only 2004-A Series Notes in principal amounts of the Authorized Denomination or an integral multiple thereof are purchased by any Potential Owner, even if such allocation results in one or more such Potential Owners not purchasing any 2004-A Series Notes.

(e) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of 2004-A Series Notes to be purchased by Potential Owners and the aggregate principal amount of 2004-A Series Notes to be purchased or sold by Existing Owners 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 2004-A Series Notes to be sold differs from such aggregate principal amount of 2004-A Series 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, 2004-A Series Notes.

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

(g) The Corporation may alter, amend and change the Auction Procedures to conform to current market conditions or future regulatory guidance. Such change shall be effective upon 30-days prior written notice to the Trustee, the Market Agent, the Auction Agent, the Broker-Dealers, the Securities Depository, the Existing Owners and to each nationally recognized municipal securities information repository.

Section 303. Application of Interest Payments for 2004-A Series Notes Bearing Interest at the Auction Rate. (a) The Trustee shall determine not later than 12:00 noon (New York City time) on the day prior to each respective Interest Payment Date therefor whether there is on deposit in (or available for transfer to) the Interest Account of the Debt Service Fund an aggregate amount of funds equal to the aggregate amount of interest due and payable on the 2004-A Series Notes bearing interest at the Initial Interest Rate or the Auction Rate, as applicable, on such respective Interest Payment Date. The amount of such interest shall be determined by (i) multiplying, for each respective Interest Accrual Period or portion thereof in such respective Interest Period, the principal amount of 2004-A Series Notes Outstanding during such respective Interest Accrual Period or portion thereof in such respective Interest Period by the Auction Rate established in the Auction for such respective Interest Accrual Period or portion thereof in such respective Interest Period; (ii) dividing by 360; (iii) multiplying by the number of days in such respective Interest Accrual Period or portion thereof in such respective Interest Period; and (iv) adding the resultant figures for each respective Interest Accrual Period or portion thereof in such respective Interest Period.

(b) So long as no Payment Default has previously occurred and is continuing, (i) if an Insufficient Funds Event exists on the Business Day prior to an Interest Payment Date the Trustee shall, not later than 12:15 p.m. (New York City time) on such Business Day, send a notice thereof in substantially the form of Exhibit E hereto to the Corporation and the Auction Agent by telecopy or similar means and (ii) if such Payment Default is cured on such Interest Payment Date, the Trustee shall immediately send a notice thereof in substantially the form of Exhibit F hereto to the Auction Agent by telecopy or similar means.

Section 304. Calculation of Maximum Auction Rate, All-Hold Rate and Non-Payment Rate. The Auction Agent shall calculate the Maximum Auction Rate and the All-Hold Rate on each Auction Date and shall give notice thereof to the Broker-Dealers, the Corporation and the Trustee. Upon receipt of notice from the Trustee of a failed Conversion as described in Section 203 hereof, the Auction Agent shall calculate the Maximum Auction Rate as of such failed Conversion Date and give notice thereof as provided in the Auction Agency Agreement. If a Payment Default shall have occurred and is continuing, the Trustee shall calculate the Non-Payment Rate on the Auction Date for (i) each subsequent Auction Period commencing after the occurrence and during the continuance of such a Payment Default, and (ii) any subsequent Auction Period commencing less than two Business Days after the cure or waiver of any Payment Default in accordance with the General Resolution. If the beneficial ownership of a Tranche of the 2004-A Series Notes is no longer maintained in the Book-Entry System, then the Trustee shall determine the Maximum Auction Rate for each Interest Accrual Period on the Business Day immediately preceding the first day of each Interest Accrual Period after the delivery of 2004-A Series Notes in fully registered form pursuant to the Resolution.

Section 305. Change of Auction Period or Interest Payment Dates by Corporation. (a) The Corporation may change the length of a single Auction Period or the Standard Auction Period by means of a written notice delivered at least 10 days prior to the Auction Date for such Auction Period to the Rating Agencies, the Trustee, the Market Agent, the Auction Agent, the Broker-Dealers and the Securities Depository in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit G. If any such single Auction Period or Standard Auction Period will be of less than 7 days, such notice shall be effective only if it is accompanied by a written statement of the Trustee, the Market Agent, the Auction Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Market Agent Agreement and the Auction Agency Agreement with respect to such Auction Period. If such notice specifies a change in the length of the Auction Period or the Standard Auction Period, such notice shall be effective only if it is accompanied by the written consent of the Market Agent to such change. The length of a single Auction Period or the Standard Auction Period may not be changed pursuant to this Section unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period.

(b) The change in length of an Auction Period or the Standard Auction Period shall take effect only if (i) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding the Auction Date for such Auction Period, a certificate from the Corporation, by telecopy or similar means in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit G authorizing the change in the Auction Period or the Standard Auction Period, which shall be specified in such certificate, (ii) the Trustee shall not have delivered to the Auction Agent by 12:15 p.m. (New York City time) on the Auction Date for such Auction Period notice that an Insufficient Funds Event has occurred, and (iii) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period. The Trustee shall also provide notice of such change to the Noteholders and the Broker-Dealers. If the condition referred to in (i) above is not met, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures and the next succeeding Auction Period shall be a Standard Auction Period. If any of the conditions referred to in (ii) or (iii) above is not met, the interest rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined as of such Auction Date.

(c) The Corporation may change the methodology for determining Interest Payment Dates on the 2004-A Series Notes in connection with a change in the Auction Period pursuant to this Section. Such information and procedures relating to the change in Interest Payment Dates shall be set forth in a Supplemental Resolution.

Section 306. Change of Auction Date by Market Agent at Direction of the Corporation. While the 2004-A Series Notes bear interest at an Auction Rate, the Market Agent, at the direction of the Corporation, may change, 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, the Auction Date for all future Auction Periods to a different day, so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Date is then scheduled to occur. If a change in an Auction Date is undertaken in conjunction with a change in an Auction Period or the Standard Auction Period and the conditions for the establishment of such change in Auction Period or the Standard Auction Period are not met, the Auction Date may be, and the next succeeding Auction Period may be adjusted to end, on a Business Day in the calendar week in which such Auction Date was scheduled to occur and such Auction Period was scheduled to end to accommodate the change in the Auction Date. The Market Agent shall communicate the Corporation's determination to change an Auction Date by means of a written notice delivered at least 10 days prior to such proposed new Auction Date to the Corporation, the Trustee, the Auction Agent, each Broker-Dealer, each Rating Agency and the Securities Depository which shall state (a) the

determination of the Corporation to change the Auction Date, (b) the new Auction Date and (c) the date on which such Auction Date shall be changed. If after any proposed change in the Auction Date any Auction Period would be less than 7 days in duration, such notice shall be effective only if it is accompanied by a written statement of the Auction Agent, the Trustee, the Market Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Market Agent Agreement and Auction Agency Agreement with respect to any such Auction Period. Notice of a change in the Auction Date shall be in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit H.

Section 307. Auction Agent. (a) Wilmington Trust Company is hereby appointed as Initial Auction Agent to serve as agent for the Corporation in connection with Auctions. The Trustee and the Corporation will, and the Trustee is hereby directed to, enter into the Initial Auction Agency Agreement with Wilmington Trust Company, 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 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 Agency Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this 2004-A Series Resolution by giving at least 90 days' notice to the Trustee and the Corporation. The Auction Agent may be removed at any time by the Trustee upon the written direction of an Authorized Officer or the Noteholders of at least 66 2/3% of the aggregate principal amount of the 2004-A Series Notes then Outstanding, and if by such Noteholders, by an instrument signed by such Noteholders or their attorneys and filed with the Auction Agent, the Corporation 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 until and unless a Substitute Auction Agent has been appointed and has accepted such appointment. If required by the Corporation, a Substitute Auction Agency Agreement shall be entered into with a Substitute Auction Agent. Notwithstanding the foregoing, the Auction Agent may resign if, within 25 days after notifying the Trustee and the Corporation in writing that it has not received payment of any Auction Agent fee due it in accordance with the terms of the Auction Agency Agreement, the Auction Agent does not receive such payment. If the Auction Agent desires to resign for a reason other than the non-payment of its fee and a Substitute Auction Agent has not been appointed and accepted such appointment, the Auction Agent shall have the right to petition a court of competent jurisdiction to appoint a Substitute Auction Agent.

(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, the Corporation, shall appoint a Substitute Auction Agent.

(c) The Auction Agent is acting as agent for the Corporation 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 Agency 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.

Section 308. Broker-Dealers. (a) The Auction Agent will enter into Broker-Dealer Agreements with RBC Dain Rauscher Inc., A.G. Edwards & Sons, Inc., and Scott & Stringfellow, Inc., trading as BB&T Capital Markets, as initial Broker-Dealers. An Authorized Officer may, from time to time, approve one or more additional qualified 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, on five days' notice, at the request of an Authorized Officer, but there shall, at all times, be at least one Broker-Dealer appointed and acting as such.

Section 309. Qualification of Market Agent. The Market Agent shall be a member of the National Association of Securities Dealers, Inc., the Bond Market Association, Inc. or the Municipal Securities Rulemaking Board, Inc., have a capitalization of at least \$25,000,000 and be authorized by law to perform all the duties imposed upon it by this 2004-A Series Resolution and the Market Agent Agreement. The Market Agent may resign and be discharged of the duties and obligations created by this 2004-A Series Resolution by giving at least 30 days notice to the Corporation and the Trustee, provided that such resignation shall not be effective until the appointment of a successor Market Agent by the Corporation and the acceptance of such appointment by such successor Market Agent. The Market Agent may be replaced at the direction of the Corporation, by an instrument signed by an Authorized Officer, filed with the 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 Corporation and the acceptance of such appointment by such successor Market Agent.

In the event that the Market Agent shall be removed or be dissolved, or if the property or affairs of the Market 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, and there is not a Market Agent and the Corporation shall not have appointed its successor as Market Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section, shall be deemed to be the Market Agent for all purposes of this 2004-A Series Resolution until the appointment by the Corporation of the successor Market Agent. Nothing in this Section shall be construed as conferring on the Trustee additional duties other than as set forth herein.

#### ARTICLE IV

##### APPLICATION OF PROCEEDS OF THE 2004-A SERIES NOTES AND OTHER DEPOSITS

Section 401. Application of Proceeds. (a) Proceeds of the 2004-A Series Notes in an amount specified in the Corporation Issuance and Sale Certificate shall be deposited in the Debt Service Reserve Fund.

(b) Proceeds of the 2004-A Series Notes in an amount specified in the Corporation Issuance and Sale Certificate shall be deposited in the Cost of Issuance Account of the Program Fund to pay Costs of Issuance.

(c) All of the remaining principal proceeds derived from the sale of the 2004-A Series Notes shall be deposited in the Taxable Note Subaccount of the Loan Account of the Program Fund and disbursed on or prior to the date set forth in the Certificate and Agreement subject to the limitations set forth in such Certificate and Agreement, to finance and refinance the acquisition and the making of Student Loans. If any moneys shall remain, such excess shall be expended to effect a redemption of Notes Outstanding.

Section 402. *The Debt Service Reserve Requirement.* The Debt Service Reserve Requirement for the 2004-A Series Notes is 2% of the Outstanding principal amount of the 2004-A Series Notes. The initial deposit to the Debt Service Reserve Fund shall be the amount set forth in the Corporation Issuance and Sale Certificate, which is greater than the Debt Service Reserve Requirement with respect to the 2004-A Series Notes. Any moneys in excess of the Debt Service Reserve Requirement shall be maintained in the Debt Service Reserve Fund unless applied pursuant to Section 505(c) of the General Resolution or transferred as directed in the following sentence. To the extent that moneys in the Debt Service Reserve Fund exceed the amounts on the corresponding dates all as set forth in the Certificate and Agreement, such excesses shall be transferred to the General Revenue Fund in compliance with Section 505(f) of the General Resolution.

## ARTICLE V

### CONTINUING DISCLOSURE

Section 501. *Nature of the Undertaking.* The Corporation hereby undertakes, for the benefit of the Beneficial Owners of the 2004-A Series Notes, to provide:

(a) by not later than seven months after the end of each Fiscal Year of the Corporation, to each nationally recognized municipal securities information repository (“NRMSIR”) and to the state information depository for the State (“SID”), if any, audited financial statements of the Corporation for such Fiscal Year, if available, prepared in accordance with generally accepted accounting principles, or, if such audited financial statements of the Corporation are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Corporation for such Fiscal Year to be replaced subsequently by audited financial statements of the Corporation delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months after the end of each Fiscal Year of the Corporation, to each NRMSIR, and to the SID, if any, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the heading “THE PLEDGED ASSETS—The Portfolios of Student Loans—Summary Information” in the final Offering Memorandum related to such 2004-A Series Notes to the extent such items are not included in the audited financial statements referred to in (a) above;

(c) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board (“MSRB”), and to the SID, if any, notice of any of the events set forth in Rule 15c2-12(b)(5)(i)(C) issued under the Securities Exchange Act of 1934 (as such Rule exists on the date of the final Offering Memorandum) with respect to the 2004-A Series Notes, if material; and

(d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the Corporation to provide required annual financial information described in (a) or (b) above on or before the date specified.

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

Section 502. *Failure to Comply.* In the event that the Corporation fails to comply with the undertaking described in Section 501, any Beneficial Owner of the 2004-A Series Notes may take action to protect and enforce the rights of all Beneficial Owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not

be an Event of Default and shall not result in any acceleration of payment of the 2004-A Series Notes. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Beneficial Owners of the 2004-A Series Notes.

Section 503. Modification of Undertaking. The Corporation hereby reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Corporation, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Corporation;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 (“Rule 15c2-12”) as of the date of the final Offering Memorandum, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the Beneficial Owners, as determined either by counsel experienced in securities matters independent of the Corporation, or by the approving vote of the registered owners of a majority in principal amount of the 2004-A Series Notes then Outstanding pursuant to the terms of this 2004-A Series Resolution, as it may be amended from time to time, at the time of the amendment.

Section 504. Changes in Annual Financial Information. Any annual financial information containing modified operating data or financial information shall set forth, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

Section 505. Termination of the Undertaking. The undertaking set forth in this Article VI shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the 2004-A Series Notes.

Section 506. Rating Agencies Shall Receive Information. The financial and other information required to be disclosed by this Article V shall also be provided to each Rating Agency.

## ARTICLE VI

### OTHER MISCELLANEOUS ACTIONS

Section 601. Offering Memorandum. An Offering Memorandum, in substantially the form presented at this meeting with such changes as the President of the Corporation shall approve is hereby approved, and the action of the President of the Corporation, the Executive Vice President of the Corporation or the Chairman in signing the same on behalf of the Corporation is hereby ratified, approved and confirmed.

Section 602. Approval of Distribution of Material Relating to the 2004-A Series Notes. The action of the President of the Corporation, the Executive Vice President of the Corporation or the Chairman in authorizing the distribution to potential purchasers of the 2004-A Series Notes of forms of the General Resolution, this 2004-A Series Resolution and an Offering Memorandum is hereby ratified, approved and confirmed.

Section 603. Execution of Closing Papers and Authentication of 2004-A Series Notes. The Chairman, the President and Executive Vice President of the Corporation are each hereby authorized to execute, on behalf of the Corporation, any additional certificate or instrument as shall in their judgment be necessary to effect delivery of the 2004-A Series Notes. The Trustee is hereby directed to cause the 2004-A Series Notes to be authenticated in accordance with the provisions of the General Resolution.

Section 604. Repeal Provisions. All resolutions, proceedings or action heretofore taken by the Corporation inconsistent with the terms and provisions of this 2004-A Series Resolution are hereby repealed to the extent of any such inconsistency.

## FORM OF AUCTION RATE NOTE

No. \_\_\_\_

UNITED STATES OF AMERICA  
 STATE OF SOUTH CAROLINA  
 SOUTH CAROLINA STUDENT LOAN CORPORATION  
 STUDENT LOAN BACKED NOTES  
 2004-A SERIES A-\_ NOTE  
 (AUCTION RATE)

<u>MATURITY DATE</u>	<u>DATE OF ISSUE</u>	<u>INITIAL AUCTION DATE</u>	<u>CUSIP</u>
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REGISTERED OWNER: Cede &amp; Co.

PRINCIPAL AMOUNT:

THE SOUTH CAROLINA STUDENT LOAN CORPORATION (the "Corporation"), a not-for-profit public benefit corporation duly established under the laws of the State of South Carolina (the "State"), created and existing by virtue of the laws of the State, acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Owner (stated above), or registered assigns, the Principal Amount (stated above) on the Maturity Date (stated above), unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this 2004-A Series A-\_ Note at the principal corporate trust office of The Bank of New York (hereinafter referred to as the "Registrar"), in the City of New York, State of New York, and to pay interest on such principal sum from the date hereof at the Interest Rate (calculated as described herein) per annum, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged. This 2004-A Series A-\_ Note will bear interest from Date of Issue (stated above).

This 2004-A Series A-\_ Note shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

For the period from and including the date of delivery of the 2004-A Series Notes to and including \_\_\_\_\_, \_\_\_\_\_ (the "Initial Period"), this 2004-A Series A-\_ Note will bear interest at the Initial Interest Rate. Thereafter, this 2004-A Series A-\_ Note will bear interest at the Auction Rate which is the rate of interest per annum determined for the 2004-A Series Notes pursuant to the implementation of the Auction Procedures or, if an Auction is not held for any reason, the rate determined as provided in the 2004-A Series Resolution. [The first Auction is to be held on \_\_\_\_\_, \_\_\_\_\_, with respect to the 2004-A Series A-1 Notes. Thereafter, an Auction is to be held every 28 days (the "Standard Auction Period") unless adjusted at the direction of the Corporation, as described herein. During an Auction Period, interest shall be payable on the first Business Day following each Auction Date commencing \_\_\_\_\_, \_\_\_\_\_ (each such payment date being referred to herein as the Interest Payment Date);] [The

first Auction is to be held on \_\_\_\_\_, \_\_\_\_\_, with respect to the 2004-A Series A-2 Notes. Thereafter, an Auction is to be held every 28 days (the “Standard Auction Period”) unless adjusted at the direction of the Corporation, as described herein. During an Auction Period, interest shall be payable on the first Business Day following each Auction Date commencing \_\_\_\_\_, \_\_\_\_\_ (each such payment date being referred to herein as the Interest Payment Date);] provided that, if any such day is not a Business Day, on the next succeeding Business Day. The interest rate payable on this 2004-A Series A-\_\_ Note for any period from and including the later of the date of delivery or the most recent Interest Payment Date to but excluding the next succeeding Interest Payment Date shall, subject to certain exceptions specified in the 2004-A Series Resolution, be equal to the aggregate of the interest accrued at the Auction Rates that the Auction Agent appointed pursuant to the 2004-A Series Resolution advises has resulted from implementation of Auction Procedures set forth in the 2004-A Series Resolution. The interest rate payable hereon may be converted to some other method. This 2004-A Series A-\_\_ Note shall be subject to mandatory tender for purchase upon conversion of the interest rate from an Auction Rate to some other method for determining the rate of interest thereon (a “Conversion”). The effective date of such Conversion shall be set forth in a Supplemental Resolution. In the event of a failure of the Conversion on the date established therefor (the “Conversion Date”), 2004-A Series A-\_\_ Notes then submitted for purchase, will be returned, with an appropriate notice explaining the failure of the Conversion and that the former position of such Noteholders will be restored in all particulars.

2004-A Series A-\_\_ Notes which are not tendered by the Conversion Date shall be deemed tendered to the Trustee as of the Conversion Date, subject, however, to remarketing or purchase by the entity selected by the Corporation for such purpose (the “Remarketing Agent”) for settlement on the Conversion Date and receipt by the Trustee of the price equal to 100% of the principal amount thereof from the purchasers thereof or the Remarketing Agent. If on the Conversion Date, the Remarketing Agent has been unable to remarket all 2004-A Series Notes for settlement on the Conversion Date and has elected not to purchase for its own account such unremarketed 2004-A Series Notes, or on the Conversion Date, the Trustee has not received the purchase price therefor, the proposed Conversion shall be cancelled, such 2004-A Series Notes shall remain subject to the Auction Procedures and shall bear interest at the Maximum Auction Rate as of the failed Conversion Date for the Interest Accrual Period commencing on such date.

By purchasing 2004-A Series Notes, whether in an Auction or otherwise, each such purchaser or its Broker-Dealer shall be deemed by such purchase to have agreed (i) to participate in Auctions on the terms described in the 2004-A Series Resolution, (ii) to have its beneficial ownership of the 2004-A Series 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 and (iii) to authorize such Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

The principal of, or Redemption Price, if any, and interest on this 2004-A Series A-\_\_ Note are payable in any coin or currency of the United States of America which is at the time of payment legal tender for the payment of public and private debts; provided, however, that interest on this 2004-A Series A-\_\_ Note shall be paid by check or draft as set forth above.

This 2004-A Series A-\_\_ Note is one of a duly authorized series of notes of the Corporation designated “South Carolina Student Loan Corporation Auction Rate Student Loan Backed Notes, 2004-A Series” (the “2004-A Series Notes”) issued by the Corporation in the aggregate principal amount of \$\_\_\_\_\_ under and pursuant to:

(i) a General Resolution Providing for the Issuance and Sale of South Carolina Student Loan Corporation Student Loan Backed Notes and Other Matters Relating Thereto (the “General Resolution”);

(ii) a Series Resolution Providing for the Issuance and Sale of Not Exceeding Two Hundred Million Dollars (\$200,000,000) South Carolina Student Loan Corporation Student Loan Backed Notes, 2004-A Series; and Other Matters Relating Thereto (the “2004-A Series Resolution”).

The General Resolution, the 2004-A Series Resolution and all other resolutions authorizing the issuance of Notes of the Corporation are herein collectively called the “Resolutions.”

The 2004-A Series Notes are issued to provide funds to (i) finance and refinance the acquisition and making of Student Loans, (ii) fund the Debt Service Reserve Fund, and (iii) pay certain Costs of Issuance of the 2004-A Series Notes. The 2004-A Series Notes of a Tranche are of like tenor and effect. Reference is hereby made to the Resolutions, as the same may be amended and supplemented from time to time, for a description of the rights, limitation of rights, obligations, duties and immunities of the Corporation, the Trustee and the holders of the 2004-A Series Notes.

All notes issued under the General Resolution, including the 2004-A Series Notes, are herein collectively called the “Notes.” Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolutions. Certified copies of the Resolutions are on file in the designated corporate trust office of the Trustee in the City of Jacksonville, State of Florida, and in the office of the President of the Corporation in the City of Columbia, State of South Carolina.

As provided in the General Resolution, Notes issued thereunder are special obligations of the Corporation, the principal of, Redemption Price, if any, and interest thereon are payable solely from the revenues, funds and assets pledged therefor pursuant to the Resolutions.

As provided in the General Resolution, additional Notes may be issued from time to time pursuant to Series Resolutions in one or more Series and in various principal amounts, which may mature at different times, may bear interest at different rates and may otherwise vary as provided in the General Resolution, any Series Resolution or any resolutions amendatory thereof or supplemental thereto. The aggregate principal amount of Notes which may be issued under the General Resolution is limited only by the parity note test contained therein and all like Notes to be issued thereunder will be equally secured by the pledge and covenants made therein. The General Resolution authorizes the issuance of both Senior Notes and Subordinate Notes. **THIS 2004-A SERIES A- NOTE IS A SENIOR NOTE. THE PLEDGE OF PLEDGED ASSETS EFFECTED BY THE GENERAL RESOLUTION WITH RESPECT TO THE SUBORDINATE NOTES SHALL BE AND REMAIN JUNIOR AND SUBORDINATE TO SUCH PLEDGE WITH RESPECT TO SENIOR NOTES AND, WHILE FAILURE TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON ANY SUBORDINATE NOTE SHALL CONSTITUTE AN EVENT OF DEFAULT UNDER THE GENERAL RESOLUTION, SUCH FAILURE SHALL NOT PERMIT THE REMEDY OF ACCELERATION WHILE ANY SENIOR NOTES ARE OUTSTANDING.**

The 2004-A Series Notes and all other Notes issued under the General Resolution are special obligations of the Corporation, secured by and payable from all payments, proceeds, charges and other income derived by or for the account of the Corporation with respect to Student Loans made under the Student Loan Finance Program and under the authority of the General Resolution.

As provided in the General Resolution, the Corporation shall not be obligated to pay principal of, premium, if any, or interest on the Notes nor the interest thereon except from the revenues, proceeds or other funds pledged therefor and neither the faith and credit nor the taxing power of the State or of any political subdivision is pledged to the payment of principal, redemption premium, if any, or interest thereon.

To the extent and in the manner permitted by the terms thereof, the General Resolution and any supplemental resolution amendatory thereof or supplemental thereto may be modified or amended; provided, however, that no such modification or amendment shall permit the change of certain provisions without the consents set forth in greater detail in the General Resolution.

This 2004-A Series A- Note is transferable, as provided in the General Resolution, only upon the books of the Corporation kept for that purpose at the principal corporate trust office of the Registrar in the City of New York, State of New York, by the registered owner in person or by his duly authorized attorney, (i) upon surrender of this 2004-A Series A- Note together with a satisfactory written instrument of transfer duly executed by the registered owner or his duly authorized attorney and (ii) upon payment of the charges, if any, prescribed in the General Resolution. Thereupon a new fully registered 2004-A Series A- Note or 2004-A Series A- Notes of the same tenor and maturity and in a like aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the General Resolution. The Corporation and the Trustee may deem and treat the person in whose name this 2004-A Series A- Note is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The 2004-A Series Notes are issuable in the form of fully registered notes without coupons in Authorized Denominations. The 2004-A Series Notes bear the prefix "R" and are numbered in such fashion as to maintain a proper record thereof.

The owner of any 2004-A Series A- Note may, subject to the conditions and upon the payment of the charges, if any, provided in the General Resolution, surrender the same at the principal corporate trust office of the Registrar in the City of New York, State of New York (together with a satisfactory written instrument of transfer duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of 2004-A Series A- Notes in any other authorized denominations.

While the 2004-A Series Notes bear interest at an Auction Rate, such 2004-A Series Notes are subject to redemption prior to maturity, in whole or in part, on the first day of any Auction Period, at the direction of the Corporation, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

If less than all of the 2004-A Series Notes are to be redeemed, the particular 2004-A Series Notes or portions of 2004-A Series Notes to be redeemed shall be selected pro rata among Tranches, unless the Corporation has directed the Trustee otherwise, and by lot within a Tranche as selected in accordance with the procedures of the Securities Depository. In addition, 2004-A Series A- Notes in a denomination of more than the Authorized Denomination may be redeemed in part from time to time in one or more units of the Authorized Denomination in the manner provided in the General Resolution.

While there are any Senior Notes Outstanding, the redemption of Subordinate Notes may be limited by a Series Resolution, Supplemental Resolution or the Certificate and Agreement.

In the event that any 2004-A Series Note is to be called for redemption as aforesaid, the General Resolution requires that the Trustee give notice of the redemption of the 2004-A Series Notes in the name of the Corporation specifying (i) the Series and maturities to be redeemed; (ii) the redemption date; (iii) the Redemption Price; (iv) the numbers and other distinguishing marks of the 2004-A Series Notes to be redeemed unless all of the Outstanding 2004-A Series Notes are to be redeemed; (v) the place or places where amounts due upon such redemption will be payable; and (vi) in the case of 2004-A Series Notes to be redeemed in part only, the respective portions of the principal thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each 2004-A Series Note to

be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Such notice shall be mailed, postage prepaid, not less than 15 days before the redemption date to the registered owners of any 2004-A Series Notes or portions of 2004-A Series Notes which are to be redeemed at their last addresses appearing upon the registration books but failure to so mail any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of the 2004-A Series Notes of other registered owners.

On the specified redemption date (unless the Corporation shall default in the payment of the Redemption Price and accrued interest), all 2004-A Series Notes so called for redemption shall cease to bear interest, shall no longer be secured in the manner provided for by the Resolutions and such 2004-A Series Notes shall no longer be considered as Outstanding.

The holder of this 2004-A Series A-\_ Note shall have no right to enforce the provisions of the Resolutions or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolutions, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as otherwise provided in the General Resolution.

Neither the members of the Board of Directors of the Corporation nor any authorized person executing Notes shall be personally liable for such notes by reason of the execution or issuance thereof.

In case an Event of Default, as defined in the General Resolution, shall occur, the principal of this 2004-A Series A-\_ Note may be declared due and payable in the manner and with the effect provided in the Resolutions; provided, however, that, while there are any Senior Notes Outstanding under the General Resolution, failure to pay any installment of interest or principal on any Subordinate Notes (after the Trustee has drawn upon the Debt Service Reserve Fund with respect to any interest or principal then due), shall constitute an Event of Default but such failure shall not give rise to the remedy of acceleration unless there is a corresponding failure to make timely payment of interest or principal on a Senior Note; provided further, that, if (i) on any Interest Payment Date moneys in the Interest Account shall be sufficient to pay an installment of interest, or (ii) if on any Principal Installment Date moneys in the Principal Account shall be sufficient to pay a Principal Installment, then in either such event the Trustee shall make the respective payment then due, and failure by the Trustee to make such payment shall constitute an Event of Default.

It is hereby certified and recited by the Corporation that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Resolutions and in the issuance of the 2004-A Series Notes in order to make the 2004-A Series Notes the legal, valid and binding special obligations of the Corporation in accordance with their terms, do exist, have been done, have happened and have been performed in regular and due form as required by law; and that the issuance of the 2004-A Series Notes does not exceed or violate any constitutional, statutory or other limitation upon the amount of indebtedness prescribed by law or the Resolutions.

*[Execution of Note on following page]*

IN WITNESS WHEREOF, the South Carolina Student Loan Corporation has caused this Note to be executed in its name and on its behalf by the manual signature of an Authorized Officer and its corporate seal to be impressed hereon and attested by the manual signature of its Secretary.

SOUTH CAROLINA STUDENT LOAN CORPORATION

By: \_\_\_\_\_  
Authorized Officer

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary of the Corporation

CERTIFICATE OF AUTHENTICATION

This 2004-A Series A- Note is one of the 2004-A Series Notes described in the within-mentioned Resolutions and is one of the 2004-A Series Notes of the South Carolina Student Loan Corporation.

By: THE BANK OF NEW YORK, as Trustee

\_\_\_\_\_  
Authorized Signatory

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

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. \_\_\_\_\_ (the "Policy") with respect to payments due for principal of and interest on this 2004-A Series A- Note has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this 2004-A Series A- Note acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (please print or typewrite name and address of transferee) the within note and all rights thereunder, and hereby irrevocable constitutes and appoints \_\_\_\_\_ Attorney to transfer the within note on the books kept for registration thereof, with full power of substitution in the premises.

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

Date to which interest has been paid: \_\_\_\_\_

\_\_\_\_\_  
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 alteration or enlargement or any change whatever.

Signature Guaranteed

\_\_\_\_\_  
Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program

FORM OF BROKER-DEALER AGREEMENT

FORM OF AUCTION AGENCY AGREEMENT

FORM OF MARKET AGENT AGREEMENT

SOUTH CAROLINA STUDENT LOAN CORPORATION  
STUDENT LOAN BACKED NOTES  
2004-A SERIES A-\_ NOTES

NOTICE OF INSUFFICIENT FUNDS EVENT

NOTICE IS HEREBY GIVEN that an Insufficient Funds Event currently exists with respect to the above captioned issue. The next Auction for such 2004-A Series A-\_ Notes will be held as scheduled on \_\_\_\_\_. The rate of interest on such 2004-A Series A-\_ Notes for the next succeeding Auction Period shall be determined through application of the Auction Procedures.

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

THE BANK OF NEW YORK, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

SOUTH CAROLINA STUDENT LOAN CORPORATION  
STUDENT LOAN BACKED NOTES  
2004-A SERIES A-\_ NOTES

NOTICE OF CURE OF INSUFFICIENT FUNDS EVENT

NOTICE IS HEREBY GIVEN that the Insufficient Funds Event with respect to the above captioned issue has been cured. The next Interest Payment Date is \_\_\_\_\_ and the next Auction Date is scheduled to be \_\_\_\_\_.

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

THE BANK OF NEW YORK, as Trustee

By: \_\_\_\_\_  
Authorized Officer

SOUTH CAROLINA STUDENT LOAN CORPORATION  
STUDENT LOAN BACKED NOTES  
2004-A SERIES A-\_\_

NOTICE OF PROPOSED CHANGE IN [AUCTION PERIOD]  
[AND] [STANDARD AUCTION PERIOD]

NOTICE IS HEREBY GIVEN that South Carolina Student Loan Corporation (the "Corporation") proposes to change the [Auction Period] [Standard Auction Period] in accordance with Section 305 of the 2004-A Series Resolution. Assuming the conditions set forth below are met, such change will be effective on \_\_\_\_\_.

1. The new Auction Period and/or Standard Auction Period shall take effect only if (a) the Trustee, the Market Agent, the Auction Agent, the Broker-Dealers, the Rating Agencies and the Securities Depository receive, by 11:00 a.m. (New York City time) on the Business Day prior to the Auction Date, a certificate from the Corporation, by telex, telecopy or similar means authorizing the establishment of the new Auction Period and/or Standard Auction Period, which shall be specified in such authorization (b) the Trustee shall not have delivered to the Auction Agent by 12:15 p.m. (New York City time) on the date the new Auction Period is intended to take effect notice that an Insufficient Funds Event has occurred, and (c) Sufficient Clearing Bids are received with respect to such Auction Period and/or Standard Auction Period.

2. If any of the conditions referred to in (a) above is not met, the Auction Rate for the next succeeding Auction Period shall be established in accordance with the procedures set forth in Section 305 of the 2004-A Series Resolution. If any of the conditions set forth in (b) or (c) is not met, the Auction Rate for the next succeeding Auction Period shall be established at the Maximum Auction Rate. If any of the foregoing conditions are not met with respect to a change in the Standard Auction Period, the Standard Auction Period shall remain the Auction Period designated as such and in effect immediately prior to any change proposed pursuant to Section 305.

3. [Insert the following if the Auction Date will be changed in conjunction with a change in the Auction Period: The Market Agent will also change the Auction Date in conjunction with such change in the Auction Period. The Auction Date will be \_\_\_\_\_ as of the effective date set forth above.]

All terms not otherwise defined in this notice shall have the meanings set forth in the 2004-A Series Resolution.

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

SOUTH CAROLINA STUDENT LOAN CORPORATION

By: \_\_\_\_\_  
Authorized Officer

SOUTH CAROLINA STUDENT LOAN CORPORATION  
STUDENT LOAN BACKED NOTES  
2004-A SERIES A-\_ NOTES

NOTICE OF CHANGE IN AUCTION DATE

NOTICE IS HEREBY GIVEN that the Auction Date for auctions conducted with respect to the above captioned notes has been changed to \_\_\_\_\_. The next succeeding Auction Date will be \_\_\_\_\_. In order to accommodate such change, the next succeeding Auction Period will consist of \_\_\_ days and shall begin on \_\_\_\_\_ and end on \_\_\_\_\_. Interest will be paid on \_\_\_\_\_.

[If after the change in the Auction Date any Auction Period would be less than 7 days in duration, the change in Auction Date shall not take effect unless this notice is accompanied by a written statement of the Auction Agent, the Trustee, the Market Agent and the Securities Depository to the effect that they are capable of performing their duties under the 2004-A Series Resolution and under the Market Agent Agreement and Auction Agency Agreement with respect to any such auction.]

Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the 2004-A Series Resolution.

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

[MARKET AGENT]

By: \_\_\_\_\_  
Authorized Signatory

SOUTH CAROLINA STUDENT LOAN CORPORATION  
STUDENT LOAN BACKED NOTES  
2004-A SERIES A-\_ NOTES

NOTICE TO HOLDERS OF PROPOSED CONVERSION

Notice is hereby given to the registered owners of the above captioned issue (the "2004-A Series A-\_ Notes") of the South Carolina Student Loan Corporation (the "Corporation") that:

1. The Corporation is proposing to convert the interest rate on the 2004-A Series A-\_ Notes to another interest rate method (the "Revised Rate") on \_\_\_\_\_ (the proposed "Conversion Date").

2. All 2004-A Series A-\_ Notes are subject to mandatory tender for purchase on the proposed Conversion Date at a purchase price equal to the principal amount thereof.

3. The Revised Rate shall take effect only if (A) with respect to a change to the Revised Rate from an Auction Rate, the Trustee, the Market Agent, the Auction Agent and the Securities Depository shall receive (i) a certificate of the Corporation by no later than the tenth day prior to the Conversion Date stating that a written agreement has been entered into by the Corporation and the Remarketing Agent to remarket the Auction Notes on the Conversion Date at a price of not less than 100% of the principal amount thereof, which agreement (a) may be subject to such reasonable terms and conditions which in the judgment of the Remarketing Agent reflect current market standards regarding investment banking risk and (b) must include a provision requiring payment by the Remarketing Agent in same day funds for any 2004-A Series A-\_ Notes to be remarketed and (ii) by 11:00 a.m. (New York City time) on the second Business Day prior to the Conversion Date by telex, telecopy or other similar means, a certificate from the Corporation authorizing the establishment of the Revised Rate and (B) by 4:00 p.m. (New York City time) on the Conversion Date, a certificate from the Corporation that all of the 2004-A Series A-\_ Notes tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, plus accrued interest, if any, with funds provided from the remarketing of such 2004-A Series A-\_ Notes and the premium, if any, has been paid from moneys deposited with the Trustee. If any of the conditions set forth in (A) or (B) above are not met, the Auction Rate for the next succeeding Auction Period shall be established at the Maximum Auction Rate.

4. Registered owners of 2004-A Series A-\_ Notes are required to deliver their 2004-A Series A-\_ Notes to the Tender Agent by no later than [Tender Agent shall insert appropriate time], New York City time, on the proposed Conversion Date at the office of the Tender Agent located at \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, endorsed in blank for transfer by the registered (beneficial) owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer by the registered owner thereof (the Tender Agent being able to refuse payment with respect to any such 2004-A Series A-\_ Note not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

5. Each registered owner of 2004-A Series A-\_ Notes who has properly tendered such 2004-A Series A-\_ Notes in accordance with the above provisions will be paid the purchase price therefor on the proposed Conversion Date and if such purchase price, plus interest to the Conversion Date which will

be paid to such registered owner in accordance with the 2004-A Series Resolution, is paid, such registered owner shall have no further rights with respect to said 2004-A Series A- Notes.

6. With respect to any registered owner of 2004-A Series A- Notes who has not properly tendered such 2004-A Series A- Notes in accordance with the above provisions of this notice, (A) such registered owner's 2004-A Series A- Notes will be deemed tendered and purchased on such Conversion Date at a purchase price equal to the principal amount thereof plus premium, if any, (B) such registered owner will be paid interest on such 2004-A Series A- Notes on the proposed Conversion Date as provided in the 2004-A Series Resolution and will be paid the purchase price for such 2004-A Series A- Notes upon the tender of such Notes to the Tender Agent and (C) such 2004-A Series A- Notes shall, on and after the proposed Conversion Date, cease to accrue interest and after the proposed Conversion Date such registered owner will have no rights with respect to such 2004-A Series A- Notes except the right to receive payment of the purchase price (without interest thereon from and after the Conversion Date) upon tender of such 2004-A Series A- Notes to the Tender Agent.

7. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the 2004-A Series Resolution.

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

SOUTH CAROLINA STUDENT LOAN CORPORATION

By: \_\_\_\_\_  
Authorized Officer

CERTIFICATE AND AGREEMENT  
dated November 10, 2004

In accordance with “A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STUDENT LOAN CORPORATION STUDENT LOAN BACKED NOTES AND OTHER MATTERS RELATING THERETO” effective November 9, 2004 (the “General Resolution”) and “A SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING TWO HUNDRED MILLION DOLLARS (\$200,000,000) SOUTH CAROLINA STUDENT LOAN CORPORATION STUDENT LOAN BACKED NOTES, 2004-A SERIES; AND OTHER MATTERS RELATING THERETO” effective November 9, 2004 (the “Series Resolution”), the following terms and conditions are agreed to between the Corporation and Ambac Assurance. Certain defined terms used herein and not otherwise defined shall have the meanings ascribed to them in the General Resolution or Series Resolution, as applicable.

**Acquisition and Recycling Period for the Loan Account:**

*Acquisition Period* end date shall be January 31, 2006.

*Recycling Period* end date shall be September 30, 2006 unless a *Recycling Suspension Event* occurs.

Maximum Purchase Price for Student Loans shall be 100% of the Principal Balance plus accrued interest.

**Recycling Suspension Event:**

“Recycling Suspension Event” shall mean an event described below that occurs and is continuing:

- (i) an Event of Default;
- (ii) if any of the Notes bear interest at the Maximum Auction Rate for two consecutive Interest Periods or for three Interest Periods during the latest twelve Interest Periods;
- (iii) the Parity Percentage decreases below 105%;
- (iv) a material and continuing servicing problem (in the reasonable determination of Ambac Assurance) that has not been cured for 60 consecutive days following written notice of such determination from Ambac Assurance to the Corporation;
- (v) the “Alternative Loan Delinquency Rate” exceeds 10%;
- (vi) a Servicer Transfer Trigger is in effect;
- (vii) the Recycling Period end date as set forth herein;
- (viii) the cumulative Principal Balance of Alternative Loans, acquired on and since November 10, 2004, that become Defaulted Student Loans exceeds \$500,000, and the Alternative Loan Cumulative Default Rate exceeds 7%, then Recycling Period is required to stop for Alternative Loans.
- (ix) to the extent that the Higher Education Act is reauthorized and such reauthorization changes the provisions of any Guaranteed Loans, then recycling shall stop with respect to any Guaranteed Loan affected by such changes.

If the Corporation stops recycling as a result of the occurrence of a Recycling Suspension Event, it will not resume recycling without receiving the prior written consent of Ambac Assurance. Each Rating Agency shall be provided notification of each Recycling Suspension Event.

### **Operating Costs:**

These expenses cannot exceed stated levels below without Ambac's prior written consent.

Servicing Fees (payable monthly in arrears)	0.5% per annum of the Student Loan Principal Balance
Trustee Fees and Expenses	\$15,000 per year
Broker/Dealer Fee	0.25% per annum of Auction Note balance
Auction Agent Fee	0.0075% per annum of Auction Note balance
Ambac Premium	Payable quarterly in arrears (for the period from the Issue Date or the date the premium was most recently paid, as applicable, to the end of the calendar quarter) on the last day of each calendar quarter at the following per annum rates based on the Outstanding principal amount of the Notes: 0.12% for the period through October 31, 2005; 0.15% for the following period through October 31, 2006; and thereafter 0.18% on each calendar quarter end until there are no Outstanding Notes.
Operating Fund Requirement	\$200,000

### **Starting Parity Percentage:**

On the Issue Date, the starting Parity Percentage for the 2004-A Series Notes after taking into account all expenses to be paid in Article IV of the Series Resolution is at least 109.5%.

### **Alternative Loan Concentration Limitations:**

Alternative Loans cannot be pledged to the General Resolution if the following percentages are exceeded as a percentage of outstanding Alternative Loans.

- 12% two year schools (i.e. community colleges)
- 5% proprietary and vocational schools
- 35% loans with FICO scores under 660
- 40% loans that are not cosigned

### **Servicer Transfer Triggers:**

As referenced in Section 723 of the General Resolution, a Servicer Transfer Trigger shall have occurred upon the occurrence of either of the following: (i) the cumulative Principal Balance of Alternative Loans, acquired on and since November 10, 2004, that become Defaulted Student Loans exceeds \$500,000, and the Alternative Loan Cumulative Default Rate exceeds 14% for three consecutive months; or (ii) the Alternative Loan Delinquency Rate calculated on a three-month average basis exceeds 14%.

**Write Offs/Borrower Benefits:**

- Maximum Write off \$25 on a per borrower basis
- 0.25% rate reduction for automatic bank draft on all Student Loans
- 2% rate reduction for 48 timely payments on Stafford and Plus loans
- 1% rate reduction for 48 timely payments on Consolidation loans

**Cash Release Level 504(b)(x):**

- Parity Percentage not less than 105% after the release;
- No sooner than November 1, 2009;
- If any of the Notes bear interest at the Maximum Auction Rate for two consecutive Interest Periods or for three Interest Periods during the latest twelve Interest Periods;
- Alternative Loan Cumulative Default Rate is not greater than 6%; and
- Alternative Loan Delinquency Rate does not exceed 10%

**Debt Service Reserve Fund Dates and Fund balances pursuant to Section 402:**

December 1, 2005	\$20,250,000
June 1, 2006	\$17,750,000
November 1, 2006	\$15,250,000
February 1, 2007	\$12,750,000
April 1, 2007	\$10,250,000
December 1, 2007	\$ 7,750,000
July 1, 2008	\$ 5,250,000

If amounts in the Debt Service Reserve Fund exceed the Debt Service Reserve Requirement on July 1, 2009, such excess shall be transferred to the General Revenue Fund.

**Removal of Guaranteed Loans:**

- \$50,000,000 shall be allowed to be transferred on or about September 1, 2005
- The remainder shall be allowed to be transferred on or about September 1, 2006

**Definitions:**

“Alternative Loan Cumulative Default Rate” shall mean the percentage equivalent of the fraction (i) the numerator is the cumulative Principal Balance of all Alternative Loans pledged to this Resolution which have become Defaulted Student Loans, and (ii) the denominator is the cumulative Principal Balance (on a loan by loan basis, the beginning Principal Balance of each Alternative Loan on the first date each loan enters repayment status) plus any capitalized interest after repayment has begun on all Alternative Loans pledged to this Resolution that have entered repayment status plus any prepayments on such Alternative Loans that have occurred prior to those Alternative Loans entering repayment status.

“Alternative Loan Delinquency Rate” shall mean the fraction (i) the numerator is the cumulative Principal Balance of all Alternative Loans pledged to this Resolution which were delinquent more than 60 days past due, but not yet Defaulted Student Loans, at the end of most recent calendar month, and (ii) the denominator is the cumulative Principal Balance of all Alternative Loans in repayment status that are not Defaulted Student Loans at end of the related calendar month.

“Re-performing Loan” shall mean an Alternative Loan having been either (i) in a forbearance status for more than 12 months during any 24-month period excluding those in forbearance due to an in-school or medical residency status or (ii) more than 180 days past due; but subsequently having made three consecutive timely payments and not having experienced (i) or (ii) again after having made three consecutive timely payments.

THE TERMS AND CONDITIONS OF THE PLEDGED ASSETS MAY BE SUBJECT TO MODIFICATION WITH THE SUBMISSION AND APPROVAL BY AMBAC ASSURANCE OF A NEW CERTIFICATE AND AGREEMENT. AMBAC ASSURANCE CAN WAIVE ANY AND ALL OF THE PROVISIONS OF THIS CERTIFICATE AND AGREEMENT IN WRITING.

IN WITNESS WHEREOF, the parties hereto have caused this Certificate and Agreement to be executed in their respective corporate names on November 10, 2004.

AMBAC ASSURANCE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

SOUTH CAROLINA STUDENT LOAN CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_