

In the opinion of Obermayer Rebmann Maxwell & Hippel LLP, Bond Counsel, assuming compliance by the Higher Education Student Assistance Authority with certain tax covenants described herein including the conditions described in “TAX MATTERS” herein, under existing law, interest on the Series 2024 Bonds (as defined herein) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Series 2024 Bonds will be an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax imposed on individuals and may be taken into account in determining the “adjusted financial statement income” (as defined in Section 56A of the Code) for purposes of computing the alternative minimum tax imposed on certain “applicable corporations” (as defined in Section 59(k) of the Code). Based upon existing law, interest on the Series 2024 Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.



\$228,190,000
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
(State of New Jersey)
STUDENT LOAN REVENUE AND REFUNDING BONDS, SERIES 2024
Consisting of
\$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT),
\$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT),
and
\$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT)

Dated: Date of Delivery

Due: December 1, as shown on the inside front cover

The Higher Education Student Assistance Authority (the “**Authority**”) \$228,190,000 Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2024, consisting of: (i) \$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT) (the “**Senior Series 2024A Bonds**”); (ii) \$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT) (the “**Senior Series 2024B Bonds**” and, together with the Senior Series 2024A Bonds, the “**Senior Series 2024 Bonds**”); and (iii) \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT) (the “**Subordinate Series 2024C Bonds**” and, together with the Senior Series 2024 Bonds, the “**Series 2024 Bonds**”), will be issued by the Authority pursuant to the Act and the Indenture (each as hereinafter defined) and will mature on December 1 on the respective dates and in the respective principal amounts set forth on the inside front cover page of this Official Statement.

The Series 2024 Bonds, when issued, will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”) which will act as securities depository for the Series 2024 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2024 Bonds purchased. So long as DTC is the registered owner of the Series 2024 Bonds, payments of the principal of and interest on the Series 2024 Bonds will be made directly to DTC. Disbursements of such payments to DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants. See the caption “THE SERIES 2024 BONDS—Book-Entry-Only System” herein. Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (the “**Trustee**”) will act as trustee, paying agent and bond registrar for the Series 2024 Bonds.

The Series 2024 Bonds will be dated the date of delivery thereof and will bear interest at the respective rates per annum set forth on the inside front cover page hereof, payable semiannually on each June 1 and December 1, commencing December 1, 2024. Unless certain conditions described herein have been satisfied, principal of the Subordinate Series 2024C Bonds is payable after all principal payments on the outstanding Senior Bonds (as hereinafter defined) have been paid. See the captions “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Priority of Use and Disbursement of Revenue Fund Moneys” and “THE SERIES 2024 BONDS—Payment of Subordinate Series 2024C Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto.

The Series 2024 Bonds are subject to redemption prior to maturity as described herein. See the caption “THE SERIES 2024 BONDS—Redemption Provisions” herein.

The Series 2024 Bonds are being issued under an Indenture of Trust, dated as of May 1, 2021 (as previously amended, the “**Trust Indenture**”), as further amended and supplemented from time to time, including by a Third Supplemental Indenture, dated as of May 1, 2024 (the “**Third Supplemental Indenture**” and together with the Trust Indenture, the “**Indenture**”), each between the Authority and the Trustee, and pursuant to a resolution of the Authority adopted on March 27, 2024. The Series 2024 Bonds are the third Series of Bonds issued under the Indenture and are issued for the purposes of (together with other funds of the Authority): (i) making a deposit into the applicable accounts and subaccounts of the Student Loan Fund established pursuant to the Indenture to be applied as set forth therein including, without limitation, to originate and acquire additional Student Loans (as more fully described herein); (ii) currently refunding and redeeming all of the Authority’s outstanding Student Loan Revenue Bonds, Series 2014-1, as further described in APPENDIX E—“SUMMARY OF BONDS TO BE REFUNDED” hereto; (iii) making a deposit into the 2024 Debt Service Reserve Account of the Debt Service Reserve Fund to satisfy the 2024 Reserve Requirement (as defined herein) and (iv) paying certain costs of issuing the Series 2024 Bonds.

The Series 2024 Bonds, the Series 2023 Bonds, the Series 2021 Bonds and any Additional Bonds (as such terms are defined herein) are secured by a pledge, subject to the terms of the Indenture, of the Student Loans (including notes evidencing the same) held as part of the Trust Estate pursuant to the Indenture, including the 2024 NJCLASS Loans (as hereinafter defined), Transferred NJCLASS Loans (as hereinafter defined), and the moneys and securities in the various funds established under the Indenture (except the Rebate Fund and the Excess Yield Fund), and the Revenues and Recoveries of Principal (each as hereinafter defined). See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—General” herein.

The Series 2024 Bonds are additionally secured by the 2024 Debt Service Reserve Account within the Debt Service Reserve Fund, into which moneys may be paid by the State of New Jersey (the “**State**”) pursuant to a provision of the Act, subject to and dependent upon annual appropriations by the Legislature of the State for such purpose, as more fully described herein. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations” herein. Such provision does not constitute a legally enforceable obligation on the part of the State or create a debt or liability on behalf of the State enforceable against the State.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

THE SERIES 2024 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE AUTHORITY HAS NO POWER TO LEVY OR TO COLLECT TAXES. THE SERIES 2024 BONDS DO NOT CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2024 BONDS, EXCEPT FROM THE MONEYS AND FUNDS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2024 BONDS.

The Series 2024 Bonds will be offered subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriters, and are subject to the final approving opinion of Obermayer Rebmann Maxwell & Hippel LLP, Mount Laurel, New Jersey, Bond Counsel to the Authority, and to certain other conditions described herein. Certain legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Denver, Colorado, counsel to the Underwriters. It is expected that the Series 2024 Bonds will be available for delivery through the facilities of DTC on or about May 30, 2024.

RBC Capital Markets
Siebert Williams Shank & Co., LLC

Dated: May 3, 2024

\$228,190,000
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
(State of New Jersey)
STUDENT LOAN REVENUE AND REFUNDING BONDS, SERIES 2024
Consisting of
\$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT),
\$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT),
and
\$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT)

MATURITY SCHEDULE

**\$25,750,000 SENIOR STUDENT LOAN REVENUE REFUNDING BONDS,
SERIES 2024A (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> [^]
2027	\$3,800,000	5.000%	3.910%	103.535%	646080 XM8
2028	3,800,000	5.000	3.870	104.628	646080 XN6
2029	3,800,000	5.000	3.850	105.653	646080 XP1
2030	3,750,000	5.000	3.870	106.441	646080 XQ9
2031	3,700,000	5.000	3.880	107.230	646080 XR7
2032	3,600,000	5.000	3.910	107.820	646080 XS5
2033	3,300,000	5.000	3.970	108.087	646080 XT3

**\$174,100,000 SENIOR STUDENT LOAN REVENUE BONDS,
SERIES 2024B (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> [^]
2027	\$16,000,000	5.000%	3.910%	103.535%	646080 XU0
2028	16,000,000	5.000	3.870	104.628	646080 XV8
2029	15,500,000	5.000	3.850	105.653	646080 XW6
2030	15,000,000	5.000	3.870	106.441	646080 XX4
2031	15,000,000	5.000	3.880	107.230	646080 XY2
2032	12,180,000	5.000	3.910	107.820	646080 XZ9
2033	3,530,000	5.000	3.970	108.087	646080 YA3

\$80,890,000 4.250% Senior Student Loan Revenue Bonds, Series 2024B (AMT) Term Bonds
Due December 1, 2045 Yield 4.380% Price 98.200% CUSIP No. 646080 YB1

**\$28,340,000 SUBORDINATE STUDENT LOAN REVENUE BONDS,
SERIES 2024C (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> [^]
2054	\$28,340,000	5.250%	5.320%	98.949%	646080 YC9

[^] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers are included solely for the convenience of Bondholders, and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products.

No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations with respect to the Series 2024 Bonds, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Information set forth herein has been furnished by the Authority and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date hereof. References in this Official Statement to the Act and the Indenture (as hereinafter defined) do not purport to be complete and potential purchasers are referred to the Act and the Indenture for full and complete details of the provisions thereof.

The Underwriters listed on the front cover of this Official Statement (the “**Underwriters**”) have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applicable to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information in this Official Statement concerning DTC and DTC’s book-entry-only system has been obtained from DTC, and the Authority takes no responsibility for the accuracy thereof. Such information has not been independently verified by the Authority, and the Authority makes no representation as to the accuracy or completeness of such information.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE SERIES 2024 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2024 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Upon issuance, the Series 2024 Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Series 2024 Bonds and the security therefor, including an analysis of the risks involved. The Series 2024 Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Series 2024 Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the Series 2024 Bonds have been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Series 2024 Bonds or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be

a criminal offense. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy or adequacy of this Official Statement or approved the Series 2024 Bonds for sale.

There follows in this Official Statement certain information concerning the Authority, together with descriptions of the terms of the Senior Series 2024 Bonds and the Subordinate Series 2024C Bonds, certain documents related to the security for the Series 2024 Bonds and certain applicable laws. All references herein to laws and documents are qualified in their entirety by reference to such laws, as in effect, and to each such document as such document has been or will be executed and delivered on or prior to the date of issuance of the Series 2024 Bonds, and all references to the Series 2024 Bonds are qualified in their entirety by reference to the respective definitive forms thereof and the information with respect thereto contained in the Indenture. This Official Statement is submitted in connection with the sale of the Series 2024 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward looking statements. A number of important factors affecting the Authority and its programs could cause actual results to differ materially from those stated in the forward-looking statements.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Authority since the date hereof.

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement and no conclusion should be drawn from the order of material or information presented in this Official Statement. The offering of the Higher Education Student Assistance Authority's \$228,190,000 aggregate principal amount of its Student Loan Revenue and Refunding Bonds, Series 2024, consisting of the: (i) \$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT) (the "**Senior Series 2024A Bonds**"); (ii) \$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT) (the "**Senior Series 2024B Bonds**" and, together with the Senior Series 2024A Bonds, the "**Senior Series 2024 Bonds**"); and (iii) \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT) (the "**Subordinate Series 2024C Bonds**" and, together with the Senior Series 2024 Bonds, the "**Series 2024 Bonds**") to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement. All capitalized terms used in this Summary Statement shall have the same meaning as defined in this Official Statement.

Reference in this Official Statement to making, originating, purchasing or acquiring (or similar words) Student Loans (as hereinafter defined) shall mean and include all such terms and words.

The Authority

The Higher Education Student Assistance Authority (the "**Authority**") was created pursuant to the Higher Education Student Assistance Authority Law, N.J.S.A. 18A:71A-1 *et seq.*, as amended and supplemented (the "**Act**"), as a public body corporate and politic and an instrumentality of the State of New Jersey (the "**State**"). The Authority was established in 1999 as the successor to the New Jersey Higher Education Assistance Authority to provide further access to post-secondary education, whether by loans, grants, scholarships or other means. Prior to the establishment of the Authority, the New Jersey Higher Education Assistance Authority, created in 1959, served as lender and guarantor of federally guaranteed student loans for the State. References herein to the Authority include the predecessor authority where the context so requires.

As of December 31, 2023, the Authority had originated approximately 361,991 New Jersey College Loans to Assist State Students loans (collectively, "**NJCLASS Loans**") in an aggregate principal amount of \$5,133,274,465 under its NJCLASS Loan Program to assist New Jersey students and their parents, spouses or other relatives providing financial support in meeting the costs of the students' education at an eligible institution located within or outside the State.

Effective June 1, 2016, the loan eligibility criteria was expanded to include both students and parents as eligible borrowers under all of the NJCLASS Loan Programs. This is the third Series of Bonds to be issued pursuant to the Indenture. The Authority has previously issued its (A) \$107,745,000 Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2021, consisting of the: (i) \$11,410,000 Senior Student Loan Revenue Refunding Bonds, Series 2021A (AMT) (the "**Senior Series 2021A Bonds**"); (ii) \$83,335,000 Senior Student Loan Revenue Bonds, Series 2021B (AMT) (the "**Senior Series 2021B Bonds**" and, together with the Senior Series 2021A Bonds, the "**Senior Series 2021 Bonds**"); and (iii) \$13,000,000 Subordinate Student Loan Revenue Bonds, Series 2021C (AMT) (the "**Subordinate Series 2021C Bonds**" and, together with the Senior Series 2021 Bonds, the "**Series 2021 Bonds**") and (B) \$243,650,000 Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2023, consisting of the: (i) \$38,300,000 Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT) (the "**Senior Series 2023A Bonds**"); (ii) \$184,250,000 Senior Student Loan Revenue Bonds, Series 2023B (AMT) (the "**Senior Series 2023B Bonds**" and, together with the Senior Series 2023A Bonds, the "**Senior Series 2023 Bonds**"); and (iii) \$21,100,000

Subordinate Student Loan Revenue Bonds, Series 2023C (AMT) (the “**Subordinate Series 2023C Bonds**” and, together with the Senior Series 2023 Bonds, the “**Series 2023 Bonds**”) pursuant to the Indenture. See the caption “THE AUTHORITY—Outstanding Indebtedness of the Authority” herein.

Authority Loan Programs

The NJCLASS Loan Program. The NJCLASS Loan Program is a supplemental loan program initiated by the Authority in September 1991. The NJCLASS Loan Program offers a supplemental source of financial support to students in meeting the costs of the student’s education at an eligible institution of higher education. The NJCLASS Loan Program is not part of the federal guaranteed student loan programs identified under the Federal Higher Education Act of 1965, as amended (the “**Higher Education Act**”), as the NJCLASS Loans are not guaranteed or insured pursuant to the Federal Family Education Loan Program (“**FFELP**” or “**FFEL Program**” as defined herein). See “INTRODUCTION” and “THE LOAN FINANCE PROGRAM” herein. As of December 31, 2023, approximately \$1.19 billion of NJCLASS Loans were outstanding: (a) \$925,887,510 of which are pledged to secure bonds issued under Prior Indentures (as defined below), or held by the Authority unencumbered, and (b) \$265,916,618 of which are pledged to and secure Bonds issued under the Indenture. NJCLASS Loans pledged to secure bonds issued under Prior Indentures, or held by the Authority unencumbered, **do not** secure the Series 2024 Bonds, the Series 2023 Bonds, the Series 2021 Bonds or any Additional Bonds issued under the Indenture. The Series 2024 Bonds, the Series 2023 Bonds, the Series 2021 Bonds and any Additional Bonds issued under the Indenture are secured only by loans that will be held within the Indenture. See the caption “STUDENT LOANS” herein.

In 2016, the Authority authorized an NJCLASS loan refinance program which commenced on March 31, 2017 (the “**Loan Refinance Program**”). The Authority plans to allocate up to \$40.0 million of Series 2024 Bond proceeds for loans to students and parents who wish to refinance their outstanding Federal Parent PLUS loans, NJCLASS Loans and/or school certified private education loans (each a “**NJCLASS ReFi+ Loan**” and, collectively, the “**NJCLASS ReFi+ Loans**”). See the caption “THE LOAN FINANCE PROGRAM—NJCLASS ReFi+ Loans” herein.

Indenture Student Loan Program. The Indenture permits the financing of fixed or variable interest rate student loans made to finance or refinance post-secondary education that satisfy the administrative rules of the Authority’s NJCLASS Loan Program as in effect from time to time or, in the case of NJCLASS ReFi+ Loans, the Loan Refinance Program and the credit criteria set forth in the Supplemental Indenture applicable to the disposition of the proceeds of Bonds issued pursuant to such Supplemental Indenture. Although the Indenture permits the financing of variable interest rate student loans, only fixed rate student loans have been financed thereunder, and only fixed rate student loans are being financed in connection with the issuance of the Series 2024 Bonds. See “THE LOAN FINANCE PROGRAM” herein for a further description of the NJCLASS Loan Program. The Series 2024 Bonds are the third Series of Bonds issued pursuant to the Indenture.

The Indenture of Trust, dated as of May 1, 2021 (as previously amended, the “**Trust Indenture**”), as further amended and supplemented by a Third Supplemental Indenture, dated as of May 1, 2024 (the “**Third Supplemental Indenture**” and together with the Trust Indenture, the “**Indenture**”), each between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, as trustee, paying agent and bond registrar (the “**Trustee**”), sets forth the application of the Series 2024 Bond proceeds. The Authority expects to use proceeds of the Series 2024 Bonds deposited in the Student Loan Fund established pursuant to the Indenture to originate Student Loans consisting of: (A) Standard NJCLASS Loans (as hereinafter defined), consisting of (i) an initial amount of approximately \$50.2 million to originate Fixed Rate Ten Year Option 1 Standard NJCLASS Loans; (ii) an initial amount of approximately \$69.9 million to originate Fixed Rate Option 2 Standard NJCLASS Loans;

and (iii) a not-to-exceed amount of \$25.0 million to originate Option 3 Standard NJCLASS Loans; (B) NJCLASS Consolidation Loans (as hereinafter defined) in a not-to-exceed amount of \$15.0 million; and (C) NJCLASS ReFi+ Loans in an initial amount of \$40.0 million (collectively, the “**2024 NJCLASS Loans**”). See the caption “ESTIMATED SOURCES AND USES OF FUNDS” herein for a description of the uses of proceeds of the Series 2024 Bonds.

In addition, upon the issuance of the Series 2024 Bonds, the Authority will transfer to the Trustee (A) in connection with the refunding of the Bonds to be Refunded (as defined below), an estimated \$27.9 million in principal balance of Eligible Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans, relating to the Bonds to be Refunded, originally issued pursuant to the Authority’s Indenture of Trust, dated as of June 1, 2012 (the “**2012 Indenture**”) and (B) an estimated \$16.0 million in principal balance of Eligible Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans released from the Authority’s Indenture of Trust, dated as of January 1, 2010 (the “**2010-1 Indenture**”), all of which Eligible Loans shall be held as part of the Trust Estate pursuant to the Indenture and pledged to the payment of the Bonds, including the Series 2024 Bonds (all such transferred loans shall collectively be referred to herein as, the “**Transferred NJCLASS Loans**”). See the caption “STUDENT LOANS” herein. Certain of the Transferred NJCLASS Loans were originated prior to October 17, 2011, under prior underwriting criteria; therefore, the characteristics of the portfolio of Eligible Loans within the Transferred NJCLASS Loans will not reflect the characteristics of the portfolio of additional Eligible Loans to be originated with proceeds of the Series 2024 Bonds and recycling proceeds.

The 2024 NJCLASS Loans and the Transferred NJCLASS Loans so financed and pledged under the Indenture, together with the Eligible Loans (as defined in the Indenture) financed with proceeds of the Series 2023 Bonds and the Series 2021 Bonds and all other Eligible Loans financed with proceeds of Additional Bonds issued under the Indenture or certain other available moneys under the Indenture, are referred to herein, collectively, as the “**Student Loans**.”

The Indenture permits changes in the terms of the Authority’s NJCLASS Loan Program and the terms thereof subject in certain instances to the Authority satisfying the Rating Agency Notice Conditions (as defined in the Indenture).

Cash Flow and Other Assumptions

Based on certain assumptions, the Authority expects that the Trust Estate will be sufficient to meet debt service payments on the Series 2024 Bonds. See the caption “CERTAIN INVESTMENT CONSIDERATIONS—Cash Flow and Other Assumptions” herein for a more detailed discussion of the Authority assumptions regarding the Student Loan portfolio and anticipated Revenues and Recoveries of Principal with respect thereto. **NO ASSURANCE CAN BE GIVEN THAT THE ASSUMPTIONS (INCLUDING THE ASSUMPTIONS AS TO DEMAND FOR 2024 NJCLASS LOANS MADE WITH AN EXPENDITURE FROM THE 2024 ACCOUNTS (AS DEFINED IN THE THIRD SUPPLEMENTAL INDENTURE)) WILL BE REALIZED.**

Additional Bonds Under the Indenture

The Authority may hereafter issue Additional Bonds under the Indenture on parity with the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the Senior Series 2021 Bonds (the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the Senior Series 2021 Bonds, together with any Additional Bonds issued on parity therewith, are hereinafter collectively referred to as “**Senior Bonds**”) and may issue Additional Bonds on parity with the Subordinate Series 2024C Bonds, the Subordinate Series 2023C Bonds and the Subordinate Series 2021C Bonds (the Subordinate Series 2024C Bonds, the Subordinate

Series 2023C Bonds and the Subordinate Series 2021C Bonds, together with any Additional Bonds issued on parity therewith, are hereinafter collectively referred to as the “**Subordinate Bonds**”) payable on a subordinate basis to the related Series of Senior Bonds. The Indenture also permits the issuance of Additional Bonds which are secured on a basis subordinate to the Senior Bonds and the Subordinate Bonds (referred to herein as the “**Junior Subordinate Bonds**”). The issuance of Additional Bonds requires the delivery to the Trustee of a Rating Agency Confirmation. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Additional Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto.

The Series 2024 Bonds

The Series 2024 Bonds are being issued under the Indenture. The Series 2024 Bonds will be dated the date of delivery thereof and will bear interest at the respective rates per annum set forth on the inside front cover page hereof, payable initially semiannually on each June 1 and December 1, commencing December 1, 2024. **Unless certain conditions have been satisfied, principal of the Subordinate Series 2024C Bonds is payable after all principal payments on the Senior Bonds have been paid.** See the captions “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Priority of Use and Disbursement of Revenue Fund Moneys” and “THE SERIES 2024 BONDS—Payment of Subordinate Series 2024C Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto. The Series 2024 Bonds will mature on December 1 in the respective years and in the respective principal amounts set forth on the inside front cover page hereof.

The Series 2024 Bonds are issued for the purposes of providing the Authority with funds which, together with other funds of the Authority, will be used to: (i) make a deposit into the applicable accounts and subaccounts of the Student Loan Fund established pursuant to the Indenture to be applied as set forth therein including, without limitation, to originate and acquire additional Student Loans (as more fully described herein); (ii) refund and redeem all of the Authority’s outstanding Student Loan Revenue Bonds, Series 2014-1, as further described in APPENDIX E—“SUMMARY OF BONDS TO BE REFUNDED” hereto (the “**Bonds to be Refunded**”), originally issued pursuant to the 2012 Indenture; (iii) make a deposit into the 2024 Debt Service Reserve Account of the Debt Service Reserve Fund to satisfy the 2024 Reserve Requirement (as hereinafter defined); and (iv) pay certain costs of issuing the Series 2024 Bonds. See the caption “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Sources of Payment and Security for the Series 2024 Bonds

General. The Bonds (as hereinafter defined) are limited obligations of the Authority, secured by and payable solely from, subject to the terms of the Indenture: (i) the proceeds derived from the sale of Bonds (until expended for the purposes for which the Bonds were issued); (ii) Student Loans (and notes evidencing the same) held as part of the Trust Estate pursuant to the Indenture, including the Transferred NJCLASS Loans; (iii) all Revenues and Recoveries of Principal (including, without limitation, payments of principal of and interest on Student Loans); (iv) the Debt Service Reserve Fund funded in the amount of the Debt Service Reserve Fund Requirement; and (v) the moneys and securities in the various other funds established under the Indenture (except the Rebate Fund and the Excess Yield Fund) (collectively, the “**Trust Estate**”). Upon issuance of the Series 2024 Bonds, the initial Parity Percentage will be no less than 112.7% and the Senior Parity Percentage will be no less than 126.4%. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto.

The initial amount to be deposited in the 2024 Debt Service Reserve Account within the Debt Service Reserve Fund in connection with the issuance of the Series 2024 Bonds is two percent (2%) of the original principal amount of the Series 2024 Bonds and, thereafter, the amount required to be on deposit

therein shall equal the greater of: (i) two percent (2%) of the principal amount of Outstanding Series 2024 Bonds; or (ii) \$1,000,000 (the “**2024 Reserve Requirement**”). The 2024 Reserve Requirement will be funded with a portion of the proceeds of the Series 2024 Bonds. In lieu (in whole or in part) of a cash deposit to the 2024 Debt Service Reserve Account of the Debt Service Reserve Fund in the amount of the 2024 Reserve Requirement, the Authority may provide a Funding Instrument (which is defined in the Indenture as any surety bond, insurance policy, letter of credit or other similar obligation, the provider of which shall be rated in one of the two highest rating categories by the Rating Agency, or shall have the qualifications set forth in the Supplemental Indenture authorizing such Series of Bonds) to satisfy all or a portion of such 2024 Reserve Requirement. The 2024 Debt Service Reserve Account is only available to pay Principal Installments of or interest on the Series 2024 Bonds except in the event (i) there are sufficient funds in the 2024 Revenue Account to pay principal and interest on the Series 2024 Bonds and (ii) failure to utilize the 2024 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds.

The Debt Service Reserve Accounts within the Debt Service Reserve Fund established in connection with the issuance of the Series 2023 Bonds and the Series 2021 Bonds (collectively, the “Prior Bonds”) were each initially funded in an amount equal to two percent (2%) of the original principal amount of the related Prior Bonds. Each such Debt Service Reserve Account is required to be maintained in an amount equal to the greater of: (i) two percent (2%) of the principal amount of the related Prior Bonds Outstanding; or (ii) \$1,000,000. Each Debt Service Reserve Account is only available to pay Principal Installments of or interest on the Series of Prior Bonds for which it was established except in the event (i) there are sufficient funds in the Revenue Account for the Series of Prior Bonds for which the Debt Service Reserve Account was established to pay principal and interest on such Prior Bonds and (ii) failure to utilize such Debt Service Reserve Account to pay Principal Installments of or interest on another Series of Bonds would cause an Event of Default on such other Series of Bonds.

THE SERIES 2024 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE AUTHORITY HAS NO POWER TO LEVY OR TO COLLECT TAXES. THE SERIES 2024 BONDS DO NOT CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2024 BONDS, EXCEPT FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2024 BONDS.

Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations. The Act contains a specific budgetary procedure with respect to bonds issued by the Authority pursuant to which the Chairperson of the Authority is required to annually certify to the Legislature of the State (the “**State Legislature**”) the amount of any deficiency in the Debt Service Reserve Fund maintained to meet payments of debt service on Authority bonds. The Act provides that the amount of the deficiency shall be appropriated by the State Legislature and paid to the Authority for deposit to the Debt Service Reserve Fund during the State’s then current fiscal year. The State’s obligation to make such payments is subject to and dependent upon annual appropriations by the State Legislature for such purpose. In addition, because the 2024 Reserve Requirement is less than the maximum amount of principal of and interest on the Series 2024 Bonds in certain future Bond Years, even in the event that the State Legislature makes all appropriations contemplated by the Act, the amount available in the 2024 Debt Service Reserve Account of the Debt Service Reserve Fund may be insufficient to pay debt service on the Series 2024 Bonds as the same becomes due and payable. Such provision of the Act does not constitute a legally enforceable obligation on the part of the State or create a debt or liability on behalf of the State enforceable against the State. To date, the Authority has not had a revenue deficiency which required the State to appropriate funds

pursuant to the Act. There is no statutory limitation on the amount of “moral obligation” bonds which may be issued by the Authority. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations” herein.

Priority of Use and Disbursement of Revenue Fund Moneys. Pursuant to the Indenture, unless certain conditions described herein have been satisfied, the principal of the Subordinate Series 2024C Bonds is payable after all principal payments on the Senior Bonds have been paid. Interest on the Senior Series 2024 Bonds is payable prior to the payment of interest or principal on the Subordinate Series 2024C Bonds. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Priority of Use and Disbursement of Revenue Fund Moneys” and “THE SERIES 2024 BONDS—Payment of Subordinate Series 2024C Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto.

Redemption

The Series 2024 Bonds are subject to optional redemption, mandatory redemption resulting from non-origination, special optional redemption from Excess Revenue and special mandatory redemption from Excess Revenue. See the caption “THE SERIES 2024 BONDS—Redemption Provisions” herein and APPENDIX F—“WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2024B BONDS MATURING DECEMBER 1, 2045” herein.

Origination Periods

The Authority has made certain estimates of the demand for NJCLASS Loans in the 2024-2025 academic year in determining the principal amount of the Series 2024 Bonds. The Indenture permits the origination of 2024 NJCLASS Loans during a specified period of time. The Origination Periods under the Third Supplemental Indenture are as follows: (i) the period commencing on the date of issuance and delivery of the Series 2024 Bonds (the “**Issue Date**”) and ending on October 1, 2024 with respect to the cumulative origination of \$71.1 million in 2024 NJCLASS Loans by the Authority, (ii) the period commencing October 2, 2024 and ending on February 1, 2025 with respect to the cumulative origination of approximately \$142.2 million in 2024 NJCLASS Loans by the Authority, (iii) the period commencing February 2, 2025 and ending on October 1, 2025 with respect to the cumulative origination of approximately \$186.7 million in 2024 NJCLASS Loans by the Authority, and (iv) the period commencing October 2, 2025 and ending on April 1, 2026 with respect to the cumulative origination of 2024 NJCLASS Loans in an amount equal to the total amount of proceeds of the Series 2024 Bonds deposited into the Student Loan Fund, which is expected to be approximately \$200.0 million.

Each of the Origination Periods described above may be extended or the amounts therein modified if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such extension or modification. Such estimates are based on the Authority’s prior experience with the NJCLASS Loan Program and an analysis of the relationship between the NJCLASS Loan Program and various federal programs. No assurance can be given that the estimates will be realized. At the expiration of each Origination Period under the Third Supplemental Indenture, moneys remaining in the 2024 Accounts are required to be used to redeem Senior Series 2024B Bonds and Subordinate Series 2024C Bonds to the extent the origination milestones set forth for each Origination Period were not met. See the captions “THE SERIES 2024 BONDS—Redemption Provisions—*Mandatory Redemption Resulting From Non-Origination*,” and “CERTAIN INVESTMENT CONSIDERATIONS” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Section 1.2—Definitions)” hereto.

As of March 31, 2024, the Authority had approximately \$10.4 million of uncommitted proceeds of its Series 2023 Bonds under the Indenture that it intends to use to finance NJCLASS Loans prior to the use of proceeds of the Series 2024 Bonds. The Authority may also use repayments on NJCLASS Loans financed with proceeds of the Series 2023 Bonds to make additional NJCLASS Loans prior to the use of proceeds of the Series 2024 Bonds. Both the origination period and the recycling period (the “Series 2023 Recycling Period”) applicable to the Series 2023 Bonds under the Indenture terminate on April 1, 2025, unless extended or, with respect to the Series 2023 Recycling Period, terminated prior to such date. The Authority expects to begin using the proceeds of the Series 2024 Bonds to finance NJCLASS Loans on or before October 1, 2024.

Recycling

The Indenture permits Recoveries of Principal on Student Loans to be used to originate additional Student Loans (“**Recycling**”). The Recycling Period under the Third Supplemental Indenture with respect to Student Loans originated with expenditures from the 2024 Accounts (the “Series 2024 Recycling Period”) ends on April 1, 2026 and only permits the use of Recoveries of Principal (i) during the Series 2024 Recycling Period, to be transferred to the 2024 Repayment Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account to originate new Option 1 Loans, Option 2 Loans, and NJCLASS ReFi+ Loans, unless the Authority shall have satisfied the Rating Agency Notice Conditions with respect to the use of Recoveries of Principal during the Series 2024 Recycling Period to originate other Eligible Loans, and (ii) following the Series 2024 Recycling Period, to be transferred to the 2024 Revenue Account. The Series 2024 Recycling Period will end on any earlier date, if any, on which an Event of Default shall occur and be continuing, and the Series 2024 Recycling Period may be extended if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension. The termination of Recycling may result in Excess Revenues (consisting of Revenues and Recoveries of Principal in excess of amounts necessary to pay scheduled Debt Service on the Series 2024 Bonds) being applied to the redemption of the Senior Series 2024B Bonds maturing on December 1, 2045 and the Subordinate Series 2024C Bonds prior to their stated maturity. See the caption “THE SERIES 2024 BONDS—Redemption Provisions—*Special Optional Redemption From Excess Revenue*” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Section 1.2—Definitions)” hereto.

The Series 2023 Recycling Period and the Series 2024 Recycling Period will also end on any date on or prior to March 1, 2025, if any, on which the cumulative principal amount of Defaulted Loans exceeds \$7.5 million, measured from the date of issuance of the most recent series of Bonds issued under the Indenture. Such amount may be changed if the Authority satisfies the Rating Agency Notice Conditions in connection with such change.

Release of Excess Trust Estate Assets

Upon issuance of the Series 2024 Bonds, the initial Parity Percentage will be no less than 112.7% and the Senior Parity Percentage will be no less than 126.4%. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto. The Indenture provides that, periodically at the written direction of the Authority, the Trustee shall transfer to the Authority, free and clear of the lien or pledge of the Indenture, amounts held in the Revenue Fund established under the Indenture if, after all transfers and payments required by Section 5.5(A)(i) through (ix) of the Trust Indenture have been made, the Cash Release Conditions as required by any Supplemental Indenture for a Series of Bonds have been satisfied (currently the Cash Release Conditions for all Bonds issued pursuant to the Indenture means the Parity Percentage is at least equal to 113.0% (which percentage may be reduced on the date of issuance of the Series 2024 Bonds pursuant to the terms of the Indenture) and the amount of Accrued Assets less the amount of Accrued Liabilities, each as defined under

the Indenture, is not less than \$14.0 million; provided that the Cash Release Conditions may be reduced if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such reduction). For purposes of the definition of Cash Release Conditions, “Accrued Assets” shall not include any Student Loan participating in the Household Income Affordable Repayment Plan (“**HIARP**” as defined herein) for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 5.5—Use and Disbursements of Revenue Fund Moneys)” hereto.

Rating Agency Confirmation and Rating Agency Notice Conditions

The Indenture provides that S&P Global Ratings (“S&P”) has various notice rights and further requires as a condition of certain actions or determinations that the conditions of a Rating Agency Confirmation or a Rating Agency Notice, as applicable, be satisfied. A Rating Agency Confirmation is required with respect to: (a) the issuance of Additional Bonds; (b) lowering the Loan Rates (except in connection with the issuance of future bonds by the Authority); and (c) increasing the Program Expenses. Satisfaction of the Rating Agency Notice Conditions is required for: (a) the extension of an Origination Period or a Recycling Period, or the modification of amounts required to be originated during an Origination Period; (b) the origination of Eligible Loans other than Option 1 Loans, Option 2 Loans, and NJCLASS ReFi+ Loans during the Recycling Period; (c) entering into an Interest Rate Exchange Agreement; (d) reducing the Cash Release Conditions; (e) changing the criteria or requirements described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Schedule C; Student Eligibility and Credit Criteria—Eligibility Requirements for NJCLASS Loans)” or “FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—2024 NJCLASS Loan Requirements)” hereto; (f) modifying the types of NJCLASS Loans that may be acquired during an Origination Period or a Recycling Period; (g) replacing a Servicer, including paying certain costs in connection with transferring the servicing of such Student Loans to such replacement Servicer, or modifying an Acknowledgment of any Servicer; (h) waiving or altering the payment structure for any 2024 NJCLASS Loan; (i) granting additional borrower benefits to the 2024 NJCLASS Loans; (j) modifying the Loan Rates in connection with the issuance of future bonds by the Authority; (k) modifying certain Recycling Period termination dates as described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Section 1.2—Definitions)” hereto; (l) reducing the Senior Parity Percentage used in the definition of Subordinate Bond Redemption Condition; and (m) as an additional condition to entering into a Supplemental Indenture for any purpose. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Rating Agency Confirmation and Rating Agency Notice Conditions” herein.

Certain Investment Considerations

Attention should be given to certain investment considerations described in this Official Statement which could affect the ability of the Authority to pay debt service on the Series 2024 Bonds and which could have an effect on the market price of the Series 2024 Bonds to an extent that cannot be determined. See the caption “CERTAIN INVESTMENT CONSIDERATIONS” herein. Each prospective purchaser of Series 2024 Bonds should read this entire Official Statement, including the cover page and Appendices hereto.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
PURPOSE OF THE SERIES 2024 BONDS	4
THE SERIES 2024 BONDS	4
General Terms of the Series 2024 Bonds	4
Payment of Subordinate Series 2024C Bonds	5
Redemption Provisions	5
Book-Entry-Only System	8
SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS	10
General	10
Priority of Use and Disbursement of Revenue Fund Moneys	10
Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations	11
Additional Bonds	13
Other Debt	13
Release of Excess Trust Estate Assets	13
Rating Agency Confirmation and Rating Agency Notice Conditions	14
CERTAIN INVESTMENT CONSIDERATIONS	14
THE AUTHORITY	30
General	30
Organization of the Authority	30
Administration of the Statutory Responsibilities of the Authority	32
Authority's Lending Programs and Other Activities	34
Authority's Experience with the NJCLASS Loan Program	34
Outstanding Indebtedness of the Authority	35
ESTIMATED SOURCES AND USES OF FUNDS	36
THE LOAN FINANCE PROGRAM	36
General	36
Standard NJCLASS Loans	37
NJCLASS ReFi+ Loans	37
NJCLASS Consolidation Loans	38
NJCLASS Graduate/Professional Loans	39
NJCLASS Medical/Dental Loans	39
Series 2024 Loan Funding Limits	39
Eligible Institutions	40
Eligible Borrowers	40
Origination Process for Standard NJCLASS Loans	41
Student Loan Terms	43
Loan Servicing and Collections	46
Amendment of Loan Rates; Credit Criteria, Program Expense Budget	49
Authority Covenants	49
Program Expenses	49
Federal Student Loan Programs	50
LEGALITY FOR INVESTMENT AND DEPOSIT	50
CERTAIN NJCLASS PROGRAM STATISTICAL DATA	51
NJCLASS Cosigners	51
NJCLASS Loan Disbursements by FICO Score	51
NJCLASS Loan Volume and Outstanding Balance by Loan Type	52

TABLE OF CONTENTS
(continued)

	Page
NJCLASS Loan Repayment Status and Delinquency Information	53
NJCLASS Loan Default and Recovery Information	54
STUDENT LOANS	58
TAX MATTERS	64
Exclusion of Interest on the Series 2024 Bonds From Gross Income for Federal Tax Purposes	64
State Taxation	66
ABSENCE OF CERTAIN LITIGATION	67
LEGALITY	67
VERIFICATION	67
UNDERWRITING	67
RATINGS	68
ANNUAL FINANCIAL STATEMENTS	69
FINANCIAL ADVISOR	69
CONTINUING DISCLOSURE	69
QUARTERLY REPORTING	70
MISCELLANEOUS	70
 APPENDIX A FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES	
APPENDIX B FORM OF BOND COUNSEL OPINION	
APPENDIX C FORM OF CONTINUING DISCLOSURE AGREEMENT	
APPENDIX D AUDITED FINANCIAL STATEMENTS FOR THE NJCLASS/FFELP LOAN PROGRAMS AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022	
APPENDIX E SUMMARY OF BONDS TO BE REFUNDED	
APPENDIX F WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2024B BONDS MATURING DECEMBER 1, 2045	

OFFICIAL STATEMENT

Relating to

\$228,190,000

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

(State of New Jersey)

STUDENT LOAN REVENUE AND REFUNDING BONDS, SERIES 2024

Consisting of

\$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT),

\$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT),

and

\$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT)

INTRODUCTION

This Official Statement, including the cover page and inside front cover page hereof, the Summary Statement and the Appendices hereto, sets forth information regarding the issuance by the Higher Education Student Assistance Authority (the “**Authority**”) of \$228,190,000 aggregate principal amount of its Student Loan Revenue and Refunding Bonds, Series 2024 consisting of the: (i) \$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT) (the “**Senior Series 2024A Bonds**”); (ii) \$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT) (the “**Senior Series 2024B Bonds**” and, together with the Senior Series 2024A Bonds, the “**Senior Series 2024 Bonds**”); and (iii) \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT) (the “**Subordinate Series 2024C Bonds**” and, together with the Senior Series 2024 Bonds, the “**Series 2024 Bonds**”). Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture and as set forth in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto.

The Series 2024 Bonds are being issued under the authority of and pursuant to the Higher Education Student Assistance Authority Law, N.J.S.A. 18A:71A-1 *et seq.*, as amended and supplemented and any successor legislation (the “**Act**”), an Indenture of Trust, dated as of May 1, 2021 (as previously amended, the “**Trust Indenture**”), as further amended and supplemented from time to time, including by a Third Supplemental Indenture, dated as of May 1, 2024 (the “**Third Supplemental Indenture**” and together with the Trust Indenture, the “**Indenture**”), each between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, as trustee (the “**Trustee**”), registrar (the “**Registrar**”) and paying agent (the “**Paying Agent**”), and pursuant to a resolution of the Authority adopted on March 27, 2024 (the “**Resolution**”). Pursuant to the provisions of the Act, the State of New Jersey (the “**State**”) has pledged to the holders of bonds issued by the Authority that it will not limit the contractual obligations of the Authority to bondholders. The Indenture contains this statutory pledge as part of the Authority’s contract with holders of the Series 2024 Bonds.

The Series 2024 Bonds are subject to redemption prior to maturity as set forth under the caption “THE SERIES 2024 BONDS – Redemption Provisions” herein.

The Act authorizes the Authority, among other things, to loan money to students to assist them to pay for the cost of the students’ attendance at eligible institutions of higher education located within or without the State. The Authority has developed the New Jersey College Loans to Assist State Students Loan Program (the “**NJCLASS Loan Program**”) in response to this legislative authorization and has been originating student loans under the NJCLASS Loan Program (collectively, the “**NJCLASS Loans**”) since 1991. See the caption “THE LOAN FINANCE PROGRAM—General” herein for descriptions of the

various NJCLASS Loans. In addition, the Authority implemented an NJCLASS loan refinance program commencing on March 31, 2017. For a discussion of the Loan Refinance Program terms and conditions, see the caption “THE LOAN FINANCE PROGRAM—NJCLASS ReFi+ Loans” herein.

To finance the NJCLASS Loan Program, the Authority is authorized to borrow money and issue obligations, payable from, among other sources, the revenues derived from such loans. See “THE LOAN FINANCE PROGRAM” herein for a further description of the NJCLASS Loan Program. The Authority expects to use a portion of the proceeds of the Series 2024 Bonds deposited into the Student Loan Fund established pursuant to the Indenture to originate or acquire NJCLASS Loans.

In addition to the NJCLASS Loan Program, the Authority is also authorized pursuant to the Act to make loans to students pursuant to the Federal Higher Education Act of 1965, as amended (the “**Higher Education Act**”), to purchase, sell and service such loans, and to guarantee such loans in its capacity as the designated state guaranty agency which are insured by the United States Department of Education (the “**Department of Education**”). Such loans made pursuant to the Higher Education Act are referred to in this Official Statement, collectively, as “**FFELP Loans**”, and the Authority’s FFELP Loan portfolio (the “**Authority’s FFELP Portfolio**”). Effective January 1, 2020, the Authority ceased being the designated state guaranty agency for such FFELP Loans, and all such guarantees were transferred by the Department of Education to the Kentucky Higher Education Assistance Authority; however, the Authority maintains ownership and engages outside contractors for the servicing of the Authority’s FFELP Portfolio. Eligibility criteria and sources of payment for, and terms of, FFELP Loans are significantly different from those of NJCLASS Loans. Title II of the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152) signed into law by President Barack Obama on March 30, 2010, contains various student loan reforms including the termination of the process of the federal government giving subsidies to private banks to originate federally insured loans and, instead, the loans are administered directly by the Department of Education. As a result, the Authority has not originated or acquired FFELP Loans after June 30, 2010.

The Indenture permits the financing of fixed or variable interest rate student loans made to finance or refinance post-secondary education that satisfy the administrative rules of the Authority’s NJCLASS Loan Program as in effect from time to time or, in the case of NJCLASS ReFi+ Loans, the Loan Refinance Program and the credit criteria set forth in the Indenture applicable to the disposition of the proceeds of Bonds issued pursuant to such Indenture. Although the Indenture permits the financing of variable interest rate student loans, only fixed rate student loans have been financed thereunder, and only fixed rate student loans are being financed in connection with the issuance of the Series 2024 Bonds.

The Series 2024 Bonds are the third Series of Bonds to be issued under the Indenture. The Authority previously issued its (A) \$107,745,000 Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2021, consisting of the: (i) \$11,410,000 Senior Student Loan Revenue Refunding Bonds, Series 2021A (AMT) (the “**Senior Series 2021A Bonds**”); (ii) \$83,335,000 Senior Student Loan Revenue Bonds, Series 2021B (AMT) (the “**Senior Series 2021B Bonds**” and, together with the Senior Series 2021A Bonds, the “**Senior Series 2021 Bonds**”); and (iii) \$13,000,000 Subordinate Student Loan Revenue Bonds, Series 2021C (AMT) (the “**Subordinate Series 2021C Bonds**” and, together with the Senior Series 2021 Bonds, the “**Series 2021 Bonds**”) and (B) \$243,650,000 Higher Education Student Assistance Authority Student Loan Revenue and Refunding Bonds, Series 2023, consisting of the: (i) \$38,300,000 Senior Student Loan Revenue Refunding Bonds, Series 2023A (AMT) (the “**Senior Series 2023A Bonds**”); (ii) \$184,250,000 Senior Student Loan Revenue Bonds, Series 2023B (AMT) (the “**Senior Series 2023B Bonds**” and, together with the Senior Series 2023A Bonds, the “**Senior Series 2023 Bonds**”); and (iii) \$21,100,000 Subordinate Student Loan Revenue Bonds, Series 2023C (AMT) (the “**Subordinate Series 2023C Bonds**” and, together with the Senior Series 2023 Bonds, the “**Series 2023 Bonds**”) pursuant to the Indenture. The Authority may hereafter issue Additional Bonds under the Indenture on parity with the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the

Senior Series 2021 Bonds (the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the Senior Series 2021 Bonds, together with any Additional Bonds issued on parity therewith, are hereinafter collectively referred to as “**Senior Bonds**”) and may issue Additional Bonds on parity with the Subordinate Series 2024C Bonds, the Subordinate Series 2023C Bonds and the Subordinate Series 2021C Bonds (the Subordinate Series 2024C Bonds, the Subordinate Series 2023C Bonds and the Subordinate Series 2021C Bonds, together with any additional Subordinate Bonds issued on parity therewith, are hereinafter collectively referred to as the “**Subordinate Bonds**”) payable on a subordinate basis to the related Series of Senior Bonds. The Indenture also permits the issuance of Additional Bonds which are secured on a basis subordinate to the Senior Bonds and the Subordinate Bonds (referred to herein as the “**Junior Subordinate Bonds**” and, together with the Senior Bonds and the Subordinate Bonds, the “**Bonds**”). The issuance of Additional Bonds requires the delivery to the Trustee of a Rating Agency Confirmation. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Additional Bonds” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article II—Terms of Bonds; Section 2.1—Authorization for Indenture and Bonds); (Third Supplemental Indenture—Section 4.3—Additional Bonds)” and “FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Pledge of Indenture; Establishment of Funds and Accounts)” hereto.

The Bonds are limited obligations of the Authority, secured by and payable solely from, subject to the terms of the Indenture: (i) the proceeds derived from the sale of Bonds (until expended for the purposes for which the Bonds were issued); (ii) Student Loans (and notes evidencing the same) held as part of the Trust Estate pursuant to the Indenture, including the 2024 NJCLASS Loans and Transferred NJCLASS Loans; (iii) all Revenues and Recoveries of Principal (including, without limitation, payments of principal of and interest on Student Loans); (iv) the Debt Service Reserve Fund funded in the amount of the Debt Service Reserve Fund Requirement; and (v) the moneys and securities in the various other funds established under the Indenture (except the Rebate Fund and the Excess Yield Fund) (collectively, the “**Trust Estate**”), subject to the provisions of the Indenture permitting the application or exercise thereof for or to the purposes and on the terms and conditions set forth therein, including the origination of Student Loans and payment of Program Expenses and Bond Fees as described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto.

THE SERIES 2024 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE AUTHORITY HAS NO POWER TO LEVY OR TO COLLECT TAXES. THE SERIES 2024 BONDS DO NOT CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2024 BONDS, EXCEPT FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2024 BONDS.

The description of the terms of the Senior Series 2024 Bonds, the Subordinate Series 2024C Bonds, the documents authorizing and securing the Series 2024 Bonds and the pertinent State legislation and Authority administrative rules contained herein do not purport to be comprehensive or definitive. All references herein to such documents or legislation and rules are qualified in their entirety by reference to such documents or legislation and rules. Copies of such documents or legislation and rules may be obtained from the Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, P.O. Box 540, Trenton, New Jersey 08625 (Telephone 609-588-1205).

Reference in this Official Statement to making, originating, purchasing or acquiring (or similar words) Student Loans shall mean and include all such terms and words.

PURPOSE OF THE SERIES 2024 BONDS

The Series 2024 Bonds are being issued to provide funds to the Authority which, together with other funds of the Authority, will be used to: (i) make a deposit into the applicable accounts and subaccounts of the Student Loan Fund established pursuant to the Indenture to be applied as set forth therein including, without limitation, to originate Student Loans (as more fully described herein); (ii) currently refund and redeem all of the Authority's outstanding Student Loan Revenue Bonds, Series 2014-1, as further described in APPENDIX E—"SUMMARY OF BONDS TO BE REFUNDED" hereto (the "**Bonds to be Refunded**"), originally issued pursuant to the Authority's Indenture of Trust, dated June 1, 2012 (the "**2012 Indenture**"), between the Authority and Computershare Trust Company, National Association, as successor trustee thereunder to Wells Fargo Bank, National Association; (iii) make a deposit into the 2024 Debt Service Reserve Account of the Debt Service Reserve Fund to satisfy the 2024 Reserve Requirement; and (iv) pay certain costs of issuing the Series 2024 Bonds.

The Authority will transfer to the Trustee (A) in connection with the refunding of the Bonds to be Refunded, an estimated \$27.9 million in principal balance of Eligible Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans, relating to the Bonds to be Refunded and (B) an estimated \$16.0 million in principal balance of Eligible Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans released from the Authority's Indenture of Trust, dated as of January 1, 2010 (the "**2010-1 Indenture**"), all of which Eligible Loans shall be held as part of the Trust Estate pursuant to the Indenture and pledged to the payment of the Bonds, including the Series 2024 Bonds (all such transferred loans shall collectively be referred to herein as, the "**Transferred NJCLASS Loans**"). See the caption "STUDENT LOANS" herein. Certain of the Transferred NJCLASS Loans were originated prior to October 17, 2011, under prior underwriting criteria; therefore, the characteristics of the portfolio of Eligible Loans within the Transferred NJCLASS Loans will not reflect the characteristics of the portfolio of additional Eligible Loans to be originated with the remaining proceeds of the Series 2024 Bonds and recycling proceeds. See the caption "THE LOAN FINANCE PROGRAM" herein.

Certain proceeds from the Series 2024 Bonds will be deposited into (i) the 2024 NJCLASS Fixed Rate Standard Student Loan Account consisting of the 2024 Option 1 Loan Subaccount, the 2024 Option 2 Loan Subaccount and the 2024 Option 3 Loan Subaccount; (ii) the 2024 Consolidation Loan Account; and (iii) the 2024 Refinance Loan Account, all within the Student Loan Fund (collectively, the "**Series 2024 Subaccounts**") will be applied to originate primarily Standard NJCLASS Loans, NJCLASS Consolidation Loans, and NJCLASS ReFi+ Loans. See the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein.

THE SERIES 2024 BONDS

General Terms of the Series 2024 Bonds

The Series 2024 Bonds will initially be dated and will bear interest from the date of delivery. Except as described below with regard to the Subordinate Series 2024C Bonds, interest will be payable on June 1 and December 1 of each year, commencing December 1, 2024, to the registered owners of the Series 2024 Bonds as of the record date, which is the May 15 or November 15 immediately preceding each Interest Payment Date. The Series 2024 Bonds will bear interest at the respective interest rates per annum and will mature on December 1 in each of the respective years and in the respective principal amounts shown on the inside front cover page of this Official Statement. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES"—(Third Supplemental Indenture—SCHEDULE B-1—FORM OF SENIOR SERIES 2024 BONDS and SCHEDULE B-2—FORM OF SUBORDINATE SERIES 2024C BONDS)" hereto.

The Series 2024 Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof.

Payment of Subordinate Series 2024C Bonds

Pursuant to the Indenture, the principal on the Subordinate Series 2024C Bonds is payable after all principal payments on the Senior Series 2024 Bonds have been paid; however, the Subordinate Series 2024C Bonds may be redeemed while Senior Series 2024 Bonds remain Outstanding if the Subordinate Bond Redemption Condition has been satisfied. For the complete order of priority of the use and disbursement of moneys on deposit in the Revenue Fund, see APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Use and Disbursements of Revenue Fund Moneys)” hereto.

Pursuant to the Indenture, interest on the Senior Bonds, including the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the Senior Series 2021 Bonds, is payable prior to the payment of interest or principal on the Subordinate Bonds, including the Subordinate Series 2024C Bonds. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Priority of Use and Disbursement of Revenue Fund Moneys” herein and APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES” hereto. As long as any Senior Bonds are Outstanding, the failure to pay interest or principal on the Subordinate Series 2024C Bonds will not constitute an Event of Default under the Indenture. See the caption “CERTAIN INVESTMENT CONSIDERATIONS—*Subordination of the Subordinate Series 2024C Bonds May Result in a Greater Risk of Loss for Holders of Subordinate Series 2024C Bonds*” herein.

Redemption Provisions

The Indenture sets forth the provisions for the redemption of the Series 2024 Bonds prior to maturity, as described below. The Trustee shall provide notice of the redemption of Series 2024 Bonds in accordance with the provisions described below under the caption “*Notice and Effect of Redemption*” below and as described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Section 2.8—Redemption of Series 2024 Bonds)” hereto.

Optional Redemption. The Series 2024 Bonds maturing on or prior to December 1, 2033 are not subject to optional redemption prior to maturity. The Senior Series 2024B Bonds maturing on December 1, 2045 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2024C Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2034 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2024 Bonds. The term “**Subordinate Bond Redemption Condition**” means, with respect to the Subordinate Series 2024C Bonds, the Senior Parity Percentage is at least equal to 133.0% after giving effect to the proposed redemption; provided that such percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

Mandatory Redemption Resulting From Non-Origination. The Senior Series 2024B Bonds and the Subordinate Series 2024C Bonds (but not the Senior Series 2024A Bonds) are subject to redemption prior to maturity, in whole or in part, on any date within 60 days after the end of each Origination Period at a Redemption Price equal to (a) with respect to Senior Series 2024B Bonds with original offering prices in excess of 100%, the sum of (i) 100% of the principal amount thereof, (ii) accrued interest to the date of

redemption, if any, and (iii) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2024B Bond exceeded 100% (the “**Unamortized Premium**”), if applicable, and (b) with respect to all other Senior Series 2024B Bonds and the Subordinate Series 2024C Bonds, the Redemption Price will be equal to (i) 100% of the principal amount thereof without premium and (ii) accrued interest to the date of redemption, if any, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2024B Bonds and the Subordinate Series 2024C Bonds remaining in the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account or 2024 Refinance Loan Account, as applicable, at the expiration of each Origination Period; provided that if no 2024 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2024B Bonds and the Subordinate Series 2024C Bonds (except for the 2024 Rebate Account and the 2024 Excess Yield Account) established under the Indenture shall be applied to the redemption of the Senior Series 2024B Bonds and the Subordinate Series 2024C Bonds. The methodology used to calculate the Unamortized Premium for a particular maturity of the Senior Series 2024B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months. The amount to be applied to the redemption of Senior Series 2024B Bonds and Subordinate Series 2024C Bonds shall be equal to the amount designated to be originated by the expiration of each Origination Period less the amount actually used, or committed, to originate 2024 NJCLASS Loans by the expiration of each Origination Period. Moneys to be applied to the redemption of Senior Series 2024B Bonds and Subordinate Series 2024C Bonds pursuant to this non-origination redemption shall be applied, *pro rata*, to the redemption of all outstanding Senior Series 2024B Bonds and Subordinate Series 2024C Bonds.

“**Origination Period**” means (i) the period commencing on the Issue Date and ending on October 1, 2024 with respect to the cumulative origination of \$71.1 million in 2024 NJCLASS Loans, (ii) the period commencing October 2, 2024 and ending on February 1, 2025 with respect to the cumulative origination of approximately \$142.2 million in 2024 NJCLASS Loans, (iii) the period commencing February 2, 2025 and ending on October 1, 2025 with respect to the cumulative origination of approximately \$186.7 million in 2024 NJCLASS Loans, and (iv) the period commencing October 2, 2025 and ending on April 1, 2026 with respect to the cumulative origination of 2024 NJCLASS Loans by the Authority in an amount equal to the total amount of proceeds of the Series 2024 Bonds deposited into the Student Loan Fund, which is expected to be approximately \$200.0 million; provided that any of the periods or amounts described in clauses (i) through (iv) may be extended if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such extension or modification.

Special Optional Redemption From Excess Revenue. The Senior Series 2024B Bonds maturing on December 1, 2045 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2024C Bonds are subject to redemption prior to maturity, at the direction of the Authority, in whole or in part, on any date (a) during the Recycling Period to the extent not applied by the Authority to originate new 2024 NJCLASS Loans and (b) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Trust Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption described in this paragraph the Cash Release Conditions are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from: (i) Excess Revenue (as hereinafter defined); or (ii) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority’s program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2024 Bonds described under this caption “*Special Optional Redemption From Excess Revenue*” shall be applied at the direction of the Authority as to the selection of Series 2024 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2024B Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2024B Bonds

shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2024B Bonds maturing on December 1, 2045. See APPENDIX F—“WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2024B BONDS MATURING DECEMBER 1, 2045” hereto.

For purposes of the redemptions described under this caption “***Special Optional Redemption From Excess Revenue***” and the caption “***Special Mandatory Redemption From Excess Revenue***” below, “Excess Revenue” shall mean: on each Payment Date, any funds remaining in the 2024 Revenue Account less \$500,000 (which shall remain in the 2024 Revenue Account), after payment of the Debt Service due and payable on the Series 2024 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2024 Bonds on the next succeeding December 1 is reserved to remain in the 2024 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Trust Indenture have been made, and “**Cash Release Conditions**” shall mean the Parity Percentage is at least equal to 113.0% (which percentage may be reduced on the date of issuance of the Series 2024 Bonds pursuant to the terms of the Indenture) and the amount of Accrued Assets less the amount of Accrued Liabilities, each as defined under the Indenture, is not less than \$14.0 million; provided that the Cash Release Conditions may be reduced if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such reduction. For purposes of the definition of Cash Release Conditions, “Accrued Assets” shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

Special Mandatory Redemption From Excess Revenue. The Senior Series 2024B Bonds maturing on December 1, 2045 and the Subordinate Series 2024C Bonds are subject to mandatory redemption prior to maturity, in whole or in part, on any date (provided that such date shall be no earlier than twenty (20) days after each Payment Date), from Excess Revenue at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions. Moneys to be applied to the redemption of Series 2024 Bonds described under this caption “***Special Mandatory Redemption From Excess Revenue***” shall be applied, *first*, to all Outstanding Senior Series 2024B Bonds maturing on December 1, 2045 until paid in full and, *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the Subordinate Series 2024C Bonds. See APPENDIX F—“WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2024B BONDS MATURING DECEMBER 1, 2045” hereto.

No Mandatory Sinking Fund Redemption. The Series 2024 Bonds are not subject to mandatory sinking fund redemption.

Notice and Effect of Redemption. On the date designated by notice for redemption as provided under the Indenture, the Series 2024 Bonds so called for redemption shall become due and payable at the stated Redemption Price and, to the extent moneys are available therefor, interest shall cease to accrue on such Series 2024 Bonds and such Series 2024 Bonds shall no longer be entitled to any benefit or security under the Indenture. Notice is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption. If, at the time of mailing of any notice of optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Series 2024 Bonds called for redemption, the redemption notice shall state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Selection of Series 2024 Bonds to be Redeemed. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot

the amount of each participant's interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2024 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2024 Bonds left Outstanding must be in Authorized Denominations.

Book-Entry-Only System

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024 Bond certificate will be issued for each stated maturity of each Series of the Series 2024 Bonds, in the aggregate principal amount of such maturity of such Series and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "**Indirect Participants**"). DTC has a Standard & Poor's rating of "AA+." DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond (the "**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

So long as DTC serves as securities depository for the Series 2024 Bonds, redemption and other notices shall be sent to DTC. If less than all of the Series 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the sole responsibility of such Participant and not of DTC, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bonds are required to be printed and delivered.

The Authority may discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bonds will be printed and delivered to DTC (or such other securities depository).

The foregoing information in this section concerning DTC and DTC's book-entry-only system is based upon information obtained from DTC. The Authority assumes no responsibility as to accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION, EITHER SINGULARLY OR JOINTLY, TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT, OR ANY INDIRECT

PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE HOLDERS OF THE SERIES 2024 BONDS UNDER THE INDENTURE; (III) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2024 BONDS; (IV) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PRICE (IF ANY) OR INTEREST DUE WITH RESPECT TO THE SERIES 2024 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE SERIES 2024 BONDS, OR (VI) ANY OTHER MATTER.

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS

General

The Bonds issued pursuant to the Indenture, including the Series 2024 Bonds, are limited obligations of the Authority, payable solely from the Trust Estate pledged pursuant to the Indenture as described herein. None of the Authority's assets or funds existing under its Prior Indentures (as hereinafter defined) are pledged as security under the Indenture.

The Bonds issued pursuant to the Indenture, including the Series 2024 Bonds, are limited obligations of the Authority which are secured by and payable, subject to the terms of the Indenture, solely from: (i) the proceeds derived from the sale of Bonds (until expended for the purposes for which such Bonds were issued); (ii) Student Loans (including notes evidencing the same) held by the Trustee as part of the Trust Estate pursuant to the Indenture, including 2024 NJCLASS Loans and Transferred NJCLASS Loans; (iii) the Debt Service Reserve Fund; (iv) all amounts on deposit in the funds established by the Indenture (including all Accounts therein), excluding the Rebate Fund and the Excess Yield Fund; and (v) moneys received as Revenues, constituting the scheduled, delinquent and advance payments of interest on any Student Loan, earnings on investments in the pledged funds (other than earnings required to be deposited into the Rebate Fund or the Excess Yield Fund), and moneys received as Recoveries of Principal, including scheduled, delinquent and advance payments of principal on any Student Loan, or received as proceeds from the prepayment or sale of any Student Loan. Upon issuance of the Series 2024 Bonds, the initial Parity Percentage will be no less than 112.7% and the Senior Parity Percentage will be no less than 126.4%. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)" hereto and the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein. The Authority will finance 2024 NJCLASS Loans (including NJCLASS ReFi+ Loans) through application of the proceeds of the Series 2024 Bonds and other funds deposited into the Student Loan Fund established pursuant to the Indenture. For a discussion of certain of the terms applicable to the NJCLASS Loans (including NJCLASS ReFi+ Loans), see the captions "THE LOAN FINANCE PROGRAM—Student Loan Terms" and "—NJCLASS ReFi+ Loans" herein. For a more detailed description of the Funds established under the Indenture, certain Accounts established therein under the Indenture, and the purposes to which such funds may be applied, see APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Pledge of Indenture; Establishment of Funds and Accounts)" and —(Third Supplemental Indenture—Article III—Establishment of Additional Accounts, Application of Proceeds of the Sale of Series 2024 Bonds; and Use and Disbursement of Accounts)" hereto.

Priority of Use and Disbursement of Revenue Fund Moneys

The Subordinate Series 2024C Bonds constitute "Subordinate Bonds" pursuant to the Indenture. Pursuant to the Indenture, principal of the Subordinate Series 2024C Bonds is payable only after all principal payments on the Senior Bonds have been paid; however, Subordinate Bonds, including the Subordinate Series 2024C Bonds, may be redeemed while Senior Bonds remain Outstanding if the

Subordinate Bond Redemption Condition has been satisfied. For the complete order of priority of the use and disbursement of moneys on deposit in the Revenue Fund, see APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Use and Disbursement of Revenue Fund Moneys)” hereto. See also the caption “THE SERIES 2024 BONDS—Redemption Provisions” herein. Pursuant to the Indenture, interest on the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the Senior Series 2021 Bonds is payable prior to the payment of interest or principal on the Subordinate Series 2024C Bonds. See the caption “CERTAIN INVESTMENT CONSIDERATIONS—*Subordination of the Subordinate Series 2024C Bonds May Result in a Greater Risk of Loss for Holders of Subordinate Series 2024C Bonds*” herein.

Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations

The Series 2024 Bonds are additionally secured by the 2024 Debt Service Reserve Account in the Debt Service Reserve Fund established under the Third Supplemental Indenture. Upon the issuance of any Bonds under the Indenture, the Authority may establish by Supplemental Indenture a separate Account or Accounts within the Debt Service Reserve Fund which must be funded in an amount equal to the Debt Service Reserve Fund Requirement (as defined in the Indenture) applicable to such Series of Bonds. The initial amount to be deposited in the 2024 Debt Service Reserve Account in the Debt Service Reserve Fund in connection with the issuance of the Series 2024 Bonds is two percent (2%) of the original principal amount of the Series 2024 Bonds and, thereafter, the amount required to be on deposit therein shall equal the greater of: (i) two percent (2%) of the principal amount of Outstanding Series 2024 Bonds; or (ii) \$1,000,000 (the “**2024 Reserve Requirement**”). The 2024 Debt Service Reserve Account shall only be available to pay Principal Installments of or interest on the Series 2024 Bonds except in the event (i) there are sufficient funds in the 2024 Revenue Account to pay principal and interest on the Series 2024 Bonds and (ii) failure to utilize the 2024 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 5.7—Use and Disbursements of Debt Service Reserve Fund Moneys)” hereto.

The Debt Service Reserve Accounts within the Debt Service Reserve Fund established in connection with the issuance of the Series 2023 Bonds and the Series 2021 Bonds (collectively, the “Prior Bonds”) were each initially funded in an amount equal to two percent (2%) of the original principal amount of the related Prior Bonds. Each such Debt Service Reserve Account is required to be maintained in an amount equal to the greater of: (i) two percent (2%) of the principal amount of the related Prior Bonds Outstanding; or (ii) \$1,000,000. Each Debt Service Reserve Account is only available to pay Principal Installments of or interest on the related Series of Prior Bonds except in the event (i) there are sufficient funds in the Revenue Account for the related Prior Bonds to pay principal and interest on such Prior Bonds and (ii) failure to utilize such Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds.

The Debt Service Reserve Fund Requirement for any Series of Additional Bonds issued under the Indenture will be determined in the Supplemental Indenture authorizing such Series of Additional Bonds. The Indenture provides for the funding from available moneys in the Student Loan Fund and the Revenue Fund of any deficiency in the Debt Service Reserve Fund.

The Indenture permits the Authority to deposit into the Debt Service Reserve Fund, in lieu (in whole or in part) of a cash deposit at the time of issuance of a Series of Bonds or thereafter to satisfy all or a portion of the Debt Service Reserve Fund Requirement for such Series of Bonds, a Funding Instrument (which is defined in the Indenture as any surety bond, insurance policy, letter of credit or other similar obligation, the provider of which shall be rated in one of the two highest rating categories by the Rating Agency, or shall have the qualifications set forth in the Supplemental Indenture authorizing such Series of

Bonds). The 2024 Reserve Requirement will be funded with a portion of the proceeds of the Series 2024 Bonds.

The Act requires the Authority to establish and maintain a special fund to be called the “**New Jersey Higher Education Student Assistance Capital Reserve Fund**” in which there shall be deposited: (i) all moneys appropriated by the State for the purpose of such fund; (ii) all proceeds of bonds required to be deposited therein by the terms of any contract between the Authority and its bondholders or any resolution of the Authority with respect to such proceeds or bonds; and (iii) any other moneys or funds of the Authority which it determines to deposit therein. The 2024 Debt Service Reserve Account in the Debt Service Reserve Fund is designated by the Authority pursuant to the Third Supplemental Indenture as a part of said special fund required to be maintained under the Act with respect to the Series 2024 Bonds.

The Act prohibits any withdrawal from the Debt Service Reserve Fund (except to pay principal of or interest on or to retire bonds) if the withdrawal would reduce the Debt Service Reserve Fund below the lesser of: (i) the amount of principal (including sinking fund installments) and interest becoming due in any succeeding calendar year on all bonds or other obligations secured by such fund; or (ii) the amount required by the terms of all contracts between the Authority and its bondholders to be maintained in said fund.

The Act provides that, in order to maintain the Debt Service Reserve Fund Requirement, there shall be appropriated annually and paid to the Authority the amount certified by the Chairperson of the Board of the Authority to the Governor of the State (the “**Governor**”) as necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The Act provides, in part, with respect to the Debt Service Reserve Fund (referred to in the Act as the “**Capital Reserve Fund**”):

In order to assure the maintenance of the maximum debt service reserve in the capital reserve fund, there shall be appropriated annually and paid to the [A]uthority for deposit in the fund, such sum, if any, as shall be certified by the chairperson of the Board of the [Authority] to the Governor as necessary to restore the fund to an amount equal to the maximum debt service reserve. The chairperson shall annually, on or before December 1, make and deliver to the Governor a certificate stating the sums, if any, required to restore the fund to the amount equal to the [Debt Service Reserve Fund Requirement], and the sum or sums so certified shall be appropriated and paid to the [A]uthority during the then current State fiscal year.

All moneys paid to the Authority pursuant to the provisions of the Act are subject to appropriation by the State Legislature for such purpose. Such provisions of the Act do not constitute a legally enforceable obligation on the part of the State nor do they create a debt or liability of the State. To date, the Authority has not had a revenue deficiency which required the State to appropriate funds pursuant to the Act. There is no statutory limitation on the amount of “moral obligation” bonds which may be issued by the Authority.

The Indenture requires the Chairperson of the Board of the Authority, on or before December 1, to deliver to the Governor a certificate stating the sum, if any, required to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. However, because the 2024 Reserve Requirement is less than the maximum amount of principal of and interest on the Series 2024 Bonds in certain future Bond Years, even in the event that the State Legislature makes all appropriations contemplated by the Act, such appropriations may be insufficient to pay debt service on the Series 2024 Bonds as the same becomes due and payable.

Additional Bonds

Upon satisfaction of certain conditions the Authority may issue Additional Bonds (including Refunding Bonds) on parity with the Senior Bonds, including the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the Senior Series 2021 Bonds, and may issue Subordinate Bonds on parity with the Subordinate Series 2024C Bonds, the Subordinate Series 2023C Bonds and the Subordinate Series 2021C Bonds, payable on a subordinate basis to the related Series of Senior Bonds and any Additional Bonds. The Indenture also permits the issuance of Junior Subordinate Bonds, which are secured on a basis subordinate to the Senior Bonds and the Subordinate Bonds. The issuance of Additional Bonds requires that the Authority has provided the Trustee with a Rating Agency Confirmation. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 7.10—Issuance of Additional Obligations)” hereto. Subordinate Bonds, such as the Subordinate Series 2024C Bonds, and Junior Subordinate Bonds are entitled and subject to the pledge of the Trust Estate, except with respect to the priority of payment of such Subordinate Bonds set forth in Sections 5.5 and 10.3 of the Trust Indenture. The Indenture provides that the Authority shall not create or permit the creation of any obligations or additional indebtedness secured by a lien on the revenues and assets pledged as security for the Series 2024 Bonds under the Indenture except for Additional Bonds.

Other Debt

The Authority has heretofore issued various series of its revenue bonds pursuant to the 1998 Indenture (as hereinafter defined), the 2008 Indenture (as hereinafter defined), the 2009 Indenture (as hereinafter defined), the 2010-1 Indenture, the 2010-FFELP Indenture (as hereinafter defined), the 2010-2 Indenture (as hereinafter defined), the 2012 Indenture, the 2018 Indenture (as hereinafter defined) and the 2019 Indenture (collectively, the “**Prior Indentures**”) to finance its NJCLASS Loan Program and FFELP Loans. See the caption “THE AUTHORITY—Outstanding Indebtedness of the Authority” herein. There are currently no series of revenue bonds outstanding under the 1998 Indenture, the 2008 Indenture, the 2009 Indenture or the Series 2010-2 Indenture. Such obligations are secured by moneys, investments, NJCLASS Loans and FFELP Loans held in funds which are not pledged under the Indenture. In addition to such obligations and to Bonds issued under the Indenture, the Authority may from time-to-time issue or incur other debt, including debt issued for the NJCLASS Loan Program, secured by moneys and funds not pledged under the Indenture.

Release of Excess Trust Estate Assets

Upon issuance of the Series 2024 Bonds, the initial Parity Percentage will be no less than 112.7% and the Senior Parity Percentage will be no less than 126.4%. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto. The Indenture provides that, periodically at the written direction of the Authority, the Trustee shall transfer to the Authority, free and clear of the lien or pledge of the Indenture, amounts held in the Revenue Fund established under the Indenture if, after all transfers and payments required by Section 5.5(A)(i) through (ix) of the Trust Indenture have been made, the Cash Release Conditions as required by any Supplemental Indenture for a Series of Bonds have been satisfied (currently the Cash Release Conditions for all Bonds issued pursuant to the Indenture means the Parity Percentage is at least equal to 113.0% (which percentage may be reduced on the date of issuance of the Series 2024 Bonds pursuant to the terms of the Indenture) and the amount of Accrued Assets less the amount of Accrued Liabilities, each as defined under the Indenture, is not less than \$14.0 million; provided that the Cash Release Conditions may be reduced if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such reduction. For purposes of the definition of Cash Release Conditions, “Accrued Assets” shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two (2) years prior to the date of calculation. See APPENDIX A—“FORMS OF TRUST INDENTURE AND

SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 5.5—Use and Disbursements of Revenue Fund Moneys)” hereto.

Rating Agency Confirmation and Rating Agency Notice Conditions

The Indenture provides that S&P Global Ratings (“S&P”) has various notice rights and further requires as a condition of certain actions or determinations that the conditions of a Rating Agency Confirmation or Rating Agency Notice Conditions, as applicable, be satisfied. A Rating Agency Confirmation is required with respect to: (a) the issuance of Additional Bonds; (b) lowering the Loan Rates (except in connection with the issuance of future bonds by the Authority); and (c) increasing the Program Expenses. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article VII—Section 7.10—Issuance of Additional Obligations)” hereto.

Satisfaction of the Rating Agency Notice Conditions is required for: (a) the extension of an Origination Period or a Recycling Period, including the modification of amounts required to be originated during an Origination Period; (b) the origination of Eligible Loans other than Option 1 Loans, Option 2 Loans, and NJCLASS ReFi+ Loans during the Recycling Period; (c) entering into an Interest Rate Exchange Agreement; (d) reducing the Cash Release Conditions; (e) changing the criteria or requirements described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Schedule C; Student Eligibility and Credit Criteria—Eligibility Requirements for NJCLASS Loans)” or “FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Section 4.1—2024 NJCLASS Loan Requirements)” hereto; (f) modifying the types of NJCLASS Loans that may be acquired during an Origination Period or a Recycling Period; (g) replacing a Servicer, including paying certain costs in connection with transferring the servicing of such Student Loans to such replacement Servicer, or modifying an Acknowledgment of any Servicer; (h) waiving or altering the payment structure for any 2024 NJCLASS Loan; (i) granting additional borrower benefits to the 2024 NJCLASS Loans; (j) modifying the Loan Rates in connection with the issuance of future bonds by the Authority; (k) modifying certain Recycling Period termination dates described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Section 1.2—Definitions)” hereto; (l) reducing the Senior Parity Percentage used in the definition of Subordinate Bond Redemption Condition; and (m) as an additional condition to entering into a Supplemental Indenture for any purpose. See the definitions of “Rating Agency Confirmation” and “Rating Agency Notice Conditions” in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto.

CERTAIN INVESTMENT CONSIDERATIONS

Attention should be given to the investment considerations described below which, among others, could affect the ability of the Authority to pay debt service on the Series 2024 Bonds, and which could also affect the market price of the Series 2024 Bonds to an extent that cannot be determined. The following summary discussion of possible risks is intended to identify certain factors that should be considered by potential investors but is not meant to be an exhaustive discussion of the risks identified or a listing of all risks associated with the purchase of the Series 2024 Bonds and does not necessarily reflect the relative importance of the various risks identified. Additional investment considerations relating to an investment in the Series 2024 Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations. Additional risks and uncertainties not presently known or that the Authority currently believes to be immaterial may also adversely affect the Series 2024 Bonds or the business of the Authority, particularly in light of the war between Russia and Ukraine, the Israeli-Hamas conflict, the residual effects of the COVID-19 pandemic, and the related impacts to economic and operating

conditions. Each prospective purchaser of the Series 2024 Bonds should read this Official Statement in its entirety, including the Appendices hereto. There can be no assurance that material facts relating to identified risks may not change in the future or that other investment considerations will not become material in the future.

Proceeds of the Series 2024 Bonds deposited in the Student Loan Fund established pursuant to the Indenture will be applied only to originate or acquire NJCLASS Loans. NJCLASS Loans are not guaranteed by the Authority or insured or reinsured by the Department of Education. However, proceeds of Additional Bonds may be applied, if so provided in the applicable Supplemental Indenture, to finance additional NJCLASS Loans or to acquire Student Loans, including NJCLASS Loans originated with proceeds of bonds issued pursuant to the 2010-1 Indenture, the 2012 Indenture, the 2018 Indenture and the 2019 Indenture. The Series 2024 Bonds, the Series 2023 Bonds and the Series 2021 Bonds, together with any Additional Bonds issued pursuant to a Supplemental Indenture, are equally and ratably secured by all Student Loans in the Trust Estate, except as specifically provided in the Indenture with respect to the subordination of Subordinate Bonds, including the Subordinate Series 2024C Bonds, and Junior Subordinate Bonds. Accordingly, the holders of the Series 2024 Bonds are subject to the investment considerations related to NJCLASS Loans.

Suitability for Investors. The Series 2024 Bonds are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the reinvestment, default, and market risk of such an investment, the tax consequences of such an investment, and the interaction of these factors.

Sufficiency and Timing of Receipt of Revenues. Upon issuance of the Series 2024 Bonds, the initial Parity Percentage will be no less than 112.7% and the Senior Parity Percentage will be no less than 126.4%. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 1.2—Definitions)” hereto. In addition, the Authority expects, and the cash flows indicate, that the Revenues and Recoveries of Principal to be received pursuant to the Indenture will be sufficient to pay principal of and interest on the Series 2024 Bonds when due and also to pay the annual cost of all Trustee fees, servicing costs and other expenses related thereto and the Student Loans until the final maturity thereof. This expectation is based upon an analysis of cash flow assumptions, which the Authority believes are reasonable, regarding the timing of the financing of the 2024 NJCLASS Loans to be held pursuant to the Indenture, the composition and yield on Transferred NJCLASS Loans, the future composition of and yield on the Student Loan portfolio, the rate of return on moneys to be invested in various Funds and Accounts under the Indenture, and the occurrence of future events and conditions. **These assumptions are derived from the Authority’s experience in the administration of the NJCLASS Loan Program. There can be no assurance, however, that the 2024 NJCLASS Loans will be financed as anticipated, that interest and principal payments from the 2024 NJCLASS Loans and Transferred NJCLASS Loans and from Student Loans financed with any Additional Bonds will be received as anticipated or that the reinvestment rates assumed on the amounts in various Funds and Accounts will be realized. Furthermore, future events over which the Authority has no control may adversely affect the Authority’s actual receipt of Revenues and Recoveries of Principal pursuant to the Indenture.**

Receipt of principal of and interest on the Student Loans, including the 2024 NJCLASS Loans and Transferred NJCLASS Loans, may occur earlier than anticipated, causing an unanticipated redemption of Series 2024 Bonds, due to various factors, including, without limitation: (i) default claims or claims due to the disability, death or bankruptcy of the borrowers greater than those assumed; (ii) actual principal amortization periods which are shorter than those assumed based upon the current analysis of the Authority’s Student Loan portfolio expected to be held pursuant to the Indenture; (iii) the commencement of principal repayment by borrowers on earlier dates than are assumed based upon the current analysis of

the Authority's Student Loan portfolio expected to be held pursuant to the Indenture; and (iv) economic conditions that induce borrowers to refinance or repay their loans prior to maturity.

In addition, certain previously originated NJCLASS Loans were issued pursuant to different indentures with different requirements with respect to borrower credit criteria, interest rates and redemption provisions and economic environments. Although the Authority believes that such differences have proven not to have a material effect on overall performance to date of the NJCLASS Loans, there can be no assurance that no such effect will result in the future. There can be no assurance that the ability of borrowers of future NJCLASS Loans to repay such loans, or their propensity to repay such loans, will not differ materially from that of borrowers of previously originated NJCLASS Loans.

Delay in the receipt of principal of and interest on Student Loans may adversely affect payment of the principal of and interest on the Bonds, including the Series 2024 Bonds, when due. Receipt of principal of and interest on Student Loans may be delayed due to numerous factors including, without limitation: (i) borrowers entering deferment periods due to a return to school or other eligible purposes; (ii) forbearance being granted to borrowers; (iii) loans in delinquency for periods longer than assumed; (iv) actual loan principal amortization periods which are longer than those assumed based upon the current analysis of the Authority's Student Loan portfolio expected to be held pursuant to the Indenture; and (v) the commencement of principal repayment by borrowers at dates later than those assumed based upon the current analysis of the Student Loan portfolio expected to be held pursuant to the Indenture. See the caption "*An Outbreak Similar to the COVID-19 Pandemic Could Adversely Affect the Value of the Series 2024 Bonds or Borrowers' Ability to Repay Their Student Loans*" below.

A delay in the introduction of the new Free Application for Federal Student Aid ("FAFSA") from October 2023 to late December 2023 has caused the Department of Education to delay distribution of FAFSA applicant information to colleges and universities to mid-March 2024. As a result, colleges and universities expect to notify new and continuing students and parents of financial aid packages for the 2024-2025 school year later than in prior years. Many colleges and universities are extending the new student enrollment decision deadline from May 1 to as late as June 1 to accommodate this change in timing. The delay in families receiving their financial aid packages for the 2024-2025 school year may delay the application process for potential borrowers of NJCLASS Loans. The Authority generally receives the majority of its NJCLASS applications in July and August. It is unclear at this time if the Authority's traditional timing of receiving and processing NJCLASS Loan applications and funding new NJCLASS Loans in August and September will be delayed for the 2024-2025 school year. In addition, it is unclear if certain students will defer their educations due to the uncertainty of the amount of financial aid they may receive or if such delays will cause other families to over or under-estimate their financial needs causing certain NJCLASS Loans to be adjusted after approval by the Authority. Some students may decide to delay their current year pursuit of a college education, thus causing less demand or delayed demand for NJCLASS Loans for the 2024-2025 school year. Any of these issues may adversely impact the Authority's NJCLASS Loan volume or time of origination, and projections thereof, and may adversely impact investors if amounts expected to be used to originate NJCLASS Loans are not fully expended causing a mandatory redemption resulting from non-origination of NJCLASS Loans. See the caption "THE SERIES 2024 BONDS—Redemption Provisions" herein and APPENDIX F—"WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2024B BONDS MATURING DECEMBER 1, 2045" hereto.

If actual receipt of the Revenues and Recoveries of Principal under the Indenture or actual expenditures vary materially from those projected, the Authority may be unable to pay the principal of and interest on the Series 2024 Bonds. In the event that Revenues and Recoveries of Principal to be received under the Indenture are insufficient to pay the principal of and interest on the Bonds, including the Series 2024 Bonds, when due, the Indenture authorizes, and under certain circumstances requires, the Trustee to declare an Event of Default, sell the Student Loans and all other assets comprising the Trust

Estate and accelerate maturity of the Bonds, including the Series 2024 Bonds. It is possible, however, that the Trustee would not be able to sell the Student Loans and the other assets comprising the Trust Estate in a timely manner or for an amount sufficient to permit payment of the principal of and accrued interest on all Bonds, including the Series 2024 Bonds, when due.

Subordination of the Subordinate Series 2024C Bonds May Result in a Greater Risk of Loss for Holders of Subordinate Series 2024C Bonds. Payments of interest on the Subordinate Bonds, including the Subordinate Series 2024C Bonds, are subordinated in priority of payment to payments of interest on the Senior Bonds. Similarly, the Subordinate Series 2024C Bonds may only be redeemed if the Subordinate Bond Redemption Condition has been satisfied. Thus, investors in the Subordinate Series 2024C Bonds will bear a greater risk of loss than the holders of Senior Series 2024 Bonds. Investors in the Subordinate Series 2024C Bonds will also bear the risk of any adverse changes in the anticipated yield and weighted average life of their Subordinate Series 2024C Bonds resulting from any variability in payments of principal or interest on the Subordinate Series 2024C Bonds.

The Subordinate Bonds, including the Subordinate Series 2024C Bonds, are subordinated to the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the Senior Series 2021 Bonds and any future Senior Bonds as to the direction of remedies upon an Event of Default. In the event no Senior Bonds remain Outstanding under the Indenture, the holders of Subordinate Bonds shall have the right to direct remedies upon an Event of Default. In addition, as long as any of the Senior Series 2024 Bonds, the Senior Series 2023 Bonds and the Senior Series 2021 Bonds and any future Senior Bonds are Outstanding, the failure to pay interest or principal on the Subordinate Bonds, including the Subordinate Series 2024C Bonds, will not constitute an Event of Default under the Indenture. Consequently, holders of the Subordinate Series 2024C Bonds may bear a greater risk of losses or delays in payment than holders of Senior Bonds. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article X—Defaults and Remedies)” hereto.

Except for certain circumstance described in APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article IX—Amendments)” hereto, as long as any of the Senior Series 2024 Bonds, the Senior Series 2023 Bonds, the Senior Series 2021 Bonds and any future Senior Bonds are Outstanding, the Subordinate Series 2024C Bonds and any other Subordinate Bonds will not have consent rights to any amendments to the Indenture.

Early Redemption of the Series 2024 Bonds. At the end of each Origination Period, the Senior Series 2024B Bonds and the Subordinate Series 2024C Bonds may be subject to mandatory redemption resulting from the Authority’s inability to apply the proceeds of the Series 2024B Bonds and the Subordinate Series 2024C Bonds to originate 2024 NJCLASS Loans due to lack of demand or to other factors. Also, as of March 31, 2024, the Authority had approximately \$10.4 million of uncommitted proceeds of its Series 2023 Bonds under the Indenture that it intends to use to finance NJCLASS Loans prior to the use of proceeds of the Series 2024 Bonds. The Authority may also use repayments on NJCLASS Loans financed with proceeds of the Series 2023 Bonds to make additional NJCLASS Loans prior to the use of proceeds of the Series 2024 Bonds. Both the Origination Period applicable to the Series 2023 Bonds under the Indenture and the Series 2023 Recycling Period terminate on April 1, 2025, unless extended or, with respect to the Series 2023 Recycling Period, terminated prior to such date. The Authority expects to begin using the proceeds of the Series 2024 Bonds to finance NJCLASS Loans on or before October 1, 2024. In addition, the Series 2024 Bonds (other than the Series 2024 Bonds maturing on or before December 1, 2033) are subject to optional and mandatory redemption from the Authority’s receipt of Excess Revenue (consisting of Revenues and Recoveries of Principal in the 2024 Revenue Account in excess of amounts necessary to pay scheduled Debt Service on the Series 2024 Bonds) from time to time. See the caption “THE SERIES 2024 BONDS—Redemption Provisions” herein.

Limited Assets Available to Pay Principal and Interest. The Bonds issued pursuant to the Indenture, including the Series 2024 Bonds, are limited obligations solely of the Authority. Moreover, the Authority will have no obligation to make any of its assets available to pay principal of or interest on such Bonds, including the Series 2024 Bonds, other than the Student Loans and the other assets making up the Trust Estate. Neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged for the payment of the Series 2024 Bonds. Holders of the Bonds, including the Series 2024 Bonds, must rely for repayment upon revenues realized from the Student Loans and other assets in the Trust Estate. See the caption “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS” herein.

Sale of Student Loans Upon Event of Default. If the Trustee had to liquidate all or a portion of the Student Loans securing the Indenture upon the occurrence of an Event of Default, the Trustee may not be able to sell the Student Loans for their outstanding principal amounts plus accrued interest. Therefore, even though the assets making up the Trust Estate may be at or above parity at any given time, the possibility exists that the Trustee in the event of an acceleration of the Bonds, including the Series 2024 Bonds, may not be able to sell the Student Loans and other assets making up the Trust Estate for a sufficient amount to pay the principal of, redemption premium, if any, and accrued interest on all Outstanding Bonds, including the Series 2024 Bonds. In particular, in a higher overall interest rate environment, the value of the Student Loans may be reduced. The market for private student loans, including the Student Loans, is not as developed as the market for FFELP Loans and, therefore, prices available in the secondary market may be lower. Holders of the Bonds, including the Series 2024 Bonds, may suffer a loss if the Trustee is unable to find a purchaser or purchasers willing to pay sufficient prices for the Student Loans.

Payment of Principal on Subordinate Series 2024C Bonds. Principal of the Subordinate Series 2024C Bonds is payable only after all principal payments on the Senior Bonds have been paid; however, Subordinate Bonds, including the Subordinate Series 2024C Bonds, may be redeemed while Senior Bonds remain Outstanding if, other than with respect to Mandatory Redemptions Resulting from Non-Origination, the Subordinate Bond Redemption Condition has been satisfied. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Section 5.5—Use and Disbursement of Revenue Fund Moneys)” hereto and the caption “THE SERIES 2024 BONDS—Redemption Provisions” herein.

Principal Amount of Bonds Outstanding May Exceed Principal Amount of Assets in the Trust Estate; Possible Loss After an Event of Default. The principal amount of Bonds, including the Series 2024 Bonds, at any time may exceed the principal amount of Student Loans and other assets in the Trust Estate held by the Trustee under the Indenture. If an Event of Default occurs and the assets in the Trust Estate are liquidated, the Student Loans might have to be sold at a premium in order for the Bondholders to avoid a loss. The Authority cannot predict the rate or timing of accelerated payments of principal or the occurrence of an Event of Default.

Payment of principal of and interest on the Bonds, including the Series 2024 Bonds, is dependent upon collections on the Student Loans. If the yield on the financed Student Loans does not generally exceed the interest rates on the Bonds and expenses relating to the servicing of the financed Student Loans and administration of the Indenture, the Authority may have insufficient funds to repay the Bonds Outstanding, including the Series 2024 Bonds.

The Composition and Characteristics of the Loan Portfolio Will Change and Student Loans That Bear a Lower Rate of Return or Have a Greater Risk of Loss May Be Acquired. The Student Loans the Authority has previously financed pursuant to the Indenture and the Eligible Loans the Authority intends to finance with the proceeds of the Series 2024 Bonds on the date of issuance of the Series 2024 Bonds are described in this Official Statement. Recoveries of Principal received with respect to the Student Loans

may be used to originate new loans during the Recycling Periods applicable to each Series of Bonds. Additional Bonds may be issued pursuant to the terms of the Indenture and the proceeds used to acquire Student Loans, including NJCLASS Loans originated with proceeds of bonds issued pursuant to a Prior Indenture. The characteristics of the Student Loan portfolio included in the Trust Estate will change from time to time due to the acquisition of new Student Loans, changes in terms of the Authority's NJCLASS Loan Program, sales or exchanges of loans and scheduled amortization, prepayments, delinquencies and defaults on the Student Loans.

Prepayment of Student Loans. Student Loans may be prepaid by borrowers at any time without penalty. For this purpose, the term "prepayments" includes repayments in full or in part and liquidations due to default. The rate of prepayments on the loans may be influenced by a variety of economic, social and other factors affecting borrowers, including interest rates, the availability of alternative financing and the general job market for graduates of institutions of higher education.

To the extent that Student Loans allocable to the Series 2024 Bonds are prepaid or liquidated, the Authority may use the proceeds of such prepayments to prepay the Series 2024 Bonds, as permitted by the Excess Revenue redemption provisions relating to the Series 2024 Bonds. If the Series 2024 Bonds are redeemed prior to their respective stated maturities, holders of the Series 2024 Bonds may not be able to reinvest their funds at the same yield as the yield on the Series 2024 Bonds and may receive a yield less than the expected yield on investment if such Series 2024 Bonds were purchased at a premium or discount. The Authority cannot predict the prepayment rate of any Student Loans originated or acquired with proceeds of the Series 2024 Bonds, and reinvestment risks or reductions in yield resulting from prepayment will be borne entirely by the affected holders of the Series 2024 Bonds. See the caption "THE SERIES 2024 BONDS—Redemption Provisions" herein.

Consumer Protection Lending Laws. Numerous federal and state consumer protection laws, including various state usury laws and related regulations, impose substantial requirements upon lenders and servicers involved in consumer finance. Also, some state laws impose finance charge ceilings and other restrictions on certain consumer transactions and require contract disclosures in addition to those required under federal law. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions. In some cases, this liability could affect an assignee's ability to enforce consumer finance contracts such as the Student Loans. In addition, the remedies available to the Trustee or the holders of the Bonds upon an Event of Default under the Indenture may not be readily available or may be limited by applicable state and federal laws.

For example, federal law such as the Truth in Lending Act can impose statutory damages on lenders and defenses to enforcement of the Student Loans, if errors were made in disclosures that must be made to borrowers. Certain state disclosure laws, such as those protecting cosigners, may also affect the enforceability of the Student Loans if appropriate disclosures were not given or records of those disclosures were not retained. If the interest rate on the Student Loans in question exceeds applicable usury laws, that violation could materially adversely affect the enforceability of the Student Loans.

If the Student Loans were marketed or serviced in a manner that is unfair, deceptive or abusive, or if marketing, origination or servicing violated any applicable law, then state and federal laws applicable to unfair, deceptive or abusive acts or practices may impose liability on the loan holder, as well as creating defenses to enforcement. Under certain circumstances, the holder of a Student Loan is subject to all claims and defenses that the borrower on that Student Loan could have asserted against the educational institution that received the proceeds of the Student Loans. If pricing of private student loans has an adverse impact on classes of protected persons under the federal Equal Credit Opportunity Act and other similar laws, claims under those acts may be asserted against the originator and, possibly, the Student Loan holder.

In addition, several states have recently passed laws requiring the licensing of student loan servicers by the state and adherence to new state regulations governing student loan servicing. To the extent the Authority fails to obtain such licenses or to adhere to such regulations, sanctions imposed could impair its ability to adequately perform its role as prescribed under the Indenture. Additional state regulatory fees and expenses may cause the Authority's costs relating to servicing the NJCLASS Loans to increase, which may have a negative impact on the Authority.

The Consumer Financial Protection Bureau (the “CFPB”) or other federal, state, and local regulators may adopt new laws and regulations that may reduce the Authority's revenues, cause its expenses to increase and/or require it to substantially modify its business practices. Additionally, further regulation by the United States Congress, state legislatures or regulatory agencies, or changes in the regulatory application or judicial interpretation of existing laws and regulations applicable to consumer lending, could make it more difficult for the Authority to collect payments on the NJCLASS Loans or otherwise affect the manner in which the Authority conducts its business. The regulatory environment in which financial institutions, creditors and servicers operate has become increasingly complex.

The federal and state consumer protection laws, rules and regulations applicable to the solicitation and advertising for, underwriting of, granting, servicing and collection of personal loans, and the protection of sensitive customer data, frequently provide for administrative penalties, as well as civil (and in some cases, criminal) liability resulting from their violation. An administrative proceeding, litigation, investigation or regulatory action relating to one or more allegations or findings of the violation of such laws by the Authority, other parties to the transaction or any of their respective affiliates (whether by an administrative agency, a borrower or a group or class of borrowers), could result in modifications in any such entity's methods of doing business which could impair such entity's ability to service or collect the NJCLASS Loans or result in the requirement that the aforementioned parties pay damages and/or cancel the balance or other amounts owing under a NJCLASS Loan associated with such violations.

The Authority operates in an environment of heightened political and regulatory scrutiny of education loan lending, servicing and originations. The rising cost of higher education, questions regarding the quality of education provided, particularly among for-profit institutions, and the increasing level of student loan debt in the United States have prompted this heightened and ongoing scrutiny. This environment could lead to further laws and regulations applicable to, or limiting, the Authority's activities. For instance, over the last several years, numerous proposals on spending have been discussed by executive branch officials and political candidates, and/or introduced by legislators, to make higher education “free” or “substantially free.” Some proposals have included the potential forgiveness of substantial amounts of existing outstanding student loan indebtedness. Also, various states have proposed and/or enacted legislation providing for “free” or “substantially free” higher education to residents of the state having incomes below a certain level and who attend publicly funded universities in the state. Moreover, since 2010, a number of bills have been introduced in the United States Congress to promote federal financing for consolidation or refinancing of existing student loans. The regulatory environment at the state level has shifted such that many states recently have enacted new legislation specifically restricting the conduct and practices of student loan servicers. The enactment of the proposed legislation or policies described above, even if they do not apply specifically to NJCLASS Loans, could have a material adverse impact on the Authority's activities or results of operations, or impair collections on the NJCLASS Loans. This is particularly true given the COVID-19 pandemic, which caused federal, state, and local governments to consider (and in some cases enact) laws, regulations, executive orders, or other guidance that allow borrowers to forego making scheduled payments for some period of time, require modifications to the loans (e.g. waiving accrued interest), or preclude creditors from exercising certain rights.

Presently, there is a bill in the State Legislature (A2121/S2612) that, if adopted and signed into law, may affect the Authority. The bill may require the Authority to register as a lender with the New

Jersey Commissioner of Banking and Insurance. In addition, the bill imposes certain restrictions upon the terms of student loans that may be offered pursuant a student loan program, such as the NJCLASS Loan Program. The Authority believes that the NJCLASS Loan Program substantially complies with the new restrictions and, if the bill becomes law, the Authority will make any further required modifications to the NJCLASS Loan Program to comply with the new restrictions and would complete the required lender registrations.

Rules that Could Adversely Affect the Asset-Backed Securities Market and Value of the Series 2024 Bonds. The Dodd-Frank Wall Street Reform and Consumer Protection Act (as may be amended from time to time, the “**Dodd-Frank Act**”), which was enacted in July 2010, represented a comprehensive overhaul of the financial services industry within the United States and established the new federal Consumer Financial Protection Bureau. The CFPB is an independent agency that is housed within the Federal Reserve Board but is not subject to Federal Reserve Board jurisdiction or to the Congressional appropriations process, and is tasked with regulating consumer financial products, including education loans, and other financial services offered primarily for personal, family, or household purposes. The majority of the provisions in the Dodd-Frank Act are aimed at financial institutions. However, there are components of the law that are, or that may become, applicable to the Authority.

The Dodd-Frank Act affects the Authority’s student loan portfolio securitization financing transactions which result in the issuance of asset-backed securities. In December 2014, the SEC and federal banking agencies published final regulations, effective December 24, 2016, for issuers of student loan asset-backed securities, requiring issuers of asset-backed securities or persons who organize and initiate asset-backed securities transactions to retain a portion of the underlying assets’ credit risk. The Authority is, however, currently exempt from such credit risk regulations.

In addition, the CFPB adopted a rule in December 2013 that enables it to supervise certain non-bank student loan servicers that service more than one million borrower accounts, to ensure that bank and non-bank servicers follow the same rules in the student loan servicing market. The rule covers servicers of both federal and private student loans. The Authority functions as servicer of all NJCLASS Loans but services fewer than one million borrower accounts. If the Authority were to service more than one million student loan borrower accounts in the future, then such requirements would become applicable to the Authority. The CFPB conducts supervisory examinations of the large nonbank student loan servicers. If, in the course of an examination, the CFPB were to determine that the Authority or a future regulated servicer employed by the Authority was not in compliance with applicable laws, regulations and CFPB positions, it is possible that this could result in material adverse consequences to the servicer and/or the Authority, including, without limitation, settlements, fines, penalties, adverse regulatory actions, changes in the servicer’s business practices, or other actions. However, it is not possible to estimate at this time any potential financial or other impact to the Authority, including any impact on its ability to satisfy its obligations with respect to the Student Loans to be pledged to the Indenture, that could result from the CFPB’s examinations, in the event that any adverse regulatory actions occur.

In addition to its supervisory authority, the CFPB has broad authority to enforce compliance with federal consumer financial laws applicable to student lenders and student loan servicers, including the Dodd-Frank Act’s prohibition on unfair, deceptive or abusive acts or practices, by conducting investigations and hearings, imposing monetary penalties, collecting fines and requiring consumer restitution in the event of violations. It may also bring a federal lawsuit or administrative proceeding. In early 2022, the CFPB announced that it will step up its enforcement of non-bank financial entities when the CFPB believes such entities pose risks to consumers. The CFPB also announced new procedural rules to investigate non-bank financial institutions and enforce determinations in both civil and administration adjudications.

The full effects of the Dodd-Frank Act will depend significantly upon the content and implementation of the rules and regulations issued pursuant to its provisions, as well as those to be issued in the future, and to the administration and enforcement of such requirements. The operational impact of these rules and regulations may change over time and it is possible that the Authority's operational expenses may be materially increased, and no assurance can be given that any new regulations will not have an adverse effect on the value or liquidity of the Series 2024 Bonds.

Investigations and Inquiries of the Student Loan Industry. A number of state attorneys general and the U.S. Senate Committee on Health, Education, Labor and Pensions have conducted broad inquiries or investigations of the activities of various participants in the student loan industry, including, but not limited to, activities that may involve perceived conflicts of interest. For example, in May 2015, the CFPB launched a public inquiry into student loan servicing practices throughout the industry. In September 2015, the CFPB issued a report discussing public comments submitted in response to the inquiry and, in consultation with the Department of Education and Department of the Treasury, released recommendations to reform student loan servicing to improve borrower outcomes and reduce defaults. In July 2016, the Department of Education expanded on these joint principles by outlining enhanced customer service standards and protections that will be incorporated into federal servicing contracts and guidelines. The CFPB has also announced that it may issue student loan servicing rules in the future.

There is no assurance that the Authority will not be subject to inquiries or investigations. While the ultimate outcome of any inquiry or investigation cannot be predicted, it is possible that these inquiries or investigations and regulatory developments may materially affect each of the Authority's ability to perform its obligations under the Indenture or the Authority's ability to pay principal of and interest on the Bonds, including the Series 2024 Bonds, from assets in the Trust Estate.

Certain Actions May Be Taken Without Bondholder Approval and Subject to a Rating Agency Confirmation or Rating Agency Notice Conditions. The Indenture provides that the Authority and the Trustee may take, or refrain from taking, various actions based in whole or in part upon the satisfaction of a Rating Agency Confirmation or the Rating Agency Notice Conditions, as applicable (see the caption "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Rating Agency Confirmation and Rating Agency Notice Conditions" herein).

To the extent such actions are taken, investors in the Series 2024 Bonds will be relying primarily upon the evaluation by the Authority of the potential impact of such actions upon the ability of the assets comprising the Trust Estate to provide for the full and timely payment of scheduled principal and interest on the Bonds, including the Series 2024 Bonds. In addition, to the extent that such actions are taken, a resulting adverse rating action by the Rating Agency in response to such Authority action could materially decrease the market value or existence of a secondary market for the Series 2024 Bonds. Moreover, the market price or marketability of the Series 2024 Bonds could be adversely affected by such actions even in the absence of such an adverse rating action.

Effect of Ratings. It is a condition to the issuance of the Series 2024 Bonds that the Series 2024 Bonds be rated as indicated under the caption "RATINGS" herein. Ratings are based on the Rating Agency's (as hereinafter defined) assessment of the creditworthiness of the Student Loans and the NJCLASS Loan Program, the inclusion of security therein and the legal structure of the transaction. References to ratings in this Official Statement are not included herein, and should not be relied upon, as recommendations by the Rating Agency to investors to purchase, hold or sell the Series 2024 Bonds as such ratings do not take into account either the suitability of such actions for any specific investor or the market price of the Series 2024 Bonds at any time. One or more additional nationally recognized rating organizations may assign ratings to the Series 2024 Bonds, either in response to a request by the Authority or otherwise, and any such rating may be increased, lowered, suspended or withdrawn at any time by the

rating organization assigning such rating if, in the assigning rating organization's judgment, circumstances so warrant. A lowering, suspension or withdrawal with respect to any rating assigned to the Series 2024 Bonds might adversely affect the Authority's ability to fund its NJCLASS Loan Program or the market value or marketability of the Series 2024 Bonds. In addition, a rating action that, by its terms, is limited to current or future obligations of the Authority other than the Series 2024 Bonds, might also adversely affect the Authority's ability to fund its NJCLASS Loan Program or the market value or marketability of the Series 2024 Bonds. Rating actions may take place at any time. The Authority cannot predict the timing or nature of rating actions. There can be no assurance that the rating of the Series 2024 Bonds will not be downgraded or placed on negative watch by a Rating Agency in the future.

A rating only addresses the likelihood of the ultimate payment of principal and stated interest and does not address the likelihood of redemption of the Series 2024 Bonds prior to maturity or the market liquidity of the Series 2024 Bonds. A rating may not remain in effect for the life of the Series 2024 Bonds. See the caption "RATINGS" herein.

Potential Conflicts of Interest and Regulatory Scrutiny with Respect to Ratings. It may be perceived that the Rating Agency has a conflict of interest that may have affected the ratings assigned to the Series 2024 Bonds where, as is the industry standard and the case with the rating of the Series 2024 Bonds, the Authority pays the fees charged by the Rating Agency for its rating services. Furthermore, rating agencies have in the past been, and in the future may be, under scrutiny by federal and state legislative and regulatory bodies and any actions such legislative and regulatory bodies may take against the Rating Agency as a result thereof may have an adverse effect on the price that a subsequent purchaser would be willing to pay for the Series 2024 Bonds and a Bondholder's ability to resell its Series 2024 Bonds.

Less than All of the Bondholders can Approve Amendments to the Indenture. Under the Indenture, Bondholders of specified percentages of the aggregate principal amount of the Bonds (including, in many cases, only a specified percentage of the aggregate principal amount of the Highest Priority Bonds Outstanding) may amend or supplement provisions of the Indenture and the Bonds without the consent of the other Bondholders. Bondholders of the Series 2024 Bonds have no recourse if such other Bondholders vote in a manner with which they do not agree. The other Bondholders may vote in a manner which impairs the ability to pay principal and interest on the Bonds.

The Student Loans Are Unsecured and Not Guaranteed. The Student Loans are private, or alternative, education loans, are not originated pursuant to the Higher Education Act and are not, and will not be, guaranteed by any governmental entity or third-party guarantor, and there are no reserves available to pay defaulted Student Loans. In addition, the Student Loans to be pledged to the Trust Estate will be unsecured. Certain of the Student Loans have cosigners. Therefore, the receipt by the Trustee of principal and interest on the Student Loans will be dependent on the ability and willingness of the borrowers and, if applicable, the cosigners to make these payments.

Uncertainty of Available Remedies. The remedies available to the Trustee, the Authority or Bondholders upon an Event of Default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (Federal Bankruptcy Code), the remedies provided in the Indenture may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 2024 Bonds and the Indenture will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, moratorium, insolvency or other laws affecting the rights or remedies of creditors generally and by limitations on the availability of equitable remedies. Until all Senior Bonds are no longer Outstanding, the Indenture does not provide for holders of Subordinate Bonds, such as the Subordinate Series 2024C Bonds, to exercise any remedies under the Indenture or to direct the Trustee to exercise any

remedies under the Indenture. See the caption “*Subordination of the Subordinate Series 2024C Bonds May Result in a Greater Risk of Loss for Holders of Subordinate Series 2024C Bonds*” above.

The Student Loans May Be Subject to Discharge in Bankruptcy. Under the U.S. Bankruptcy Code, educational loans are generally non-dischargeable, unless excepting a loan from discharge would impose an undue hardship on the debtor and the debtor’s dependents. A number of bankruptcy reform proposals that would alter the treatment of student loans similar to the NJCLASS Loans under the U.S. Bankruptcy Code have been discussed and/or introduced in the United States Congress in recent years, including proposals to liberalize the exceptions to the current general non-dischargeability of student loans in bankruptcy. In addition, bankruptcy courts may interpret the exception for undue hardship on the debtor for dischargeability more liberally than historic judicial precedent. If judicial interpretations become more lenient, a greater number of education loans may satisfy the existing undue hardship exception and become dischargeable under existing law. No assurance can be given as to whether bankruptcy reform legislative proposals will be enacted at the federal level or whether judicial interpretations may change, in each case, in a manner that might affect the Authority’s ability to enforce collection of the Student Loans. The discharge of a significant amount of the Student Loans could adversely affect the ability of the Authority to pay principal of and interest on the Bonds, including the Series 2024 Bonds.

Changes in Relevant Laws. Federal and state laws providing financial assistance to individuals with respect to the costs of higher education, or otherwise affecting loans made to individuals for such purpose, have been subject to frequent change. There are from time to time proposed changes at the federal level, which if pursued, could have an adverse effect on student loan issuers, such as the Authority. Such proposed changes include, but are not limited to, the following: a student loan borrower’s ability to discharge a student loan under the U.S. Bankruptcy Code without the need to show undue hardship, including bills proposing to amend Title 11 of the United States Code to make student loans dischargeable or to liberalize the exceptions to the current general non-dischargeability of private student loans in bankruptcy; legislation that would increase borrowing availability under federal programs which could potentially reduce borrowing under private student loan programs or create new opportunities for borrowers to refinance their private student loans with federally subsidized loans; and various tax and budgetary changes. Additionally, administrative agencies charged with implementation of existing laws have the ability to adversely impact the Authority, for example, through the CFPB’s use of authority to regulate student lending. In addition, legislation or executive action providing for the cancellation or prepayment of student loans made under the Federal Direct Student Loan Program and the Federal Family Education Loan Program (“FFEL Program”) by the federal government have been proposed.

The Authority cannot predict whether any or all of these proposals will become effective. There can be no assurance that changes to relevant federal or state laws will not prospectively or retroactively affect the terms and conditions under which NJCLASS Loans are made, affect NJCLASS Loan performance or prepayment, affect the costs of servicing and administering NJCLASS Loans, or affect demand for NJCLASS Loans.

Legislative enactments, regulatory actions and court decisions could adversely affect the tax exempt status of interest on the Series 2024 Bonds and, therefore, the market value of the Series 2024 Bonds.

Future Performance of NJCLASS Loans May Differ From Historical Performance. There can be no assurance that the performance of NJCLASS Loans originated in the future will perform on a consistent basis with that of previously originated NJCLASS Loans. Previously originated NJCLASS Loans were financed pursuant to different indentures with different requirements and were repaid by borrowers in a variety of interest rate and economic environments. In addition, the Authority has from time to time modified the credit criteria and certain other origination and repayment terms applicable to

NJCLASS Loans. As a result, certain previously originated NJCLASS Loans were originated on the basis of credit criteria or terms that differ in certain respects from those expected to be applicable to newly originated NJCLASS Loans. Although the Authority believes that such differences have proven not to have a material effect on overall performance to date of the NJCLASS Loans that have originated during different periods, there can be no assurance that no such effect will result in the future. There can be no assurance that the ability of borrowers of future NJCLASS Loans will repay such loans, or their propensity to repay such loans, will not differ materially from that of borrowers of previously originated NJCLASS Loans.

General Economic and Social Conditions. Collections on the Student Loans may vary greatly in both timing and amount from the payments actually due on such Student Loans due to a variety of economic, social, and other factors. Economic factors include interest rates, unemployment levels, housing price declines, commodity prices, adjustments in the borrower's payment obligations under other indebtedness, the rate of inflation and consumer perceptions of economic conditions generally. Social factors include changes in consumer confidence levels and changing attitudes in respect of incurring debt and regarding the stigma of personal bankruptcy. Economic conditions may also be impacted by terrorist acts against the United States or other nations or the commencement of hostilities between the United States and a foreign nation or nations, civil or social unrest, or by global or localized economic or political conditions, prolonged or recurring government shutdowns, conflicts or wars, regional hostilities, including the war between Russia and Ukraine, the Israeli-Hamas conflict and the prospect or occurrence of more widespread conflicts, social upheaval, fiscal and monetary policies, sanctions, trade wars and tariffs, safety concerns related to travel and tourism, limitations on travel and mobility, disruptions in air travel and other forms of travel, weather events and natural, man-made or environmental disasters, national or localized outbreaks of a highly contagious or epidemic disease or pandemics and any related quarantines. Worsening economic conditions could also have a negative impact on the State's ability to appropriate funds to cure a deficiency in the Debt Service Reserve Fund maintained to meet payments of debt service on Bonds, including the Series 2024 Bonds. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2024 BONDS—Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations" herein. Failures by borrowers to pay timely the principal of and interest on the Student Loans or an increase in deferments or forbearances could affect the timing and amount of available funds for any monthly collection period and the ability to pay principal of and interest on the Bonds, including the Series 2024 Bonds.

Additionally, unstable real estate values, resetting of adjustable rate mortgages to higher interest rates, increased regulation in the financial industry, political gridlock on United States federal budget matters, rating agency downgrades of U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the United States, the sovereign debt crisis and continuing political and economic instability in the United States and overseas, the COVID-19 pandemic, rapid inflation and other factors have affected access to consumer credit, consumer confidence and disposable income in the United States, and may affect delinquencies and defaults on the Student Loans, although the severity or duration of these effects are unknown. A downturn in the economy, a significant tightening of credit markets, the rate of inflation and consumer perceptions of economic conditions generally may adversely affect the Authority's ability to collect on Defaulted Loans. See the caption "Servicing and Collections" below.

The amount of student loan debt has grown steadily over the last several years, reflecting rising costs of education. It is impossible to predict how this, when combined with a variety of economic, social and other factors and employment trends, might affect the timing and amount of payments received on the Student Loans.

Following the failures of Silicon Valley Bank and Signature Bank in 2023, rating agencies downgraded a number of small and mid-sized U.S. banks and put a number of larger lenders under review for potential downgrade. To the extent there is a failure of a party to the financing agreements relating to

the Series 2024 Bonds, such failure could have a material adverse impact on the payment of principal and interest on the Series 2024 Bonds and/or the value and liquidity of the Series 2024 Bonds.

The effect of these factors, including the effect on the timing and amount of available funds under the Indenture and the ability to pay principal of and interest on the Bonds, including the Series 2024 Bonds, is impossible to predict.

An Outbreak Similar to the COVID-19 Pandemic Could Adversely Affect the Value of the Series 2024 Bonds or Borrowers' Ability to Repay Their Student Loans. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, spread globally, including throughout the United States, and was declared a pandemic by the World Health Organization in 2020. In response to the pandemic, international, federal, state and local governments, as well as private organizations, implemented numerous measures intended to mitigate the spread and effects of COVID-19. Individuals and businesses altered their behavior to adapt to such measures and to respond to the spread of COVID-19. The spread of any illness similar to COVID-19 and its variants, the mitigation measures implemented, including potential business closures, travel restrictions, and workforce reductions and furloughs, and related behavioral adaptations could cause disruption in global, national, and local economies, as well as global financial markets, and significant volatility in the U.S. capital markets.

The Authority cannot predict any pandemic's long-term economic effects, including its effects on borrowers. Additional outbreaks of COVID-19 and its variants or other illnesses and further actions or extensions of actions taken to limit such outbreaks and their economic effects could lead to disruptions in economic activities, the financial markets, and the global economy in general. As a result, there may be a delay in, or reduction of, Student Loan collections that might materially and adversely affect the ability of the Authority to pay the principal of and interest on the Bonds, including the Series 2024 Bonds, as and when due.

After New Jersey's public health state of emergency was declared in mid-March 2020, the Authority initially experienced slightly higher delinquency rates on NJCLASS loans, but overall the delinquency rate remained relatively flat and has returned to pre-pandemic levels. For example, NJCLASS Loans with outstanding principal balances of approximately \$50.8 million, or 4.3% of all NJCLASS Loans in active repayment, were 31 or more days delinquent as of December 31, 2023, a similar delinquency rate in comparison with the NJCLASS Loans with balances of \$52.1 million that were 31 or more days delinquent as of March 31, 2020, which accounted for 3.5% of NJCLASS Loans in active repayment at that time.

The Authority's current payment relief options require borrowers, in most cases, to make interest-only payments during periods of deferment or forbearance, and in the rare instances of approved deferment of both principal and interest payments, the Authority accrues interest to be capitalized at the conclusion of the payment relief period. Thus, borrowers who enter into a payment relief period are ultimately responsible for paying back any deferred amounts.

Commencing with Governor Murphy's pandemic emergency declaration in March of 2020 through June 2021, the Authority had not charged off as defaulted any accounts that newly became more than 180 days delinquent, nor had these accounts been assigned to collection attorneys. The Authority instructed its collection attorneys to suspend involuntary collection activities related to previously defaulted NJCLASS Loans, such as court filings seeking judgments and wage garnishments. In June of 2021 the Authority commenced assigning these accounts to collection attorneys and has subsequently resumed all involuntary collection activities.

There can be no assurance that future local, state or federal legislation intended to mitigate the economic effects of a pandemic, or otherwise, will not directly or indirectly affect NJCLASS Loans or the Authority. Federal, state and local governments adopted with respect to COVID-19, and may adopt with respect to a future outbreak, laws, regulations, executive orders and policy statements that required or encouraged financial services companies to make accommodations to borrowers affected by a pandemic. Accommodations included allowing borrowers to forego making scheduled payments for some period of time, requiring loan modifications such as payment deferrals or extensions of repayment terms, waivers of amounts due or past due, and restrictions on collection activities and enforcement of remedies. Any similar future actions could adversely affect the Authority's ability to pay principal of and interest on the Bonds, including the Series 2024 Bonds.

The extent to which a future pandemic may affect the Series 2024 Bonds will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the pandemic and the actions taken to contain it or alleviate its effects. The Authority cannot predict how legal and regulatory responses to a pandemic and related economic problems may affect the Authority or the Series 2024 Bonds; however, the Authority or the Series 2024 Bonds may be negatively impacted by such events.

Servicing and Collections. Although the Authority believes it is properly staffed and has sufficient systems in place so as to effectively and properly service its existing Student Loans, maintain default prevention efforts and to collect on Defaulted Loans, there can be no assurance that the current staffing levels or systems will be maintained at current levels or will be adequate in the future. Inadequate staffing levels and/or servicing systems could adversely affect the Authority's ability to service Student Loans and to collect Defaulted Loans. See the caption "THE LOAN FINANCE PROGRAM—Loan Servicing and Collections" herein for a discussion of the Authority's loan collection and enforcement procedures.

In order to improve its level of service and efficiency, in 2019 the Authority contracted with DecisivEdge to design a modernized loan servicing technology system for the servicing and collection of NJCLASS Loans. Beginning in the fall of 2023, the Authority began a phased migration of NJCLASS Loans from its legacy system to the new Oracle-based platform. The Authority anticipates the full migration of its loan portfolio by the end of 2024. In order to minimize any data issues, the Authority expects to continue running its existing electronic servicing platform for several months after converting to the new electronic servicing platform and does not anticipate any materially significant disruption in collections or other normal servicing procedures caused by its transition to the new electronic servicing platform.

In February of 2023, the Authority created a Quality Assurance ("QA") team to continuously improve the customer service delivered by the Customer Contact Center by monitoring the performance quality of the Authority's staff who interact one-on-one with existing and potential customers. The QA team monitors inbound and outbound calls of all call center representatives for both NJCLASS Loans and grants to assess technical accuracy, customer service performance, and compliance with the Authority's policies and procedures. Assessments of call quality are used by both the Compliance Team and Customer Contact Center supervisors to identify areas of improvement for individual staff as well as the team as whole. Through this feedback loop, the Authority is improving call center quality processes, consistency, and procedures, as well as making recommendations for enhancements to training materials as needed to advance the overall customer experience including decreased call time, less call backs, and better customer service.

Electronic Based Loan Servicing and Cybersecurity. The Authority uses electronic and internet-based loan origination, servicing and collection processes. These electronic and internet-based processes may entail greater risks than would paper-based loan origination, servicing and collection

processes, including risks in connection with compliance with consumer protection laws and challenges as to authenticity of documents. Such electronic and internet-based processes are also subject to certain cybersecurity risks including, but not limited to, data breaches. If any of these factors were to cause certain provisions of the NJCLASS Loans to be unenforceable against the borrowers, were to otherwise create liability of the Authority to the borrowers with respect to data breaches or were to otherwise have a material adverse effect on the Authority's operation of the NJCLASS Loan Program, the ability of the Authority to make payments of principal of and interest on the Bonds, including the Series 2024 Bonds, may be adversely affected.

Privacy, Data Protection and Cybersecurity Laws. The Authority is also subject to a dynamically changing landscape of privacy, data protection, and cybersecurity laws, regulations, and requirements. Various federal and state regulators, including governmental agencies, have adopted, or are considering adopting, laws and regulations regarding personal information and data privacy and security. This patchwork of legislation and regulation may lead to conflicts or differing views of personal privacy rights. State laws regarding personal information may be broader in scope or more stringent than federal laws or the laws of other states regarding personal information. The enactment of new federal data protection and privacy laws also is possible and could impact the Authority and its activities. The Securities and Exchange Commission ("SEC") recently adopted rules regarding the public reporting of certain cybersecurity events.

Violations of, or changes in, federal or state consumer protection, privacy, data protection, or cybersecurity laws or related regulations, or in the prevailing interpretations thereof, may expose the Authority to litigation, administrative fines, penalties and restitution, result in greater compliance costs, constrain the marketing and origination of NJCLASS Loans or other products, adversely affect the collection of balances due on the loan assets held by the Authority, or otherwise adversely affect the Authority's business. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations, as well as increased intensity in compliance and supervision activities, often impose additional compliance costs. Accordingly, the Authority could incur substantial additional expense complying with these requirements and may be required to create new processes and information systems.

Geographic Concentration of Borrowers. The concentration of the Student Loans in specific geographic areas may increase the risk of losses on the Student Loans. Economic conditions in states where borrowers reside may affect the delinquency, loan loss and recovery expenses with respect to the NJCLASS Loans. As of December 31, 2023, approximately 86% by principal balance of NJCLASS Loans were made to borrowers with current billing addresses in the State. Because of the concentration of the borrowers in the State, any adverse economic conditions adversely and disproportionately affecting the State may have a greater effect on the repayment of the Bonds, including the Series 2024 Bonds, than if these concentrations did not exist.

Potential for Limited Secondary Market. There is no assurance that a secondary market for the Series 2024 Bonds will exist as of any specified time or will provide investors with a sufficient level of liquidity of investment. Even if such a market exists at a given time for either of the Senior Series 2024 Bonds, it may not for the Subordinate Series 2024C Bonds. The Authority does not intend to list the Series 2024 Bonds on any exchange. Under current market conditions, holders may not be able to sell their Series 2024 Bonds when they want to do so, and, as a result, they may be required to bear the financial risks of an investment in the Series 2024 Bonds for an indefinite period of time, or they may not be able to obtain the price that they wish to receive. The market values of the Series 2024 Bonds may fluctuate and movements in price may be significant.

Events in the global financial markets including those described in the risk factors captioned "—General Economic and Social Conditions" and "—An Outbreak Similar to the COVID-19 Pandemic Could Adversely Affect the Value of the Series 2024 Bonds or Borrowers' Ability to Repay their Student Loans";

the failure, acquisition or government seizure of major financial institutions; rapid inflation; the establishment of government initiatives such as government bailout programs for financial institutions and assistance programs designed to increase credit availability, support economic activity and facilitate renewed consumer lending; disrupted credit markets; the devaluation of currencies by foreign governments; slowing growth or recession in the United States or other world economies; the rating agency downgrade of U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the United States or similar downgrades of other European sovereign debt; an European Union member state's voluntary exit from the European Union, such as the United Kingdom's discontinuation of its membership in the European Union, have caused, or may in the future cause, a significant reduction in liquidity in the secondary market for asset-backed securities, which could adversely affect the market value of the Series 2024 Bonds or limit the ability of an investor to resell its Series 2024 Bonds. If U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the United States are further downgraded, the market price and/or the marketability of the Series 2024 Bonds could be adversely affected.

As a result, no assurance can be given that the Series 2024 Bonds may be sold by a purchaser thereof at any time or at acceptable prices. Therefore, an investment in the Series 2024 Bonds should only be made by investors who are able to hold such Series 2024 Bonds to maturity notwithstanding the possibility that the Series 2024 Bonds may experience a severe reduction in value while held.

Risks Relating to Book-Entry Registration. The Series 2024 Bonds will be represented by one or more certificates registered in the name of Cede & Co., the nominee for DTC, and will not be registered in an individual investor's name or the name of its nominee. Unless and until definitive securities are issued, holders of the Series 2024 Bonds will only be able to exercise the rights of Bondholders indirectly through DTC and its participating organizations. See the caption "THE SERIES 2024 BONDS—Book Entry Only System" herein.

Servicemembers Civil Relief Act. The Servicemembers Civil Relief Act (the "**Servicemembers Civil Relief Act**"), 50 U.S.C. App. §501 *et seq.* updates and replaces the Soldiers' and Sailors' Civil Relief Act of 1940. The Servicemembers Civil Relief Act provides persons in military service with certain legal protections and benefits, such as a reduction of interest on debts incurred prior to entering military service, protection from court actions and default judgments, and stays on proceedings such as garnishments.

Pursuant to the Servicemembers Civil Relief Act, NJCLASS Loan Program and FFEL Program borrowers who enter military service shall not incur interest in excess of six percent (6%) per year during their military service. Any interest greater than six percent (6%) is forgiven by the Authority.

Interest Rate Exchange Agreements. Although the Authority is not entering into any Interest Rate Exchange Agreements on the date of issuance of the Series 2024 Bonds, it may do so in the future upon satisfaction of the Rating Agency Notice Conditions. If a termination event occurs under such an Interest Rate Exchange Agreement and the Authority owes a counterparty a large Termination Payment that is required to be paid prior to payments of interest or principal on the Bonds, the Authority may not have sufficient funds to make required payments of interest or principal on the Bonds, particularly the Subordinate Bonds, and the holders of the Bonds may suffer a loss. See APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Article V—Section 5.5—Use and Disbursements of Revenue Fund Moneys)" hereto.

Cash Flow and Other Assumptions. Based on certain assumptions, the Authority expects that the Trust Estate will be sufficient to meet debt service payments on the Series 2024 Bonds. No assurance can be given that the assumptions (including the assumptions as to demand for 2024 NJCLASS Loans) will be realized.

The ability of the Revenues and Recoveries of Principal to meet the debt service payments on the Series 2024 Bonds after giving effect to the proposed issuance of the Series 2024 Bonds and projected application of a portion of the proceeds thereof to the origination and acquisition of 2024 NJCLASS Loans and the anticipated receipt of Revenues and Recoveries of Principal thereon and on Transferred NJCLASS Loans and Revenues and Recovery thereon is based upon an analysis of the portfolio of 2024 NJCLASS Loans anticipated to be made or acquired with the proceeds of the Series 2024 Bonds. The analysis uses what are believed to be reasonable assumptions regarding the future composition of and yield on such Student Loan portfolio, the rate of return on moneys invested in various Funds and Accounts under the Indenture and the occurrence of future events and conditions. There is no assurance, however, that interest and principal payments from all Student Loans will be received as anticipated, that the reinvestment rates assumed on the balances of various Funds and Accounts will be realized, or that payments will be received in the amounts and times anticipated or that any of the other assumptions will be realized. Potential investors are encouraged to make their own determination as to the reasonableness of the assumptions. Moreover, future events over which the Authority has no control may materially and adversely affect the Authority's actual receipt of revenue, including adverse economic conditions and competition from other federal or state student loan programs and private lenders.

The Indenture does not limit the percentage of Student Loans on which the Eligible Borrowers elect to pay only interest monthly while the student is in school.

Various factors beyond the Authority's control could adversely affect the Authority's ability to finance NJCLASS Loans with a portion of the proceeds of the Series 2024 Bonds including, but not limited to, reduced demand for NJCLASS Loans. Application of a portion of the proceeds of the Series 2024 Bonds deposited into the Student Loan Fund established pursuant to the Indenture to finance NJCLASS Loans on which the Eligible Borrowers elect to pay principal and interest monthly and various other factors may result in a partial redemption of the Series 2024 Bonds prior to their respective stated maturities. See the captions "THE SERIES 2024 BONDS—Redemption Provisions" herein and APPENDIX A—"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES (Third Supplemental Indenture—Section 2.8—Redemption of Series 2024 Bonds)" and APPENDIX F—"WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2024B BONDS MATURING DECEMBER 1, 2045" hereto.

THE AUTHORITY

General

The predecessor of the Authority, the New Jersey Higher Education Assistance Authority, was created in 1959 and served as lender and guarantor of federally guaranteed student loans for New Jersey students. Certain amendments adopted in 1991 to its enabling legislation provided the New Jersey Higher Education Assistance Authority with the authorization to create the NJCLASS Loan Program. The Authority was established by the Act in 1999 to provide further access to post-secondary education through loans, grants, scholarships or other means. The Act consolidated higher education student assistance entities in New Jersey, including the New Jersey Higher Education Assistance Authority, the Student Assistance Board and the New Jersey Office of Student Assistance, under the Authority.

Organization of the Authority

The Authority is a public body corporate and politic in, but not of, the Department of State and an instrumentality of the State. The Authority board (the "**Board**") consists of 18 members. The Act, as supplemented by Executive Reorganization Plan No. 005-2011, provides that the State Treasurer or a designee, the Secretary of Higher Education or a designee, the Chairperson of the Board of Directors of the Educational Opportunity Fund or a designee from among the public members of such board, and the

Executive Director of the Authority or designee shall serve in an *ex-officio* capacity on the Board of the Authority. The remaining members shall be five representatives of New Jersey post-secondary institutions, two student members and seven public members who are New Jersey residents, one of whom includes a lender. The seven public members of the Authority are appointed by the Governor, with advice and consent of the State Senate. The five institutional representatives are nominated either by their institution or sector association and appointed by the Governor, with advice and consent of the State Senate. Public and institutional members of the Authority are appointed to four-year terms staggered so that the term of at least two members shall expire each year. Student members are the elected chairperson and vice-chairperson of the Student Advisory Committee, a committee representative of all collegiate sectors, created by the Authority. Student members serve a term of office not to exceed two years. No more than four of the public members shall be members of the same political party, and the members hold office until the appointment and qualification of their successors. All members serve without compensation but may be reimbursed for their necessary expenses incurred in their official duties. All members except the Executive Director of the Authority shall be voting members. Any vacancy in the membership of the Board shall be filled in the same manner as the original appointment or election was made, but for the unexpired term only.

In the area of governance, the Board is tailored to be broadly representative of diverse constituencies—public and private sector, colleges and students. Student assistance is linked to other higher education entities, through Authority representation on the Board of the Educational Opportunity Fund. In the area of administration, the Act provides the Authority flexibility in procurement, including professional services, and personnel. In general, the Authority's powers have been broadened, updated and clarified when compared to the law governing its predecessor student assistance entities.

The Act expanded the maximum maturity of Authority debt from 25 years to 35 years, enabled the Authority to participate in interfund borrowing from State Treasury funds, provided for a variety of debt instruments and updated the Authority's same-day approval language for gubernatorial approval of its minutes. These changes gave the Authority the financing flexibility it requires to be responsive as lender or guarantor to evolving student finance needs.

The Act made several programmatic changes. It enhanced the collection tools available to collect on defaulted federal and state student loans. Administrative wage garnishment, which has proven to be very effective for the federal guaranteed student loan program, now operates with a similarly broad reach for state programs, covering both public and private sector employees. The Act also authorized statutorily required information exchanges with other state agencies for purposes of skip-tracing on delinquent or defaulted borrowers.

The Act made some programmatic changes specific to the NJCLASS Loan Program, although most of these are not self-implementing and are subject to the Authority's discretion and rulemaking. One such change broadened the eligibility of institutions participating in the NJCLASS Loan Program beyond collegiate institutions and degree-granting programs of New Jersey proprietary institutions to other proprietary institutions. Regulatory changes have expanded the definition of eligible institutions for NJCLASS Loans to include non-degree granting proprietary institutions that already participate in federal Title IV programs and meet other eligible institution requirements.

The current members of the Board of the Authority, including the Chairperson, Vice Chairperson and Secretary-Treasurer, are as follows:

<u>Member</u>	<u>Affiliation</u>	<u>Category</u>	<u>Member Appointment Status</u>
Chairperson Christy Van Horn	Consultant Highland Park, NJ	Public Member	Appointed*
Vice Chairperson Scott Salmon	Partner, Jardim, Meisner & Susser, P.C.	Public Member	Appointed
Secretary-Treasurer Margo Chaly, Esq.	Executive Director	Executive Director	<i>Ex-Officio</i> Non-Voting
Elizabeth Maher Muoio	State Treasurer, Department of the Treasury, Trenton, NJ	State Treasurer	<i>Ex-Officio</i>
Brian Bridges, Ph.D.	Secretary of Higher Education, Trenton, NJ	Secretary of Higher Education	<i>Ex-Officio</i>
Byron Ward	Board Member, New Jersey Educational Opportunity Fund	EOF Representative	<i>Ex-Officio</i>
Jean McDonald Rash	University Director of Financial Aid Rutgers University New Brunswick, NJ	Rutgers	Appointed*
Beatrice Daggett	Public Relations Executive	Public Member	Appointed*
Shernelle Pringle, MBS	Scientist, Colgate Palmolive	Public Member	Appointed
Nelson Tucios, MD	Professor, Hackensack Meridian School of Medicine	Public Member	Appointed*
Ivona Szaro	Student, Seton Hall University	Chair, Student Advisory Committee	<i>Ex-Officio</i>
Alya Nassrallah	Student, Rutgers University - Newark	Vice-Chair, Student Advisory Committee	<i>Ex-Officio</i>

* Holdover/Term expired. Continues to serve until a successor is appointed.

There are currently six vacancies on the Board of the Authority.

Administration of the Statutory Responsibilities of the Authority

The Authority's mission to provide students and families with financial and informational resources to pursue education beyond high school is achieved through a full-time staff of 153 as of January 31, 2024. Approximately 38% of the full-time staff are dedicated to administering the grant and scholarship programs, and the State's 529 college savings program, New Jersey Better Education Savings Trust ("NJBEST"). The

remainder of the Authority's full-time staff are dedicated to the NJCLASS Loan Program. The following key staff members are expected to remain directly involved in the NJCLASS Loan Program financed with the proceeds of the Series 2024 Bonds:

Margo Chaly, Esquire, Executive Director, Higher Education Student Assistance Authority, was appointed by Governor Philip Murphy in March 2024. Immediately prior to her appointment, Ms. Chaly served as Chief of Staff of the Authority since February 2021, during which time she played an important role in advancing the mission of the Authority, including oversight of Legal & Government Affairs, Communications, and Information Technology. Prior to joining Governor Murphy's Administration, Ms. Chaly was Manager of Litigation & Operations at a law firm in New York City. Prior to that, she worked for more than a decade at multinational insurance companies, most recently on the technology optimization team as the Communications Coordinator and a liaison between executive stakeholders and developers during system migration initiatives. Ms. Chaly holds a Juris Doctor from Seton Hall University School of Law and a Bachelor of Arts from Ithaca College.

Jerry Traino, Chief Financial Officer, Higher Education Student Assistance Authority, serves as the head of the Authority's finance and budgeting, accounting and procurement. He joined the Authority in November 2017. Mr. Traino brings to the Authority over 20 years of public policy experience having held various budget, finance and policy positions in both the Executive and Legislative branches of State Government. Most recently he was the Budget Director in the Office the Governor and was responsible for the overall preparation and execution of the annual State budget. Prior to that, he maintained a leadership role working to implement fiscal and public policy initiatives of members of the State Legislature by serving as a Director of Budget and Finance in the New Jersey General Assembly Minority Office.

Arthur A. Quaranta, Jr., CPA, Controller, Higher Education Student Assistance Authority, is responsible for financial and regulatory reporting, external audit, banking and trustee relations, debt covenant compliance, systems development, staff supervision and managerial oversight for the Authority's loan programs. Prior to joining the Authority in December 2017, he held various accounting positions in the consumer products industry, including divisional senior lead positions of three large publicly traded companies. He also has experience as an auditor for a big four certified public accounting firm. He holds a Bachelor of Science degree in Accounting from the University of Delaware.

Marnie B. Grodman, Esquire, Director of Legal and Governmental Affairs, Higher Education Student Assistance Authority, joined the Authority in May 2005. She is responsible for providing legal analysis, advice and opinions on all issues affecting the Authority, monitoring federal and state legislation impacting the Authority and ensuring regulatory compliance, including FFELP and NJCLASS regulations. Previously, Ms. Grodman was an associate in the litigation department at a large law firm in Woodbridge, New Jersey. Ms. Grodman is a graduate of the University of Pennsylvania Law School where she earned her Juris Doctor degree and Binghamton University, where she received a Bachelor of Arts in Political Science.

Gregory Foster, Esquire, Chief Compliance Officer and Ombudsman, Higher Education Student Assistance Authority, joined the Authority in March 2017. He is responsible for ensuring the Authority's compliance with all federal and state laws and regulations, as well as industry best practices that govern the financial aid sector. Prior to joining the Authority, Mr. Foster oversaw state licensing and reporting for American Water for both the Insurance and Regulatory Compliance divisions. Previously, Mr. Foster has managed collection firms and has extensive experience in call center procedures and compliance. Mr. Foster holds a Juris Doctor degree from Widener University School of Law and a Bachelor of Arts in Political Science from LaSalle University.

Lorraine M. Palmer, Associate Director, Student Loan Programs, Higher Education Student Assistance Authority, has extensive experience in the mortgage industry, managing processing and underwriting centers before joining the Authority in 1998. As the Associate Director of Student Loan Programs at the Authority, she is responsible for the oversight of the NJCLASS Originations unit. Throughout the years she has been a key player in the ongoing efforts to provide NJCLASS Loan borrowers with new products, including the NJCLASS ReFi+ Loan and other online processes, including E-Sign. Lorraine holds an associate's in Business Management and Accounting from Mercer County Community College and a Bachelor of Arts in Liberal Studies from Rider University.

Richard Bates, Associate Director, Customer Care Solutions, Higher Education Student Assistance Authority, joined the Authority in 2019 to lead the Customer Care Solutions unit, including the Customer Contact Center and the Loan Relief, Redemption, and Recovery Support teams. Mr. Bates has over 20 years of experience managing national call center operations within the private sector. Mr. Bates has extensive experience leading cross-functional units including customer service, account management, training, and policy and compliance. In his spare time, Richard volunteers with organizations encouraging youth to attain higher education. Mr. Bates holds a Bachelor of Science degree in Organizational Management from Washington Adventist University, a Graduate Certificate in Management from Johns Hopkins University and a Master of Business Administration from the University of Phoenix.

Authority's Lending Programs and Other Activities

The Authority currently administers a variety of financial assistance and outreach programs for post-secondary students and their families on behalf of the State, including: (a) the NJCLASS Loan Program; (b) various State-funded financial aid, grant and scholarship programs; (c) the NJBEST college savings plan; and (d) State and federally-funded loan redemption programs designed to retain employees within the State in areas of critical need.

The Authority also conducts statewide outreach to increase financial literacy and awareness of higher education opportunities and provides training for school counselors and financial aid administrators, and is among the nation's leading, state-based providers of post-secondary education financial assistance, information, and planning resources, having provided \$5.13 billion of low-cost NJCLASS Loans to New Jersey residents and students since program inception.

Authority's Experience with the NJCLASS Loan Program

In September 1991 the Authority began originating loans under the NJCLASS Loan Program. As of December 31, 2023, the Authority has originated approximately 361,991 NJCLASS Loans having an aggregate principal amount of \$5,133,274,465. Approximately 84,293 active NJCLASS Loans having an aggregate principal amount of \$1,191,804,128 were outstanding as of that date. The Authority is functioning as the lender and servicer of all of the NJCLASS Loans.

The majority of NJCLASS Loans (approximately 299,375) were made to dependent undergraduates (with creditworthy co-signers), approximately 43,424 NJCLASS Loans were made to parents of undergraduate college students, and approximately 19,192 NJCLASS Loans were made to graduate students. In addition, 23,840 of these existing NJCLASS Loans have been consolidated under the NJCLASS Consolidation Loan Program while 10,248 NJCLASS Loans have been refinanced under the ReFi+ Loan Program.

For a description of the current NJCLASS Loans, see the caption "THE LOAN FINANCE PROGRAM" herein.

Outstanding Indebtedness of the Authority

The Authority has previously issued (i) 33 series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$1,705,000,000 under the Indenture of Trust, dated as of June 1, 1998 (the “**1998 Indenture**”); (ii) one series of its Student Loan Revenue Bonds in the original principal amount of \$350,000,000 under the Indenture of Trust, dated as of August 1, 2008 (the “**2008 Indenture**”); (iii) one series of its Student Loan Revenue Bonds in the original principal amount of \$450,000,000 under the Indenture of Trust, dated June 1, 2009 (“**2009 Indenture**”); (iv) two series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$963,000,000 under the 2010-1 Indenture of Trust, dated as of January 1, 2010, as supplemented (the “**2010-1 Indenture**”); (v) one series of its Student Loan Revenue Bonds in the original principal amount of \$145,000,000 under the Indenture of Trust, dated as of May 1, 2010 (the “**2010-FFELP Indenture**”); (vi) two series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$606,500,000 under the Indenture of Trust, dated as of June 1, 2010 (the “**2010-2 Indenture**”); (vii) five series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$1,049,300,000 under the Indenture of Trust, dated as of June 1, 2012, as supplemented (the “**2012 Indenture**”); (viii) one series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$215,850,000 under the Indenture of Trust, dated as of May 1, 2018, as supplemented (the “**2018 Indenture**”); (ix) three series of its Student Loan Revenue Bonds in the aggregate original principal amount of \$800,835,000 under the Indenture of Trust, dated as of June 1, 2019, as supplemented (the “**2019 Indenture**”) and (x) two series of its Student Loan Revenue and Refunding Bonds in the aggregate principal amount of \$351,395,000 under the Indenture. There are currently no series of revenue bonds outstanding under the 1998 Indenture, the 2008 Indenture, the 2009 Indenture or the 2010-2 Indenture. Upon the issuance of the Series 2024 Bonds and the refunding of the Bonds to be Refunded, there will be \$91,505,000 of revenue bonds outstanding under the 2012 Indenture. As of December 31, 2023, \$1,258,185,000 of the Authority’s Student Loan Revenue Bonds were outstanding under the Prior Indentures.

The Series 2024 Bonds are not secured by the assets and funds pledged under the Prior Indentures. See “INTRODUCTION” herein.

[Remainder of page intentionally left blank]

ESTIMATED SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of proceeds of the Series 2024 Bonds and other Authority funds:

Estimated Sources:

Principal Amount of Series 2024 Bonds.....	\$228,190,000
Net Original Issue Premium.....	5,299,465
Other Authority Funds	<u>1,939,490</u>
Total Sources.....	<u>\$235,428,955</u>

Estimated Uses:

Current Refunding of Bonds to be Refunded.....	\$ 28,716,531
Deposit to 2024 NJCLASS Fixed Rate Standard Student Loan Account of Student Loan Fund ¹	145,000,000
Deposit to 2024 Consolidation Loan Account of Student Loan Fund.....	15,000,000
Deposit to 2024 Refinance Loan Account of Student Loan Fund.....	40,000,000
Deposit to 2024 Debt Service Reserve Account of Debt Service Reserve Fund	4,563,800
Pay certain costs of issuing the Series 2024 Bonds ²	<u>2,148,624</u>
Total Uses.....	<u>\$235,428,955</u>

¹ Approximately \$50.2 million of which shall be deposited into the 2024 Option 1 Loan Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account to be used to originate Fixed Rate Ten Year Option 1 Standard NJCLASS Loans, approximately \$69.9 million of which shall be deposited into the 2024 Option 2 Loan Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account to be used to originate Fixed Rate Option 2 Standard NJCLASS Loans, and \$25.0 million of which shall be deposited into the 2024 Option 3 Loan Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account to be used to originate Option 3 Standard NJCLASS Loans.

² Costs of issuance of the Series 2024 Bonds may be paid from funds of the Authority, from Series 2024 Bond proceeds or from both sources, and includes the underwriting fee. See “UNDERWRITING” herein.

THE LOAN FINANCE PROGRAM

General

The Authority’s Loan Finance Program (the “**Loan Finance Program**”) described under this caption primarily relates to the NJCLASS Loan Program. The NJCLASS Loan Program is a program of the Authority established to offer a supplemental source of loan funds to assist New Jersey students in meeting the costs of their education at an eligible institution located within or outside the State. The Authority administers the NJCLASS Loan Program in accordance with the rules and regulations (the “**Administrative Rules**”) promulgated by the Authority.

The Authority has historically made five types of NJCLASS Loans: Standard NJCLASS Loans, NJCLASS ReFi+ Loans, NJCLASS Consolidation Loans, NJCLASS Graduate/Professional Loans, and NJCLASS Medical/Dental Loans.

Standard NJCLASS Loans

The Standard NJCLASS Loan Program was the original loan program enacted in 1991 and was previously referred to as the Fixed Rate NJCLASS Loan Program. To date, this is the largest portion of the portfolio, and is considered the main loan program. Approval is based upon minimum income and credit criteria.

Under the Standard NJCLASS Loan Program, the Authority originates loans with three repayment options: Option 1 Loans, Option 2 Loans, and Option 3 Loans (each as defined and described below). Option 1 Loans require immediate repayment of principal and interest following disbursement of the Student Loan. Option 2 Loans require monthly payments of interest only while the student is in school at least half-time, and principal and interest monthly thereafter. In Option 3 Loans, principal and interest payments are fully deferred while the student is in school at least half-time, then the interest is capitalized and added to the original loan principal balance annually thereafter.

Historically, Option 1 Loans were originated with a fixed interest rate and term not to exceed fifteen (15) years (the “**Fixed Rate Fifteen Year Option 1 Loans**”). In 2010, the Authority initiated a new Standard NJCLASS Loan option to originate 10-year fixed rate NJCLASS Student Loans (the “**Fixed Rate Ten Year Option 1 Loan Program**”). In 2014, the Authority initiated an additional NJCLASS Loan option to originate Variable Rate Ten Year Option 1 Loans (the “**Variable Rate Ten Year Option 1 Loan Program**”).

For purposes of the Series 2024 Bonds, the term “**Standard NJCLASS Loans**” shall mean Fixed Rate Ten Year Option 1 Loans, Option 2 Loans and Option 3 Loans. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Schedule C; Student Eligibility and Credit Criteria—Eligibility Requirements for NJCLASS Loans)” hereto for a description of the applicable credit criteria.

NJCLASS ReFi+ Loans

The Authority makes ReFi+ Loans pursuant to a Loan Refinance Program originally funded in 2016. Pursuant to the Loan Refinance Program, the Authority offers loans to students or parents to refinance their outstanding Federal Parent PLUS loans, NJCLASS Loans, or school certified private education loans with a single fixed rate loan (each an “**NJCLASS ReFi+ Loan**”).

The NJCLASS ReFi+ Loan student beneficiary must meet the student nexus requirement with respect to either the original loan or the NJCLASS ReFi+ Loan. An NJCLASS ReFi+ Loan will satisfy the student nexus requirement if: (1) at the time the original loan was originated, the student beneficiary was a resident of New Jersey or was enrolled at a college or university or non-traditional/proprietary institution located in New Jersey and eligible for Title IV, Higher Education Act of 1965 assistance or (2) at the time the NJCLASS ReFi+ Loan is originated, the student beneficiary of the NJCLASS ReFi+ Loan is a resident of New Jersey.

To be eligible for an NJCLASS ReFi+ Loan, the borrower must refinance at least \$5,000 in unpaid principal of outstanding NJCLASS Loans, Federal Parent PLUS loans, or school-certified private education loans where loan payments are in repayment and current (collectively, the “**Loans Eligible for Refinance**”). Principal of and interest on NJCLASS ReFi+ Loans is payable monthly immediately upon loan disbursement, for a loan term of up to ten (10) or fifteen (15) years. To obtain an NJCLASS ReFi+ Loan, the borrower on the NJCLASS ReFi+ Loan must be the borrower on each of the underlying Loans Eligible for Refinance included in the NJCLASS ReFi+ Loan application, and the student for which the loans were obtained must be out of school (graduate or withdrawn). There can be up to four (4) parties on

the NJCLASS ReFi+ Loan application. One party must meet minimum income and creditworthiness requirements.

For any terms and conditions not specifically developed for the Loan Refinance Program, the Administrative Rules applicable to the NJCLASS Loan Program as a whole will apply. The Authority reserves the right to make modifications to the Loan Refinance Program in the future.

NJCLASS Consolidation Loans

In June 2005, the Authority initiated the NJCLASS Loan Consolidation Program to allow eligible NJCLASS borrowers to consolidate their existing NJCLASS Loans into a single, fixed interest rate loan with a longer repayment term, a lower monthly payment and a fixed rate of interest (each, an “**NJCLASS Consolidation Loan**”).

A borrower on the underlying loan must be one of the borrowers on the NJCLASS Consolidation Loan. Only NJCLASS Loans may be included in the consolidation (no other private loans are refinanced). Students must be no longer enrolled at the time of the consolidation. NJCLASS Consolidation Loans require a creditworthiness test and a minimum income level for approval.

The repayment term is based on the total amount of the NJCLASS Consolidation Loan at the time of approval. An NJCLASS Consolidation Loan with an initial principal amount under or equal to \$59,999 receives a 25-year repayment term. An NJCLASS Consolidation Loan with an initial principal amount equal to or exceeding \$60,000 receives a 30-year repayment term.

To be eligible for an NJCLASS Consolidation Loan, the borrower must consolidate at least \$30,000 in unpaid principal (including any deferred interest added to principal) of two or more outstanding NJCLASS Loans; the loans must be in monthly repayment status, payments must be current and the student for which the loans were obtained must be out of school (graduate or withdrawn). In addition, the borrower must meet minimum income and creditworthiness requirements. Creditworthy co-signers may be required. To obtain an NJCLASS Consolidation Loan, the borrower or the co-borrower on the NJCLASS Consolidation Loan must be the borrower or co-borrower on each of the underlying loans being consolidated. However, in the case of married persons, domestic partners (as defined in P.L. 2003, c.246, codified at N.J.S.A. 26:8A-1 *et seq.*) or civil union couples (as defined in P.L. 2006, c.103, codified at N.J.S.A. 37:1-28 *et seq.*), either person may be the borrower or co-borrower of the loans to be consolidated.

The interest rate on the NJCLASS Consolidation Loan is a weighted average fixed rate, based on the weighted average interest rate of the underlying loans being consolidated. The weighted average interest rate of each underlying loan is determined by blending the applicable initial and step-up interest rates, based on the number of scheduled billing periods remaining to the end of the loan term, rounded down by 0.50%.* If the interest rate of the underlying loan currently reflects the step-up interest rate, the step-up interest rate is used solely in the calculation. If a Variable Rate NJCLASS Loan is being included in the consolidation, the applicable fixed interest rate for the academic year in which the underlying Variable Rate NJCLASS Loan was disbursed is used in the calculation of the weighted average interest rate.

For any terms and conditions not specifically developed for the NJCLASS Loan Consolidation Program, the Administrative Rules applicable to the NJCLASS Loan Program generally will apply. The

* For NJCLASS Consolidation Loans made with proceeds of the Authority’s Student Loan Revenue Bonds, Series 2016-1 (the “Series 2016-1 Bonds”) and earlier series, the weighted average interest rate of each underlying loan is to be determined by blending the applicable initial and step-up interest rates, based on the number of scheduled billing periods remaining to the end of the loan term, rounded up by 0.25%.

Authority reserves the right to make modifications to the NJCLASS Loan Consolidation Program in the future.

NJCLASS Graduate/Professional Loans

The NJCLASS Graduate/Professional Loan Program was initiated as the Variable Rate NJCLASS Loan in 1997 and was available only to students in graduate and professional degree programs at eligible institutions. Beginning with the 2006-2007 origination cycle, the Authority ceased originating Variable Rate NJCLASS Loans and began originating NJCLASS Graduate/Professional Loans as fixed rate student loans. Variable Rate NJCLASS Loans originated prior to the 2006-2007 origination cycle remain in effect as variable rate loans. The Authority ceased originating new NJCLASS Graduate/Professional Loans in 2019.

NJCLASS Medical/Dental Loans

In June 2009, the Authority initiated a program to originate NJCLASS Medical/Dental Loans which are fixed rate loans for New Jersey students attending medical school or for students attending medical school in New Jersey who are pursuing a degree in allopathic, osteopathic, or dental medicine and working toward a MD, DO, DDS or DMD degree. The program was known as the “**NJCLASS Medical/Dental Student Loan Program**” and provided longer repayment terms and deferment options to address the specialized training requirements for these students. The eligibility criteria for this loan program mirrored the eligibility criteria used for the NJCLASS Graduate/Professional Loan Program. The Authority ceased originating new NJCLASS Medical/Dental Loans in 2011.

Series 2024 Loan Funding Limits

From and after issuance of the Series 2024 Bonds, the Authority plans to originate 2024 NJCLASS Loans with a portion of the proceeds of the Series 2024 Bonds deposited into the following accounts and subaccounts with the Student Loan Fund: (a) the 2024 NJCLASS Fixed Rate Standard Student Loan Account (and within the 2024 NJCLASS Fixed Rate Standard Student Loan Account, the 2024 Option 1 Loan Subaccount, the 2024 Option 2 Loan Subaccount and the 2024 Option 3 Loan Subaccount), (b) the 2024 Consolidation Loan Account, and (c) the 2024 Refinance Loan Account.

Initial deposits into such accounts and subaccounts from proceeds of the Series 2024 Bonds will be as follows: approximately \$50.2 million to the 2024 Option 1 Loan Subaccount; approximately \$69.9 million to the Option 2 Loan Subaccount; \$25.0 million to the 2024 Option 3 Loan Subaccount; \$15.0 million to the 2024 Consolidation Loan Account; and \$40.0 million to 2024 Refinance Loan Account.

No portion of the proceeds of the Series 2024 Bonds will be used by the Authority to originate Fixed Rate Fifteen Year Option 1 Loans, Variable Rate Ten Year Option 1 Loans, NJCLASS Graduate/Professional Loans, or NJCLASS Medical/Dental Student Loans. There are presently no Variable Rate Ten Year Option 1 Loans within the Trust Estate established pursuant to the Indenture, and no Variable Rate Ten Year Option 1 Loans from the 2012 Indenture or the 2010-1 Indenture will be transferred into the Indenture. In future academic years, the Authority may issue Additional Bonds pursuant to a Supplemental Indenture for the purpose of financing Eligible Loans described in this paragraph with the proceeds of such Additional Bonds, subject to delivery to the Trustee of a Rating Agency Confirmation from the Rating Agency.

Eligible Institutions

The Act which established the NJCLASS Loan Program provides that unless restricted by the Authority by regulations, “eligible institution” means an institution of higher education licensed by the appropriate agency or department and accredited or pre-accredited by a nationally recognized accrediting association. Under the current Administrative Rules, the definition of “eligible institution” includes certain proprietary institutions that offer degree-granting programs approved by the New Jersey Office of the Secretary of Higher Education, as well as non-degree granting proprietary institutions that already participate in the Federal Title IV programs (an “**Eligible Institution**”). The Administrative Rules limit participation to institutions with a 3-year federal cohort default rate of 25% or less for Standard NJCLASS Loans and 15% or less for NJCLASS Graduate/Professional Loans.

Eligible Borrowers

To qualify as an eligible borrower under any of the NJCLASS Loan Programs (an “**Eligible Borrower**”) an applicant must be a parent of a student meeting the residency/education requirements described below or a student beneficiary who meets such requirements and who must: (i) be a citizen, national or legal resident of the United States or be in the United States for other than temporary purposes and intend to become a permanent resident; (ii) not owe a grant refund, be in default on a student loan, have had a student loan discharged in default, have a student loan written-off as uncollectible, or be in violation of any of the other criteria for determining creditworthiness or have adverse credit, as applicable, as outlined in the Administrative Rules; (iii) provide an acceptable co-signer if it is determined by the Authority that one is required; and (iv) in the event that an NJCLASS Loan was previously canceled due to the applicant’s total and permanent disability or temporary total disability, obtain a certification from a physician that the applicant’s condition has improved and that the applicant is able to engage in substantial gainful activity and sign a statement acknowledging that the new NJCLASS Loan received cannot be canceled on the basis of any present impairment.

In addition, the student beneficiary shall, unless otherwise restricted by the Authority by regulation: (i) be a New Jersey resident enrolled on at least a half-time basis as an undergraduate or graduate student in an eligible institution in New Jersey; (ii) be a New Jersey resident enrolled on at least a half-time basis as an undergraduate or graduate student in an eligible institution outside of New Jersey; or (iii) reside outside the State and be enrolled on at least a half-time basis as an undergraduate or graduate student in an eligible institution in New Jersey. The Administrative Rules further require that a student shall: (i) be a citizen, national or legal resident of the United States or be in the United States for other than temporary purposes and intending to become a permanent resident as evidenced by Immigration and Naturalization Service Documentation; (ii) have a high school diploma or a high school equivalency certificate; (iii) be enrolled or accepted for enrollment on at least a half-time basis in an eligible institution; (iv) if currently enrolled in an eligible institution, be determined by the school to be making satisfactory academic progress in a degree or certificate program; and (v) if applying for an NJCLASS Loan financed in whole or in part by qualified student loan bonds, as described in Section 144(b) of the Internal Revenue Code of 1986, as amended (the “**Code**”), have met the eligibility criteria described in that Section of the Code or have not violated any other criteria which would adversely affect the status of such bonds under Section 144(b) of the Code.

Finally, under the provisions of the Loan Refinance Program, either: (i) at the time the original loan was originated, the student beneficiary was a resident of New Jersey or enrolled at an eligible institution in New Jersey; or (ii) the student beneficiary is now a resident of New Jersey.

Origination Process for Standard NJCLASS Loans

The origination process for NJCLASS Loans is a cooperative effort among the Authority, Eligible Institutions and Eligible Borrowers.

Application Process. The Authority hosts secure web-based applications for each of the NJCLASS Loan Programs. The application is used to determine the applicant's eligibility and creditworthiness. All of the NJCLASS Loan Programs, except for the NJCLASS Loan Consolidation Program and the Loan Refinance Program (unless a private educational loan is being refinanced), require a school certification from the Eligible Institution's financial aid office. The borrower must complete the Private Education Loan Self-Certification form required for all private educational loans. All applicants must acknowledge the application disclosures required by the Truth in Lending Act for private education loans.

Credit Underwriting Criteria. Credit preapproval for all NJCLASS Loans requires a minimum income and acceptable credit score. Credit scoring is a comparable process and greatly reduces the amount of paper that the borrower is required to provide and speeds up the approval process. Credit scoring has become the industry standard for approving consumer debt. Applicants who do not meet the income requirement or have credit scores that fall below a minimum threshold must apply with a creditworthy co-signer. If any of the following exist, it may result in a denial of a NJCLASS Loan; however, the applicant may still be eligible for an NJCLASS Loan if the applicant is able to secure a creditworthy cosigner:

- (a) Four or more accounts 30 days or more late within the last 6 months;
- (b) One account 60 days or more late within the last 3 months;
- (c) Two or more accounts 60 days or more late within the last 6 months;
- (d) Four or more accounts 60 days or more late within the last 12 months;
- (e) One or more accounts 90 days or more late within the last 12 months;
- (f) Any unpaid non-medical collections, judgments, or charge-off accounts greater than \$100;
- (g) Any foreclosures in the last 3 years;
- (h) Any repossessions in the last 3 years;
- (i) Any bankruptcies filed or discharged within the last 3 years;
- (j) Any open tax liens or Office of Foreign Assets Control Agency matches;
- (k) Any current student loan in default; or
- (l) Any delinquent NJCLASS Loan.

Any applicant denied upon completion of the detailed credit history review may reapply with a different co-signer. The Authority reserves the right to make the final credit assessment. The Authority does not provide a co-signer/co-borrower release option.

School Certification Required. All of the NJCLASS Loan Programs (other than the NJCLASS Loan Consolidation Program and the Loan Refinance Program (unless a private educational loan is being refinanced)), require a certification by the financial aid office of the student's eligibility, enrollment status, loan amount, disbursement dates and amounts. The financial aid office at the student's school will be required to certify: (i) whether the student is currently enrolled on at least a half-time basis or has been accepted for enrollment on at least a half-time basis; (ii) if applicable, whether the applicant is making satisfactory academic progress; (iii) the loan amount does not exceed cost of attendance minus estimated financial aid; and (iv) whether the student has filed all financial aid information required by the school to determine the student's eligibility for Federal Stafford Loans and has applied for Federal Stafford Loans if eligible. Students are required to take out a subsidized and/or unsubsidized Federal Stafford Loan, if eligible, or the school must decrease the NJCLASS Loan amount certification by the amount the student is eligible for under a Federal Stafford Loan.

The approved loan amount may not exceed the difference between the student's total cost of attendance at the Eligible Institution for the academic year for which the loan is requested and other forms of student assistance for which the student may be eligible, excluding Federal PLUS Loans and Health Education Assistance Loans.

Determination of Approved Loan Amount. All NJCLASS Loans are reviewed by the Authority in accordance with all eligibility requirements. The final approval is based upon both the credit preapproval and the school's certification. The approved loan amount for a Standard NJCLASS Loan is the lesser of the borrower's requested amount or the school's determination of eligibility. The approved loan amount for an NJCLASS Consolidation Loan or NJCLASS ReFi+ Loan is the amount required to satisfy the underlying loans being consolidated/refinanced. The Authority reserves the right to approve an amount that is less than either the borrower's requested amount or the school certified amount. The minimum loan amount for all NJCLASS Loan programs, except NJCLASS Consolidation Loans and NJCLASS ReFi+ Loans, is \$500. The minimum loan amount for an NJCLASS Consolidation Loan is \$30,000 and the minimum loan amount for an NJCLASS ReFi+ Loan is \$5,000. The Authority will notify the applicant and the Eligible Institution as to whether the applicant has been approved and, if so, in what amount. The Authority generates a loan offer disclosure in accordance with provisions of the Truth in Lending Act. The borrower has 30 days to accept the offer. During this period, no modifications are permitted to the loan terms. Pursuant to P.L. 2017 c.198, for student beneficiaries first applying for an NJCLASS Loan on or after August 8, 2017, the total NJCLASS Loans borrowed for each student could not originally exceed \$150,000. This is an aggregate per student loan limit, which will be increased annually for each academic year over the prior year by the regression-based index value of the Higher Education Price Index (the aggregate per student loan limit will be \$187,663 on the date of issuance of the Series 2024 Bonds). The loan limit does not apply to students who have previously received NJCLASS Loans or who applied for their current loans prior to August 8, 2017.

E-Sign Process. The Authority's electronic signature ("E-sign") process was designed and implemented to assure that e-signed promissory notes resulting from the NJCLASS application process (also conducted remotely via secure internet protocol) provide the Authority with assurances that all reasonable and necessary steps are taken to assure that the Authority holds a secured first lien interest in such promissory note and that the entire process, inclusive of borrowers/co-signers ceremony, file transfer, affixed e-signature and secure storage of the promissory note provide appropriate verification of the borrowers/co-signers, an unbroken and provable chain of custody, an unalterable record of the E-sign process and an unalterable promissory note all sufficient to satisfy any court of competent jurisdiction of the credibility of the process and authenticity of the e-signed promissory note. Prior to instituting its E-sign process, the Authority sought independent legal advice from nationally recognized experts in e-commerce process and e-litigation and implemented those controls and procedures identified by the e-commerce experts to assure compliance with applicable statutory law (such as the Electronic Signatures in Global and National Commerce Act ("ESIGN"), the New Jersey Uniform Electronic Transactions Act ("NJ UETA") and evidentiary principles applicable to the Federal Courts and New Jersey State Courts.

Based upon independent and detailed analysis of the Authority's NJCLASS E-sign process with regard to applicable legal requirements, the Authority's E-sign process results in loan documents, consent, and XML data transaction records that satisfy the definition of "electronic records" under both ESIGN and NJ UETA necessary to securitize the loans. Moreover, the E-sign process procedures capture signatures within ESIGN and NJ UETA, and the procedures surrounding the capture of those signatures adequately capture borrower/co-signer intent, authentication and attribution. In addition, adequate controls are in place ensuring that loan documents are unalterable subsequent to initial execution and remain unalterable through Secure File Transfer Protocol (SFTP) to Computershare Trust Company, National Association, as verification agent. The entirety of the Authority's NJCLASS E-sign process complies with all regulatory requirements pursuant to the Truth In Lending Act also known as "Regulation Z" (15 U.S.C. 1601 *et seq.*).

Loan Disbursement. In accordance with the Truth in Lending Act disclosures required for private education loans, the Authority generates a Pre-disbursement Loan Disclosure statement to all parties to the loan. The borrower is provided a three (3) day right to rescind period and no disbursements are permitted until after the rescission period has expired. The Authority disburses NJCLASS Loans in either one disbursement or multiple disbursements. Disbursements are made via Electronic Funds Transfer (“EFT”) or paper check, depending upon the school’s preference. EFT Funds are sent directly to the school. Check disbursements where the student is the borrower are made payable to and sent directly to the school. NJCLASS Loans may be canceled without penalty or interest after disbursement if the funds are returned to the Authority within sixty (60) days of the disbursement date.

Student Loan Terms

Student Eligibility and Credit Underwriting Criteria. The Authority’s eligibility requirements for Standard NJCLASS Loans include that the borrower and co-signer (if necessary) must meet the NJCLASS Loan Program eligibility criteria described under the caption “Eligible Borrowers” above and one of the borrower(s) and/or co-signer(s) must demonstrate creditworthiness with a credit score of 670 or greater. In addition, the current minimum income restriction is \$40,000. Approximately 40% of NJCLASS Loans are made to Borrowers with incomes between \$40,000 and \$100,000, which generally reflects parent co-signer incomes. Borrowers and co-signers applying for fixed rate NJCLASS Loans and NJCLASS Consolidation Loans that have a credit score between 670 and 699 must meet a detailed satisfactory credit history review as reported on a standard credit report. Borrowers and co-signer with a credit score of 700 or greater will be credit pre-approved. Pursuant to the Third Supplemental Indenture, the Authority may not originate 2024 NJCLASS Loans (including NJCLASS ReFi+ Loans) with a credit score less than 670. The interest rate on the NJCLASS ReFi+ Loans has been based on the borrower’s or co-obligor’s credit score. NJCLASS ReFi+ borrowers or co-obligors with FICO scores of (a) between 670 and 719 are currently offered a 6.55% 10-year term loan and a 6.90% 15-year term loan, and (b) 720+ are currently offered a 5.99% 10-year term loan and a 6.70% 15-year term loan. The interest rate on NJCLASS ReFi+ Loans originated with proceeds of the Series 2024 Bonds and Recoveries of Principal will not vary based upon the borrower’s or co-obligor’s credit score.

Loan Payment Options. The Eligible Borrowers for NJCLASS Loans of all types, excluding NJCLASS Consolidation Loans, Variable Rate Ten Year Option 1 Loans and NJCLASS ReFi+ Loans, may request one of three payment options: (i) to pay principal and interest monthly immediately upon disbursement (“**Option 1 Loans**”); (ii) to pay only interest monthly while the student is in school at least half-time and thereafter pay principal and interest monthly (“**Option 2 Loans**”); or (iii) to defer principal and interest payments while the student is in school at least half-time and thereafter pay principal and interest monthly (“**Option 3 Loans**”). For Option 3 Loans, other than NJCLASS Medical/Dental Loans, deferred interest payments are capitalized and added to the original loan principal balance annually on December 31 of each year. Option 3 Loans will carry an interest rate that is higher than Option 1 and Option 2 loans.

Standard NJCLASS Loans shall have the following repayment terms: (i) Option 1 Loans originated in 2019 and later must be repaid within ten (10) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment; (ii) Option 1 Loans originated prior to 2019 must be repaid within either ten (10) or fifteen (15) years, as applicable, of the first loan disbursement, inclusive of any authorized period of forbearance or deferment; (iii) Option 2 Loans must be repaid within fifteen (15) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment; (iv) Option 3 Loans must be repaid within twenty (20) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment; and (v) Variable Rate Ten Year Option 1 Loans must be repaid within ten (10) years of the first loan disbursement, inclusive of any authorized period of forbearance

or deferment. Interest rates for Standard NJCLASS Loans will be fixed based on market rates at the time of issuance.**

NJCLASS Consolidation Loans must be repaid within twenty-five (25) or thirty (30) years of the first loan disbursement, inclusive of any authorized period of forbearance or deferment.

NJCLASS ReFi+ Loans must be repaid within ten (10) or fifteen (15) years of the loan closing and repayment includes both principal and interest and is payable monthly.

The Administrative Rules applicable to NJCLASS Loans made after August 31, 1998 make the minimum acceptable monthly payment the amount required to fully repay an NJCLASS Loan in the maximum repayment period; however, the minimum acceptable monthly payment would not be less than \$50 per borrower for all of that borrower's NJCLASS Loans. For NJCLASS Loans in monthly interest-only payment, the minimum acceptable monthly payment is not less than \$10 per NJCLASS Loan. There is no penalty for prepayment of an NJCLASS Loan.

An Administrative Fee equal to one percent (1%) of the original principal amount of each NJCLASS Consolidation Loan originated with proceeds of the Series 2024 Bonds is added to the loan amount and retained by the Authority. There is no Administrative Fee charged for Standard NJCLASS Loans and NJCLASS ReFi+ Loans.

Discount for Electronic Loan Payments. The Authority will offer a discount of 0.25% to certain qualifying borrowers of 2024 NJCLASS Loans who electronically submit re-occurring loan payments. The availability of this discount will be limited to a maximum of 30% of the outstanding principal balance of the 2024 NJCLASS Loans originated under the Indenture and 30% of the outstanding principal balance of the Transferred Loans.

Deferments. The Authority will, upon receipt of required documentation, defer repayment of NJCLASS Loans in certain circumstances. Only the following six deferments are currently available: (i) full-time or half-time study; (ii) unemployment, (iii) service in an eligible internship or residency; (iv) active duty in the Armed Forces; (v) service in the Peace Corps; and (vi) temporary total disability. In addition, the Authority is authorized to determine the maximum allowable time periods for each type of deferment. In any event, periods of authorized deferment do not extend the maximum loan repayment terms for NJCLASS Loans. The borrower must submit a request for deferment and provide documentation supporting his/her request and his/her NJCLASS Loan account must be current. During periods of deferment, borrowers are permitted to make quarterly or monthly interest-only payments (in accordance with the promissory note terms and conditions) and defer payment of principal. Under the terms of the Fixed Rate Ten Year Option 1 Loan Program and the Variable Rate Ten Year Option 1 Loan Program, only limited deferment options are permitted. The Authority reserves the right to permit borrowers to defer payment of principal and interest during periods of deferment. In all cases except the temporary total disability of the student borrower, interest that accrues is the responsibility of the borrower and, if not paid during the deferment period, any accrued interest is capitalized. Pursuant to N.J.S.A. 18A:71C-31.3, in the event of the temporary total disability of the student borrower, payments of both principal and interest are deferred and interest does not accrue.

** Interest rates for Standard NJCLASS Loans for years prior to 2018 were either: (i) fixed based on market rates at the time of issuance and increased by 0.75% (75 basis points) beginning with the borrower's forty-ninth (49th) month of principal repayment with respect to Option 1 Loans and Option 2 Loans and the borrower's thirteenth (13th) month of principal repayment with respect to Option 3 Loans (full deferral); or (ii) variable, solely with respect to the Variable Rate Ten Year Option 1 Loans, determined quarterly based on 3-Month LIBOR (currently 3-Month SOFR) plus 4.25%, but subject to a 9.50% maximum rate.

Under the Servicemembers Civil Relief Act, loans entered into by persons on active duty in military service prior to their period of active duty may bear interest at no more than six percent (6%) per year for the period of such person's active service. Accordingly, payments received by the Authority on NJCLASS Loans to a borrower who qualifies for such relief may be subject to such limitation during the borrower's period of active military duty.

Forbearance. Forbearance may be granted at the sole discretion of the Authority in cases where, because of temporary hardship or recent graduation status, a borrower is willing but unable to pay in accordance with the repayment schedule. Forbearance would not be authorized when the borrower is unwilling to pay. The borrower must submit a request for forbearance and provide other documentation supporting their request and their NJCLASS Loan account must be current. Upon receipt of a written request for forbearance of the principal payment from the Eligible Borrower or co-signer, forbearance will be granted for a period of time at the discretion of the Authority. In any event, periods of authorized forbearance do not extend the maximum loan repayment terms for NJCLASS Loans. During periods of forbearance, borrowers are permitted to make quarterly or monthly interest-only payments (in accordance with the promissory note terms and conditions) and defer payment of principal. Under the terms of the Fixed Rate Ten Year Option 1 Loan Program and the Variable Rate Ten Year Option 1 Loan Program, only limited forbearance options are permitted. The Authority reserves the right to permit borrowers to defer payment of principal and interest during periods of forbearance. In all cases, interest that accrues is the responsibility of the borrower and, if not paid during the forbearance period, any accrued interest is capitalized. See the caption "CERTAIN INVESTMENT CONSIDERATIONS—*An Outbreak Similar to the COVID-19 Pandemic Could Adversely Affect the Value of the Series 2024 Bonds or Borrowers' Ability to Repay Their Student Loans*" herein.

Repayment Assistance Program. In order to better assist those families who suffer a material loss of income for a period of time during the life of their NJCLASS Loans, the Authority initiated a Repayment Assistance Program ("RAP"). Subject to the availability of funds, borrowers are eligible to participate in the program for a period of two (2) years. The monthly payment amount on an eligible NJCLASS loan(s) will be reduced to ten percent (10%) of the total of the household income of all of the parties to the NJCLASS Loan that exceeds 150% of the federal poverty guideline for their family size, with a minimum monthly payment of \$5 per month. Interest that accrues during the RAP period will be paid by the Authority. All other payments received are applied to the reduction of the principal balance of the NJCLASS Loan. At the end of the RAP period, the regular monthly payment amount is recalculated based on the remaining principal balance of the NJCLASS Loan. With respect to the Student Loans, the Authority will fund RAP in a monthly amount equal to the greater of (a) one twelfth ($1/12^{\text{th}}$) of 0.05% per annum of the principal balance of the Student Loans and (b) \$2,500. As such, the Authority believes the reserve it has created for RAP has been sized to cover expected utilization. NJCLASS ReFi+ Loans and Consolidation Loans are not eligible for RAP.

Household Income Affordable Repayment Plan. Subject to available funds, new Standard NJCLASS Loans originated in the Indenture are eligible for the Household Income Affordable Repayment Plan ("HIARP"). NJCLASS ReFi+ Loans and Consolidation Loans are not eligible for HIARP. HIARP is available on a first-come, first-served basis.

The HIARP program provides payment relief when all parties to the NJCLASS Loan are facing financial hardship and have exhausted their RAP eligibility. Subject to the availability of funds and authorization, the monthly payment amount on an eligible loan(s) shall be reduced to 15% of the total household income of all of the parties to the NJCLASS Loan that exceeds 150% of the federal poverty guideline for their family size, with a minimum monthly payment of \$25 per month. Upon qualification for admittance into HIARP the repayment term for NJCLASS Loans in HIARP will be extended to 25 years from the date of origination and any remaining balance at the end of 25 years will be forgiven, regardless

of whether the NJCLASS Loan remains eligible for reduced monthly payments during the remainder of such extended term. Interest continues to accrue on the NJCLASS Loans in HIARP at the original rate, and annual certification and proof of need is required to remain eligible for reduced payments. If the parties no longer qualify for reduced payments, the repayment term will remain at 25 years and the monthly repayment amount shall revert to the Standard Monthly Payment. Unpaid interest will be capitalized upon return to the Standard Monthly Payment. The “Standard Monthly Payment” is determined when parties enter the HIARP program by capitalizing all unpaid interest and amortizing the remaining loan balance over the remaining original loan repayment term. With respect to Eligible Loans financed under the Indenture, the Authority will fund HIARP in an amount not to exceed \$5.0 million.

Death, Disability and Bankruptcy. If an Eligible Borrower dies or becomes totally and permanently disabled, the Authority may pursue any co-borrower or co-signer for repayment of the NJCLASS Loan except in the event of the death or total and permanent disability of the student beneficiary. If the student beneficiary dies or becomes totally and permanently disabled, the loans are forgiven for all parties to the NJCLASS Loan. See the captions “Loan Servicing—Defaults”; and “—Collections on Defaulted Loans—Authority Enforcement Procedures” below. If a petition for relief under Chapter 7 of the U.S. Bankruptcy Code has been filed by the Eligible Borrower, the Authority will seek collection from the co-signer. However, the Eligible Borrower will remain liable on the NJCLASS Loan to the extent the NJCLASS Loan is not discharged in bankruptcy or paid by the co-signer. It should be noted that the Bankruptcy Abuse Prevention and Consumer Protection Act (“**BAPCPA**”) preserved the changes made in the 1998 amendments to the U.S. Bankruptcy Code which had removed one of the two exceptions to non-dischargeability of student loans making it more difficult to discharge an NJCLASS Loan in bankruptcy. BAPCPA also makes clear that included within the meaning of educational loan (as used in the U.S. Bankruptcy Code) is a “qualified education loan, as defined in Section 221(d)(1) of the Code, incurred by a debtor who is an individual.”

Rehabilitation. On April 25, 2019, Governor Murphy signed P.L. 2019 c.63 creating a program whereby defaulted NJCLASS borrowers can repair their credit. Pursuant to this law, if parties to a defaulted NJCLASS Loan make nine (9) on-time monthly payments over the course of ten (10) consecutive months pursuant to a settlement agreement entered into with the Authority through its collection counsel, the NJCLASS Loan will be considered to be rehabilitated for the limited purpose of meeting the requirements of Title VI of the federal Economic Growth, Regulatory Relief, and Consumer Protection Act. In such circumstances, the Authority may submit reports to credit bureaus that such NJCLASS Loans are no longer defaulted and these reports will be deemed accurate under the federal Fair Credit Reporting Act. If, subsequent to meeting these provisions, the parties fail to continue to honor the obligations of the settlement agreement for at least 180 days, the NJCLASS Loan may no longer be considered rehabilitated for the limited purposes described above. A defaulted NJCLASS Loan may only be rehabilitated for the limited purposes described above one (1) time.

Loan Servicing and Collections

After disbursement, the NJCLASS Loans will be serviced by the Authority, as servicer (in such capacity, the “**Servicer**”), pursuant to the terms and provision of an Acknowledgement of Servicing (the “**Acknowledgement of Servicing**”) between the Authority and the Trustee. The Authority may in the future contract with a loan servicer to provide such services for any or all Student Loans financed with the proceeds of Additional Bonds issued pursuant to the Indenture. The Authority will be paid a fee to act as Servicer, which fee will be a Program Expense. As of December 31, 2023, the Authority was servicing approximately 84,923 loans under the NJCLASS Loan Program. In an effort to continuously improve its level of service and efficiency, in 2019 the Authority contracted with DecisivEdge (“**DE**”) to design a new Oracle-based servicing platform for the servicing and collection of NJCLASS Loans, to be maintained and operated by the Authority. Beginning in the fall of 2023, the Authority began a phased migration of

NJCLASS Loans from its legacy system to the Collections, Loan Accounting and Servicing System (“CLASS”) of DE. The Authority anticipates the full migration of NJCLASS loans to CLASS by the end of 2024.

Throughout the project development, the Authority has maintained a very methodical user acceptance testing (“UAT”) process which includes shared screen interaction between the Authority staff and DE developers. This process provides collaborative real time testing scenarios and corrective action discussions. The Authority does not sign off on progression milestones until 100% success rates are ensured with each test scenario. Test failures are documented and submitted to DE via a ticket system and the vendor likewise provides the Authority documented solutions to the tickets. The Authority will be moving its existing portfolio to the CLASS platform in batches grouped by product type to mitigate potential errors that could impact borrower accounts. Those migrated files will not be put into a production environment until the Authority has performed another round of UAT. Additionally, the Authority will continue to operate the current mainframe system until it is confident the CLASS platform is operating as expected.

The Authority may be removed as the Servicer, or be required to engage subservicers, upon the occurrence of certain Events of Default under the Indenture or the failure of the Authority to perform its duties under the Acknowledgement of Servicing. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Section 3.12—Loan Servicers and Servicing Acknowledgements)” hereto. In addition, all costs in connection with any transfer of servicing constitute Program Expenses for purposes of the Indenture.

Loan Collection. Except with respect to Option 2 Loans and Option 3 Loans, the Servicer will bill Eligible Borrowers monthly for principal and interest. With respect to an Option 2 Loan, the Servicer will bill Eligible Borrowers monthly for interest only during the in-school period and/or during applicable deferment or forbearance periods and will bill Eligible Borrowers with Option 2 Loans and Option 3 Loans monthly for principal and interest after a student’s less than half-time enrollment, withdrawal or graduation, or following expiration of deferment or forbearance periods. To assist borrowers with the transition to repayment status, the Authority initiates a number of measures to remind and counsel borrowers of their repayment obligation. Borrowers in Option 2 Loan and Option 3 Loan repayment status are notified sixty (60) days prior to their repayment transition. This notice reminds borrowers of the distinctions between NJCLASS Loans and Federal Stafford Loans; specifically, that there is no 6-month grace period for NJCLASS Loans and that repayment begins immediately after graduation. Borrowers also receive repayment notification forty-five (45) days prior to their first payment due date and monthly bill statements are generated twenty (20) days prior to the payment due date. The Authority provides borrowers with a number of payment options, such as Automated Clearing House (“ACH”) payments, and credit card payments (via web). In September 2011, the Authority began offering NJCLASS Loan borrowers the option to make payments on their NJCLASS Loans via the Authority’s website. Since 2010, the Authority’s marketing efforts to potential borrowers has included information about the benefits of making interest payments while in school and the Authority regularly contacts borrowers in Option 3 repayments to advise them of the benefit of making payments while in school to offset the amount of capitalized interest that accrues on the NJCLASS Loan and the potential cost savings over the life of the NJCLASS Loan.

If payments are not received on time, the Servicer will institute collection procedures consisting of repeated written notices to the borrower and co-signer(s) beginning after the first 21 days of delinquency and specified intervals thereafter through the 180th day of delinquency for an NJCLASS Loan payable in monthly installments and the 240th day of delinquency for an NJCLASS Loan payable in less frequent than monthly installments. Initial telephone calls to the borrower and co-signer(s) commence after the first 10 days of delinquency and, thereafter, occur at various intervals through the 180th day of delinquency for an NJCLASS Loan payable in monthly installments and the 240th day of delinquency for an NJCLASS Loan payable in less frequent than monthly installments. In addition, the Servicer will make reports to a national

credit bureau regarding borrower delinquency and eventual default. The Authority does not charge late fees.

The Authority utilizes a variety of tools and techniques to enhance its servicing and collection efforts, including online access for borrowers and co-signers to NJCLASS Loan balance and status information, weekend and evening collections, and state-of-the-art web-based skip-tracing tools. The Authority is authorized by State law to initiate administrative wage garnishment action against any delinquent NJCLASS Loan borrower or co-signer, and the Authority may initiate this process when an account becomes 90 days delinquent. Additionally, students who receive grants under the auspices of the State's Tuition Aid Grant Program may lose their State grant if their NJCLASS Loans become delinquent.

Defaults. Under the NJCLASS Loan Program, when an NJCLASS Loan payable in (i) monthly installments reaches one hundred eighty (180) days of delinquency or (ii) less frequent than monthly installments reaches two hundred forty (240) days of delinquency, the Authority will declare the NJCLASS Loan to be in default (a **"Defaulted Loan"**).

Collections on Defaulted Loans—Authority Enforcement Procedures. When an NJCLASS Loan becomes a Defaulted Loan, the Authority will process the Defaulted Loan for default collection. To improve collection efforts, the Authority has implemented measures such as filing suit, enforcing the New Jersey Set-Off Individual Liability Law, which allows the Authority to file a claim against State income tax refunds, property tax rebates and/or homestead rebates due defaulted borrowers and co-signers and garnishing the wages of State employees and other groups of public employees prior to default. In 1997, legislation was enacted allowing the Authority to offset State lottery prize winnings in excess of \$1,000. Further amendments to the Act and wage garnishment administrative rules expanded administrative wage garnishment to include employees of private sector employers (both New Jersey and non-New Jersey based) which can be initiated against all parties on the NJCLASS Loan prior to default, authorized filing suit against both borrowers and co-signers, and expanded information exchanges with other state agencies for collection purposes.

Collections on Defaulted Loans—Application of Collections. All amounts collected with respect to a Defaulted Loan, including principal, interest and other amounts collected (**"Gross Defaulted Loan Collections"**), will be deposited into the applicable account of the Revenue Fund. The Authority will keep an accounting of all Defaulted Loans in the Trust Estate, the Defaulted Loan Purchase Price (as defined herein) for such Defaulted Loans, and the aggregate Gross Defaulted Loan Collections deposited into the applicable account of the Revenue Fund. Once an amount of Gross Defaulted Loan Collections at least equal to the amount of unpaid principal and accrued interest on a Defaulted Loan as of the date such Defaulted Loan became a Defaulted Loan (including unpaid principal and accrued interest during the period of delinquency) (**"Defaulted Loan Purchase Price"**) has been deposited into the Revenue Fund, such amount will be deemed applied to pay the Defaulted Loan Purchase Price for Defaulted Loans in order from the Defaulted Loan that has been a Defaulted Loan for the longest period of time to the most recent Defaulted Loan and such Defaulted Loan will thereafter be removed from the portfolio of active Student Loans reported on the NJCLASS Loan Program accounting records and financial statements (**"Purchased Defaulted Loan"**). Any amounts collected with respect to a Purchased Defaulted Loan will be deemed to be Gross Defaulted Loan Collections and will be deposited into the Revenue Fund. See APPENDIX A—**"FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Trust Indenture—Section 5.6—Use of Revenue Fund Moneys to Purchase Defaulted Loans)"** hereto. Under the Indenture the Authority is permitted to withdraw funds from the Indenture as a Program Expense in an amount not to exceed 30% of Gross Defaulted Loan Collections for the purpose of paying the costs and expenses of collection efforts.

Amendment of Loan Rates; Credit Criteria, Program Expense Budget

The Indenture provides that various characteristics of the Authority's NJCLASS Loan Program and the Student Loans to be made thereunder, including the permitted types of Student Loans, the deposits to various funds established under the Indenture, the interest rate to be borne by Student Loans originated or acquired with proceeds of the Series 2024 Bonds, the Program Expense budget and the credit criteria set forth in the Indenture to be used in evaluating loan applications, may be changed by the Authority without consent of or notice to the Bondholders. However, changes or amendments to the Loan Rates or the Credit Criteria and Program Expense budget (each as defined in the Indenture) are subject to certain conditions as described below.

Loan Rates. Any lowering of the Loan Rates is subject to the delivery to the Trustee of: (i) a Cash Flow Statement taking into account such amendment; (ii) a Bond Counsel's opinion to the effect that the revised interest rate is authorized or permitted under the Act and the Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2024 Bonds; and (iii) a Rating Agency Confirmation from S&P; provided that, if Additional Bonds are issued under the Indenture, or any additional student loan revenue bonds of the Authority are issued from any other indenture of trust between the Authority and a trustee to finance the acquisition or origination of student loans, prior to the end of the Origination Period or the Recycling Period, whichever is later, to fund Eligible Loans for the 2024-2025 academic year, then, at the option of the Authority, 2024 NJCLASS Loans to be originated with remaining proceeds of the Series 2024 Bonds from and after the issue date of such additional student loan revenue bonds shall be originated at the same loan rates as those established for the additional student loan revenue bonds, from and after the issue date of such additional student loan revenue bonds through the remainder of the Origination Period, if the Authority shall have satisfied the Rating Agency Notice Conditions.

Amendment of Credit Criteria. Any amendment to the credit criteria is subject to the Authority satisfying the Rating Agency Notice Conditions with respect to such criteria changes.

Authority Covenants

The Authority has covenanted in the Indenture to, among other things, with all practical dispatch and in a sound and economical manner consistent in all respects with the provisions of the Indenture and sound banking practices and principles: (i) use and apply the proceeds of the Series 2024 Bonds, to the extent not reasonably or otherwise required for other purposes of the NJCLASS Loan Program, to finance Student Loans pursuant to the Indenture or to pay other obligations of the Authority required to be paid under the Indenture; (ii) do all such acts and things as shall be necessary to receive and collect Revenues and Recoveries of Principal sufficient to pay the Series 2024 Bonds; and (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority to protect its rights with respect to and to enforce all terms, covenants and conditions of Student Loans.

Program Expenses

The Program Expenses (including servicing fees of the Authority, costs and expenses incurred by the Authority in connection with collecting Defaulted Loans, as well as fees, expenses and indemnities paid to others to administer the Loan Finance Program) of the Authority incurred in carrying out and administering the Loan Finance Program shall be provided for, if not from other sources of the Authority, from Revenues and Recoveries of Principal and may be paid out of the Student Loan Fund prior to the making of any Student Loans and may be paid prior to the payment of principal and interest on any Bonds, including the Series 2024 Bonds. On July 1 of each year, any Program Expenses listed on Schedule D to the Third Supplemental Indenture for the prior fiscal year reserved from cash flow and not expended to pay

Program Expenses may be deposited into the 2024 Revenue Account and applied as set forth in the Third Supplemental Indenture and in Section 5.5(A) of the Trust Indenture. Any change to the Program Expenses listed on Schedule D to the Third Supplemental Indenture requested by the Authority shall be subject to the delivery by the Authority of a Cash Flow Statement to the Trustee and satisfaction of the Rating Agency Notice Conditions. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—SCHEDULE D—PROGRAM EXPENSES)” hereto.

Federal Student Loan Programs

The Higher Education Act provides for a program of (a) direct federal insurance of student loans and (b) reinsurance of FFELP Loans guaranteed or insured by a state agency or private non-profit corporation pursuant to the FFEL Program. Several types of loans were authorized as FFELP Loans pursuant to the FFEL Program. These include: (a) loans to students with respect to which the federal government makes interest payments available to reduce student interest cost during periods of enrollment (“**Subsidized Federal Stafford Loans**”); (b) loans to students with respect to which the federal government does not make such interest payments (“**Unsubsidized Federal Stafford Loans**” and, collectively with Subsidized Federal Stafford Loans, “**Federal Stafford Loans**”); (c) supplemental loans to parents of dependent students (“**Federal PLUS Loans**”); (d) supplemental loans to graduate students (“**Federal Graduate PLUS Loans**”); and (e) loans to fund payment and consolidation of certain of the borrower’s obligations (“**Federal Consolidation Loans**”). Prior to July 1, 1994, the FFEL Program also included a separate type of loan to graduate and professional students and independent undergraduate students and, under certain circumstances, dependent undergraduate students to supplement their Stafford Loans (“**Federal Supplemental Loans for Students**” or “**Federal SLS Loans**”).

Title II of the Health Care and Education Reconciliation Act of 2010 (Pub.L. 111-152) signed into law by President Barack Obama on March 30, 2010 contained various student loan reforms including the termination of the process of the federal government giving subsidies to private banks to originate federally insured loans and, instead, the loans are administered directly by the Department of Education. As a result, the Authority has not originated or acquired FFELP Loans after June 30, 2010.

As a supplemental student loan and refinancing program, the NJCLASS Loan Program does not directly compete with Federal Direct Student Loans, with the exception of the Federal Direct PLUS program. The Authority maintains close relationships with New Jersey institutions that participate in the Federal Direct Student Loan Program. For example, the NJCLASS Loan Program has achieved on-line certification for NJCLASS Loans for many institutions and has developed the capability for disbursement of NJCLASS Loan proceeds via electronic funds transfer.

No assurance can be given that the Higher Education Act or other relevant federal or State laws, rules and regulations and the programs implemented thereunder will not be amended or modified in the future in a manner which might adversely impact the Authority’s Loan Finance Program, or might adversely affect the availability and flow of funds to the Authority or the overall financial condition of the Authority. Existing legislation and future measures to reduce the federal budget deficit or for other purposes may affect the amount and nature of federal financial assistance available to students in a manner which may affect demand for the NJCLASS Loan Program.

LEGALITY FOR INVESTMENT AND DEPOSIT

The Series 2024 Bonds are securities in which the State and all political subdivisions of the State, their officers, boards, commissions, departments or other agencies, banks, savings banks, savings and loan associations, investment companies, all insurance companies, insurance associations and all administrators, guardians, executors, trustees, other fiduciaries, and all other persons who are authorized to invest in bonds,

notes or other obligations of the State, may properly and legally invest any funds, including capital belonging to them or within their control.

The Series 2024 Bonds are securities which may properly and legally be deposited with and received by any State or municipal officers or agency of the State for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

CERTAIN NJCLASS PROGRAM STATISTICAL DATA

The following tables represent historical statistical data of the Authority's NJCLASS Loan Program. The information set forth in the following tables is presented for historical purposes only. The information is compiled from the Authority's experience administering the NJCLASS Loan Program. **However, no assurance can be given that the Authority will originate 2024 NJCLASS Loans or Student Loans in a manner consistent with the presented tables.**

NJCLASS Cosigners

As of December 31, 2023, 84,923 active Standard NJCLASS Loans with a principal balance of approximately \$1.19 billion were outstanding. Of these, 90.9% had more than one person responsible for repayment of the loan. Also as of such date, 5,276 active NJCLASS Consolidation and NJCLASS ReFi+ Loans with a current principal amount of approximately \$253.9 million were outstanding. Of these, 49.9% had more than one person responsible for repayment of the loan.

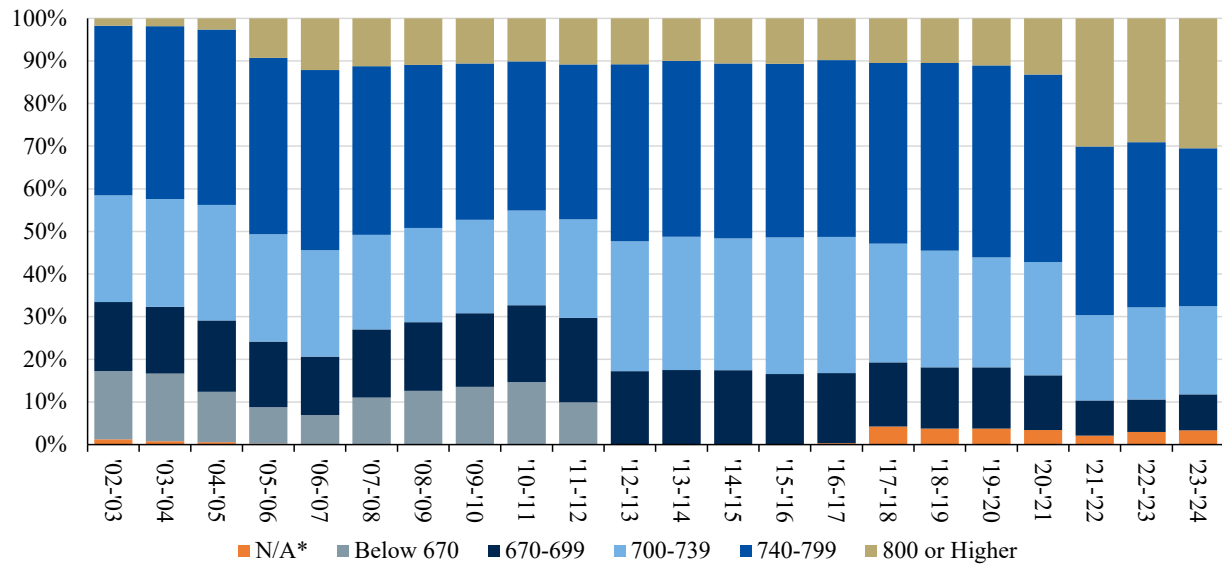
NJCLASS Graduate/Professional Loans and NJCLASS Medical/Dental Loans are credit ready loans that do not require co-signers or co-borrowers. As of December 31, 2023, 1,510 active NJCLASS Graduate/Professional Loans and NJCLASS Medical/Dental Loans with a principal balance of approximately \$15.2 million were outstanding, none of which had more than one borrower responsible for repayment of the loan.

NJCLASS Loan Disbursements by FICO Score

The chart below sets forth the distribution of credit scores on or about the date of application among NJCLASS Loans, NJCLASS Consolidation Loans, and NJCLASS ReFi+ Loans disbursed from July 1, 2002 through December 31, 2023. In June of 2021 the Authority transitioned from the FICO 5 credit scoring model, which it had been using for over two decades, to the FICO 10 credit scoring model, which was first introduced in 2020. While both credit scoring models utilize information provided by Equifax, the Authority has not been able to ascertain whether the transition to the FICO 10 scoring model produced results similar to the FICO 5 scoring model with respect to credit approvals for, and the future repayment performance of, NJCLASS Loans.

[Remainder of page intentionally left blank]

Historical NJCLASS Loan Disbursements by FICO Score and Academic Year of Origination⁽¹⁾

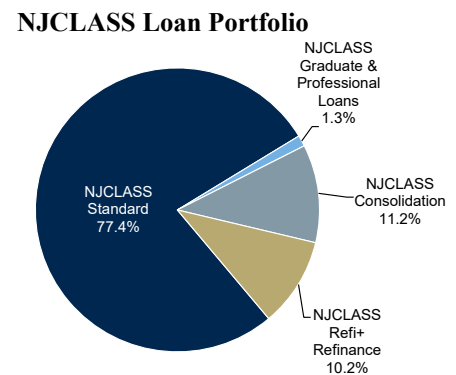
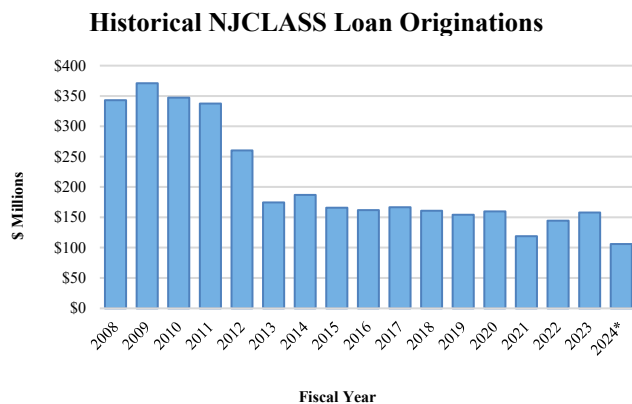


*FICO Not Available or Not Required

⁽¹⁾ The '23-'24 data presented above reflects partial academic year figures, through February 28, 2024.

NJCLASS Loan Volume and Outstanding Balance by Loan Type

The chart below left illustrates historical NJCLASS Loan disbursements beginning with the 2007-08 academic year through February 28th of the 2023–2024 academic year. The chart below right illustrates, as of December 31, 2023, the percentage of the aggregate outstanding principal balance of all NJCLASS Loans outstanding as of such date that are represented by the various categories of NJCLASS Loans.

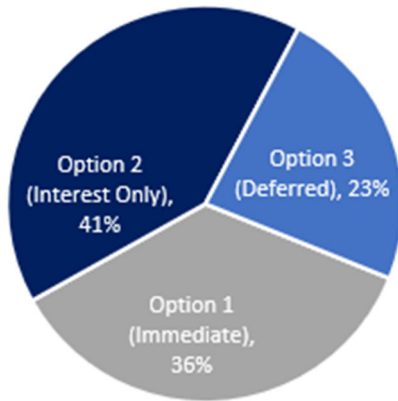


* Partial academic year figure, through February 28, 2024.

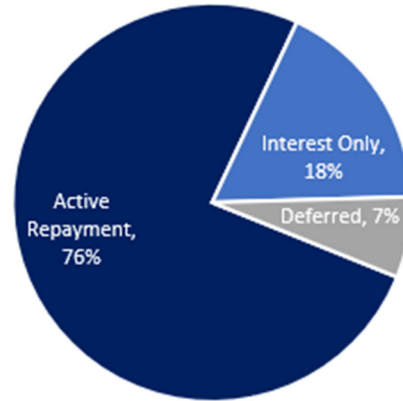
NJCLASS Loan Repayment Status and Delinquency Information

The following information compares the Authority's Standard NJCLASS Loan portfolio between the original payment plan selected by the borrower at the time of disbursement and the current repayment status of such loans. Such information is as of December 31, 2023, and encompasses approximately \$1.19 billion in outstanding principal balance of Standard NJCLASS Loans outstanding as of such date.

Standard NJCLASS Portfolio: Original Status

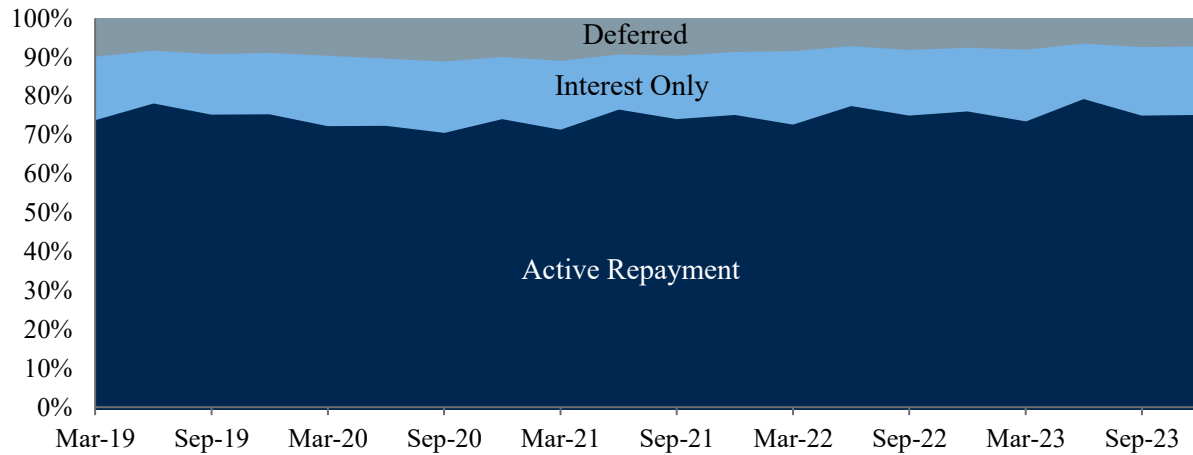


Standard NJCLASS Portfolio: Current Status

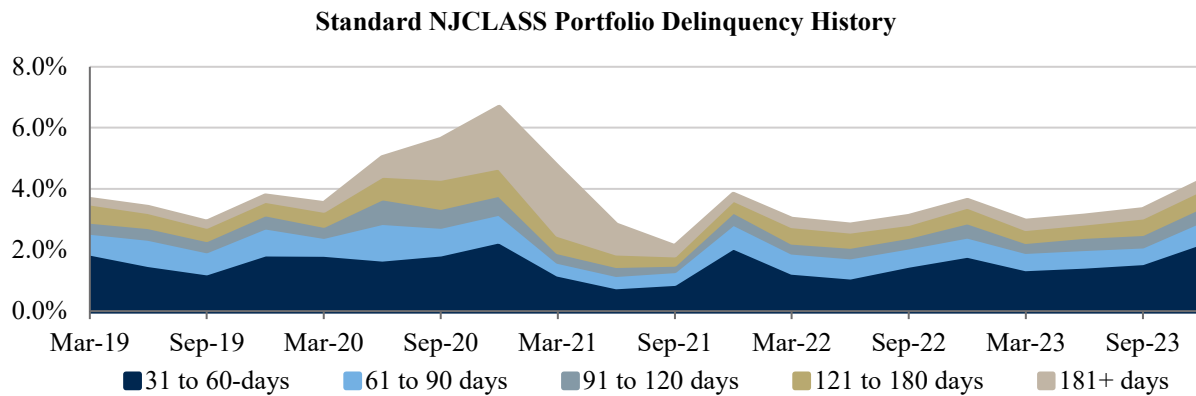


The following information summarizes the Authority's Standard NJCLASS Loan portfolio by repayment status, by calendar quarter, from the beginning of 2019 through December 31, 2023.

Standard NJCLASS Portfolio Repayment Status History



The following information summarizes the recent delinquency history of the Authority's Standard NJCLASS Loan portfolio. Such information is presented by calendar quarter from the beginning of 2019 through December 31, 2023.



In response to the COVID-19 Emergency, between March 2020 and June 2021, the Authority ceased placing loans that reached 180 days past due into default. This caused a temporary increase in the balance of loans in the 181+ delinquent category.

NJCLASS Loan Default and Recovery Information

The following table contains information concerning the historical default and recovery data for all NJCLASS Loans originated by the Authority since the inception of the NJCLASS Loan Program, and for all NJCLASS Loans originated and financed under the Authority's active indentures, consisting of the 2010-1 Indenture, the 2012 Indenture, the 2018 Indenture, the 2019 Indenture and the Indenture (collectively, the "Current Indentures"). Such information is as of December 31, 2023, and shows the cumulative amounts disbursed, the dollar amount and percentage of cumulative principal and interest defaults, the dollar amount and percentage of cumulative principal recoveries to date, and the percentage of net defaults experienced to date.

	<u>Cumulative</u>		<u>Current Indentures</u>	
Total Loans Disbursed in All Indentures (including Loans Now in Default)	\$5,133,274,465		\$3,390,031,605	
	\$	% of Loans	\$	% of Loans
	<u>Amount</u>	<u>Disbursed</u>	<u>Amount</u>	<u>Disbursed</u>
Original Principal & Interest Charged off at Default	\$393,332,323	7.66%	\$72,900,487	2.15%
Less: Total Collected Principal of Above	<u>133,920,530</u>	<u>2.61</u>	<u>26,038,785</u>	<u>0.77</u>
Total Principal Defaults Outstanding	\$259,411,793	5.05%	\$46,861,702	1.38%
Collections of Interest Accruing Post Default	\$105,658,865		\$ 9,044,457	
Recovery of Additional Charges	<u>14,774,188</u>		<u>3,319,201</u>	
Total Gross Collections from Defaults	\$254,353,583		\$38,402,443	
Collections Costs	<u>76,306,075</u>		<u>11,520,733</u>	
Total Net Collections from Defaults	\$178,047,508		\$26,881,710	

The following table sets forth a statistical analysis of gross defaults for all fixed-rate Standard NJCLASS Loans (Option 1, Option 2 and Option 3), NJCLASS Consolidation Loans and NJCLASS ReFi+ Loans. Such information includes the periodic and cumulative gross default rates for each repayment year cohort from 2003 through 2023, by the year of repayment such defaults occurred. In this table, the date of default is deemed to be the earlier of (a) the day the loan exceeded 180 days of non-payment or (b) the date on which the loan was charged off for other reasons, such as borrower death or disability. Such analysis is as of December 31, 2023 and includes data for NJCLASS Loans with a credit score of 670 or above as of a date near the date of application.

Composite NJCLASS Loan Static Pool Default History

Repayment Year	Balance Entering Repayment (\$ millions)	Year of Repayment																Total Defaults as % of Repayment Balance
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15+	
2003	\$62.1	0.00%	0.04%	0.39%	0.52%	0.79%	0.80%	0.58%	0.76%	0.52%	0.74%	0.33%	0.14%	0.09%	0.12%	0.01%	0.07%	5.89%
2004	76.9	0.00%	0.36%	0.92%	0.60%	1.00%	0.90%	1.04%	0.66%	0.76%	0.72%	0.18%	0.15%	0.11%	0.07%	0.09%	0.08%	7.63%
2005	102.2	0.00%	0.27%	0.53%	0.91%	0.53%	0.75%	0.86%	0.82%	0.76%	0.38%	0.33%	0.20%	0.08%	0.12%	0.10%	0.23%	6.87%
2006	170.1	0.00%	0.37%	0.76%	0.88%	0.89%	0.88%	1.31%	0.79%	0.28%	0.32%	0.22%	0.15%	0.29%	0.13%	0.11%	0.31%	7.70%
2007	216.7	0.00%	0.47%	1.07%	1.11%	1.08%	1.30%	0.81%	0.58%	0.42%	0.31%	0.28%	0.19%	0.25%	0.10%	0.14%	0.31%	8.42%
2008	264.0	0.00%	0.18%	1.39%	1.30%	1.74%	1.00%	0.59%	0.42%	0.41%	0.54%	0.29%	0.20%	0.14%	0.14%	0.07%	0.11%	8.53%
2009	283.0	0.00%	0.41%	1.75%	2.30%	1.63%	0.87%	0.59%	0.50%	0.56%	0.45%	0.31%	0.23%	0.22%	0.12%	0.12%	0.06%	10.13%
2010	393.5	0.00%	0.67%	3.41%	2.42%	1.16%	0.85%	0.80%	0.75%	0.59%	0.32%	0.33%	0.31%	0.22%	0.20%	0.16%	-	12.20%
2011	414.6	0.02%	0.58%	2.82%	1.18%	1.03%	1.08%	0.67%	0.64%	0.57%	0.42%	0.32%	0.24%	0.21%	0.17%	-	-	9.94%
2012	305.2	0.00%	0.53%	1.34%	1.13%	1.10%	1.02%	0.75%	0.55%	0.39%	0.25%	0.09%	0.14%	0.17%	-	-	-	7.46%
2013	273.4	0.01%	0.26%	1.24%	0.94%	1.02%	0.96%	0.48%	0.38%	0.36%	0.24%	0.22%	0.14%	-	-	-	-	6.25%
2014	237.3	0.01%	0.16%	1.25%	1.10%	0.84%	0.52%	0.41%	0.50%	0.26%	0.32%	0.21%	-	-	-	-	-	5.58%
2015	188.8	0.01%	0.16%	0.57%	0.69%	0.40%	0.39%	0.36%	0.43%	0.64%	0.19%	-	-	-	-	-	-	3.86%
2016	185.0	0.00%	0.12%	0.62%	0.57%	0.45%	0.52%	0.29%	0.57%	0.28%	-	-	-	-	-	-	-	3.41%
2017	197.7	0.00%	0.02%	0.32%	0.69%	0.50%	0.48%	0.35%	0.27%	-	-	-	-	-	-	-	-	2.64%
2018	201.1	0.00%	0.07%	0.22%	0.82%	0.26%	0.33%	0.37%	-	-	-	-	-	-	-	-	-	2.07%
2019	196.2	0.00%	0.07%	0.36%	0.35%	0.38%	0.23%	-	-	-	-	-	-	-	-	-	-	1.40%
2020	168.4	0.00%	0.23%	0.35%	0.25%	0.38%	-	-	-	-	-	-	-	-	-	-	-	1.22%
2021	213.2	0.00%	0.03%	0.33%	0.21%	-	-	-	-	-	-	-	-	-	-	-	-	0.58%
2022	206.9	0.00%	0.01%	0.32%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.33%
2023	160.5	0.00%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
TOTAL	\$4,516.8																	6.00%

The following three tables set forth a statistical analysis of gross defaults for all fixed-rate Standard NJCLASS Loans which were originally subject to either immediate repayment (Option 1 Loans), interest only payments (Option 2 Loans) or Deferred Payments (Option 3 Loans) for each repayment year cohort from 2003 through 2023, by the year of repayment such defaults occurred. Such analysis is as of December 31, 2023 and includes data for NJCLASS Loans with a credit score of 670 or above as of a date near the date of application.

[Remainder of page intentionally left blank]

Standard NJCLASS Loan Static Pool Default History: Option 1 Only (Immediate Repayment)

Repayment Year	Balance Entering Repayment (\$ millions)	Year of Repayment															Total Defaults as % of Repayment Balance	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		15+
2003	\$13.0	0.00%	0.03%	0.05%	0.22%	0.48%	0.32%	0.45%	0.17%	0.49%	0.64%	0.29%	0.19%	0.12%	0.22%	0.02%	0.04%	3.72%
2004	13.0	0.00%	0.02%	0.14%	0.21%	0.65%	0.48%	0.51%	0.29%	0.47%	0.56%	0.16%	0.00%	0.09%	0.07%	0.05%	0.10%	3.79%
2005	13.1	0.00%	0.00%	0.36%	0.50%	0.23%	0.54%	0.44%	0.65%	0.78%	0.21%	0.17%	0.21%	0.11%	0.11%	0.14%	0.14%	4.59%
2006	31.6	0.00%	0.01%	0.00%	0.18%	0.60%	0.62%	0.77%	0.49%	0.16%	0.19%	0.42%	0.10%	0.29%	0.24%	0.18%	0.35%	4.59%
2007	42.9	0.00%	0.00%	0.08%	0.32%	0.34%	0.59%	0.59%	0.37%	0.39%	0.31%	0.18%	0.32%	0.28%	0.10%	0.05%	0.25%	4.18%
2008	38.1	0.00%	0.02%	0.24%	0.65%	0.55%	0.90%	0.28%	0.23%	0.36%	0.26%	0.32%	0.20%	0.05%	0.05%	0.23%	0.08%	4.44%
2009	31.8	0.00%	0.10%	0.64%	0.74%	0.87%	0.41%	0.29%	0.22%	0.23%	0.42%	0.37%	0.12%	0.10%	0.30%	0.04%	0.16%	5.02%
2010	50.2	0.00%	0.08%	1.30%	0.85%	0.52%	0.59%	0.41%	0.25%	0.36%	0.12%	0.06%	0.09%	0.10%	0.13%	0.10%	-	4.98%
2011	43.3	0.00%	0.22%	0.77%	0.71%	0.90%	0.28%	0.54%	0.52%	0.22%	0.05%	0.11%	0.19%	0.06%	0.03%	-	-	4.61%
2012	35.5	0.00%	0.00%	0.53%	0.58%	0.42%	0.72%	0.22%	0.26%	0.07%	0.24%	0.07%	0.02%	0.03%	-	-	-	3.16%
2013	48.3	0.00%	0.02%	0.30%	0.56%	0.18%	0.35%	0.29%	0.15%	0.23%	0.11%	0.06%	0.03%	-	-	-	-	2.27%
2014	37.2	0.00%	0.00%	0.27%	0.27%	0.27%	0.24%	0.05%	0.34%	0.05%	0.11%	0.04%	-	-	-	-	-	1.64%
2015	36.8	0.00%	0.06%	0.22%	0.22%	0.26%	0.27%	0.42%	0.22%	0.06%	0.03%	-	-	-	-	-	-	1.75%
2016	43.1	0.00%	0.08%	0.25%	0.39%	0.49%	0.54%	0.23%	0.06%	0.04%	-	-	-	-	-	-	-	2.09%
2017	41.9	0.00%	0.00%	0.10%	0.31%	0.42%	0.22%	0.11%	0.21%	-	-	-	-	-	-	-	-	1.38%
2018	39.7	0.00%	0.00%	0.15%	0.41%	0.15%	0.03%	0.35%	-	-	-	-	-	-	-	-	-	1.09%
2019	37.7	0.00%	0.00%	0.42%	0.13%	0.10%	0.14%	-	-	-	-	-	-	-	-	-	-	0.80%
2020	30.9	0.00%	0.05%	0.20%	0.30%	0.28%	-	-	-	-	-	-	-	-	-	-	-	0.83%
2021	37.8	0.00%	0.00%	0.24%	0.24%	-	-	-	-	-	-	-	-	-	-	-	-	0.47%
2022	51.3	0.00%	0.00%	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
2023	34.1	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
TOTAL	\$751.2																	2.49%

The following table sets forth a statistical analysis of gross defaults for all fixed-rate Standard NJCLASS Loans which were originally subject to interest only payments during the in-school and grace periods (Option 2 Loans).

Standard NJCLASS Loan Static Pool Default History: Option 2 Only (Interest Only Payments)

Repayment Year	Balance Entering Repayment (\$ millions)	Year of Repayment																Total Defaults as % of Repayment Balance
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15+	
2003	\$36.2	0.00%	0.01%	0.17%	0.44%	0.58%	0.75%	0.60%	0.91%	0.49%	0.82%	0.34%	0.17%	0.09%	0.09%	0.01%	0.08%	5.55%
2004	37.2	0.00%	0.00%	0.33%	0.22%	0.80%	0.71%	0.83%	0.67%	0.84%	0.83%	0.18%	0.23%	0.09%	0.08%	0.14%	0.13%	6.07%
2005	41.1	0.00%	0.03%	0.13%	0.38%	0.35%	0.63%	1.16%	1.04%	0.78%	0.38%	0.37%	0.13%	0.13%	0.20%	0.11%	0.08%	5.92%
2006	60.9	0.00%	0.00%	0.11%	0.51%	0.65%	1.14%	1.33%	1.19%	0.44%	0.29%	0.25%	0.20%	0.30%	0.10%	0.11%	0.37%	6.98%
2007	79.1	0.00%	0.00%	0.10%	0.48%	1.04%	1.19%	1.11%	0.87%	0.45%	0.40%	0.26%	0.15%	0.16%	0.17%	0.06%	0.35%	6.80%
2008	83.1	0.00%	0.00%	0.31%	0.66%	1.06%	1.19%	0.75%	0.49%	0.57%	0.41%	0.28%	0.25%	0.18%	0.18%	0.07%	0.15%	6.54%
2009	106.3	0.00%	0.10%	0.83%	1.59%	1.62%	0.75%	0.77%	0.67%	0.45%	0.44%	0.32%	0.23%	0.24%	0.11%	0.11%	0.06%	8.29%
2010	113.6	0.00%	0.03%	1.63%	1.95%	0.97%	0.89%	0.96%	0.53%	0.56%	0.45%	0.29%	0.31%	0.16%	0.14%	0.18%	-	9.05%
2011	132.9	0.00%	0.23%	1.26%	1.14%	0.80%	1.29%	0.58%	0.65%	0.52%	0.36%	0.25%	0.20%	0.12%	0.17%	-	-	7.55%
2012	103.0	0.00%	0.13%	0.47%	0.73%	1.13%	0.99%	0.67%	0.48%	0.28%	0.32%	0.15%	0.15%	0.19%	-	-	-	5.69%
2013	93.0	0.00%	0.03%	0.33%	0.67%	0.99%	0.75%	0.42%	0.30%	0.49%	0.13%	0.19%	0.16%	-	-	-	-	4.46%
2014	87.9	0.00%	0.04%	0.60%	0.86%	0.61%	0.67%	0.30%	0.43%	0.33%	0.22%	0.12%	-	-	-	-	-	4.18%
2015	75.2	0.00%	0.00%	0.21%	0.43%	0.42%	0.25%	0.34%	0.26%	0.24%	0.24%	-	-	-	-	-	-	2.39%
2016	81.2	0.00%	0.00%	0.11%	0.52%	0.35%	0.52%	0.33%	0.44%	0.38%	-	-	-	-	-	-	-	2.66%
2017	79.1	0.00%	0.00%	0.07%	0.16%	0.48%	0.30%	0.29%	0.31%	-	-	-	-	-	-	-	-	1.61%
2018	77.2	0.00%	0.04%	0.05%	0.37%	0.24%	0.34%	0.19%	-	-	-	-	-	-	-	-	-	1.23%
2019	90.6	0.00%	0.00%	0.18%	0.30%	0.29%	0.34%	-	-	-	-	-	-	-	-	-	-	1.11%
2020	65.5	0.00%	0.05%	0.15%	0.14%	0.32%	-	-	-	-	-	-	-	-	-	-	-	0.66%
2021	77.9	0.00%	0.02%	0.18%	0.18%	-	-	-	-	-	-	-	-	-	-	-	-	0.38%
2022	78.5	0.00%	0.00%	0.24%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.24%
2023	68.3	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
TOTAL	\$1,667.8																	4.36%

The following table sets forth a statistical analysis of gross defaults for all fixed-rate Standard NJCLASS Loans which were originally subject to fully deferred interest payments during the in-school and grace periods (Option 3 Loans).

Standard NJCLASS Loan Static Pool Default History: Option 3 Only (Deferred Interest)

Repayment Year	Balance Entering Repayment (\$ millions)	Year of Repayment																Total Defaults as % of Repayment Balance
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15+	
2003	\$12.9	0.00%	0.16%	1.35%	1.05%	1.70%	1.40%	0.66%	0.92%	0.61%	0.61%	0.36%	0.00%	0.05%	0.09%	0.02%	0.05%	9.03%
2004	26.7	0.00%	1.03%	2.13%	1.32%	1.44%	1.37%	1.59%	0.82%	0.79%	0.65%	0.19%	0.10%	0.15%	0.05%	0.03%	0.00%	11.67%
2005	37.3	0.00%	0.71%	1.18%	1.89%	0.99%	0.91%	0.79%	0.68%	0.85%	0.25%	0.43%	0.19%	0.04%	0.07%	0.02%	0.01%	8.98%
2006	53.5	0.00%	1.16%	2.24%	1.87%	1.45%	1.02%	1.61%	0.52%	0.15%	0.39%	0.18%	0.18%	0.11%	0.07%	0.00%	0.10%	11.06%
2007	68.0	0.00%	1.50%	3.10%	2.24%	1.40%	1.92%	0.78%	0.32%	0.41%	0.25%	0.35%	0.12%	0.14%	0.02%	0.12%	0.06%	12.73%
2008	113.5	0.00%	0.39%	2.61%	2.09%	2.33%	1.13%	0.55%	0.51%	0.37%	0.67%	0.27%	0.19%	0.06%	0.15%	0.04%	0.05%	11.40%
2009	132.9	0.00%	0.78%	2.92%	3.32%	1.92%	1.11%	0.56%	0.48%	0.65%	0.47%	0.26%	0.27%	0.24%	0.09%	0.13%	0.05%	13.26%
2010	215.2	0.00%	1.09%	5.07%	3.16%	1.29%	0.93%	0.65%	1.04%	0.63%	0.29%	0.40%	0.38%	0.26%	0.21%	0.17%	-	15.56%
2011	206.2	0.03%	0.97%	4.57%	1.45%	1.17%	1.15%	0.80%	0.75%	0.69%	0.57%	0.41%	0.31%	0.21%	0.23%	-	-	13.31%
2012	147.3	0.00%	0.89%	2.31%	1.57%	1.27%	1.06%	0.97%	0.63%	0.59%	0.22%	0.07%	0.18%	0.21%	-	-	-	10.00%
2013	107.2	0.02%	0.63%	2.35%	1.50%	1.55%	1.61%	0.73%	0.57%	0.29%	0.32%	0.35%	0.21%	-	-	-	-	10.11%
2014	85.7	0.02%	0.29%	2.38%	1.92%	1.19%	0.54%	0.50%	0.34%	0.22%	0.20%	0.45%	-	-	-	-	-	8.04%
2015	57.9	0.05%	0.47%	1.32%	1.28%	0.59%	0.59%	0.35%	0.75%	0.96%	0.31%	-	-	-	-	-	-	6.65%
2016	44.4	0.00%	0.40%	2.15%	1.03%	0.64%	0.56%	0.26%	1.16%	0.41%	-	-	-	-	-	-	-	6.62%
2017	49.4	0.00%	0.00%	1.00%	1.64%	0.54%	0.61%	0.82%	0.41%	-	-	-	-	-	-	-	-	5.02%
2018	46.6	0.00%	0.22%	0.65%	1.47%	0.41%	0.75%	1.01%	-	-	-	-	-	-	-	-	-	4.51%
2019	40.4	0.00%	0.33%	0.78%	0.78%	1.11%	0.23%	-	-	-	-	-	-	-	-	-	-	3.23%
2020	38.7	0.00%	0.89%	1.11%	0.58%	0.89%	-	-	-	-	-	-	-	-	-	-	-	3.47%
2021	35.7	0.00%	0.17%	0.91%	0.61%	-	-	-	-	-	-	-	-	-	-	-	-	1.69%
2022	28.7	0.00%	0.08%	1.59%	-	-	-	-	-	-	-	-	-	-	-	-	-	1.67%
2023	24.6	0.00%	0.10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10%
TOTAL	\$1,572.9																	10.25%

The table below sets forth historical recovery information for all defaulted NJCLASS Loans by the year of default and year of recovery, expressed as the amount recovered (which includes accrued interest and fees) as a percentage of the original principal amount that defaulted. Such information is as of December 31, 2023 and includes data for NJCLASS Loans with a credit score of 670 or above as of a date near the date of application.

[Remainder of page intentionally left blank]

NJCLASS Program Static Pool Recovery History⁽¹⁾

Year of Default	Defaulted Principal Amount (\$ millions)	Year of Recovery																				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
2003	\$0.1	0.09%	23.72%	29.16%	38.19%	47.55%	63.68%	77.48%	82.94%	86.39%	89.17%	91.34%	92.03%	93.07%	93.87%	96.00%	99.85%	105.00%	105.00%	105.00%	105.00%	105.00%
2004	0.8	0.01%	18.62%	37.38%	52.84%	60.55%	66.53%	77.25%	81.10%	83.70%	92.58%	93.74%	94.98%	96.35%	97.18%	97.90%	98.54%	100.33%	100.72%	101.10%	101.34%	-
2005	1.8	8.16%	30.58%	55.90%	69.01%	82.20%	90.93%	95.82%	100.63%	105.04%	107.73%	111.17%	117.75%	119.59%	121.41%	122.71%	123.66%	125.13%	125.48%	125.78%	-	-
2006	2.5	10.55%	42.84%	60.60%	69.97%	75.93%	79.46%	85.52%	88.04%	90.29%	92.14%	94.08%	96.44%	97.94%	99.07%	99.99%	101.06%	101.50%	101.77%	-	-	-
2007	5.1	4.96%	27.32%	40.18%	50.88%	59.03%	65.62%	73.31%	79.58%	85.23%	89.69%	93.44%	96.28%	99.23%	102.18%	103.46%	105.93%	106.76%	-	-	-	-
2008	6.5	5.79%	19.99%	30.06%	38.26%	44.98%	51.81%	57.14%	64.47%	70.82%	76.21%	79.20%	82.04%	84.11%	86.44%	87.99%	89.26%	-	-	-	-	-
2009	11.8	5.32%	16.12%	27.17%	36.20%	43.58%	49.85%	58.08%	65.32%	70.86%	74.91%	79.18%	82.25%	84.66%	86.83%	88.48%	-	-	-	-	-	-
2010	17.5	0.53%	10.03%	19.17%	27.30%	33.95%	42.07%	50.31%	57.45%	62.99%	67.28%	71.76%	75.41%	78.02%	80.66%	-	-	-	-	-	-	-
2011	35.9	5.37%	17.98%	27.44%	35.68%	45.45%	53.06%	59.26%	64.55%	69.79%	73.98%	77.73%	80.77%	83.09%	-	-	-	-	-	-	-	-
2012	36.3	4.71%	15.56%	24.13%	32.67%	40.75%	49.14%	56.19%	61.63%	66.34%	70.47%	73.50%	76.17%	-	-	-	-	-	-	-	-	-
2013	21.5	2.91%	11.47%	20.69%	29.25%	35.94%	41.70%	47.42%	51.99%	55.79%	60.13%	63.23%	-	-	-	-	-	-	-	-	-	-
2014	20.2	3.26%	13.66%	24.54%	31.70%	38.78%	46.51%	52.45%	57.71%	61.06%	63.79%	-	-	-	-	-	-	-	-	-	-	-
2015	21.5	3.05%	10.59%	19.30%	28.20%	36.02%	42.20%	47.19%	51.85%	56.59%	-	-	-	-	-	-	-	-	-	-	-	-
2016	20.1	3.26%	11.71%	19.71%	27.61%	33.77%	39.64%	44.82%	49.97%	-	-	-	-	-	-	-	-	-	-	-	-	-
2017	18.1	4.30%	13.80%	20.92%	26.97%	32.45%	35.95%	39.62%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018	13.3	4.71%	15.72%	21.54%	28.07%	32.41%	36.53%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	11.7	2.21%	7.00%	10.05%	13.23%	16.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	12.5	0.02%	2.33%	6.53%	15.93%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021	9.0	2.86%	6.54%	13.49%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2022	10.1	1.63%	6.98%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	7.6	2.67%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$284.1																					

⁽¹⁾ The recovery percentages provided in the table above are based upon gross collected receipts. Up to an additional 30% of such gross receipts are removed to pay for collection costs.

STUDENT LOANS

The following information is a description of certain characteristics of the portfolio of Eligible Loans presently held within the Trust Estate established pursuant to the Indenture and an estimated \$43.9 million of the Transferred NJCLASS Loans which will be transferred to the Indenture simultaneously with the issuance of the Series 2024 Bonds, all as of December 31, 2023. The composition of currently pledged Student Loans will change, additional Eligible Loans are expected to be originated and acquired with the proceeds of the Series 2024 Bonds, and further additional Eligible Loans may be originated with recycling funds until April 1, 2026 (subject to the limitations described herein). See also APPENDIX D—“AUDITED FINANCIAL STATEMENTS FOR THE NJCLASS/FFELP LOAN PROGRAMS AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022” hereto for information as of June 30, 2023. *The percentages set forth in the tables below may not always add to 100.0% and balances may not always add up to the total amount indicated due to rounding.*

The Transferred NJCLASS Loans that will be transferred to the Indenture from the 2010-1 Indenture include loans originated with proceeds of the Authority’s Student Loan Revenue Bonds, Series 2010-1 and loans originated with proceeds of the Authority’s Student Loan Revenue Bonds, Series 2017-1 (the “**Series 2017 Bonds**”). An estimated \$9.6 million in principal amount of such Transferred NJCLASS Loans will be loans that were originated with proceeds of the Series 2017 Bonds (the “**Series 2017 Transferred Loans**”), which loans constitute only a portion of the loans outstanding under the 2010-1 Indenture that were financed with proceeds of the Series 2017 Bonds (the “**Series 2017 Loans**”). The Series 2017 Transferred Loans have not yet been identified; therefore, the tables below include characteristics of a random sampling of the Series 2017 Loans in an amount approximately equal to the Series 2017 Transferred Loans. The Authority expects the Series 2017 Transferred Loans will have characteristics substantially similar to the Series 2017 Loans described herein.

All references in the following tables to payment options have the following meanings: (i) Option 1 Loans—monthly payment of principal and interest beginning within sixty (60) days of disbursement or NJCLASS Loans that are now in full payment mode; (ii) Option 2 Loans—monthly payment of interest only while the student is in school at least half-time and thereafter monthly payment of principal and interest; and (iii) Option 3 Loans—deferral of principal and interest payments while the student is in school at least half-time and thereafter monthly payment of principal and interest.

**Composition of Existing Student Loans and Transferred NJCLASS Loans
As of December 31, 2023**

Aggregate Principal Balance	\$316,669,435
Aggregate Accrued Interest	\$1,691,196
Number of Borrowers	17,973
Average Outstanding Principal Balance Per Borrower	\$17,619
Number of Loans	22,350
Average Outstanding Principal Balance Per Loan	\$14,169
Weighted Average Remaining Term (Months)	148
Weighted Average Months Since Origination	52
Weighted Average Gross Interest Rate	5.95%
Weighted ACH Interest Rate Reduction	0.03%
Weighted Average Net Interest Rate	5.92%
Weighted Average Annual Interest Rate (Fifth Year of Principal Repayment) ¹	5.99%
Weighted Average FICO Score at Origination	756

¹ Interest rates for certain Transferred NJCLASS Loans were fixed based on market rates at the time of issuance and increase by 0.75% (75 basis points) beginning with the borrower's thirteenth (13th) or forty-ninth (49th) month of principal repayment for the transferred NJCLASS Loans, depending on loan type.

**Existing Student Loans and Transferred NJCLASS Loans by Loan Type
As of December 31, 2023**

Loan Type	Number of Loans	Principal Outstanding	Percent of Total Principal
NJCLASS Standard Fixed Rate	20,603	\$238,835,168	75.4%
NJCLASS Graduate/Professional	385	3,956,356	1.2
NJCLASS Consolidation	707	44,518,102	14.1
NJCLASS ReFi+	<u>655</u>	<u>29,359,809</u>	<u>9.3</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

[Remainder of page intentionally left blank]

**Existing Student Loans and Transferred NJCLASS Loans by Remaining Term
As of December 31, 2023**

Remaining Term (months)	Number of Loans	Principal Outstanding	Percent of Total Principal
Less than 12	86	\$ 328,823	0.1%
13 to 24	37	311,854	0.1
25 to 36	379	1,853,963	0.6
37 to 48	1,802	9,530,052	3.0
49 to 60	1,874	11,574,912	3.7
61 to 72	1,647	11,119,639	3.5
73 to 84	2,256	19,718,629	6.2
85 to 96	1,440	25,199,889	8.0
97 to 108	744	9,651,606	3.0
109 to 120	2,957	39,873,167	12.6
121 to 150	3,190	51,411,847	16.2
151 to 180	3,569	62,969,556	19.9
181 to 210	1,114	22,656,367	7.2
211 to 240	937	22,929,071	7.2
241 to 300	171	12,229,835	3.9
301 or more	<u>147</u>	<u>15,310,224</u>	<u>4.8</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Original Repayment Option
As of December 31, 2023**

Original Repayment Option	Number of Loans	Principal Outstanding	Percent of Total Principal
Option 1 (Full Repayment)	3,935	\$ 42,790,501	13.5%
Option 2 (Interest Only Repayment)	12,414	132,958,794	42.0
Option 3 (Full Deferral)	4,639	67,042,229	21.2
NJCLASS Consolidation	707	44,518,102	14.1
Refi+ Refinance	<u>655</u>	<u>29,359,809</u>	<u>9.3</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

[Remainder of page intentionally left blank]

**Existing Student Loans and Transferred NJCLASS Loans by Current Repayment Option
As of December 31, 2023**

Current Repayment Option	Number of Loans	Principal Outstanding	Percent of Total Principal
Option 1 (Full Repayment)	14,314	\$138,186,300	43.6%
Option 2 (Interest Only Repayment)	5,154	75,491,770	23.8
Option 3 (Full Deferral)	1,520	29,113,454	9.2
NJCLASS Consolidation	707	44,518,102	14.1
Refi+ Refinance	<u>655</u>	<u>29,359,809</u>	<u>9.3</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Gross Interest Rate
As of December 31, 2023**

Current Gross Interest Rate	Number of Loans	Principal Outstanding	Percent of Total Principal
Less than 2.000%	20	\$ 318,192	0.1%
2.000% to 2.999%	1,195	19,178,871	6.1
3.000% to 3.999%	2,338	49,328,435	15.6
4.000% to 4.999%	1,045	27,317,548	8.6
5.000% to 5.999%	6,405	90,128,038	28.5
6.000% to 6.999%	1,783	27,912,283	8.8
7.000% to 7.999%	6,524	57,990,529	18.3
8.000% to 8.999%	2,552	37,141,320	11.7
9.000% to 9.999%	<u>488</u>	<u>7,354,220</u>	<u>2.3</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Borrower Rate Type
As of December 31, 2023**

Borrower Rate Type	Number of Loans	Principal Outstanding	Percent of Total Principal
Fixed Rate, No Step-up	21,374	\$303,922,054	96.0%
Fixed Rate with Step-up ¹	<u>976</u>	<u>12,747,381</u>	<u>4.0</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

¹ Interest rates for certain Transferred NJCLASS Loans were fixed based on market rates at the time of issuance and increase by 0.75% (75 basis points) beginning with the borrower's thirteenth (13th) or forty-ninth (49th) month of principal repayment for the Transferred NJCLASS Loans, depending on loan type.

**Existing Student Loans and Transferred NJCLASS Loans by Current ACH* Utilization
As of December 31, 2023**

Current ACH Utilization	Number of Loans	Principal Outstanding	Percent of Total Principal
Currently Receiving 0.250% ACH	1,785	\$ 36,488,540	11.5%
Currently Receiving 0.500% ACH	253	1,491,355	0.5
Eligible for but Not Receiving 0.250% ACH	123	2,768,280	0.9
Eligible for but Not Receiving 0.500% ACH	69	581,509	0.2
Currently Not Eligible for ACH	<u>20,120</u>	<u>275,339,751</u>	<u>86.9</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

* ACH is an electronic funds transfer system that facilitates payments for qualifying borrowers of NJCLASS Loans who electronically submit re occurring loan payments to the Authority.

**Existing Student Loans and Transferred NJCLASS Loans by FICO Score
As of December 31, 2023**

FICO Score¹	Number of Loans	Principal Outstanding	Percent of Total Principal
Unknown	89	\$ 7,681,707	2.4%
Below 670	476	4,135,074	1.3
670-699	2,984	40,438,954	12.8
700-739	5,524	77,744,425	24.6
740-799	8,548	117,622,829	37.1
800-850	<u>4,729</u>	<u>69,046,446</u>	<u>21.8</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

¹ Weighted Average FICO Score is 756.

**Existing Student Loans and Transferred NJCLASS Loans by Co-signer
As of December 31, 2023**

Co-signer	Number of Loans	Principal Outstanding	Percent of Total Principal
Co-signed	20,200	\$285,443,519	90.1%
Not Co-signed	<u>2,150</u>	<u>31,225,916</u>	<u>9.9</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by School Type
As of December 31, 2023**

School Type	Number of Loans	Principal Outstanding	Percent of Total Principal
4-Year or Graduate	19,947	\$234,887,322	74.2%
2-Year	279	1,509,080	0.5
Vocational/Proprietary	762	6,395,122	2.0
Unknown (Consolidation)	<u>1,362</u>	<u>73,877,911</u>	<u>23.3</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Delinquency
As of December 31, 2023**

Delinquency	Number of Loans	Principal Outstanding	Percent of Total Principal
Not in Repayment	1,535	\$ 29,304,650	9.3%
0-30 days	19,857	274,684,108	86.7
31-60 days	506	6,692,068	2.1
61-90 days	164	2,396,382	0.8
91-120 days	110	1,415,178	0.4
121-150 days	61	743,278	0.2
151-180 days	71	888,923	0.3
> 180 days	<u>46</u>	<u>544,848</u>	<u>0.2</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

**Existing Student Loans and Transferred Loans by Number of Payments Made
As of December 31, 2023**

Number of Payments Made	Number of Loans	Principal Outstanding	Percent of Total Principal
0 to 12 payments	8,568	\$177,157,165	55.9%
13 to 24 payments	1,541	24,195,353	7.6
25 to 36 payments	1,913	33,151,474	10.5
37 to 48 payments	224	3,583,983	1.1
49 to 60 payments	275	4,071,042	1.3
61 to 72 payments	607	7,666,953	2.4
73 to 84 payments	655	6,942,428	2.2
85 to 96 payments	780	7,254,775	2.3
97 to 108 payments	1,701	14,589,202	4.6
109 to 120 payments	1,971	13,347,639	4.2
120 payments or more	<u>4,115</u>	<u>24,709,420</u>	<u>7.8</u>
Total:	<u>22,350</u>	<u>\$316,669,436</u>	<u>100.0%</u>

**Existing Student Loans and Transferred Loans by Original Funding Source
As of December 31, 2023**

Original Funding Source	Number of Loans	Principal Outstanding	Percent of Total Principal
Series 2010-1 Transferred Loans	948	\$ 7,373,987	2.3%
Series 2014 Transferred Loans	2,710	30,509,556	9.6
Series 2017 Transferred Loans	894	12,869,274	4.1
Existing 2021 Indenture Loans	<u>17,798</u>	<u>265,916,618</u>	<u>84.0</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

**Existing Student Loans and Transferred NJCLASS Loans by Loan Status
As of December 31, 2023**

Loan Status	Number of Loans	Principal Outstanding	Percent of Total Principal
Deferment	1,517	\$ 29,076,991	9.2%
Forbearance	18	227,659	0.1
Repayment	<u>20,815</u>	<u>287,364,785</u>	<u>90.7</u>
Total:	<u>22,350</u>	<u>\$316,669,435</u>	<u>100.0%</u>

TAX MATTERS

Exclusion of Interest on the Series 2024 Bonds From Gross Income for Federal Tax Purposes

General. The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Series 2024 Bonds in order to assure that interest on the Series 2024 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Authority to comply with such requirements may cause interest on the Series 2024 Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2024 Bonds. The Authority will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Series 2024 Bonds, as to various tax requirements. The Authority has covenanted to comply with the provisions of the Code applicable to the Series 2024 Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Series 2024 Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Authority with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Series 2024 Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Series 2024 Bonds for the purposes of alternative minimum tax.

Assuming the Authority observes its covenants with respect to compliance with the Code, Obermayer Rebmann Maxwell & Hoppel LLP, Bond Counsel to the Authority (“Bond Counsel”), is of the opinion that, under existing law, interest on the Series 2024 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Series 2024 Bonds will be an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax imposed on individuals and that interest on the Bonds may be taken

into account in determining the “adjusted financial statement income” (as defined in Section 56A of the Code) for purposes of computing the alternative minimum tax imposed on certain “applicable corporations” (as defined in Section 59(k) of the Code).

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Series 2024 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel’s engagement with respect to the Series 2024 Bonds ends with the issuance of the Series 2024 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the owners of the Series 2024 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2024 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2024 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Series 2024 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2024 Bonds.

Payments of interest on tax-exempt obligations, including the Series 2024 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2024 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount. Certain maturities of the Series 2024 Bonds may be sold at an initial offering price less than the principal amount payable on such Series 2024 Bonds at maturity (the “Discount Bonds”). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. The appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds is treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Prospective purchasers of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium. Certain maturities of the Series 2024 Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a

Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Prospective purchasers of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences of Holding the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2024 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Bond Counsel expresses no opinion with respect to these or any other collateral tax consequences of ownership of the Series 2024 Bonds. The nature and extent of the tax benefit to a taxpayer of ownership of the Series 2024 Bonds will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Series 2024 Bonds should consult their own tax advisors with respect to all additional tax consequences (including, but not limited to, those listed above) of holding the Series 2024 Bonds.

Changes in Federal Tax Law Regarding the Series 2024 Bonds. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2024 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2024 Bonds will not have an adverse effect on the tax status of interest on the Series 2024 Bonds or the market value or marketability of the Series 2024 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2024 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Series 2024 Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. The Series 2024 Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the State, under applicable state or local tax laws.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE SERIES 2024 BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE SERIES 2024 BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE SERIES 2024 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

ABSENCE OF CERTAIN LITIGATION

There is no controversy or litigation of any nature pending or, to the Authority's knowledge, threatened, to restrain or enjoin the execution and delivery of the Indenture, issuance, sale, execution or delivery of the Series 2024 Bonds, or in any way contesting or affecting the validity of the Series 2024 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2024 Bonds or existence or powers of the Authority.

LEGALITY

The legality of the authorization, issuance and sale of the Series 2024 Bonds is subject to the approving opinion of Obermayer Rebmann Maxwell & Hippel LLP, Bond Counsel to the Authority, in substantially the form attached as APPENDIX B hereto. Certain legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Denver, Colorado.

VERIFICATION

Robert Thomas CPA, LLC, an independent verification agent, will deliver to the Authority, on or before the settlement date for the Series 2024 Bonds, a verification report indicating that it has examined certain information and assertions provided by the Underwriters. Included in the scope of its examination will be: (i) a verification of the mathematical accuracy of the mathematical computations of the sufficiency of the initial cash deposit to pay, when due, the principal, interest and redemption price requirements of the Bonds to be Refunded; and (ii) a mathematical computation as to yield supporting the conclusion the Senior Series 2024A Bonds will not be "arbitrage bonds" under the Code.

UNDERWRITING

Under a bond purchase contract (the "**Bond Purchase Agreement**") entered into between the Authority and RBC Capital Markets, LLC, as representative (the "**Representative**") of the underwriters listed on the front cover page hereof (collectively, the "**Underwriters**"), the Series 2024 Bonds are being purchased at an aggregate purchase price equal to \$233,489,465.20 (consisting of the aggregate principal amount of the Series 2024 Bonds of \$228,190,000.00, plus a net original issue premium of \$5,299,465.20). The Underwriters will receive an underwriting fee for the Series 2024 Bonds in the amount of \$1,558,624.39, which will be paid by the Authority. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2024 Bonds, if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2024 Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Series 2024 Bonds are being offered for sale to the public at the initial public offering prices shown on the inside front cover page of this Official Statement. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Series 2024 Bonds. The Underwriters may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing such Series 2024 Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower than the initial public offering price or prices stated on the inside front cover page of this Official Statement. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2024 Bonds to the public. The obligation of the Underwriters to accept delivery of the Series 2024 Bonds is subject to the terms and conditions set forth in the Bond Purchase Agreement, the approval of legal matters by counsel and other conditions. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2024 Bonds at

levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various advisory and investment management services for the Authority, for which they received or will receive customary fees and expenses. If such advisory and investment management activities are undertaken, the Underwriters will have the obligation to meet their fair dealing or fiduciary duties, as the case may be, to the Authority, under applicable laws and regulations.

In the ordinary course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their affiliates may also communicate independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Any such purchases, trades, or reports occur in the ordinary course of the various business activities of the Underwriters and their affiliates, and are separate and distinct from the obligations of the Underwriters to meet their fair dealing or fiduciary duties, as the case may be, to the Authority, under applicable laws and regulations.

RATINGS

Delivery of the Series 2024 Bonds is conditioned upon assignment by S&P Global Ratings (“**S&P**” or the “**Rating Agency**”) of its expected bond rating of “AA (sf)” to the Senior Series 2024 Bonds and of “BBB (sf)” to the Subordinate Series 2024C Bonds.

Such ratings reflect only the views of S&P at the time such ratings were given and the Authority makes no representation as to the appropriateness of the ratings. An explanation of the significance of such ratings can only be obtained from the S&P. There is no assurance that a particular rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2024 Bonds. The ratings are not a recommendation to buy or sell the Series 2024 Bonds and are not a comment as to the suitability of the Series 2024 Bonds for any investor.

ANNUAL FINANCIAL STATEMENTS

The financial statements of the Authority as of and for the years ended June 30, 2023 and June 30, 2022 contained in APPENDIX D—“AUDITED FINANCIAL STATEMENTS FOR THE NJCLASS/FFELP LOAN PROGRAMS AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022” hereto have been audited by CliftonLarsonAllen LLP, in its capacity as Independent Auditor, as stated in their reports appearing therein.

FINANCIAL ADVISOR

Hilltop Securities Inc. (“**Hilltop Securities**”) is employed as Financial Advisor to the Authority in connection with the issuance of the Series 2024 Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Series 2024 Bonds is contingent upon the issuance and delivery of the Series 2024 Bonds. Hilltop Securities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2024 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

CONTINUING DISCLOSURE

Upon the issuance and delivery of the Series 2024 Bonds, the Authority will enter into an agreement (the “**Continuing Disclosure Agreement**”) with the Trustee, as dissemination agent, for the benefit of the holders of the Series 2024 Bonds, to comply with the secondary market disclosure requirements of the United States Securities and Exchange Commission’s Rule 15c2-12 (“**SEC Rule 15c2-12**”). Pursuant to the Continuing Disclosure Agreement, the Authority has covenanted to provide certain summary financial and operating data information relating to the Authority and the Loan Finance Program set forth in the Official Statement, its audits and quarterly Servicing Reports required pursuant to Section 4.4 of the Third Supplemental Indenture (collectively, the “**Annual Information**”), to the Municipal Securities Rulemaking Board (“**MSRB**”) through its electronic data program, Electronic Municipal Market Access (“**EMMA**”), or such other program required by SEC Rule 15c2-12. Further, the Authority has covenanted to provide notices of occurrence of certain enumerated events, as set forth in the Continuing Disclosure Agreement. The Trustee, acting as dissemination agent, shall file such notices on behalf of the Authority with the MSRB through EMMA. The form of Continuing Disclosure Agreement for the Series 2024 Bonds is set forth in APPENDIX C hereto.

Except as described herein, the Authority has not in the past five years failed to file the required Annual Information in a timely manner with the MSRB uploaded to EMMA for previously issued Bonds of the Authority. The Authority failed to timely file the Quarterly Report due July 3, 2019 with respect to the Authority’s Student Loan Revenue Bonds, Series 2010-FFELP. On January 9, 2023, S&P Global Ratings published notice of an upgrade to the ratings that it had previously assigned to the Authority’s: Senior Student Loan Revenue Bonds, Series 2012-1A, Senior Student Loan Revenue Bonds, Series 2013-1A, Senior Student Loan Revenue Bonds, Series 2014-1A, Senior Student Loan Revenue Bonds, Series 2015-1A, Senior Student Loan Revenue Bonds, Series 2016-1A, Senior Student Loan Revenue Refunding Bonds, Series 2018B, Senior Student Loan Revenue Bonds, Series 2017-1A, Senior Student Loan Revenue Refunding Bonds, Series 2021A, and Senior Student Loan Revenue Bonds, Series 2021B. The Authority

did not file notice of these rating actions until February 8, 2023. As of the date of this Official Statement, the Authority has made all necessary filings to comply in all material respects with all existing undertakings to provide continuing disclosure in accordance with the provisions of SEC Rule 15c2-12.

QUARTERLY REPORTING

In addition to its obligations under the Continuing Disclosure Agreement, the Authority has agreed in the Third Supplemental Indenture that, not later than each Quarterly Report Date, it shall file with the MSRB through EMMA a copy of the Servicing Report which the Authority is required to file with the Trustee and the Rating Agency pursuant to Section 4.4(A) of the Third Supplemental Indenture. See APPENDIX A—“FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES—(Third Supplemental Indenture—Section 4.4—Report to Rating Agency)” hereto.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2024 Bonds.

The Indenture provides that all covenants, stipulations, promises, agreements and obligations of the Authority contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any officer, director or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Series 2024 Bonds or for any claim based thereon or on the Indenture against any officer or employee of the Authority or against any person executing the Series 2024 Bonds. The Act further provides that neither the members of the Authority nor any person executing bonds or notes issued by the Authority nor any officer or employee of the Authority shall be liable personally on such bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

HIGHER EDUCATION STUDENT ASSISTANCE
AUTHORITY

By: /s/ Gerald V. Traino
Gerald V. Traino,
Chief Financial Officer

Dated: May 3, 2024

APPENDIX A

FORMS OF TRUST INDENTURE AND SUPPLEMENTAL INDENTURES

[THIS PAGE INTENTIONALLY LEFT BLANK]

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
STATE OF NEW JERSEY
STUDENT LOAN REVENUE BONDS

INDENTURE OF TRUST

TABLE OF CONTENTS

ARTICLE I SHORT TITLE, DEFINITIONS, INTERPRETATION.....	2
Section 1.1. Short Title.....	2
Section 1.2. Definitions.....	2
Section 1.3. Interpretation.....	18
ARTICLE II TERMS OF BONDS.....	21
Section 2.1. Authorization for Indenture, Bonds.....	21
Section 2.2. Limited Obligation of Authority.....	21
Section 2.3. Authorization for Issuance of Bonds in Series.....	21
Section 2.4. Issuance and Delivery of Bonds.....	21
Section 2.5. Conditions Precedent to Delivery of Bonds.....	21
Section 2.6. Conditions Precedent to Delivery of Refunding Bonds.....	23
ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS.....	25
Section 3.1. Place, Medium of Payment, Denomination, Maturities, Credit or Liquidity Facilities, Form and Date.....	25
Section 3.2. Legends.....	26
Section 3.3. Interchangeability of Bonds.....	26
Section 3.4. Negotiability, Transfer and Registry.....	26
Section 3.5. Transfer of Bonds.....	26
Section 3.6. Regulations With Respect to Exchanges and Transfers.....	26
Section 3.7. Bonds Mutilated, Destroyed, Stolen or Lost.....	27
Section 3.8. Preparation of Definitive Bonds; Temporary Bonds.....	27
Section 3.9. Cancellation and Destruction of Bonds.....	27
Section 3.10. Execution and Authentication.....	28
Section 3.11. Subordinate Bonds and Junior Subordinate Bonds.....	28
Section 3.12. FATCA.....	29
ARTICLE IV APPLICATION OF BOND PROCEEDS AND OTHER AMOUNTS.....	31
Section 4.1. Application of Bond Proceeds, Accrued Interest and Premium.....	31
Section 4.2. Application of Proceeds of Refunding Bonds.....	31
Section 4.3. Application of Amounts Pledged as Security for Bonds Defeased.....	31
ARTICLE V PLEDGE OF INDENTURE; ESTABLISHMENT OF FUNDS AND ACCOUNTS.....	32
Section 5.1. Pledge Effected by Indenture.....	32
Section 5.2. Establishment of Trust Estate; Pledge.....	32
Section 5.3. Establishment or Authorization of Student Loan Fund, Revenue Fund, Debt Service Reserve Fund, Capitalized Interest Fund, Rebate Fund and Excess Yield Fund.....	33
Section 5.4. Student Loan Fund.....	35
Section 5.5. Use and Disbursements of Revenue Fund Moneys.....	36

INDENTURE OF TRUST

By and Between

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

Dated as of May 1, 2021

Section 5.6. Use of Revenue Fund Moneys to Purchase Defaulted Loans.....	40
Section 5.7. Use and Disbursements of Debt Service Reserve Fund Moneys.....	41
Section 5.8. Use and Disbursements of Capitalized Interest Fund Moneys.....	42
Section 5.9. Deposits.....	42
Section 5.10. Investment of Certain Funds.....	43
Section 5.11. Valuation and Sale of Investments.....	44
Section 5.12. Final Balances.....	45
Section 5.13. Nonpresentment of Bonds.....	45
Section 5.14. Moneys to be Held in Trust.....	45
Section 5.15. Rebate Fund and Excess Yield Fund Not a Part of Trust Estate.....	45
ARTICLE VI REDEMPTION OF BONDS.....	46
Section 6.1. Privilege of Redemption and Redemption Price.....	46
Section 6.2. Redemption at the Election or Direction of the Authority.....	46
Section 6.3. Redemption Otherwise Than at Authority's Election or Direction.....	46
Section 6.4. Selection of Bonds to be Redeemed.....	46
Section 6.5. Notice of Redemption.....	47
Section 6.6. Payment of Redeemed Bonds.....	47
Section 6.7. Mandatory Tender for Purchase of Bonds in Lieu of Optional Redemption.....	48
ARTICLE VII PARTICULAR COVENANTS.....	49
Section 7.1. Payment of Bonds.....	49
Section 7.2. Extension of Payment of Bonds.....	49
Section 7.3. Offices for Servicing Bonds.....	49
Section 7.4. Power to Issue Bonds and Pledge Revenues, Recoveries of Principal, Funds, Accounts and Other Property.....	49
Section 7.5. Further Assurance.....	49
Section 7.6. Tax Covenants.....	50
Section 7.7. Accounts and Reports.....	50
Section 7.8. Loan Finance Program.....	51
Section 7.9. Personnel and Servicing of Programs.....	52
Section 7.10. Issuance of Additional Bonds.....	52
Section 7.11. Compliance With Conditions Precedent.....	53
Section 7.12. General.....	53
Section 7.13. Maintenance of Accounts.....	53
Section 7.14. Debt Service Reserve Fund.....	53
Section 7.15. Deficiency Statement.....	53
ARTICLE VIII SUPPLEMENTAL INDENTURES.....	55
Section 8.1. Supplemental Indentures Not Requiring the Consent of Bondholders.....	55
Section 8.2. Supplemental Indenture Effective Only Upon Consent of Bondholders.....	56
Section 8.3. General Provisions.....	56
Section 8.4. Consent of the Credit Facility Provider in Lieu of Consent of Bondholders.....	56
ARTICLE IX AMENDMENTS.....	58
Section 9.1. Mailing of Notice of Amendment.....	58
Section 9.2. Powers of Amendment.....	58
Section 9.3. Consent of Bondholders.....	58
Section 9.4. Modifications by Unanimous Consent.....	59
Section 9.5. Exclusion of Bonds.....	59
Section 9.6. Notation on Bonds.....	60

ARTICLE X DEFAULTS AND REMEDIES.....	61
Section 10.1. Events of Default.....	61
Section 10.2. Remedies.....	62
Section 10.3. Priority of Payments After Default.....	63
Section 10.4. Termination of Proceedings.....	66
Section 10.5. Right of Bondholders to Direct Proceedings.....	66
Section 10.6. Limitation on Rights of Bondholders.....	66
Section 10.7. Possession of Bonds by Trustee Not Required.....	67
Section 10.8. Remedies Not Exclusive.....	67
Section 10.9. No Waiver of Default.....	68
Section 10.10. Notice of Event of Default.....	68
ARTICLE XI CONCERNING THE FIDUCIARIES.....	69
Section 11.1. Appointment and Acceptance of Duties of Trustee.....	69
Section 11.2. Appointment and Acceptance of Duties of Paying Agents, Bond Registrar and Other Fiduciaries.....	72
Section 11.3. Responsibility of Fiduciaries.....	74
Section 11.4. Evidence on Which Fiduciaries May Act.....	74
Section 11.5. Compensation.....	75
Section 11.6. Permitted Acts and Functions.....	75
Section 11.7. Resignation of Trustee.....	76
Section 11.8. Removal of Trustee.....	76
Section 11.9. Appointment of Successor Trustee.....	76
Section 11.10. Transfer of Rights and Property to Successor Trustee.....	76
Section 11.11. Merger or Consolidation.....	77
Section 11.12. Adoption of Certificate of Authentication.....	77
Section 11.13. Resignation or Removal of the Paying Agents, Registrar and Other Fiduciaries and Appointment of Successors.....	77
Section 11.14. Evidence of Signatures of Bondholders and Ownership of Bonds.....	78
Section 11.15. Preservation and Inspection of Documents.....	78
Section 11.16. Directions to Trustee.....	79
ARTICLE XII DEFEASANCE, MISCELLANEOUS PROVISIONS.....	80
Section 12.1. Defeasance.....	80
Section 12.2. No Recourse Under Indenture or on Bonds.....	81
Section 12.3. Notices.....	81
Section 12.4. Governing Law/Waiver of Jury Trial.....	82
Section 12.5. Notices to Rating Agencies.....	82
Section 12.6. References to the Credit Facility and Liquidity Facility Provider(s).....	82
Section 12.7. Effective Date.....	83
Section 12.8. Counterparts.....	83
Section 12.9. Patriot Act.....	83
Section 12.10. Multiple Roles.....	84
Section 12.11. Form of Bonds; Trustee's Certificate of Authentication.....	84

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
STATE OF NEW JERSEY
STUDENT LOAN REVENUE BONDS
INDENTURE OF TRUST

ARTICLE I

SHORT TITLE, DEFINITIONS, INTERPRETATION

This Indenture of Trust, dated as of May 1, 2021 (hereinafter sometimes referred to as the "Indenture"), by and between the Higher Education Student Assistance Authority (successor to the New Jersey Higher Education Assistance Authority pursuant to N.J.S.A. 18A:71A-1 et seq., effective April 26, 1999), a body corporate and politic constituting an instrumentality of the State, created and existing under the Act, or any board, body, commission, authority, department, or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Authority by the Act shall be given by law (the "Authority"), and Wells Fargo Bank, National Association, a national banking association duly organized and existing under the laws of the United States (the "Trustee"),

WITNESSETH:

WHEREAS, the Authority is established and created under and pursuant to the Higher Education Student Assistance Authority Law, P.L. 1999, c. 46, §1, as amended and supplemented, and any successor legislation (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is empowered to make Eligible Student Loans (as hereinafter defined) under its Loan Finance Program (as hereinafter defined); and

WHEREAS, in order to provide funds for such purpose, the Authority is duly authorized to issue and to sell its bonds and refunding bonds pursuant to the provisions of the Act; and

WHEREAS, the Bonds issued hereunder are secured as hereinafter provided solely by the Trust Estate (as hereinafter defined); and

WHEREAS, the execution and delivery of this Indenture and the issuance of Bonds hereunder have been in all respects duly and validly authorized by resolutions duly adopted by the Authority; and

WHEREAS, all acts, proceedings, and things necessary and required by law to make said Bonds, once executed by the Authority and authenticated by the Trustee, the valid and binding legal obligations of the Authority and to constitute and make this Indenture a valid and effective Indenture, have been done, taken, and performed, and the issuance, execution, and delivery of said Bonds and the execution, acknowledgement, and delivery of this Indenture have in all respects been duly authorized by the Authority;

NOW, THEREFORE, THIS INDENTURE WITNESSETH THAT:

Section 1.1. Short Title. This Indenture may hereafter be cited by the Authority and is hereinafter sometimes referred to as the "Indenture."

Section 1.2. Definitions. In this Indenture, the following words and terms shall, unless the context otherwise requires, have the following meanings:

"Account" means any of the trust accounts within a Fund created and established by, or pursuant to, this Indenture or any Supplemental Indenture.

"Accountant" means such reputable and experienced independent certified public accountant or firm of independent certified public accountants as may be selected by the Authority, and may be the accountant or firm who regularly audits the books and accounts of the Authority.

"Accrued Assets" means, with respect to any date, the sum of (i) the principal amount of all Student Loans pledged under this Indenture, (ii) the aggregate value of the amounts on deposit in all the Funds and Accounts (excluding the Rebate Fund and the Excess Yield Fund), (iii) the amount of all accrued and unpaid interest on Student Loans, and (iv) all accrued but unpaid interest on Investment Securities. Accrued Assets shall not include Defaulted Loans.

"Accrued Liabilities" means, with respect to any date, the sum of the principal of and unpaid interest on all Outstanding Bonds, plus all accrued but unpaid Program Expenses.

"Act" means the Higher Education Student Assistance Authority Law, P.L. 1999, c. 46, §1, as amended and supplemented, and any successor legislation.

"Additional Bonds" means any Bonds, including Refunding Bonds, issued subsequent to the issuance of the Series of Bonds authorized under the First Supplemental Indenture adopted pursuant to this Indenture on a parity therewith and secured by an equal charge and lien on the Trust Estate and payable equally therefrom, as authorized by Article II and Section 7.10(B) hereof.

"Authenticating Agent" means the Trustee or any other Fiduciary as may be authorized pursuant to a Supplemental Indenture to perform the acts required of such agent in conformance with the provisions of this Indenture and such Supplemental Indenture.

"Authority" means the Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State, created and existing under the Act, or any board, body, commission, authority, department, or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Authority by the Act shall be given by law.

"Authorized Denominations" means amounts specified in a Supplemental Indenture for a Series of Bonds.

"Authorized Officer" means (i) the Chairman, Vice Chairman, Treasurer, Secretary, Executive Director, Chief Operating Officer, Chief Financial Officer of the Authority and such

4826-5017-2892, v. 5

2

other person or persons designated (A) in a Supplemental Indenture or (B) in writing from time to time by the Authority, which designation shall be filed with the Trustee or, (ii) in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Authority then authorized to perform such act or discharge such duty.

"Bond" or "Bonds" means any of the bonds authorized under this Indenture and issued pursuant to a Supplemental Indenture, including any Senior Bonds, Subordinate Bonds, Junior Subordinate Bonds and Additional Bonds.

"Bond Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Authority and satisfactory to the party requesting such opinion.

"Bond Fees" means periodic fees payable with respect to the financing provided by a Series of Bonds, including Fiduciary fees, Bond Insurer fees, including the premium to be paid to the Bond Insurer for a Bond Insurance Policy with respect to any Series of Bonds, Tender Agent fees, Remarketing Agent fees, fees of the provider of a Credit Facility, and any other periodic fees required to be paid in accordance with the provisions of a Supplemental Indenture in connection with the financing provided by a Series of Bonds; provided, however, that "Bond Fees" shall not include any amount that is actually paid as a Cost of Issuance.

"Bond Insurance Policy" means, with respect to any Series of Bonds, a bond insurance policy issued by a Bond Insurer insuring the payment when due of the principal of and interest on the Bonds of such Series.

"Bond Insurer" means, with respect to any Series of Bonds, the bond insurer identified in the applicable Supplemental Indenture as the provider of a Bond Insurance Policy with respect to such Series.

"Bond Year" means the twelve month period beginning on July 1 in any year and ending on June 30 of the immediately succeeding year, except that (i) the first Bond Year with respect to any Series of Bonds shall commence on the date of issuance of such Series of Bonds and end on the following June 30 and (ii) the last Bond Year with respect to any Series of Bonds shall commence on July 1 and shall end on the date on which such Series of Bonds is paid in full.

"Bondholder," "Owner", "owner", "Holder", or "holder" or words of similar import, when used with reference to a Bond, means any person who shall be the registered owner of any Outstanding Bond.

"Business Day" means any day other than a Saturday or Sunday or legal holiday in the State or a day on which banking institutions are authorized or required by law to be closed for commercial banking purposes either in the State of New York, the State of Minnesota or the State or a day on which the New York Stock Exchange is closed.

"Capitalized Interest Fund" means the Capitalized Interest Fund established pursuant to Section 5.3 hereof.

"Cash Flow Statement" means a Certificate of an Authorized Officer:

(i) setting forth, for the then current and each future Bond Year during which Bonds will be Outstanding, and taking into account (a) any Bonds expected to be issued or redeemed in each such Bond Year upon or in connection with the filing of such Certificate, and (b) the interest rate, purchase price and other terms of any Student Loans expected to be made or purchased by the Authority upon or in connection with the filing of such Certificate:

(1) the amount of Revenues and Recoveries of Principal expected to be received in each such Bond Year that are reasonably expected to be available to make Debt Service payments, and

(2) the aggregate Debt Service for each such Bond Year on all Bonds reasonably expected to be Outstanding, together with Program Expenses, Servicing Fees and Bond Fees; and

(ii) showing that in each such Bond Year the aggregate of the amounts set forth in clause (i)(1) of this definition is sufficient to pay when due the aggregate of the amounts set forth in clause (i)(2) of this definition and any minimum amount required to maintain a Parity Percentage requirement established in any Supplemental Indenture; provided, that such definition as it relates to a Series of Bonds may be amended from time to time by the Authority. The Cash Flow Statement shall be prepared using assumptions as provided in the applicable Supplemental Indenture.

"Certificate" means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Indenture or (ii) the report of an Accountant or an Authorized Officer as to audits or other procedures called for by this Indenture, as the case may be.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, or any successor legislation.

"Costs of Issuance" means all items of expense, directly or indirectly payable or reimbursable by or to the Authority and related to the authorization, sale and issuance of Bonds, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, Bond Insurance Policy premiums (to the extent payable from the proceeds of any Bonds pursuant to the Supplemental Indenture authorizing such Bonds), fees and expenses of the provider of any Credit Facility or Liquidity Facility, underwriting fees, if any, initial fees and charges of any Fiduciary, legal fees including bond and underwriter counsel fees and charges, fees and disbursements of consultants and professionals, cost of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds and any other cost, charge or fee in connection with the original issuance of Bonds.

"Counsel's Opinion" means an opinion signed by (i) the Attorney General, assistant attorney general or deputy attorney general of the State or (ii) an attorney or firm of attorneys of recognized standing in the field of law to which such opinion relates selected by the Authority.

"Credit Facility" means any credit arrangement provided by a financial institution or insurance company in connection with the issuance of a Series of Bonds as set forth in a Supplemental Indenture, including, without limitation, letters of credit, lines of credit, Bond

Insurance Policies, and surety bonds, pursuant to an agreement between such financial institution or insurance company and the Authority, including any Funding Instrument.

"Debt Service" means, with respect to any particular Bond Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Bond Year, plus (ii) any Principal Installments of such Bonds payable during such Bond Year, plus (iii) any Redemption Price of such Bonds payable during such Bond Year, but shall not include the purchase price of Bonds which may be required to be purchased other than as part of a regularly scheduled mandatory sinking fund redemption, including redemptions required pursuant to the terms of any Credit Facility or Liquidity Facility, relating to any Bonds bearing interest as a variable rate, as such Debt Service shall be calculated by the Authority and confirmed by the Trustee.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund established pursuant to Section 5.3 hereof.

"Debt Service Reserve Fund Requirement" means, as of any date of calculation, an amount equal to the aggregate of amounts specified as the Debt Service Reserve Fund Requirement amount required to be deposited in the applicable Account within the Debt Service Reserve Fund, in each Supplemental Indenture authorizing a Series of Bonds; provided, however, that the amount of Tax-Exempt Bond proceeds applied to satisfy the Debt Service Reserve Fund Requirement shall not exceed the maximum amount permitted by the Code, and any difference between such permissible amount and the Debt Service Reserve Fund Requirement shall be funded by the Authority from sources other than the proceeds of Tax-Exempt Bonds.

"Defaulted Loan" means, except as otherwise provided in a Supplemental Indenture, a Student Loan originated pursuant to the NJCLASS Loan Program (including Student Loans transferred from Prior Indentures) payable in monthly installments which has reached 180 days of delinquency and has been classified in the Authority's loan file as a Defaulted Loan or a Student Loan originated pursuant to the NJCLASS Loan Program (including Student Loans transferred from Prior Indentures) payable less frequently than in monthly installments which has reached 240 days of delinquency and has been classified in the Authority's loan file as a Defaulted Loan.

"Defaulted Loan Purchase Price" means the amount of unpaid principal and unpaid accrued interest on a Defaulted Loan as of the date of default as calculated by the Authority.

"Department" means the United States Department of Education or any successor to its functions.

"Depository" means, to the extent permitted by law, the trust department of any commercial bank or trust company or national banking association or any commercial bank, trust company or national banking association selected by the Authority or the Trustee as a depository of moneys or securities held under the provisions of this Indenture and may include the Trustee or any Paying Agent.

"Eligible Student Loan" or "Eligible Loan" means any fixed or variable interest rate student loan made to finance or refinance post-secondary education that is (i) transferred, acquired or purchased into this Trust Estate from a Prior Indenture, (ii) satisfies the administrative rules of the NJCLASS Loan Program as in effect from time to time or (iii) is made

4826-5017-2892, v. 5

5

Reserve Bank of New York, provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (iv) certificates evidencing ownership of the right to the payment of the principal of and/or interest on obligations described in clause (i), known as "CATS" or "TIGRS".

"Gross Defaulted Loan Collections" means, with respect to a Defaulted Loan, all amounts collected by the Authority with respect to such Defaulted Loan, including principal, interest and any other amounts collected, including any amounts collected after such Defaulted Loan becomes a Purchased Defaulted Loan.

"Highest Priority Bonds" means, so long as any Senior Bonds are Outstanding, the Senior Bonds, if no Senior Bonds are Outstanding, the Subordinate Bonds, and if no Senior Bonds or Subordinate Bonds are Outstanding, the Junior Subordinate Bonds.

"Indenture" means this Indenture of Trust and any amendments or supplements made pursuant to a Supplemental Indenture in accordance with its terms.

"Indexing Agent" means a corporation, association or investment banking institution having skill and expertise in connection with the determination of an interest rate to be borne by Variable Rate Bonds, as may be appointed by the Authority pursuant to the terms of the Supplemental Indenture authorizing Variable Rate Bonds, to assist in determining the rate of interest to be borne by such Variable Rate Bonds.

"Interest Payment Date" means, with respect to any Bond, any date upon which interest on such Bond is due and payable in accordance with its terms.

"Interest Rate Exchange Agreement" means an agreement between the Authority and a counterparty (having a rating from at least one nationally recognized rating service in at least the two then-highest rating categories) confirming a transaction which is an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, corridor transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of these transactions, entered into pursuant to Section 5.5(D) hereof.

"Investment Securities" means any of the following securities legal for the investment of Bond proceeds and funds on deposit in the Funds or Accounts established hereunder at the time of purchase thereof and subject to any additional rating limitations by any Rating Agency set forth in a Supplemental Indenture:

- (i) (a) Cash (fully insured by the Federal Deposit Insurance Corporation), (b) U.S. Treasury Obligations, or (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the Department of Treasury of the United States of America.
- (ii) Federal Housing Administration debentures rated in the highest rating category by S&P.
- (iii) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America rated "AA-" or better by S&P:

4826-5017-2892, v. 5

7

pursuant to a pilot program authorized by the Authority and, in each case, the proceeds of which student loan are used to finance or refinance education costs, including accrued, capitalized or deferred interest on such student loan, pursuant to the Act and which may be purchased or otherwise financed or refinanced by the Authority pursuant to the Act; provided however, that any Supplemental Indenture may restrict the 'Eligible Loans' which may be purchased or acquired with the proceeds of Bonds issued pursuant to such Supplemental Indenture to certain specified types of student loans satisfying the administrative rules of the Authority's NJCLASS Loan Program (or any successor thereto) as in effect from time to time or pursuant to an authorized pilot program in effect from time to time.

"Event of Default" means any of the events specified in Section 10.1 hereof.

"Excess Yield Fund" means the Excess Yield Fund authorized pursuant to Section 5.3 hereof.

"Favorable Opinion" means a Bond Counsel's Opinion addressed to the Authority and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Act and this Indenture, including any Supplemental Indenture, and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the applicable Series of Tax-Exempt Bonds.

"Federally Taxable Obligations" means Bonds so designated by the Supplemental Indenture pursuant to which they are issued, the interest on which shall not be excludable from gross income of the owners thereof for federal income tax purposes.

"Fiduciary" means the Trustee, the Registrar, the Authenticating Agent, any Depository, any Paying Agent and any such additional fiduciary as may be authorized pursuant to a Supplemental Indenture, or any or all of them as may be appropriate.

"Fiscal Year" means a twelve-month period adopted by the Authority as its fiscal year for accounting purposes.

"Fixed Rate Bonds" means any Bonds which bear interest at a fixed, non-variable interest rate from the date such Bonds are issued until the stated maturity date or the date fixed for redemption, as the case may be.

"Fund" means any of the trust funds created and established by, or pursuant to, this Indenture or any Supplemental Indenture, including, except where the context requires otherwise, the Rebate Fund and the Excess Yield Fund.

"Funding Instrument" means any surety bond, insurance policy, letter of credit or other similar obligation satisfying in whole or in part the Debt Service Reserve Fund Requirement for a Series of Bonds described in a Supplemental Indenture and deposited in the applicable Series Account within the Debt Service Reserve Fund in accordance with the provisions of Section 5.3(C) hereof and applicable Supplemental Indenture.

"Governmental Obligations" means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America), (ii) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clause (i), (iii) the interest component of REFCORP Strips which have been stripped by request to the Federal

4826-5017-2892, v. 5

6

- a) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
- b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;
- c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and
- d) Federal National Mortgage Association (FNMA) senior debt obligations.
- (iv) Unsecured certificates of deposit, time or demand deposits, and bankers' acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated "A-1+" by S&P.
- (v) Deposits the aggregate amounts of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least \$15 million.
- (vi) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P.
- (vii) Money market funds rated in the highest rating category by S&P.
- (viii) "State Obligations," which means:
 - a) direct general obligations of any state of the United States of America the unsecured general obligation debt of which is rated at least "AA-" by S&P or any obligation fully and unconditionally guaranteed by any state whose unsecured general obligation debt is so rated;
 - b) direct general short-term obligations of any state agency rated "A-1+" by S&P; or
 - c) special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated "AA-" or better by S&P.
- (ix) Pre-refunded municipal obligations rated "AAA" by S&P meeting the following requirements:
 - a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the Trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the Authority of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;
 - b) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;
 - c) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by a Verification Report;

4826-5017-2892, v. 5

8

d) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or Trustee in trust for owners of the municipal obligations;

e) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and

f) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the Trustee or escrow agent.

(x) Repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "AA-" S&P; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has long-term debt rated at least "AA-" by S&P, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least "AA-" S&P and acceptable to Credit Facility Provider (each an "Eligible Provider"), provided that:

a) (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral");

b) the Trustee or a third party acting solely as agent therefore or for the Authority (the "Custodian") has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

c) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send reports to the Trustee, the Authority and Credit Facility Provider setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

d) the repurchase agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of Credit Facility Provider and ten (10) days prior notice to each Rating Agency;

e) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

f) the repurchase agreement shall provide that if during its term the provider's rating by S&P is withdrawn or suspended or falls below "AA-" by S&P, the provider must notify the Authority, the Trustee and Credit Facility Provider within five (5) days of receipt of such notice and within sixty (60) days of such withdrawal, suspension or downgrade, the provider shall either: (i) provide a written guarantee acceptable to Credit Facility Provider, or (ii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within sixty (60) days, the provider shall, at the

direction of the Trustee (who shall give such direction if so directed by Credit Facility Provider) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Authority or the Trustee.

(xi) Investment agreements: with a domestic or foreign bank or corporation the long-term debt of which is rated at least "AA-" by S&P, and acceptable to Credit Facility Provider (each an "Eligible Provider"); provided that:

a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Authority and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

c) the provider shall send monthly reports to the Trustee, the Authority and Credit Facility Provider setting forth the balance the Authority or Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

d) the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

e) the investment agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of Credit Facility Provider and ten (10) days prior notice to each Rating Agency;

f) the Authority, the Trustee and Credit Facility Provider shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

g) the Authority, the Trustee and Credit Facility Provider shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (b) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

h) the investment agreement shall provide that if during its term:

1) the provider's rating by S&P falls below "AA-", the provider shall within ten (10) days of receipt of publication of such downgrade, either (A) provide a written guarantee provided by an Eligible Provider acceptable to Credit Facility Provider, (B) assign the agreement to an Eligible Provider, or (C)

repay the principal of and accrued but unpaid interest on the investment at no cost to the Authority;

2) the provider's rating by S&P is withdrawn or suspended or falls below "A-", the provider must, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Credit Facility Provider), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or Trustee.

i) in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is Eligible Collateral and in addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee, the Authority and Credit Facility Provider setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

j) the investment agreement shall state and an opinion of counsel shall be provided to the Authority, the Credit Facility Provider, and the Trustee, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

k) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Credit Facility Provider), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate.

(xii) The New Jersey Cash Management Fund, if permitted under the terms of the applicable Supplemental Indenture.

Each of the Investment Securities may be purchased by the Trustee or through an Affiliate of the Trustee.

"IREA Payment Obligation" means all payment and reimbursement obligations of the Authority to a counterparty of an Interest Rate Exchange Agreement entered into in connection with Bonds.

"Issue Date" means, with respect to each Series, the date of delivery of the Bonds of such Series.

"Junior Subordinate Bondholder" when used with reference to a Junior Subordinate Bond, means any person who shall be the registered owner of any Outstanding Junior Subordinate Bond.

"Junior Subordinate Bonds" means any bonds, notes or other obligations, payable on a priority subordinate to the Senior Bonds and the Subordinate Bonds, as provided Section 5.5(A) hereof, and issued pursuant to a Supplemental Indenture as authorized by Section 2.5 hereof.

"Liquidity Facility" means an insurance policy, letter of credit, line of credit, standby purchase agreement or other agreement or facility issued by a financial institution, insurance company or association pursuant to which the Authority may obtain funds for payment of the principal of and accrued interest on Bonds upon the tender of such Bonds for purchase by the holder thereof or upon the redemption of such Bonds by the Authority.

"Loan Finance Program" means (i) the program for the financing or refinancing of Eligible Student Loans pursuant to the NJCLASS Loan Program established by the Authority pursuant to the Program Documentation, as the same may be amended from time to time, and, in particular, as such term is used herein to the extent that such program is financed through the issuance of Bonds or from amounts otherwise available out of the moneys and assets held or pledged pursuant to this Indenture.

"Maximum Interest Rate" means, with respect to any particular Series of Variable Rate Bonds, a numerical rate of interest which shall be set forth in the Supplemental Indenture for such Series of Bonds that shall be the maximum rate of interest such Series of Variable Rate Bonds may bear at any time.

"Net Defaulted Loan Collections" means, with respect to a Defaulted Loan, the excess of (a) Gross Defaulted Loan Collections for such Defaulted Loan, less (b) the Authority's costs and expenses incurred in collecting such Defaulted Loan in an amount not to exceed thirty (30%) percent of the Gross Defaulted Loan Collections for such Defaulted Loan.

"NJCLASS Loan Program" means the New Jersey College Loans to Assist State Students Loan Program for the financing or refinancing of the making of student loans pursuant to the Act and the administrative rules promulgated thereunder, as the same may be amended and supplemented from time to time consistent with the Act, such administrative rules, and this Indenture, but only to the extent that such program is financed through the issuance of Bonds or from amounts otherwise available out of the moneys and assets held or pledged pursuant to this Indenture.

"Option Bonds" means Bonds which by their terms may be tendered by and at the option of the holders thereof for payment by the Authority prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the holder thereof.

"Origination" or "Originate" means the process of making, acquiring by purchase or issuing a Student Loan by the Authority.

"Origination Period" with respect to any Series of Bonds shall have the meaning set forth in the applicable Supplemental Indenture.

"Outstanding" when used with reference to Bonds means, as of any date, all Bonds including any Bonds held in custody for the benefit of any provider of a Credit Facility or a Liquidity Facility under a Supplemental Indenture, theretofore or thereupon being authenticated and delivered under this Indenture except:

(1) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) on or after any purchase date for Bonds subject to tender pursuant to the provisions of any Supplemental Indenture, all Bonds or portions thereof (excluding any Bonds held in custody for the benefit of any provider of a Credit Facility or Liquidity Facility under a Supplemental Indenture) which are tendered or deemed to have been tendered for purchase, provided that moneys sufficient for such purchase are on deposit with the Tender Agent;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Section 3.3, 3.7, 3.8, 6.6 or 9.6 hereof;

(4) any Bond deemed to have been paid as provided in Section 12.1(B) hereof; provided, however, that in the event that the principal and/or interest due on any Bonds shall be paid by a Credit Facility provider pursuant to its Credit Facility for such Bonds, such Bonds so paid shall remain Outstanding for all purposes of this Indenture and the applicable Supplemental Indenture, shall not be deemed defeased or otherwise satisfied and shall not be considered paid by the Authority, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Owners of such Bonds shall continue to exist and shall run to the benefit of the Credit Facility provider, and the Credit Facility provider shall be subrogated to the rights of such Owners; and

(5) any Variable Rate Bond which shall be deemed to have been purchased by the Tender Agent in connection with any event which requires that a Bondholder tender its Variable Rate Bonds which are the subject of such notice and which are not delivered on the date required by the Supplemental Indenture authorizing such Series of Variable Rate Bonds.

"Parity Percentage" means, unless otherwise set forth in a Supplemental Indenture, as of any particular date of calculation, the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities.

"Parity Percentage Requirement" for purposes of Section 5.5(A)(xi) herein and with respect to all Bonds issued and Outstanding means, when, as of any particular date of calculation, after reserving the Debt Service requirements to be made on the next succeeding Payment Date, the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities is at least the percentage provided for in the most recently adopted Supplemental Indenture.

"Paying Agent" means the Trustee or any commercial bank or trust company or national banking association designated as paying agent for a Series of Bonds, and its successor or successors hereafter appointed in the manner herein provided.

"Payment Date" means a Principal Payment Date, an Interest Payment Date or any date on which the payment of principal or redemption price of or interest on any Series of Bonds comes due, or, in each case, the next succeeding Business Day if such day is not a Business Day.

"Rating Agency" means S&P or any other nationally recognized securities rating organization to the extent such organization has been requested by the Authority to issue a rating on the Bonds (or one or more Series thereof) and such organization has issued and continues to apply a rating on such Bonds at the time in question.

"Rating Agency Confirmation" means a letter or press release or other published written release from any Rating Agency then providing a rating for one or more Series of Bonds confirming that the underlying rating on such Series of Bonds, without giving effect to any Credit Facility, will not be lowered or withdrawn as a result of the action proposed to be taken by the Authority.

"Rating Agency Notice" means written notice to any Rating Agency then providing a rating for one or more Series of Bonds of an action proposed to be taken by the Authority under this Indenture which requires such notice, which notice shall be given no less than thirty (30) days prior to the proposed effective date of such proposed action.

"Rating Agency Notice Conditions" means, for any proposed action requiring the delivery of a Rating Agency Notice, (i) providing the Rating Agency Notice to the Rating Agency, (ii) participating in discussions with the Rating Agency regarding such proposed action and, to the extent applicable, incorporating comments from the Rating Agency to such proposed action, (iii) waiting at least thirty (30) days from the delivery of the Rating Agency Notice to the date such proposed action is executed, and (iv) providing written notice to the Trustee promptly upon the execution of such proposed action.

"Rebate Fund" means the Rebate Fund authorized pursuant to Section 5.3 hereof.

"Record Date" means, except as otherwise provided in a Supplemental Indenture, the 15th day of the month immediately preceding each Payment Date.

"Recoveries of Principal" means, other than Gross Defaulted Loan Collections, all amounts received by the Authority from or on account of any Student Loan as a recovery, return or repayment of the principal amount of such Student Loan, including scheduled, delinquent and advance payments, payouts or prepayments, proceeds from insurance or any guarantees or proceeds from the sale, assignment or other disposition of such Student Loan, in each case to the extent such payments or proceeds are received with respect to the principal of such Student Loan.

"Redemption Price" means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

"Refunded Bonds" means, with respect to any Series of Refunding Bonds, any Bonds or other obligations previously issued pursuant to this Indenture or Bonds, notes or other obligations previously issued pursuant to any Prior Indenture or any other resolution, indenture, agreement or other similar authorizing document of the Authority, to be refunded or purchased by the Authority from the proceeds of such Refunding Bonds.

"Refunding Bonds" means Bonds issued to refund any Refunded Bonds.

"Registrar" means the agent of the Authority at the office of which Bonds may be presented for registration, transfer, or exchange as provided in Section 3.4 hereof and, unless

4826-5017-2892, v. 5

"Principal Installment" means, as of any Principal Payment Date, the aggregate principal amount of Outstanding Bonds maturing on such date.

"Principal Payment Date" means, with reference to any Series or portion of a Series of Bonds, the date upon which all or a portion of the Outstanding principal amount of any Bond within such Series becomes payable by reason of the maturity thereof or by operation of redemption from Sinking Fund Payments, as such date is set forth in the applicable Supplemental Indenture.

"Prior Indentures" means, collectively, (i) the Indenture of Trust, dated as of January 1, 2010 between the Authority and Wells Fargo Bank, National Association, as trustee, as amended and supplemented, (ii) the Indenture of Trust, dated as of June 1, 2010 between the Authority and Wells Fargo Bank, National Association, as trustee, as amended and supplemented, (iii) the Indenture of Trust, dated as of June 1, 2012, between the Authority and Wells Fargo Bank, National Association, as trustee, as amended and supplemented, (iv) the Indenture of Trust, dated as of May 1, 2018, between the Authority and Wells Fargo Bank, National Association, as trustee, as amended and supplemented, and (v) the Indenture of Trust, dated as of June 1, 2019, between the Authority and Wells Fargo Bank, National Association, as trustee, as amended and supplemented.

"Program Documentation" means the administrative rules of the Authority relating to the NJCLASS Loan Program, and all documentation adopted or used by the Authority for the NJCLASS Loan Program, and the Authority's Policy and Procedural Manual for the NJCLASS Loan Program as in effect on the date of execution of this Indenture and as revised, amended, altered, or supplemented from time to time.

"Program Expenses" means all of the Authority's expenses in carrying out and administering the Loan Finance Program under this Indenture and shall include, without limiting the generality of the foregoing, (a) salaries, supplies, acquisition fees, loan collection costs, verification agent fees, fees of any Liquidity Facility or Credit Facility provider under a Supplemental Indenture, utilities, mailing, labor, travel, payments for pension, retirement, health and hospitalization, and life and disability insurance benefits, materials, office rent or mortgage payment, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, audit, management, consulting, and banking service fees and expenses, fees, expenses and indemnities of the Fiduciaries, (b) Servicing Fees, and (c) Bond Fees. Program Expenses may also include amounts for establishing and maintaining reserves to pay operating costs and reasonable reserves for losses and expenses estimated to be incurred by the Authority, any borrower benefits set forth in a Supplemental Indenture, required writedowns and/or reductions in principal of Student Loans and amounts appropriate to reimburse the Authority for Program Expenses paid from other sources not paid from the proceeds of the Bonds.

"Purchased Defaulted Loan" means a Defaulted Loan (i) for which an amount of Gross Defaulted Loan Collections at least equal to the Defaulted Loan Purchase Price for such Defaulted Loan has been deposited into the Revenue Fund and deemed applied to pay such Defaulted Loan Purchase Price for such Defaulted Loan, and (ii) that has been removed from the portfolio of active Student Loans reported on the NJCLASS Loan Program accounting records and financial statements by the Authority in accordance with Section 5.6 hereof.

4826-5017-2892, v. 5

specifically stated otherwise, in a particular Supplemental Indenture with respect to Bonds authorized thereunder, means the Trustee.

"Remarketing Agent" means any remarketing agent for any Variable Rate Bonds which shall be appointed by the Authority pursuant to a Supplemental Indenture authorizing such Variable Rate Bonds, and its successor or successors, acting for the purpose of remarketing any Variable Rate Bonds which have been tendered for purchase by the holders thereof in order to obtain funds which are necessary to pay the purchase price of such Variable Rate Bonds upon the tender thereof, or any other corporation, banking institution or investment banking firm which may at any time be substituted in its place pursuant to the terms of a Supplemental Indenture or the agreement appointing the Remarketing Agent.

"Responsible Officer" shall mean, when used with respect to the Trustee, Paying Agent, Registrar, or Authenticating Agent, any officer in the corporate trust office of the Trustee, including any president, vice president, executive vice president, assistant vice president, treasurer, secretary, assistant secretary, corporate trust officer or any other officer thereof customarily performing functions similar to those performed by the individuals who at the time shall be such officers, respectively, or to whom any matter is referred because of such officer's knowledge of or familiarity with the particular subject, and, in each case, having direct responsibility for the administration of this Indenture and the other transaction documents to which such Person is a party.

"Revenue Fund" means the Revenue Fund established pursuant to Section 5.3 hereof.

"Revenues" means all payments, proceeds, charges and other income received by the Authority from or on account of any Student Loan, including scheduled, delinquent and advance payments of, and any insurance proceeds with respect to, interest on any Student Loan, any late fees and any Gross Defaulted Loan Collections, and all interest earned or gain realized from the investment of amounts in any Fund or Account (other than amounts required to be deposited to or on deposit in the Rebate Fund or the Excess Yield Fund); but excludes (a) any amount retained by the Servicer of any Student Loan as compensation for services rendered in connection with the servicing of such Student Loan, and (b) Recoveries of Principal.

"S&P" means S&P Global Ratings, a division of S&P Global, its successors and assigns.

"Secretary" means the Secretary of the Department or any successor to the Secretary's function.

"Senior Bondholder" when used with reference to a Senior Bond, means any person who shall be the registered owner of any Outstanding Senior Bond.

"Senior Bonds" means any bonds, notes or other obligations, payable on a senior basis to the Subordinate Bonds and Junior Subordinate Bonds as provided in Section 5.5(A) hereof, and issued pursuant to a Supplemental Indenture as authorized by Section 2.5 hereof.

"Series" means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, pursuant to the same Supplemental Indenture and designated as a Series in such Supplemental Indenture regardless of variations in maturity, interest rate, method of determining such interest rate, Sinking Fund Payments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

4826-5017-2892, v. 5

4826-5017-2892, v. 5

"Servicer" means an organization with which the Authority has entered into a Servicing Acknowledgement with respect to Student Loans, and any successors and assigns; if the Authority shall then be servicing any or all of the Student Loans itself, the term "Servicer" shall be deemed to include, or mean, the Authority.

"Servicing Acknowledgement" means any acknowledgement of servicing between the Authority and a Servicer, or between the Trustee and the Authority, in its capacity as a Servicer, when it is acting as such, and any supplements and amendments thereto, under which the Servicer, including the Authority when it is acting in such capacity, agrees to administer Student Loans and collect Revenues, and any successor acknowledgements entered into in accordance with this Indenture.

"Servicing Fees" means all those fees payable to a Servicer, including the Authority, when it is acting as the Servicer, as compensation for its services pursuant to a Servicing Acknowledgement or the Program Documentation.

"Sinking Fund Payment" means, as of any particular date of calculation, the amount required to be paid by the Authority on a future Principal Payment Date for the retirement of Outstanding Bonds which mature after said future Principal Payment Date, but does not include any amount payable by the Authority by reason of the maturity of a Bond or by call for redemption at the election of the Authority.

"State" means the State of New Jersey.

"Student Loan" means any Eligible Loan (i) made or acquired by the Authority by the expenditure of amounts in the Student Loan Fund or (ii) transferred to the Trust Estate from a Prior Indenture.

"Student Loan Fund" means the Student Loan Fund established pursuant to Section 5.3 hereof.

"Subaccount" means any subaccount within an Account created pursuant to Section 5.3(G) hereof.

"Subordinate Bondholder" when used with reference to a Subordinate Bond, means any person who shall be the registered owner of any Outstanding Subordinate Bond.

"Subordinate Bonds" means any bonds, notes or other obligations, payable on a priority subordinate to the Senior Bonds and on a priority senior to the Junior Subordinate Bonds, as provided Section 5.5(A) hereof, and issued pursuant to a Supplemental Indenture as authorized by Section 2.5 hereof.

"Supplemental Indenture" means any Indenture supplemental to or amendatory of this Indenture, executed by the Authority and the Trustee and effective in accordance with Article VIII hereof.

"Tax-Exempt Bonds" means Bonds which were delivered upon original issuance with a Bond Counsel's Opinion that interest on such Bonds are excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code or any successor provisions thereto.

4826-5017-2892, v. 5

17

(iv) any headings preceding the texts of the several Articles and Sections of this Indenture and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(v) this Indenture shall be governed by and construed in accordance with the applicable laws of the State;

(vi) the verbs "originate," "make," "finance" and "acquire," when used with reference to a Student Loan, shall be construed to include (i) the purchase or other acquisition, or refinancing or refunding of such Student Loan or (ii) the participation by the Authority, either alone or with others, in the making or purchase thereof;

(vii) references to the payment of the Bonds shall be deemed to include reference to the payment of interest and Redemption Price, if any, thereon;

(viii) except as otherwise provided in a Supplemental Indenture, references to time shall mean the applicable local time in the City of Trenton, New Jersey; and

(ix) references to Sections and Articles, unless otherwise indicated, refer to Sections and Articles in this Indenture.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Authority, the Fiduciaries, the counterparty to an Interest Rate Exchange Agreement, the provider of a Credit Facility, the issuer of a Funding Instrument, the provider of a Liquidity Facility and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Authority, shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, the counterparty to an Interest Rate Exchange Agreement, the provider of a Credit Facility, the issuer of a Funding Instrument, the provider of a Liquidity Facility and the Owners of the Bonds.

(C) If any one or more of the covenants or agreements provided herein on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements, shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Indenture or of the Bonds.

(D) (i) In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Authority, Trustee and the Holders from time to time of the Bonds; and the security interest granted and the pledge and assignment made in this Indenture and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, all except as expressly provided in Section 5.5(A), Section 10.1 and Section 10.3 of this Indenture.

4826-5017-2892, v. 5

19

"Tax Agreement" means a Tax Regulatory Agreement or other document of similar purpose and intent executed in connection with any Series of Tax-Exempt Bonds with respect to compliance with the requirements of the Code.

"Tender Agent" means any tender agent which shall be appointed by the Authority pursuant to a Supplemental Indenture authorizing Variable Rate Bonds, and its successor or successors, in connection with the purchase of Variable Rate Bonds which are tendered by the holders thereof, or any other banking institution, corporation or investment banking firm which may be substituted therefor pursuant to the terms of a Supplemental Indenture or the terms of the agreement appointing the Tender Agent.

"Termination Payments" means, with respect to any Interest Rate Exchange Agreement, the settlement amount to be paid by the Authority or counterparty to the Interest Rate Exchange Agreement by reason or on account of the early termination of the Interest Rate Exchange Agreement.

"The Depository Trust Company" or "DTC" means The Depository Trust Company, New York, New York, and its successors and assigns and any other corporation or entity performing similar securities depository functions.

"Trust Estate" means all the property, assets, rights and interests pledged and assigned to the Trustee pursuant to Section 5.2 hereof.

"Trustee" means Wells Fargo Bank, National Association, currently at its corporate office located in Minneapolis, Minnesota, and its successor or successors and any other person at any time substituted in its place pursuant to this Indenture.

"Variable Rate" when used with respect to Bonds, Senior Bonds, Subordinate Bonds or Junior Subordinate Bonds, means any Bonds, Senior Bonds, Subordinate Bonds or Junior Subordinate Bonds, as applicable, which are designated by the Supplemental Indenture for such Series of Bonds to bear interest at a variable rate of interest, which in no event shall be less than 0%.

Section 1.3. Interpretation.

(A) In this Indenture, unless the context otherwise requires:

(i) the terms "hereby," "hereof," "herein," "hereunder" and similar terms, as used in this Indenture, refer to this Indenture, and the term "heretofore" means before, and the term "hereafter" means after, the date of this Indenture;

(ii) words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa;

(iii) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, limited liability companies, corporations and other legal entities, including public bodies, as well as natural persons;

4826-5017-2892, v. 5

18

(ii) The security interest granted and the pledge and assignment made in this Indenture shall also secure the Authority's payment obligations to the provider of any Credit Facility pursuant to the terms thereof and of this Indenture.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

4826-5017-2892, v. 5

20

ARTICLE II

TERMS OF BONDS

Section 2.1. Authorization for Indenture, Bonds. This Indenture and the issuance of Bonds hereunder have been duly authorized by the Authority and the principal amount of Bonds that may be issued from time to time hereunder is not limited except as provided herein or by law. The Authority has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes of the Authority and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes of the Authority.

Section 2.2. Limited Obligation of Authority. The Bonds are limited, not general, obligations of the Authority payable solely from the Trust Estate, subject to the application thereof to the purposes and on the conditions permitted by this Indenture.

Section 2.3. Authorization for Issuance of Bonds in Series. Bonds are hereby authorized to be issued from time to time hereunder in one or more Series without limitation as to amount except as may be provided herein, in a Supplemental Indenture, or by law. Bonds may be issued as Senior Bonds, as Subordinate Bonds or as Junior Subordinate Bonds, as set forth in the Supplemental Indenture authorizing such Bonds. Bonds may be issued as Federally Taxable Bonds only if so provided in the Supplemental Indenture authorizing such Bonds. No Bonds shall be issued unless they are part of an issue described in a Supplemental Indenture and until the conditions contained in Section 2.5 hereof and, in the case of Refunding Bonds, Section 2.6 hereof are satisfied.

Section 2.4. Issuance and Delivery of Bonds. After their authorization by the Authority, Bonds may be executed by or on behalf of the Authority and delivered to the Trustee for authentication and, upon compliance by the Authority with the requirements of Sections 2.5 and 7.10(B) hereof and, in the case of Refunding Bonds, Section 2.6 hereof, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Authority.

Section 2.5. Conditions Precedent to Delivery of Bonds. The Bonds of each Series shall be authenticated and delivered upon the order of the Authority, but only upon the receipt by the Trustee of the following:

(A) a certified copy of the Supplemental Indenture authorizing such Series of Bonds, executed by the Authority and the Trustee, which shall specify:

- (i) the authorized principal amount and designation of such Bonds;
- (ii) the purposes for which such Bonds are issued, which shall be one or more of the following: (a) the making of deposits into the Student Loan Fund, (b) the making of deposits to the extent necessary to increase the balance in the Debt Service Reserve Fund to the amount, if any, required by this Indenture or such Supplemental Indenture, (c) the refunding of any Refunded Bonds, (d) the payment of Costs of Issuance, or (e) any combination of the foregoing;
- (iii) the dated dates and maturity dates of such Series of Bonds;

4826-5017-2892, v. 5

21

the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting rights and remedies of creditors and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against State agencies and authorities in the State); and (iv) interest on Bonds which are Tax-Exempt Bonds will be excludable from gross income for federal income tax purposes (subject to such exceptions as may be necessary with regard to future compliance by the Authority with federal income tax requirements, including those regarding the use and investment of Bond proceeds and other funds);

(C) a written order as to the delivery of such Bonds, signed by an Authorized Officer;

(D) evidence of the receipt by the Trustee of the amount of the proceeds of such Bonds to be deposited with the Trustee pursuant to Section 4.1 hereof, which shall be conclusively established by the executed Certificate of the Trustee so stating;

(E) in the case of Additional Bonds issued pursuant to Section 7.10 hereof, evidence that the provisions of Section 7.10 hereof have been complied with as of the date of delivery of such Series; and

(F) such further documents and moneys as are required by the provisions of Article VIII hereof or of any Supplemental Indenture entered into pursuant to Article VIII hereof.

Section 2.6. Conditions Precedent to Delivery of Refunding Bonds. In addition to the requirements of Section 2.5 hereof, Refunding Bonds of any Series shall be authenticated by the Trustee only upon the receipt by the Trustee of:

(A) evidence of the receipt by the Trustee of irrevocable instructions to the Trustee to give due notice of the purchase, payment or redemption of all the Refunded Bonds to be refunded and the tender, payment or redemption dates, if any, upon which such Refunded Bonds are to be purchased, paid or redeemed, which shall be conclusively established by the executed Certificate of the Trustee so stating;

(B) if Refunded Bonds are to be redeemed subsequent to the next succeeding forty-five (45) days, evidence of the receipt by the Trustee of irrevocable instructions to the Trustee to mail or provide electronic dissemination if authorized by DTC, as provided in Article VI hereof, notice of the purchase or redemption of such Bonds on a specified date prior to their purchase or redemption date, which shall be conclusively established by the executed Certificate of the Trustee so stating; and

(C) evidence of the receipt by the Trustee of either (i) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect purchase, payment or redemption at the applicable Redemption Price of the Refunded Bonds to be refunded, together with accrued interest on such Refunded Bonds to the purchase date, due date or redemption date, or (ii) Governmental Obligations (not subject to redemption at the option of the issuer thereof) for the purpose of effecting a refunding of Refunded Bonds, the principal of and interest on which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable principal or Redemption Price of the Refunded Bonds to be refunded, together with accrued interest on such Refunded Bonds to the redemption date or dates of

4826-5017-2892, v. 5

23

(iv) the interest rates, if any, and the method or formula of determining interest rates which are not fixed rates of interest and principal amounts payable upon such Bonds (or the manner of determining such rates or amounts) and the Payment Dates thereof,

(v) the denominations of, and the manner of dating, numbering and lettering such Bonds;

(vi) subject to Section 7.3 hereof, the Paying Agent and the places of payment of such Bonds or the manner of appointing and designating the same;

(vii) the Debt Service Reserve Fund Requirement, and the amount, if any, required to be deposited in the Debt Service Reserve Fund from the proceeds of the Bonds of such Series or by the deposit of a Funding Instrument in such Debt Service Reserve Fund so that the amount on deposit therein will equal the Debt Service Reserve Fund Requirement;

(viii) the Funds, Accounts or Subaccounts to which monies are to be deposited;

(ix) provisions concerning the forms of such Bonds and of the Trustee's certificate of authentication;

(x) any other provisions deemed advisable by the Authority as shall not conflict with the provisions hereof;

(xi) the Redemption Price, if any, of and, subject to the provisions of Article VI hereof, the redemption terms for such Bonds;

(xii) the amounts and due dates of the Sinking Fund Payments, if any, for any of such Bonds and any other applicable provisions relating to such Sinking Fund Payments;

(xiii) provisions, if any, for furnishing a Credit Facility or Liquidity Facility with respect to such Series; and

(xiv) whether the Bonds of such Series are Federally Taxable Bonds.

(B) Either or both of, or a combination of, a Counsel's Opinion and a Bond Counsel's Opinion to the effect that: (i) the Supplemental Indenture authorizing the Bonds of such Series and this Indenture have been duly and lawfully authorized, executed, and delivered by the Authority and are valid and binding upon, and enforceable against, the Authority (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting rights and remedies of creditors and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against State agencies and authorities in the State); (ii) such Supplemental Indenture and this Indenture create the valid pledge and assignment which they purport to create of the Trust Estate, including Revenues and Recoveries of Principal, moneys and securities on deposit in any of the Funds and Accounts established hereunder (except the Rebate Fund and the Excess Yield Fund), including the investments, if any, thereof, subject to the application of such amounts to the purposes and on the conditions permitted by such Supplemental Indenture and this Indenture; (iii) upon the execution, authentication and delivery thereof, such Bonds will have been duly and validly authorized and issued by the Authority and constitute the valid and legally binding limited obligations of the Authority enforceable in accordance with their terms (except to

4826-5017-2892, v. 5

22

purchase or maturity thereof. Such receipt shall be conclusively established by the executed Certificate of the Trustee so stating.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

4826-5017-2892, v. 5

24

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.1. Place, Medium of Payment, Denomination, Maturities, Credit or Liquidity Facilities, Form and Date.

(A) Principal or Redemption Price, if applicable, of the Bonds are payable upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent. Interest on the Bonds will be paid by check or draft drawn upon the Paying Agent and mailed to registered owners at the addresses shown on the registration books maintained by the Registrar, provided that, at the written request of the registered owner of at least \$1,000,000 principal amount of Bonds of a Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Payment as aforesaid shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) The Payment Dates with respect to a Series of Bonds shall be as set forth in the Supplemental Indenture authorizing such Bonds. Interest, if any, on each Bond shall be payable as set forth in the Supplemental Indenture authorizing such Series of Bonds.

(C) Bonds shall be issued in fully registered form, without coupons.

(D) All Series of Bonds shall be dated as provided in the Supplemental Indenture authorizing such Series of Bonds. Bonds of any Series issued prior to the first Interest Payment Date, if any, applicable to Bonds of such Series shall bear interest from their dated date, but Bonds issued on or subsequent to the first Interest Payment Date applicable to Bonds of such Series shall bear interest from the Interest Payment Date next preceding the date of authentication thereof (unless such date of authentication shall be an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date). If, however, as shown by the records of the Trustee and Registrar, interest on such Series of Bonds shall be in default, the Bonds issued in lieu of such Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the Bonds surrendered.

(E) With respect to any Series of Bonds, the Authority may provide by Supplemental Indenture for the use of a book-entry-only system with The Depository Trust Company or other similar entity including alternate methods of paying Bonds.

(F) The interest rate or rates on Bonds of any Series or any Bonds within a Series may be fixed or variable as shall be set forth in the Supplemental Indenture authorizing such Bonds.

(G) Payment of the principal or Redemption Price, if applicable, of, or interest on, the Bonds of any Series may be payable from or secured by a Credit Facility or Liquidity Facility as shall be set forth in the Supplemental Indenture authorizing such Bonds. The provider of any such Credit Facility or Liquidity Facility may be granted such rights to consent to or approve of action required or permitted hereunder as shall be set forth in the Supplemental Indenture authorizing the Series of Bonds benefiting from such Credit Facility or Liquidity Facility, which rights may be granted to the exclusion of the Owners of the Bonds of such Series.

Section 3.2. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise.

Section 3.3. Interchangeability of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its duly authorized attorney, may at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the Trustee may make as provided in Section 3.6 hereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity bearing the same rate of interest and Authorized Denominations of any Bonds of the same Series; provided, however, that the exchange of Bonds may be restricted by the Supplemental Indenture pursuant to which such Bonds are issued.

Section 3.4. Negotiability, Transfer and Registry. Except as provided in any Supplemental Indenture, all the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration, transfer and exchange contained in this Indenture and in the Bonds. So long as any of the Bonds remain Outstanding, the Authority shall maintain and keep, at the designated corporate trust office of the Registrar, which may be one or more banks or trust companies or national banking associations appointed by the Authority, books for the registration, transfer and exchange of Bonds. Upon presentation thereof for such purpose at said office, the Authority shall register or cause to be registered in such books, and permit to be transferred thereon, any Bonds pursuant to such reasonable regulations as it or the Registrar may prescribe. So long as any of the Bonds remain Outstanding, the Authority shall make all necessary provisions to permit the exchange of Bonds at the designated corporate trust office of the Registrar.

Section 3.5. Transfer of Bonds.

(A) Each Bond shall be transferable only upon the books of the Authority, which shall be kept for such purpose at the designated corporate trust office of the Registrar, by the registered owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its duly authorized attorney. Upon the transfer of any such Bond, the Authority shall issue in the name of the transferee a new Bond or Bonds, of the same aggregate principal amount, Series, priority, interest rate and maturity as the surrendered Bond.

(B) The Authority and any Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary.

Section 3.6. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute, and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer,

and, except (i) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, or (ii) as otherwise provided herein, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sums shall be paid by the Bondholder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Authority shall not be obligated to issue, exchange or transfer any Bond during a period beginning on the opening of business on the Record Date and ending on the related Interest Payment Date or during a period beginning on the opening of business on the date Bonds are selected for redemption and ending on the date of the mailing of notice of such redemption, or transfer or exchange Bonds called or being called for redemption, except the unredeemed portion of Bonds being redeemed in part.

Section 3.7. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute and the Authenticating Agent shall authenticate a new Bond of like Series, interest rate, maturity, principal amount and other terms of the Bond so mutilated, destroyed, stolen or lost. In the case of a mutilated Bond, such new Bond shall be delivered only upon surrender and cancellation of such mutilated Bond. In the case of a Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond shall be delivered only upon filing with the Trustee of evidence satisfactory to establish to the Authority and the Trustee that such Bond has been destroyed, stolen or lost and to prove the ownership thereof and upon furnishing the Authority and the Trustee with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond pursuant to this Section 3.7 shall comply with such other reasonable regulations as the Authority and the Trustee may prescribe and pay such expenses as the Authority and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it. Evidence of such cancellation shall be filed with the Authority at its request.

Section 3.8. Preparation of Definitive Bonds: Temporary Bonds.

(A) Definitive Bonds of any Series shall be typewritten, lithographed, printed or prepared in such other fashion as is acceptable to the initial purchasers of the Bonds of such Series. Until definitive Bonds are prepared, the Authority may execute and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bonds are issued, in Authorized Denominations or any multiple thereof, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. Upon surrender of such temporary Bonds for exchange and cancellation, the Authority at its own expense shall prepare and execute and, without charge to the Owner thereof, deliver in exchange therefor, at the designated corporate trust office of the Trustee, definitive Bonds, of the same aggregate principal amount, Series and maturity, bearing the same rate of interest and having the same terms as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall be in all respects entitled to the same benefits and security as definitive Bonds issued pursuant to this Indenture.

(B) All temporary Bonds surrendered in exchange for definitive Bonds shall be forthwith cancelled by the Trustee.

Section 3.9. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bond, together with all Bonds purchased by the Trustee, and all Bonds

surrendered to the Trustee in accordance with Sections 3.7 or 3.8 herein, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be cancelled or otherwise destroyed by the Trustee in accordance with its retention policy then in effect.

Section 3.10. Execution and Authentication.

(A) After their authorization pursuant to a Supplemental Indenture, Bonds of a Series may be executed pursuant to or on behalf of the Authority and delivered to an Authenticating Agent for authentication. The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of the Chairman or other Authorized Officer, or in such other manner as may be required by law or the resolution authorizing the Bonds of a Series. The corporate seal of the Authority (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved, or otherwise reproduced thereon and attested to by the manual or facsimile signature of the Secretary or other Authorized Officer, or in such other manner as may be required by law or the resolution authorizing the Bonds of a Series. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office or be so employed. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Authority, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(B) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Indenture authorizing such Bonds, executed manually by the Authenticating Agent. No Bond shall be entitled to any right or benefit under this Indenture or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Authenticating Agent. Such certificate of Authenticating Agent upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated was issued and delivered under this Indenture and that the Owner thereof is entitled to the benefits hereof.

(C) Issuance of Bonds in the form of book-entry securities shall take place upon the completion of such acts as may be specified and in the manner which may be specified in the Supplemental Indenture authorizing such issuance.

Section 3.11. Subordinate Bonds and Junior Subordinate Bonds.

(A) Subject to the provisions of Section 2.5 hereof, the Authority may issue from time to time Subordinate Bonds which shall be secured by a pledge of the Trust Estate that is subordinate to the pledge applicable to the Senior Bonds and senior to the pledge applicable to the Junior Subordinate Bonds. Such Subordinate Bonds shall contain an express statement to the effect that the payment of the principal of and interest on such Subordinate Bonds is subordinate to such payment of Senior Bonds and that the lien and security interest on the Trust Estate for the benefit of such Subordinate Bonds is subordinate to the lien and security interest on the Trust Estate for the benefit of the Senior Bonds. Notwithstanding the foregoing, the interest on such Subordinate Bonds may be paid currently from the Revenue Fund on a periodic basis with the priority set forth in Section 5.5(A) hereof while Senior Bonds are Outstanding on any Interest Payment Date or any other convenient date or dates so long as no Event of Default exists. Funds on deposit in the Debt Service Reserve Fund shall be applied to the payment of principal of or interest on such Subordinate Bonds with the priority set forth herein. The

Supplemental Indenture authorizing such Subordinate Bonds shall specify the terms and conditions applicable to such Subordinate Bonds not inconsistent with the terms and conditions hereof and may make such amendments to this Indenture as are necessary to effect the subordination of payments with respect to such Subordinate Bonds.

(B) Subject to the provisions of Section 2.5 hereof, the Authority may issue from time to time Junior Subordinate Bonds which shall be secured by a pledge of the Trust Estate that is subordinate to the pledge applicable to both the Senior Bonds and Subordinate Bonds. Such Junior Subordinate Bonds shall contain an express statement to the effect that the payment of the principal of and interest on such Junior Subordinate Bonds is subordinate to such payment of Senior Bonds and Subordinate Bonds and that the lien and security interest on the Trust Estate for the benefit of such Junior Subordinate Bonds is subordinate to the lien and security interest on the Trust Estate for the benefit of the Senior Bonds and Subordinate Bonds. Notwithstanding the foregoing, the interest on such Junior Subordinate Bonds may be paid currently from the Revenue Fund on a periodic basis with the priority set forth in Section 5.5(A) hereof while Senior Bonds or Subordinate Bonds are Outstanding on any Interest Payment Date or any other convenient date or dates so long as no Event of Default exists. Funds on deposit in the Debt Service Reserve Fund shall be applied to the payment of principal of or interest on such Junior Subordinate Bonds with the priority set forth herein. The Supplemental Indenture authorizing such Junior Subordinate Bonds shall specify the terms and conditions applicable to such Junior Subordinate Bonds not inconsistent with the terms and conditions hereof and may make such amendments to this Indenture as are necessary to effect the subordination of payments with respect to such Junior Subordinate Bonds.

Section 3.12. FATCA. Each Owner, by its acceptance of a Bond or a beneficial interest in a Bond, agrees to provide and shall provide to the Trustee, Paying Agent and/or the Authority (or other person responsible for withholding of taxes) with the Tax Identification Information. Further, each Owner is deemed to understand, acknowledge and agree that the Trustee, Paying Agent and Authority have the right to withhold on payments with respect to a Bond (without any corresponding gross-up) where an applicable party fails to comply with the requirements set forth in the preceding sentence or the Trustee, Paying Agent or Authority is otherwise required to so withhold under applicable law. The Authority hereby covenants with the Trustee that the Authority will provide the Trustee with sufficient information so as to enable the Trustee to determine whether or not the Trustee is obliged to make any withholding, including FATCA Withholding Tax, in respect of any payments with respect to a Bond (and if applicable, to provide the necessary detailed information to effectuate any withholding, including FATCA Withholding Tax, such as setting forth applicable amounts to be withheld). The parties agree that the Trustee shall be released of any liability relating to its actions and compliance under this Section 3.12 and FATCA. Notwithstanding any other provisions herein, the term 'applicable law' for purposes of this Section 3.12 includes U.S. federal tax law and FATCA. Upon request from the Trustee or Paying Agent, the Authority will provide such additional information that it may have to assist the Trustee or the Paying Agent in making any withholdings or informational reports. For purposes of this Section 3.12, "FATCA" means Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereunder or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, any published intergovernmental agreement entered into in connection with the implementation of the foregoing and any fiscal or regulatory legislation, rules or official practices adopted pursuant to such published intergovernmental agreement, "FATCA Withholding Tax" means any withholding or deduction required pursuant to FATCA" and "Tax Identification Information" means information and/or properly completed and signed tax certifications sufficient to eliminate the imposition of or determine the amount of any withholding of tax,

4826-5017-2892, v. 5

29

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER AMOUNTS

Section 4.1. Application of Bond Proceeds, Accrued Interest and Premium.

Except as otherwise provided in a Supplemental Indenture, the proceeds of sale of any Series of Bonds (other than the proceeds of Refunding Bonds or the proceeds from the remarketing of any Bonds) shall, as soon as practicable upon the delivery of the Bonds by the Trustee pursuant to Section 2.5 hereof, be applied as follows:

(A) the amount, if any, necessary to cause the aggregate amount on deposit in the Debt Service Reserve Fund to at least equal the Debt Service Reserve Fund Requirement immediately following the time of such delivery shall be deposited in the Debt Service Reserve Fund, together with such additional amounts, if any, as may be specified in the Supplemental Indenture authorizing such Series;

(B) upon the delivery of a Series of Bonds, the amount, if any, received as capitalized interest as designated by a Supplemental Indenture, shall be deposited in the Capitalized Interest Fund unless otherwise provided in a Supplemental Indenture;

(C) upon the delivery of a Series of Bonds, the amount, if any, received at such time as a premium above the aggregate principal amount of such Bonds shall be applied by the Trustee as specified in the Supplemental Indenture authorizing such Series, and the amount, if any, received as accrued interest as designated by a Supplemental Indenture, shall be deposited in the Revenue Fund unless otherwise provided in a Supplemental Indenture; and

(D) the balance remaining after such deposits have been made shall be deposited in the Student Loan Fund.

Section 4.2. Application of Proceeds of Refunding Bonds. The proceeds of Refunding Bonds shall be deposited as provided in the Supplemental Indenture authorizing such Bonds.

Section 4.3. Application of Amounts Pledged as Security for Bonds Defeased.

The balance of any Account or Fund which is pledged as security for any Series of Bonds shall be applied, upon the defeasance of such Series through the application of the proceeds of Refunding Bonds issued pursuant to this Indenture, as prescribed in the Supplemental Indenture authorizing such Refunding Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

4826-5017-2892, v. 5

31

including FATCA Withholding Tax, determine that such recipient of payment has complied with such recipient's obligations under FATCA or otherwise allow the Issuer, Paying Agent and Trustee to comply with their respective obligations under FATCA.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

4826-5017-2892, v. 5

30

ARTICLE V

PLEDGE OF INDENTURE; ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 5.1. Pledge Effected by Indenture.

The Trust Estate is pledged and assigned pursuant to this Indenture in accordance with the terms and conditions of this Indenture. To the fullest extent provided by the Act and other applicable laws, the Trust Estate shall immediately be subject to the lien of this Indenture without any physical delivery thereof or further act, and such lien shall be valid and binding against all parties having claims in tort, contract, or otherwise against the Authority, irrespective of whether such parties have notice hereof.

Section 5.2. Establishment of Trust Estate Pledge.

All of the below property, assets, rights and interests (including all proceeds thereof) (collectively, the "Trust Estate") are hereby pledged by the Authority and a security interest in the Trust Estate is hereby granted pursuant to the Act, to the Trustee and its successors and assigns in trust forever (subject to the terms and conditions hereof) for the benefit of Bondholders, the counterparties to any Interest Rate Exchange Agreements and the providers of any Credit Facility or Liquidity Facility, as their interests may appear, in the following order of priority (except as otherwise provided in Section 5.5(A), Section 10.1 and Section 10.3 herein or in a Supplemental Indenture): (1) first, the payment of the principal and Redemption Price of, the interest on the Senior Bonds and the performance and observance of all of the covenants and conditions in said Senior Bonds and herein contained; (2) second, except as otherwise provided in a Supplemental Indenture, to the Authority's obligations under any Interest Rate Exchange Agreements that may, from time to time, be in effect with respect to any Senior Bonds; (3) third, except as otherwise provided in a Supplemental Indenture, the obligations of the Authority incurred pursuant to any Credit Facility or Liquidity Facility that may, from time to time, be in effect with respect to any Senior Bonds; (4) fourth, the payment of the principal and Redemption Price of, the interest on the Subordinate Bonds and the performance and observance of all of the covenants and conditions in said Subordinate Bonds and herein contained; (5) fifth, except as otherwise provided in a Supplemental Indenture, to the Authority's obligations under any Interest Rate Exchange Agreements that may, from time to time, be in effect with respect to any Subordinate Bonds; (6) sixth, except as otherwise provided in a Supplemental Indenture, the obligations of the Authority incurred pursuant to any Credit Facility or Liquidity Facility that may, from time to time, be in effect with respect to any Subordinate Bonds; (7) seventh, the payment of the principal and Redemption Price of, the interest on the Junior Subordinate Bonds and the performance and observance of all of the covenants and conditions in said Junior Subordinate Bonds and herein contained; (8) eighth, except as otherwise provided in a Supplemental Indenture, to the Authority's obligations under any Interest Rate Exchange Agreements that may, from time to time, be in effect with respect to any Junior Subordinate Bonds; and (9) ninth, except as otherwise provided in a Supplemental Indenture, the obligations of the Authority incurred pursuant to any Credit Facility or Liquidity Facility that may, from time to time, be in effect with respect to any Junior Subordinate Bonds:

(A) All Revenues and Recoveries of Principal;

(B) The Student Loans and notes evidencing the same and all extensions and renewals thereof; and

(C) All moneys and securities from time to time held by the Trustee under the terms of this Indenture (excluding moneys and securities held, or required to be deposited, in the Rebate Fund or the Excess Yield Fund) and any and all other real or personal property of every

4826-5017-2892, v. 5

32

name and nature, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Authority to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

Section 5.3. Establishment or Authorization of Student Loan Fund, Revenue Fund, Debt Service Reserve Fund, Capitalized Interest Fund, Rebate Fund and Excess Yield Fund. In order to best effectuate the making and acquiring of Student Loans, the payment of the principal of and interest on the Bonds and to provide for the proper administration of all moneys received as proceeds of the Bonds, there are hereby created and established the following Funds and Accounts:

(A) **The Student Loan Fund.** Except as otherwise provided in a Supplemental Indenture, there shall be credited to the Student Loan Fund, the following:

- (i) all proceeds from the sale of the Bonds (excluding accrued interest, original issue premium and capitalized interest, if any, and to the extent required by the Supplemental Indenture relating to a Series of Bonds, the Debt Service Reserve Fund Requirement pertaining to the Series of Bonds), other than proceeds of Refunding Bonds;
- (ii) Recoveries of Principal subject to any limitations set forth in a Supplemental Indenture; and
- (iii) all moneys required or directed to be transferred to the Student Loan Fund pursuant to this Indenture or any Supplemental Indenture. All moneys in the Student Loan Fund shall be used for the purposes and disbursed as provided in Section 5.4 hereof.

The Student Loan Fund shall constitute a part of the "New Jersey College Loans to Assist State Students (NJCLASS) Loan Fund" under the Act and the "Higher Education Student Assistance Fund" under the Act, in each case to the extent applicable.

(B) **The Revenue Fund.** Except as otherwise provided in a Supplemental Indenture, there shall be credited to the Revenue Fund:

- (i) original issue premium, if any, and accrued interest, if any, from the sale of the Bonds,
- (ii) any amounts transferred from the Capitalized Interest Fund pursuant to Section 5.8 hereof,
- (iii) all Revenues,
- (iv) any amounts transferred from the Student Loan Fund pursuant to Section 5.4(A)(iv) hereof,
- (v) any amounts transferred from the Debt Service Reserve Fund pursuant to Section 5.7 hereof; and
- (vi) any other amounts required or directed to be deposited therein pursuant to a Supplemental Indenture and any other amounts available therefor and determined by the Authority to be deposited therein from time to time.

4826-5017-2892, v. 5

33

(G) An Authorized Officer of the Authority may authorize the Trustee to establish Subaccounts or additional Accounts as it may deem necessary or as required by a Supplemental Indenture. Any Subaccount or Account established under the Revenue Fund, the Debt Service Reserve Fund, the Capitalized Interest Fund, and the Student Loan Fund shall be held and maintained as a separate Account or Subaccount solely for the purpose of tracking the investment and receipts of money and Student Loans, if required by a Tax Agreement delivered in connection with any Series of Tax-Exempt Bonds or if in Bond Counsel's Opinion it is necessary to do so.

Section 5.4. Student Loan Fund.

(A) Moneys in the Student Loan Fund shall be used, except as otherwise provided herein or in any Supplemental Indenture, only for the following purposes:

- (i) to pay Costs of Issuance, including the initial fees of any provider of a Credit Facility under a Supplemental Indenture, and the initial fees of the Trustee or other Fiduciary and any loan application fees, if such fees are to be paid from the proceeds of any Series of Bonds, as set forth in a Supplemental Indenture;
- (ii) upon receipt of a disbursement list or other written direction of the Authority, to make or acquire Eligible Loans, subject to the provisions and requirements of this Indenture or any Supplemental Indenture;
- (iii) in the event of foreclosure of the lien of the Trustee on the Trust Estate, for transfer to the Revenue Fund;
- (iv) after any funds on deposit in the Capitalized Interest Fund have been transferred and expended as provided herein or in an applicable Supplemental Indenture, (i) to make deposits to the Revenue Fund for the purpose of paying Principal Installments or interest on Bonds, whether at maturity or earlier redemption, if there are insufficient funds on deposit in the Revenue Fund for the payment of Principal Installments or interest on Bonds on any Payment Date and/or (ii) to make deposits to the Debt Service Reserve Fund to the extent of any deficiency therein;
- (v) periodically upon the written direction of the Authority, after the above payments and/or transfers have been made, to make deposits to the Revenue Fund to pay Program Expenses (including Servicing Fees or Bond Fees), if any, not otherwise paid, retained or provided for by the Authority from moneys under this Indenture, subject to any payment limitations set forth in a Supplemental Indenture;
- (vi) to make deposits to the Revenue Fund required pursuant to Sections 5.4(B) or 5.4(C) of this Indenture;
- (vii) to make such other deposits or transfers as may be required by a Supplemental Indenture;
- (viii) subject to the provisions of the Tax Agreement, all investment income on the Student Loan Fund shall be credited as received to the Revenue Fund; and
- (ix) any amount remaining in the Student Loan Fund after the Bonds are no longer Outstanding shall be applied as an Authorized Officer may direct for any lawful Authority purpose under the Act.

4826-5017-2892, v. 5

35

(C) **The Debt Service Reserve Fund.** Except as otherwise provided in a Supplemental Indenture, there shall be credited to the Debt Service Reserve Fund the following:

- (i) the Debt Service Reserve Fund Requirement, if any, from initial proceeds of the Bonds and/or by the provisions of a Funding Instrument, and/or from such other moneys of the Authority as specified in the Supplemental Indenture authorizing the Series,
- (ii) to the extent the amount available to be drawn under a Funding Instrument on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, funds shall be deposited therein to the extent required by Sections 5.5(A)(v) and 5.7 hereof until the amount of cash and Investment Securities on deposit in the Debt Service Reserve Fund together with amount available to be drawn under a Funding Instrument therein, is equal to the Debt Service Reserve Fund Requirement, and
- (iii) such other amounts as are required or directed to be deposited in or transferred to the Debt Service Reserve Fund pursuant to Sections 5.4 or 7.15 hereof or any other provisions of this Indenture or any Supplemental Indenture.

The Authority, with respect to any Series of Bonds, may cause to be deposited into the Debt Service Reserve Fund, cash or a Funding Instrument in an amount equal to the difference between the Debt Service Reserve Fund Requirement for such Series of Bonds and the cash and Investment Securities, if any, then on deposit or being deposited in the applicable Subaccount in the Debt Service Reserve Fund. The Authority may, at any time, substitute cash or a Funding Instrument comprising the Debt Service Reserve Fund Requirement for any Series of Bonds for a Funding Instrument, or cash, respectively.

The provider, if any, of the Funding Instrument shall be rated in one of the two highest rating categories (without regard to any numerical or other modifier) by each Rating Agency, or shall have such other qualifications as shall be set forth in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

(D) **The Capitalized Interest Fund.** Except as otherwise provided in a Supplemental Indenture, there shall be credited to the Capitalized Interest Fund the amount, if any, received as capitalized interest from the sale of Bonds or other funds of the Authority as designated by a Supplemental Indenture.

(E) **The Rebate Fund and the Excess Yield Fund.** The Authority hereby also authorizes the Trustee to establish special Funds to be held by the Trustee and to be called the Rebate Fund and the Excess Yield Fund. Such Funds are not included within the Trust Estate. The Trustee shall make deposits to and withdrawals from the Rebate Fund and the Excess Yield Fund at such time and in the manner specified by the Authority acting in accordance with the terms of each Tax Agreement.

(F) All Funds and Accounts shall be held and maintained by the Trustee and shall be identified by the Authority and the Trustee according to the designations herein provided in such manner as to distinguish such Funds and Accounts from the accounts established by the Authority for any other of its obligations. All moneys or securities held by the Trustee or any Fiduciary pursuant to this Indenture (other than the Rebate Fund and the Excess Yield Fund) shall be held in trust, as set forth in this Indenture, including for the benefit of the Bond owners, and applied only in accordance with the provisions of this Indenture.

4826-5017-2892, v. 5

34

For any disbursement to finance the Origination of an Eligible Loan, the written direction of the Authority shall include the principal amount of such Eligible Loan and the type of Student Loan it constitutes. As to each such disbursement, the Authority hereby covenants that it will comply with the requirements of applicable federal and State law and that (i) the disbursement to be made is a proper charge against the Student Loan Fund, all requirements of this Indenture and any Supplemental Indenture in connection therewith have been met and, in connection with disbursements pursuant to Section 5.4(A)(ii) hereof, no Event of Default has occurred and is continuing, and (ii) if the disbursement is to finance the acquisition of Eligible Loans, the electronic or paper promissory note or notes with respect to each such Eligible Loan so purchased has been delivered to the Trustee; provided that if the delivery of the promissory note or notes is not required under applicable law to perfect the security of the Eligible Loan, the Trustee may make a disbursement to finance the Origination of an Eligible Loan without receipt of the promissory note or notes. The Trustee shall be entitled to rely on a Counsel's Opinion with respect to the perfection of security of an Eligible Loan prior to making any disbursement without receipt of a promissory note or notes.

(B) At any time, except as otherwise provided in any Supplemental Indenture, the Authority may direct the Trustee in writing to apply amounts in the Student Loan Fund to the redemption or retirement of Bonds in accordance with their terms and the provisions of Article VI hereof, but only if there is delivered to the Trustee, along with such direction, a Certificate of an Authorized Officer stating that, in the judgment of the Authority, such transfer or application would not materially and adversely affect the security pledged to the payment of any Bonds remaining Outstanding during or subsequent to the completion of such transfer or application.

(C) In the event that the Authority determines, in its reasonable judgment, that it shall, by law or otherwise, become, for more than a temporary period, unable to finance Eligible Loans pursuant to this Indenture or shall suffer unreasonable burdens or excessive liabilities in connection therewith, the Authority shall with all reasonable dispatch deliver to the Trustee a Certificate of an Authorized Officer stating the occurrence of such an event and setting forth the amount, if any, required to be retained in the Student Loan Fund for the purpose of meeting any existing obligations of the Authority payable from the Student Loan Fund, and the Trustee, after reserving therein the amount stated in such Certificate, shall transfer any balance remaining in the Student Loan Fund to the Revenue Fund to be applied as set forth in Section 5.5 of this Indenture.

Section 5.5. Use and Disbursements of Revenue Fund Moneys.

(A) Except as otherwise provided herein or in a Supplemental Indenture, the Paying Agent shall, upon written direction (except with respect to disbursements in clauses (iv), (vi), (vii) and (ix) which shall not require written direction of the Authority) make disbursements from available funds in the Revenue Fund as follows and in the following order of priority:

- (i) Periodically, as directed in writing by an Authorized Officer of the Authority, to the Rebate Fund or the Excess Yield Fund such amounts as are required to be transferred therein to satisfy the requirements of the Tax Agreement;
- (ii) Periodically, as directed in writing by an Authorized Officer of the Authority, the amounts required to pay Bond Fees, if required by the terms of any Supplemental Indenture to be paid prior to the payment of other Program Expenses;
- (iii) Periodically, as directed in writing by an Authorized Officer of the Authority, subject to any limitations set forth in a Supplemental Indenture, after the above payments

4826-5017-2892, v. 5

36

have been made, the amount necessary to pay Program Expenses then unpaid and not otherwise paid or provided for from moneys under this Indenture; provided that with respect to Program Expenses paid to the Authority, such amounts can be applied by the Authority for any lawful purpose of the Authority free and clear of the lien of this Indenture;

(iv) Except as set forth in a Supplemental Indenture, into a payment account to be used by the Trustee therefor, (a) on or before each Interest Payment Date, the amount required to pay the interest payable on the Senior Bonds on such date; (b) on or before each Principal Payment Date, the amount of Principal Installments (including Sinking Fund Payments) for the Senior Bonds coming due on such date; (c) on or before the due date thereof, the amount of any IREA Payment Obligation with respect to Senior Bonds (but only to the extent that such disbursement will not result in a deficiency in the amounts required to make the payments required by clauses (i) through (iv)(b) above on the later of such date or the next succeeding Interest Payment Date); provided that the Authority may, by Supplemental Indenture, provide for Termination Payments to be disbursed either (1) only after the transfers and payments set forth in clauses (i) through (iv) have been made, or (2) only after the transfers and payments set forth in clauses (i) through (vi) have been made; provided, however, in no event shall any Termination Payment with respect to a Subordinate Bond be made while any Termination Payment with respect to a Senior Bond is outstanding; and (d) on any such date, the amount required to reimburse the provider of any Credit Facility or Liquidity Facility issued for the Senior Bonds for making any such payment, if any;

(v) On the first date that funds are available therefor, after taking into account any funds appropriated for this purpose by the Legislature of the State pursuant to the Act and deposited into the Debt Service Reserve Fund, (a) the amount required to reimburse the provider of a Funding Instrument for the amount of any draw and all amounts due and payable with respect to a draw under such Funding Instrument and (b) to the Debt Service Reserve Fund, until the amount of cash and Investment Securities on deposit, together with any amounts available to be drawn under a Funding Instrument therein, is equal to any Debt Service Reserve Requirement;

(vi) Except as set forth in a Supplemental Indenture, into a payment account to be used by the Trustee therefor, (a) on or before each Interest Payment Date, the amount required to pay the interest payable on the Subordinate Bonds on such date; (b) on or before each Principal Payment Date, the amount of Principal Installments (including Sinking Fund Payments) for the Subordinate Bonds coming due on such date; (c) on or before the due date thereof, the amount of any IREA Payment Obligation with respect to Subordinate Bonds (but only to the extent that such disbursement will not result in a deficiency in the amounts required to make the payments required by clauses (i) through (vi)(b) above on the later of such date or the next succeeding Interest Payment Date); provided that the Authority may, by Supplemental Indenture, provide for Termination Payments to be disbursed only after the transfers and payments set forth in clauses (i) through (vi) have been made; and (d) on any such date, the amount required to reimburse the provider of any Credit Facility or Liquidity Facility issued for the Subordinate Bonds for making any such payment, if any

(vii) Except as set forth in a Supplemental Indenture, into a payment account to be used by the Trustee therefor, (a) on or before each Interest Payment Date, the amount required to pay the interest payable on the Junior Subordinate Bonds on such date; (b) on or before each Principal Payment Date, the amount of Principal Installments (including Sinking Fund Payments) for the Junior Subordinate Bonds coming due on such date; (c) on or before the due date thereof, the amount of any IREA Payment Obligation with respect to Junior

Subordinate Bonds (but only to the extent that such disbursement will not result in a deficiency in the amounts required to make the payments required by clauses (i) through (vii)(b) above on the later of such date or the next succeeding Interest Payment Date); provided that the Authority may, by Supplemental Indenture, provide for Termination Payments to be disbursed only after the transfers and payments set forth in clauses (i) through (vii) have been made; and (d) on any such date, the amount required to reimburse the provider of any Credit Facility or Liquidity Facility issued for the Junior Subordinate Bonds for making any such payment, if any;

(viii) On each Interest Payment Date, as directed by the Authority, transfer into the Student Loan Fund (1) the amount, if any, of any transfers made from the Student Loan Fund into the Revenue Fund to satisfy any deficiencies therein as required by Section 5.7 hereof, until the amount on deposit in the Student Loan Fund has been replenished by the amount of such transfers or (2) prior to termination of the Recycling Period, the amount, if any, directed in writing by the Authority to be transferred to the Student Loan Fund to originate or acquire additional Student Loans; provided, however, that with respect to any transfer pursuant to this clause (viii), the Trustee shall have received a Certificate from an Authorized Officer of the Authority that such disbursement would not cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (vii) above;

(ix) On or before any redemption date, subject to any reservation of funds required to be reserved pursuant to such Supplemental Indenture, the amount required to pay the Redemption Price of and interest on the Senior Bonds to be redeemed on such date and if permitted or required to be redeemed pursuant to the terms of any Supplemental Indenture authorizing the issuance of Subordinate Bonds, the amount required to pay the Redemption Price of and interest on Subordinate Bonds to be redeemed on such date and if permitted or required to be redeemed pursuant to the terms of any Supplemental Indenture authorizing the issuance of Junior Subordinate Bonds, the amount required to pay the Redemption Price of and interest on Junior Subordinate Bonds to be redeemed on such date; provided that no such payment of the Redemption Price of any Senior Bonds, Subordinate Bonds or Junior Subordinate Bonds being redeemed shall cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (vii) above;

(x) Periodically, the amount required, if any, to purchase Student Loans from other trust estates of the Authority; provided that any such Student Loans shall meet any and all requirements to be Eligible Loans as set forth in any Supplemental Indenture and shall be purchased for an amount equal to the outstanding principal balance thereof plus accrued but unpaid interest to the date of purchase;

(xi) Periodically, if the Parity Percentage Requirement as required by any Supplemental Indenture for a Series of Bonds has been satisfied after the transfers and payments set forth in clauses (i) through (ix) have been made and after reservations of any funds required by a Supplemental Indenture, any funds remaining in the Revenue Fund may be applied by an Authorized Officer of the Authority, at the written direction of the Authority, free and clear of the lien or the pledge of this Indenture to the purpose of the Loan Finance Program or any other lawful Authority purpose under the Act, including to reimburse the Authority for any of its reserves transferred and deposited in the Student Loan Fund or to make a cash deposit to the Student Loan Fund of any Prior Indenture or new indenture in connection with the issuance of student loan revenue bonds and provided further that the

Parity Percentage Requirement is satisfied after the release of any funds pursuant to this clause (xi);

(xii) On any date of purchase of Bonds upon the written request of the Authority by its Authorized Officer, the amount required for payment of the principal portion of the purchase price of the Bonds to be purchased; provided, however, that with respect to any transfer pursuant to this clause (xii), the Trustee shall have received a Certificate from an Authorized Officer of the Authority that such disbursement would not cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (ix) above. The Trustee shall purchase the Bonds as directed by the Authority at the most advantageous price as determined by the Authorized Officer; provided that the purchase price in both cases shall be at par or less but without premium, plus accrued interest;

(xiii) Additional payments required to be made with respect to any prepayments of obligations under any Credit Facility or Liquidity Facility and payment of all other obligations due and payable under any Credit Facility or Liquidity Facility, provided, however, that with respect to any transfer pursuant to this clause (xiii), the Trustee shall have received a Certificate from an Authorized Officer of the Authority that such disbursement would not cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (ix) above;

(xiv) At the direction of the Authority and in connection with a partial refunding of the Bonds, an amount not greater than the principal amount of the Bonds being paid from the proceeds of the Refunding Bonds may be transferred to be used for any lawful Authority purpose under the Act, provided, however, that with respect to any transfer pursuant to this clause (xiv), the Trustee shall have received a Certificate from an Authorized Officer of the Authority that such disbursement would not cause the Authority to be unable to provide for the payment of any of the amounts to be disbursed pursuant to clauses (i) through (ix) above and provided further that the Parity Percentage Requirement is satisfied after any refunding as provided in this clause (xiv); and

(xv) Periodically, upon the satisfaction of the Rating Agency Notice Conditions, to pay to the Trustee any fees, expenses and indemnities due and payable but in excess of any limitations set forth in a Supplemental Indenture applicable to such payments under clause (iii) above.

Subject to the provisions of the Tax Agreement, all investment income from the Revenue Fund shall remain deposited in and be credited as received to the Revenue Fund.

(B) As soon as practicable after the sixtieth (60th) day preceding any Principal Payment Date on which Sinking Fund Payments shall become due and payable, the Trustee shall proceed to call for redemption in accordance with Article VI hereof, on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in an amount equal to the unsatisfied balance of such Sinking Fund Payment.

(C) Upon any purchase or redemption (other than redemption from Sinking Fund Payments) of Bonds of any Series and maturity for which Sinking Fund Payments shall have been established, there shall be credited toward each such Sinking Fund Payment thereafter to become due, unless otherwise directed by the Authority, an amount bearing the same ratio to such Sinking

Fund Payments as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Payments to be so credited.

(D) Any other provision of this Indenture, including without limitation this Section 5.5, to the contrary notwithstanding, in connection with the issuance of any Series of Bonds pursuant to a Supplemental Indenture, the Authority may, to the extent permitted by the laws of the State, enter into Interest Rate Exchange Agreements with other authorities, governmental agencies, private persons, firms, or corporations (collectively referred to in this paragraph (D) as a "person") pursuant to which the Authority shall agree to pay to such person all or a portion of the Revenues in exchange for such person agreeing to timely pay to the Trustee moneys to be used to pay all or a portion of the debt service on the Bonds or the Program Expenses when due, provided that prior to and in connection with entering into such contract, the Authority shall deliver to the Trustee (i) the consent of the Credit Facility provider or written notice following the satisfaction of the Rating Agency Notice Conditions, (ii) a Counsel's Opinion to the effect that the execution and delivery of such contract is authorized under this Indenture and the laws of the State and (iii) a Bond Counsel's Opinion to the effect that the execution, delivery and performance of such contract shall not adversely affect the exclusion from gross income of interest on the then Outstanding Tax-Exempt Bonds.

(E) In the event of the refunding of any Bonds, the Trustee shall, if the Authority so directs and subject to the terms of any related Supplemental Indenture, withdraw from the Revenue Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Refunded Bonds and deposit such amounts in a special fund with itself as trustee or escrow agent to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Refunded Bonds or for such other purpose as the Authority shall direct in writing; provided that such withdrawal shall not be made unless immediately thereafter the Refunded Bonds shall be deemed to have been paid pursuant to subsection (B) of Section 12.1 hereof.

(F) Notwithstanding anything to the contrary contained herein, Gross Defaulted Loan Collections deposited into the Revenue Fund shall be deemed applied to pay the Defaulted Loan Purchase Price of Defaulted Loans as determined by the Authority and in accordance with Section 5.6 hereof.

Section 5.6. Use of Revenue Fund Moneys to Purchase Defaulted Loans.

(A) Pursuant to Section 5.3(B) hereof, all Revenues, including Gross Defaulted Loan Collections, shall be credited to the Revenue Fund. In accordance with this Section 5.6 and any Supplemental Indenture, (i) the portion of Revenues constituting Gross Defaulted Loan Collections shall be deemed applied to pay the Defaulted Loan Purchase Price of Defaulted Loans from the Trust Estate and (ii) Revenues, including Gross Defaulted Loan Collections, shall pay Program Expenses, including costs and expenses incurred in connection with recovering Gross Defaulted Loan Collections.

(B) The Authority shall keep, or cause to be kept, proper records with respect to (i) any Student Loan that becomes a Defaulted Loan, including the date on which such Student Loan became a Defaulted Loan and the Defaulted Loan Purchase Price for such Defaulted Loan, (ii) the aggregate amount of Gross Defaulted Loan Collections that have been deposited into the Revenue Fund, (iii) the amount of any Program Expenses incurred in connection with recovering Gross Defaulted Loan Collections, and (iv) the aggregate amount of Net Defaulted Loan Collections, which shall at all reasonable times be subject to the inspection of the Trustee.

(C) In the event that the amount of Gross Defaulted Loan Collections deposited into the Revenue Fund is in an amount at least equal to the Defaulted Loan Purchase Price of the oldest Defaulted Loan currently pledged to the Trust Estate, such Defaulted Loan Purchase Price shall be deemed to have been paid from the Gross Defaulted Loan Collections and such Defaulted Loan shall be deemed to have been purchased by the Authority.

(D) Promptly upon the deemed payment of the Defaulted Loan Purchase Price for a Defaulted Loan, the Authority shall remove such Defaulted Loan from the portfolio of active Student Loans reported on the NJCLASS Loan Program accounting records and financial statements.

(E) Notwithstanding anything to the contrary contained herein, with respect to any Purchased Defaulted Loan, all Gross Defaulted Loan Collections collected by the Authority with respect to such Purchased Defaulted Loan shall be deemed to be Revenues and credited to the Revenue Fund in accordance with Section 5.3(B) hereof.

(F) Any Purchased Defaulted Loan may be repledged to the Trust Estate and a security interest granted therein by the Authority.

Section 5.7. Use and Disbursements of Debt Service Reserve Fund Moneys.

(A) Except as may be set forth in any Supplemental Indenture, in the event that there is on any Payment Date a deficiency in the amounts in the Revenue Fund (after making any required deposit to the Revenue Fund from the Capitalized Interest Fund and Student Loan Fund pursuant to Sections 5.8 and 5.4 hereof) to be applied to the payment of Principal Installments, including Sinking Fund Payments, if any, of or interest on the Bonds, the Trustee shall make up such deficiency by transfer of moneys for that purpose from the Debt Service Reserve Fund. In the event that the Debt Service Reserve Fund has been funded in whole or in part with a Funding Instrument, the Trustee shall draw on such Funding Instrument on any Payment Date to the extent that the cash and Investment Securities then on deposit in the Debt Service Reserve Fund, if any, are insufficient to make any required transfer from the Debt Service Reserve Fund to the Revenue Fund to pay Principal Installments, including Sinking Fund Payments, if any, of or interest on any Bonds on such Payment Date. If a disbursement to pay Principal Installments, including Sinking Fund Payments, if any, of or interest on the Bonds is made from funds drawn under a Funding Instrument pursuant to this Section 5.7, the Authority shall reimburse the provider of such Funding Instrument from funds thereafter deposited to the Debt Service Reserve Fund in accordance with Section 5.5(A)(v)(a), provided that amounts available from any funds appropriated by the Legislature of the State for this purpose shall only be applied to the principal amount of such drawing. After making any such reimbursement, the amount available to be drawn under the Funding Instrument shall be reinstated up to the amount of such reimbursement. Upon reinstatement of the Funding Instrument, the amount available to be drawn under the Funding Instrument, together with the amount of cash and Investment Securities then on deposit in the Debt Service Reserve Fund, and the amount available to be drawn under any other Funding Instrument then on deposit in the Debt Service Reserve Fund, shall be at least equal to the Debt Service Reserve Fund Requirement.

(B) The Authority may establish Accounts within the Debt Service Reserve Fund, including, without limitation, by any Supplemental Indenture providing for the deposit of moneys or a Funding Instrument into such Account within the Debt Service Reserve Fund, and the Authority may provide in such Supplemental Indenture or otherwise that such moneys and/or Funding Instrument deposited in the Account within the Debt Service Reserve Fund and income

4826-5017-2892, v. 5

41

such amounts to be available for use at the time when needed, any amounts held in trust under this Indenture by any Fiduciary or Depository as such, including amounts held by the Trustee, may, if and as directed by the Authority, be deposited in the commercial banking department of such Fiduciary or Depository which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary or Depository; provided such amounts are secured in accordance with subsection (B), the commercial banking department maintains the same rating as the corporate trust department of such Fiduciary or Depository and such funds are held for the benefit of Bondholders.

(B) All amounts deposited with any Fiduciary or Depository pursuant to subsection (A) shall be continuously and fully secured either (i) by lodging with the Trustee as custodian, as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (ii) in such other manner as may then be required by applicable federal or State laws and regulations regarding security for the deposit of public funds. It shall not be necessary, unless required by applicable law, for any Fiduciary to give security under this Section 5.9 for the deposit of any amounts (i) deposited with the Authority or (ii) to the extent that such deposit is insured by the Federal Deposit Insurance Corporation or its successors.

Section 5.10. Investment of Certain Funds.

(A) The Authority shall direct the Trustee from time to time in writing as to the investment of amounts in the Funds and Accounts. The Authority shall direct the Trustee to invest and reinvest the moneys in any Fund or Account in Investment Securities so that the maturity date or date of redemption at the option of the holder thereof shall coincide as nearly as practicable, but in any case shall not extend beyond, the Business Day prior to the times at which moneys are required to be so expended in accordance with this Indenture or any Supplemental Indenture. The Investment Securities purchased shall be held by the Trustee, or by such other Depository as permitted by this Indenture, and shall be accounted for at all times as part of such Fund or Account, and the Trustee, or such other Depository, shall, upon written request, keep the Authority advised as to the details of all such investments. The foregoing notwithstanding, to the extent permitted by applicable law, the Authority may direct the Trustee to commingle moneys in the various Funds and Accounts for investment purposes and the Trustee may transfer Investment Securities from Fund to Fund on the books kept for such purpose without selling such Investment Securities; provided, however, that moneys in the Rebate Fund and the Excess Yield Fund shall not be so commingled. Absent written direction from the Authority, amounts in the Funds and Accounts shall remain uninvested. The Authority acknowledges that upon its written request and at no additional cost, it has the right to receive notification after the completion of each purchase and sale of permitted investments or Trustee's receipt of a broker's confirmation. The Authority agrees that such notifications shall not be provided by Trustee hereunder, and Trustee shall make available, upon request and in lieu of notifications, periodic account statements that reflect such investment activity. No statement need be made available for any Fund or Account if no activity has occurred in such Fund or Account during such period. Notwithstanding anything herein to the contrary, (i) the Depository shall be a financial institution with such rating as may be required from time to time by any Rating Agency providing a rating on Bonds. If the Depository is downgraded below the rating requirements of any Rating Agency, the Authority shall, within sixty (60) days of such downgrade replace the Depository with a financial institution meeting any Rating Agency rating requirement then in effect.

4826-5017-2892, v. 5

43

on Investment Securities therein shall be applied only to a particular Series of Bonds. Unless the Authority establishes by Supplemental Indenture or otherwise Accounts within the Debt Service Reserve Fund, all funds deposited into the Debt Service Reserve Fund pursuant to this Section 5.7 will be available for all Bonds.

(C) Amounts on deposit in the Debt Service Reserve Fund, including income on Investment Securities, may also be applied in conjunction with the final payment of the principal of and interest on the last Outstanding Bonds under this Indenture as directed by the Authority; provided that to the extent amounts on deposit in the Debt Service Reserve Fund are required to make up a deficiency in the Revenue Fund for the final payment of the principal of and interest on the last Outstanding Bonds, such funds shall be used as provided in paragraph (A). To the extent that the amount of cash and Investment Securities on deposit in the Debt Service Reserve Fund, together with the amount available to be drawn under any Funding Instrument then on deposit in the Debt Service Reserve Fund, exceeds the Debt Service Reserve Fund Requirement, as required hereunder, the Authority shall direct the Trustee to transfer such excess to the Revenue Fund for further transfer to the Rebate Fund or the Excess Yield Fund, provided that such direction shall be in accordance with any applicable provisions of the Tax Agreement.

In the event of the refunding of any Bonds, the Trustee shall, if the Authority so directs but subject to the terms of the related Supplemental Indenture, withdraw from the Debt Service Reserve Fund a *pro rata* portion of the amounts accumulated therein with respect to the Refunded Bonds and deposit such amounts in a special fund with itself as trustee or escrow agent to be held for the payment of the Principal Installments or Redemption Price, if applicable, of and interest on the Refunded Bonds or for such other purpose as the Authority shall direct in writing; provided that such withdrawal shall not be made unless (a) immediately thereafter the Refunded Bonds shall be deemed to have been paid pursuant to subsection (B) of Section 12.1 hereof, and (b) the amount remaining in the Debt Service Reserve Fund, after giving effect to the issuance of the Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Fund Requirement with respect to all Outstanding Bonds which are not being refunded.

The Authority shall at all times maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement and do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Authority or the Trustee under the terms and provisions of this Indenture.

Section 5.8. Use and Disbursements of Capitalized Interest Fund Moneys. Unless the use and disbursement of funds on deposit in the Capitalized Interest Fund is otherwise specified in the applicable Supplemental Indenture for a Series of Bonds, on or prior to each Interest Payment Date, to the extent funds on deposit in the Revenue Fund are insufficient to pay interest due and payable on the Bonds on such Interest Payment Date, the Trustee shall transfer from the Capitalized Interest Fund, to the extent funds are available therefor, to the Revenue Fund, the amount required such that funds on deposit in the Revenue Fund are sufficient to pay interest due on the Bonds on such Interest Payment Date.

Section 5.9. Deposits.

(A) Until such time as deposited pursuant to this subsection (A), all moneys held by the Trustee will be held within the corporate trust department of the Trustee. In order to permit

4826-5017-2892, v. 5

42

(B) Except as otherwise provided herein or in a Supplemental Indenture, Investment Securities purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account but the income or interest earned and gains realized in excess of losses suffered by a Fund or Account due to the investment thereof (other than the Rebate Fund and the Excess Yield Fund), subject to the provisions of the Tax Agreement, and subject in addition in the case of the Debt Service Reserve Fund to Section 5.7 hereof, shall be deposited in the Revenue Fund or shall be credited as Revenues to the Revenue Fund from time to time and reinvested. Earnings and income derived from Investment Securities held in the Rebate Fund and the Excess Yield Fund shall be credited as provided in the Tax Agreement or as otherwise provided by a Supplemental Indenture.

Section 5.11. Valuation and Sale of Investments.

(A) In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued by the Trustee at their Value, as hereinafter defined, plus accrued interest in each case. "Value," whenever necessary to be determined pursuant to this Indenture or any Supplemental Indenture, means the value of any investments calculated as follows:

(i) as to any Student Loan, the unpaid principal balance thereof plus any accrued but unpaid interest;

(ii) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times) or are available on a regular basis from Bloomberg Financial Markets or Telerate or other nationally recognized similar service: the average of the bid and asked prices for such investments so published or made available on or most recently prior to such time of determination;

(iii) as to investments the bid and asked prices of which are not published or made available on a regular basis by the sources named in paragraph (ii) above: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service, if any;

(iv) as to interest bearing time or demand deposits, certificates of deposit and banker's acceptances: the face amount thereof, plus accrued interest; and

(v) as to any investment not specified above: the value thereof established by prior agreement between the Authority and the Trustee, as provided by Supplemental Indenture or otherwise.

(B) Except as otherwise provided herein, the Trustee shall sell, or present for redemption, any Investment Security whenever it shall be requested in writing by an Authorized Officer to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by it. As set forth hereunder and under Section 5.10 hereof, an Investment Security may be credited on a *pro rata* basis to more than one Fund and need not be sold in order to provide for the transfer of amounts from one Fund to another.

4826-5017-2892, v. 5

44

Section 5.12. Final Balances. Upon payment of all principal or Redemption Price, if applicable, of, and interest on, the Bonds, all amounts required to reimburse the issuer of any Credit Facility for making any such payment and upon payment of all other sums properly due and payable hereunder (including all fees, charges and expenses of any Fiduciary which are properly due and payable hereunder as of such date), all moneys remaining in all Funds and Accounts, except moneys held by the Trustee pursuant to Section 5.13 hereof, shall be remitted to the Authority.

Section 5.13. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if money sufficient to pay such Bond shall have been deposited in a separate account held by the Trustee, all liability of the Authority to the owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on such owner's part under this Indenture or on, or with respect to, said Bond.

Subject to the applicable laws of the State, any moneys so deposited with and held by the Trustee not so applied to the purchase or payment of Bonds within three years after the date on which the trusts created hereunder are discharged and satisfied pursuant to Section 12.1 of this Indenture, shall be paid by the Trustee to the providers of any Credit Facilities, to the extent of any amounts owing to them, and then shall be applied in accordance with any applicable escheat or unclaimed property laws of the State.

Section 5.14. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee under any provisions of this Indenture shall be held by the Trustee in trust and applied for the purposes herein specified.

Section 5.15. Rebate Fund and Excess Yield Fund Not a Part of Trust Estate. Notwithstanding anything in this Indenture to the contrary, neither the Rebate Fund nor the Excess Yield Fund is a part of the Trust Estate created by this Indenture for the benefit and security of the Bonds or otherwise.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Section 6.5. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 6.2 hereof and when redemption of Bonds is required by this Indenture pursuant to Section 6.3 hereof, the Trustee shall give notice of the redemption of such Bonds. Such notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Bonds called for redemption, which moneys are or will be available for redemption of Bonds, such notice shall state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited. Such notice shall be given by first class mail, or otherwise in accordance with the procedures of any applicable Depository, not less than twenty (20) nor more than forty-five (45) days before the redemption date, unless otherwise specified in the applicable Supplemental Indenture, to the registered Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but failure so to mail any such notice to any one or more of the Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption of Bonds with respect to Owners to whom such notice was made; provided, however, that shorter periods before the redemption date during which notice pursuant to this Section 6.5 must be given may be prescribed by a Supplemental Indenture as to Bonds issued pursuant to such Supplemental Indenture. The Authority may modify in a Supplemental Indenture the notice requirements for redemption of the Bonds authorized by such Supplemental Indenture in order to conform to the requirements of DTC or any other applicable securities depository for a Series of Bonds or to provide for other or additional forms of, times for, and methods of giving notice.

Section 6.6. Payment of Redeemed Bonds. Notice having been given by mail in the manner provided in Section 6.5 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the designated office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than the entire principal amount of a Bond, the Authority shall execute, the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered at the option of the owner, Bonds of like Series, priority and maturity in Authorized Denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys shall not be available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not

ARTICLE VI

REDEMPTION OF BONDS

Section 6.1. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article VI, at such times, at such Redemption Prices and upon such other terms as may be specified in this Indenture, in the Bonds and in the respective Supplemental Indenture authorizing the issuance of such Bonds.

Section 6.2. Redemption at the Election or Direction of the Authority.

(A) In the case of any redemption of Bonds other than as provided in Section 6.3 hereof, the Authority shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the principal amounts of the Bonds of such Series and maturities to be redeemed (which redemption date, Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority, subject to subsection (B) of this Section 6.2 and any other limitations with respect thereto contained in or permitted by this Indenture or any Supplemental Indenture) and of any moneys to be applied to the payment of the Redemption Price. Except as otherwise set forth in a Supplemental Indenture or as otherwise agreed to by the Trustee, such notice shall be given not less than two (2) Business Days prior to the date on which the Trustee is required to give notice of such redemption to the Bondholders pursuant to Section 6.5 hereof or the applicable Supplemental Indenture. In the event notice of redemption shall have been given as provided in Section 6.5 hereof, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise the Authority, shall, prior to the redemption date, pay or cause to be paid to the appropriate Paying Agent or Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, together with accrued but unpaid interest to the redemption date, for all the Bonds to be redeemed. The Authority shall promptly notify the Trustee in writing of all such payments made by the Authority to a Paying Agent.

(B) Except as otherwise set forth in a Supplemental Indenture, any redemption of Bonds of a Series as provided in this Article VI or in any Supplemental Indenture shall be (i) applied first to the redemption of any Variable Rate Bonds then owned by, or held for the benefit of, an issuer or provider of a Liquidity or Credit Facility and (ii) applied among the maturities of the Bonds of such Series then Outstanding as the Authority shall direct.

Section 6.3. Redemption Otherwise Than at Authority's Election or Direction. Whenever by the terms of this Indenture or any Supplemental Indenture, the Trustee is required to redeem Bonds otherwise than at the election or direction of the Authority, and subject to and in accordance with the terms of the Supplemental Indenture, this Article VI and, to the extent applicable, Article V hereof, the Trustee shall select the redemption date of the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price to the appropriate Paying Agents.

Section 6.4. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of like Series, priority and maturity, except as otherwise specified in the applicable Supplemental Indenture, the Trustee shall select the Bonds or portions thereof to be redeemed *pro rata*, subject to any applicable procedures of DTC, in Authorized Denominations provided that the aggregate principal amount of each Bond remaining Outstanding following such redemption shall be in an Authorized Denomination.

been called for redemption. If a conditional notice of redemption has been delivered as provided in Section 6.5 hereof and the condition does not occur on or before the scheduled redemption date, the Trustee shall give notice in the same manner as notice of redemption is provided to the effect that no redemption occurred on the scheduled redemption date.

Section 6.7. Mandatory Tender for Purchase of Bonds in Lieu of Optional Redemption. Whenever any Bonds are subject to redemption at the option of the Authority, the Authority may, upon notice to the Trustee, elect to call such Bonds for mandatory tender for purchase in lieu of optional redemption at a purchase price equal to the then applicable Redemption Price of such Bonds. The Authority shall give notice to the Trustee of its election pursuant to this Section 6.7 given not less than two (2) Business Days prior to the date on which the Trustee is required to give notice of such mandatory tender for purchase to the Bondholders (or such shorter period as shall be acceptable to the Trustee). The provisions of this Indenture or any Supplemental Indenture applicable to the redemption of Bonds at the option of the Authority shall also apply to a mandatory tender for purchase of such Bonds in lieu of optional redemption.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE VII

PARTICULAR COVENANTS

The Authority covenants and agrees with the Trustee and the Owners of the Bonds as follows:

Section 7.1. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid, but only from the Trust Estate as herein provided, the principal or Redemption Price of every Bond and the interest, if any, thereon, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof.

Section 7.2. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. Notwithstanding the foregoing, in the event that the maturity of any of the Bonds or the time for payment of any claims for interest shall be extended by the Authority, such Bonds or claims for interest shall not be entitled to the benefit of this Indenture (including the benefit of any Credit Facility or Funding Instrument) or to any payment out of the Funds and Accounts established pursuant to this Indenture, including the investments, if any, thereof, or out of any assets or revenues pledged hereunder prior to benefits accorded to or the payment of the principal of all Bonds the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 7.3. Offices for Servicing Bonds. The Authority shall at all times maintain an office or agency where Bonds may be presented for registration, transfer or exchange and where notices, presentations and demands upon the Authority in respect of the Bonds or of this Indenture may be served. The Authority shall designate such Fiduciaries, in addition to or replacing the Trustee as to the agencies to which they are appointed, as Paying Agents or Registrar or Authenticating Agent as it may deem appropriate under the provisions of any Supplemental Indenture.

Section 7.4. Power to Issue Bonds and Pledge Revenues, Recoveries of Principal, Funds, Accounts and Other Property. The Authority is duly authorized under all applicable laws to authorize and issue the Bonds and the Authority is duly authorized under all applicable laws to adopt and deliver this Indenture and to pledge the Trust Estate purported to be pledged hereby in the manner and to the extent herein provided. The Trust Estate so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto prior to the pledge created hereby, and all action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of this Indenture. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate, including rights therein pledged under this Indenture, and all the rights of the Bondholders against all claims and demands of all persons whomsoever.

Section 7.5. Further Assurance. At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as

4826-5017-2892, v. 5

49

Section 7.8. Loan Finance Program.

(A) The Authority shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the provisions of this Indenture and sound banking practices and principles, subject to the Act: (1) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the Loan Finance Program, to finance Eligible Loans pursuant to this Indenture or to pay other obligations of the Authority required to be paid under this Indenture, (2) do all such acts and things as shall be necessary to receive and collect Revenues and Recoveries of Principal sufficient to pay the Bonds, IREA Payment Obligations, Bond Fees and the Program Expenses and (3) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority to protect its rights with respect to, to maintain any insurance on and to enforce all terms, covenants and conditions of Student Loans.

(B) No amount in the Student Loan Fund shall be expended or applied for the purpose of financing an Eligible Loan, and no Eligible Loan shall be financed, unless (except to the extent that a variance from such requirements is required by an agency or instrumentality of the United States of America insuring or guaranteeing the payment of an Eligible Loan) the Authority has determined that the loan is an Eligible Loan and that such loan is subject to being repurchased by the seller, if any, if such Eligible Loan does not comply with the provisions of the Program Documentation.

(C) The Authority may at any time sell, assign, transfer or otherwise dispose of Student Loans (i) at a price at least equal to the principal amount thereof (plus accrued and unpaid borrower interest) when (a) the amounts on deposit in the Funds and Accounts, excluding the Rebate Fund and the Excess Yield Fund, are at least equal to the principal amount of the Outstanding Bonds plus accrued interest and accrued and unpaid Program Expenses or to pay current Debt Service on the Bonds or; (ii) at a price equal to or lower than the principal amount thereof (plus borrower accrued interest) when the Authority delivers to the Trustee a Certificate showing that either (a) the Revenues and Recoveries of Principal expected to be received assuming such sale, assignment, transfer or other disposition of such Student Loan would be at least equal to the Revenues and Recoveries of Principal expected to be received assuming no such sale, assignment, transfer or other disposition of such Student Loan or (b) assuming such sale, assignment, transfer or other disposition (1) the Authority shall remain able to pay Debt Service on the Bonds and Program Expenses on a timely basis or (2) the amounts on deposit in the Revenue Fund and the Student Loan Fund (including the Student Loans therein) based on the principal amount of the Student Loans and the then current market value of the cash and securities in such Funds and Accounts, will be at least equal to the principal amount of the Outstanding Bonds plus accrued interest on the Bonds and Program Expenses, if any, not reasonably expected to be paid from the Revenue Fund or (iii) to another trust account of the Authority if the Authority delivers to the Trustee a Cash Flow Statement showing that the Revenues and Recoveries of Principal expected to be received assuming such sale, assignment, transfer or other disposition of such Student Loan shall be sufficient to enable the Authority to pay Debt Service on the Bonds and Program Expenses on a timely basis. Accrued interest is to be taken into account as appropriate on both the asset and liability side of such statement. The Authority may also sell Student Loans if necessary to prevent the occurrence of an Event of Default; provided, however, if such sale is lower than the principal amount thereof (plus accrued and unpaid borrower interest), the Authority shall either comply with the foregoing or obtain the prior written consent of all Credit Facility providers.

4826-5017-2892, v. 5

51

may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the Trust Estate hereby pledged or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

Section 7.6. Tax Covenants.

(A) The Authority covenants that it will not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on Bonds, other than Federally Taxable Bonds, under Section 103 of the Code. In furtherance of the foregoing covenants, the Authority covenants to comply with any Tax Agreement.

(B) Notwithstanding any other provision of this Indenture to the contrary, including in particular Article XII hereof, the covenants contained in this Section 7.6 shall survive the defeasance or payment in full of the Tax-Exempt Bonds.

Section 7.7. Accounts and Reports.

(A) The Authority shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all of its transactions relating to the Student Loans and all Funds and Accounts established by this Indenture or any Supplemental Indenture which shall at all reasonable times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of the Highest Priority Bonds then Outstanding or their representatives duly authorized in writing.

(B) The Authority shall annually, within 180 days after the close of each Fiscal Year, file with the Trustee audited financial statements for such Fiscal Year which set forth in reasonable detail:

- (i) a statement of net assets for the Authority, showing the assets and liabilities of the Loan Finance Program at the end of such Fiscal Year;
- (ii) a statement of the Authority's revenues and expenses and changes in net accounts in accordance with the categories or classifications established by the Authority for its operating and program purposes as to the Loan Finance Program, and showing the revenues and expenses of such Loan Finance Program during such Fiscal Year; and
- (iii) a statement of cash flows of the Loan Finance Program as of the end of such Fiscal Year.

The financial statements shall be accompanied by an Accountant's Certificate stating that the financial statements examined present fairly the financial position of the Authority with respect to the Loan Finance Program at the end of the Fiscal Year, the results of its operations and changes in fund balance for the period examined, in conformity with generally accepted accounting principles.

(C) Any such financial statements may be presented on a consolidated or combined basis with other reports of the Authority, so long as such financial statements for the Loan Finance Program are separately identified and only to the extent that such basis of reporting shall be consistent with that required under subsection (B) of this Section 7.7.

4826-5017-2892, v. 5

50

Section 7.9. Personnel and Servicing of Programs.

(A) The Authority shall at all times appoint, retain and employ competent personnel for the purpose of carrying out the Loan Finance Program and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges. All persons employed by the Authority shall be qualified for their respective positions.

(B) The Authority shall duly and properly service all Student Loans and enforce the payment and collection of all payments of principal and interest in accordance with the provisions of the Act or shall cause such servicing to be done by a Servicer evidencing, in the judgment of the Authority, the capability and experience necessary to adequately service Student Loans in accordance with the Act and any Servicing Acknowledgment. All amounts received by the Authority from enforcement and collection of payments shall be deposited into the Revenue Fund within two Business Days after receipt thereof, except as otherwise may be set forth in a Supplemental Indenture or servicing agreement.

Section 7.10. Issuance of Additional Obligations.

(A) The Authority shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Trust Estate, except that (i) Additional Bonds may be issued from time to time, subject to the provisions of paragraph (B) hereof, subsequent to the issuance of all Series of Bonds authorized under the first Supplemental Indenture adopted pursuant to this Indenture, on a parity with the Bonds of such initial issuance of one or more Series of Bonds, and secured by an equal charge and lien on the Trust Estate and payable equally therefrom and (ii) Interest Rate Exchange Agreements may be entered into from time to time with the priority and secured as provided herein or in any Supplemental Indenture.

(B) No Additional Bonds shall be issued under this Indenture unless:

- (i) the principal amount of the Additional Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to applicable law, will not exceed in aggregate principal amount any limitation thereon imposed by law;
- (ii) prior to the issuance and delivery of any such Additional Bonds, the Authority has obtained a Rating Agency Confirmation with respect to such issuance and delivery;
- (iii) the provisions of Sections 2.4., 2.5, any conditions for the issuance of Additional Bonds set forth in any Supplemental Indenture and, in the case of Refunding Bonds, Section 2.6, shall have been complied with as of the date of delivery of such Series; and
- (iv) at the time of issuance of such Additional Bonds, the Authority shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture except, in the case of Refunding Bonds, if the initial application of the proceeds of such Bonds shall cure such default.

(C) The Authority hereby expressly reserves the right to maintain in effect and issue other obligations under Prior Indentures and to adopt one or more additional general resolutions or indentures, for its purposes, including the same purposes as those of the Loan Finance

4826-5017-2892, v. 5

52

Program, and reserves the right to issue other obligations not payable from the Trust Estate for such purposes.

Section 7.11. Compliance With Conditions Precedent. The Authority shall see that upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, or will have happened or been performed, and such Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by law.

Section 7.12. General. The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of this Indenture in accordance with the terms of such provisions.

Section 7.13. Maintenance of Funds and Accounts. The Authority at all times shall maintain the Student Loan Fund, the Revenue Fund, the Capitalized Interest Fund, the Debt Service Reserve Fund, the Rebate Fund and the Excess Yield Fund created and established by Section 5.3 of this Indenture and do and perform or cause to be done and performed each and every act and thing with respect to each such Fund, Account or Subaccount provided to be done or performed by or on behalf of the Authority or the Trustee under the terms and provisions of Article V of this Indenture.

Section 7.14. Debt Service Reserve Fund. The Authority at all times shall maintain the Debt Service Reserve Fund created and established by Section 5.3 of this Indenture and the Authority and the Trustee shall do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Authority or the Trustee under the terms and provisions of this Indenture, any Supplemental Indenture or of the Act. The Authority hereby determines that the Debt Service Reserve Fund shall constitute a part of the "New Jersey Higher Educational Assistance Capital Reserve Fund" under the Act.

The Authority shall at all times maintain in the Debt Service Reserve Fund an amount or Funding Instrument in an amount equal to the Debt Service Reserve Fund Requirement. The Authority will file all notices and requests with the Governor of the State as may be necessary or desirable to obtain payment of any amounts appropriated by the New Jersey State Legislature to restore the Debt Service Reserve Fund to the amount required pursuant to the Act.

Notwithstanding anything herein to the contrary, the Authority shall not be obligated to deposit any moneys into the Debt Service Reserve Fund except from moneys in the Trust Estate or moneys available to the Authority as provided in Section 7.15 hereof.

Section 7.15. Deficiency Statement. The Authority shall semi-annually by May 1 and November 1 of each year cause the Trustee to value the Debt Service Reserve Fund. The Chairman of the Authority shall annually, on or before December 1 of each year, make and deliver to the Governor of the State in accordance with the Act, a Certificate stating the sums, if any, required to restore the Debt Service Reserve Fund to the amount required pursuant to N.J.S.A. 18A:71A-25 or to reimburse the provider of any Funding Instrument deposited into the Debt Service Reserve Fund for any draws thereunder. Sums received from the State in accordance with said section of the Act shall be deposited upon receipt in the Debt Service Reserve Fund and applied in accordance with the terms of this Indenture and any Supplemental Indenture.

4826-5017-2892, v. 5

53

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.1. Supplemental Indentures Not Requiring the Consent of Bondholders. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture not requiring the consent of Bondholders may be executed and delivered by the Authority and the Trustee for the following purposes:

(A) to close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(B) to add to the covenants and agreements of the Authority in this Indenture other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with this Indenture as then in effect;

(C) to add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Indenture as then in effect;

(D) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in this Indenture;

(E) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, the pledge of the Trust Estate, including Revenues, Recoveries of Principal or of any other revenues or assets;

(F) to modify any of the provisions of this Indenture in any respect whatever, but only if (i) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds initially delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(G) to authorize the issuance of one or more Series of Bonds and to prescribe the terms and conditions upon which such Bonds may be issued, including specifically the payment priority of any Interest Rate Exchange Agreement entered into with respect to such Series of Bonds, provided that in no event shall payments under an Interest Rate Exchange Agreement be afforded a higher priority than the payment of Debt Service on any Bonds;

(H) to create additional special trust accounts for the further securing of all Bonds issued pursuant to this Indenture if along with such Supplemental Indenture there is filed a Bond Counsel's Opinion to the effect that the creation and operation of such account will in no way impair the existing security of the Owner of any Outstanding Bond;

(I) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture or any Supplemental Indenture;

4826-5017-2892, v. 5

55

The Act provides that, in order to maintain the Debt Service Reserve Fund Requirement, the State will make an annual appropriation to the Authority for deposit in the Debt Service Reserve Fund, in the amount certified by the Chairman of the Authority as described above as the amount necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement. However, all moneys to be paid to the Authority pursuant to the provisions of the Act described in this Section 7.15 are subject to appropriation by the Legislature of the State (the "State Legislature") for such purpose from time to time. The State Legislature has no legal obligation to make such appropriations, and the provisions of the Act described herein do not constitute a legally enforceable obligation on the part of the State, nor does it create a debt or liability of the State.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

4826-5017-2892, v. 5

54

(J) to insert such provisions clarifying matters or questions arising under this Indenture or any Supplemental Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture or any Supplemental Indenture as then in effect and shall not adversely affect the interests of the Holders of any Series of Bonds issued hereunder, as evidenced by a Counsel's Opinion;

(K) to provide for additional duties of the Trustee in connection with the Student Loans or for a successor Trustee;

(L) to satisfy the requirements of a Rating Agency in order to obtain, maintain or improve any rating (including any underlying rating on credit-enhanced Bonds) with respect to any of the Bonds;

(M) to provide for the orderly sale or remarketing of Bonds;

(N) to make any other change which, based on a Bond Counsel's Opinion, is necessary or desirable to maintain the tax-exempt status of interest on the Tax-Exempt Bonds;

(O) to make any change which, based on a Bond Counsel's Opinion, does not adversely affect the interest of any Bondholder.

Section 8.2. Supplemental Indenture Effective Only Upon Consent of Bondholders. At any time or from time to time, a Supplemental Indenture may be executed and delivered subject to consent by Bondholders in accordance with and subject to the provisions of Article IX hereof. Any such Supplemental Indenture shall become fully effective in accordance with its terms upon the execution and delivery thereof by the Authority and the Trustee and upon compliance with the provisions of Article IX hereof.

Section 8.3. General Provisions.

(A) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article VIII and Article IX hereof. Nothing in this Article VIII or Article IX hereof shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any Indenture, resolution, act or other instrument pursuant to the provisions of Section 7.5 or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which is to be delivered to said Fiduciary pursuant to this Indenture.

(B) Any Supplemental Indenture permitted or authorized by Section 8.1 hereof may be entered into by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Section. Every Supplemental Indenture filed with the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Authority.

(C) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Section 8.4. Consent of the Credit Facility Provider in Lieu of Consent of Bondholders. Anything in this Indenture to the contrary notwithstanding, whenever consent of the Owners of a specified percentage in aggregate principal amount of the Bonds of any

4826-5017-2892, v. 5

56

particular Series then Outstanding shall be required to approve an action, determination or election hereunder, including but not limited to the execution and delivery of a Supplemental Indenture pursuant to Sections 8.2 or 9.2 hereof and direction of remedies upon the occurrence of an Event of Default, the Credit Facility provider, if any, for such Bonds acting alone, but subject to Section 12.6 hereof, may consent to and approve such action, determination or election, and the consent of the Owners of a specified percentage in aggregate principal amount of the Bonds then Outstanding shall not be required.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE IX

AMENDMENTS

Section 9.1. Mailing of Notice of Amendment. Any provision of this Article IX for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid (i) to each registered Owner of Bonds then Outstanding at its address, if any, appearing upon the registry books of the Authority and (ii) to the Trustee, provided it shall not be effective as to the Trustee until it is received by a Responsible Officer of the Trustee.

Section 9.2. Powers of Amendment. Except as provided in Article VIII hereof, any modification of or amendment to this Indenture and of the rights and obligations of the Authority, the provider of a Credit Facility under a Supplemental Indenture and of the Owners of the Bonds of any particular Series, may be made by a Supplemental Indenture and in the event such Supplemental Indenture shall be entered into pursuant to Section 8.2 hereof, with the written consent given as provided in Section 9.3 hereof (i) of the Owners of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified maturity remain Outstanding however, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 9.2. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section 9.2, Bonds shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Owners of such Bonds. The Trustee may in its sole discretion, in reliance in good faith on a Counsel's Opinion or a Bond Counsel's Opinion satisfactory to it, which reliance shall constitute full protection for the Trustee, determine whether or not in accordance with the foregoing powers of amendment, the Bonds of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Authority and all Owners of Bonds.

Section 9.3. Consent of Bondholders.

(A) A copy of any Supplemental Indenture making a modification or amendment which is not permitted by the provisions of Section 8.1 hereof (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee on behalf of the Authority to the Owner of any Bond to be affected by such proposed amendment or modification. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 9.2 hereof and (b) a Bond Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered

into by the Authority in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the Authority.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.14 hereof. A Certificate executed by the Trustee stating that it has examined such proof and that such proof is sufficient in accordance with such Section 11.14 shall be conclusive that the consents have been given by the Owners of the Bonds described in such Certificate of the Trustee. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section 9.3(B) is filed. The fact that a consent has not been revoked may likewise be proved by a Certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Authority and the Trustee shall retain for its files, a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this Section 9.3(C) shall be given to Bondholders by the Authority by mailing such notice to the Bondholders not more than ninety (90) days after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The Authority shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 9.3(C) to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Bonds after the filing with the Trustee of the proof of the first mailing of the notice of such consent.

Section 9.4. Modifications by Unanimous Consent. Notwithstanding anything to the contrary contained herein, the terms and provisions of this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds hereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Indenture and the consent of the Owners of all the Bonds then Outstanding, such consent to be given as provided in Section 9.3 hereof, but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders. No notice of any such modification, amendment, assent or publication thereof shall be required.

Section 9.5. Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article IX, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in

this Article IX. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a Certificate of an Authorized Officer, upon which the Trustee may rely describing all Bonds so to be excluded.

Section 9.6. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in Article VIII hereof or this Article IX may and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Bond at such effective date and presentation of its Bond for the purpose at the designated corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds modified to conform to such action shall be prepared, executed, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, upon surrender of such Outstanding Bond.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.1. Events of Default. Each of the following events is an "Event of Default":

(A) payment of the principal, Sinking Fund Payment, or Redemption Price of any Senior Bond when and as the same shall become due, whether at maturity or upon call for redemption or upon the tender thereof in accordance with the provisions of the Supplemental Indenture authorizing the issuance of Variable Rate Senior Bonds, shall not be made when and as the same becomes due; or

(B) payment of any installment of interest on any of the Senior Bonds shall not be made when and as the same shall become due; or

(C) in the event no Senior Bonds are Outstanding under this Indenture, payment of principal, Sinking Fund Payment, or Redemption Price of any Subordinate Bond when and as the same shall become due, whether at maturity or upon call for redemption or upon the tender thereof in accordance with the provisions of the Supplemental Indenture authorizing the issuance of Variable Rate Subordinate Bonds, shall not be made when and as the same becomes due; or

(D) in the event no Senior Bonds are Outstanding under this Indenture, payment of any installment of interest on any of the Subordinate Bonds shall not be made when and as the same shall become due; or

(E) in the event no Senior Bonds or Subordinate Bonds are Outstanding under this Indenture, payment of principal, Sinking Fund Payment, or Redemption Price of any Junior Subordinate Bond when and as the same shall become due, whether at maturity or upon call for redemption or upon the tender thereof in accordance with the provisions of the Supplemental Indenture authorizing the issuance of Variable Rate Junior Subordinate Bonds, shall not be made when and as the same becomes due; or

(F) in the event no Senior Bonds or Subordinate Bonds are Outstanding under this Indenture, payment of any installment of interest on any of the Junior Subordinate Bonds shall not be made when and as the same shall become due; or

(G) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any applicable bankruptcy law or similar law for the relief of debtors are instituted by the Authority (other than such proceedings instituted by the Authority against other parties); or

(H) the Authority shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in any Supplemental Indenture or the Bonds, and such failure, refusal or default shall continue for a period of ninety (90) days after written notice thereof by the Trustee, a Credit Facility provider or the Owners of not less than 100% in principal amount of the Outstanding Bonds.

Section 10.2. Remedies.

(A) Upon actual knowledge or the receipt of written notice by a Responsible Officer of the Trustee of the happening and continuance of any Event of Default specified in Section 10.1 hereof, the Trustee shall promptly notify the Authority, the Rating Agencies, each counterparty to an Interest Rate Exchange Agreement, the provider of any Credit Facility or Liquidity Facility, and each Fiduciary of the existence of such Event of Default and may proceed, and, upon the written request of the Owners of not less than 25% in principal amount of the Highest Priority Bonds then Outstanding with respect to an Event of Default specified in paragraphs (A), (B), (C), (D), (E) or (F) of Section 10.1 hereof, upon the written request of the Owners of not less than 25% in principal amount of the Outstanding Bonds with respect to an Event of Default specified in paragraph (G) of Section 10.1 hereof, and upon the written request of the Owners of not less than 100% in principal amount of the Highest Priority Bonds then Outstanding with respect to an Event of Default specified in paragraph (H) of Section 10.1 hereof, shall proceed, in its own name, subject to the provisions of Article XI hereof, and each Supplemental Indenture, to protect and enforce the rights of the Bondholders by such of the following remedies, as the Trustee shall deem most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the Authority to receive and collect Revenues and Recoveries of Principal adequate to carry out the covenants and agreements as to, and the assignment of, the Student Loans and to require the Authority to carry out any other covenants or agreements with Bondholders and to perform its duties as prescribed by law;

(ii) by bringing suit upon the Bonds;

(iii) by action or suit in equity, to require the Authority to account as if it were the trustee of an express trust for the Owners of the Bonds;

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds; or

(v) upon the occurrence of an Event of Default specified in paragraphs (A), (B), (C), (D), (E) or (F) of Section 10.1 hereof or as otherwise provided in a Supplemental Indenture, the Trustee shall, but (subject to the provisions in any Supplemental Indenture) only at the written direction of the Owners of not less than 25% in principal amount of the Highest Priority Bonds then Outstanding, declare the principal of all of the Bonds to be immediately due and payable, whereupon the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding. If all defaults shall be cured, then the Trustee shall, upon written direction of the Owners of not less than 25% in principal amount of the Highest Priority Bonds then Outstanding, annul such declaration and its consequences. In the event that all Bonds are declared due and payable, the Trustee shall at the direction of such Owners, sell Student Loans and Investment Securities.

(B) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled (subject to the provisions in any Supplemental Indenture) to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Authority for principal, interest, or otherwise, under any provisions of this Indenture or a Supplemental Indenture or of the Bonds, with interest on

4826-5017-2892, v. 5

61

overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection permitted by the laws of the State and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Authority for any portion of such amounts remaining unpaid, with such interest, costs and expenses as may be permitted by the laws of the State, and to collect from the Authority any moneys adjudged or decreed to be payable; provided, that the obligation of the Authority to make any payments under this paragraph (B) shall be limited to the extent of the Trust Estate available therefor.

(C) Upon the occurrence of any Event of Default, and on the filing of suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under this Indenture, the Trustee shall (subject to the provisions in any Supplemental Indenture) be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and Recoveries of Principal and of the assets of the Authority relating to the Trust Estate and the Loan Finance Program, pending such proceedings, with such powers as the court making such appointment shall confer.

(D) Except upon the occurrence and during the continuance of an Event of Default hereunder, the Authority hereby expressly reserves and retains the privilege to receive and, subject to the terms and provisions of this Indenture, to keep or dispose of, claim, bring suit upon or otherwise exercise, enforce or realize upon its rights and interest in and to the Student Loans and the proceeds of any collections therefrom, and neither the Trustee nor any Bondholder shall in any manner be or be deemed to be an indispensable party to the exercise of any such privilege, claim or suit.

Section 10.3. Priority of Payments After Default.

(A) In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of principal or Redemption Price of and interest then due on the Bonds, such funds (other than funds held for the payment of a particular Series of Bonds which have theretofore become due at maturity) and any other amounts received or collected by the Trustee acting pursuant to this Article X, after providing for the payment of any expenses necessary to protect the interest of the Owners of the Bonds, if any, and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Indenture, shall be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds in the order of maturity of such installments, except as otherwise provided by Supplemental Indenture, to the payment to the persons entitled thereto of the unpaid regularly scheduled payments payable by the Authority under the Interest Rate Exchange Agreements with respect to the Senior Bonds which shall have become due, and to the reimbursement of the provider of any Credit Facility with respect to the Senior Bonds for making any such payment under a Credit Facility, and, if the amount available shall not be sufficient to pay in full any installments of interest then due on the Senior Bonds, then to the payment thereof ratably, according to the amounts of interest due on such date, to the persons entitled thereto, without any discrimination or preference;

4826-5017-2892, v. 5

63

4826-5017-2892, v. 5

62

SECOND: To the payment to the persons entitled thereto of the unpaid Principal Installments of or Redemption Price of any Senior Bonds which shall have become due, except as otherwise provided by Supplemental Indenture, to the payment to the persons entitled thereto of the unpaid Termination Payments payable by the Authority under the Interest Rate Exchange Agreements with respect to the Senior Bonds which shall have become due, and to the reimbursement of the provider of any Credit Facility for making any such payment under a Credit Facility with respect to the Senior Bonds, and, if the amounts available shall not be sufficient to pay in full all the Principal Installments of or Redemption Price then due on the Senior Bonds or unpaid Termination Payments, then to the payment thereof ratably, according to the amounts of Principal Installments, Redemption Price or Termination Payments due on such date, to the persons entitled thereto, without any discrimination or preference;

THIRD: To the reimbursement of any and all amounts due and payable to the issuer of a Funding Instrument, including accrued interest thereon;

FOURTH: To the payment to the persons entitled thereto of all installments of interest then due on Subordinate Bonds in the order of the maturity of such installments, except as otherwise provided by Supplemental Indenture, to the payment to the persons entitled thereto of the unpaid regularly scheduled payments payable by the Authority under the Interest Rate Exchange Agreements with respect to the Subordinate Bonds which shall have become due, and to the reimbursement of the provider of any Credit Facility for making any such payment under a Credit Facility with respect to the Subordinate Bonds, and, if the amount available shall not be sufficient to pay in full any installment then due on the Subordinate Bonds, then to the payment thereof ratably, according to the amounts of interest due on such date, to the persons entitled thereto, without any discrimination or preference;

FIFTH: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Subordinate Bonds which shall have become due, except as otherwise provided by Supplemental Indenture, to the payment to the persons entitled thereto of the unpaid Termination Payments payable by the Authority under the Interest Rate Exchange Agreements with respect to the Subordinate Bonds which shall have become due, and to the reimbursement of the provider of any Credit Facility for making any such payment under a Credit Facility with respect to the Subordinate Bonds, and, if the amounts available shall not be sufficient to pay in full all the Subordinate Bonds due, then to the payment thereof ratably, according to the amounts of principal or redemption price due on such date, to the persons entitled thereto, without any discrimination or preference;

SIXTH: To the payment to the persons entitled thereto of all installments of interest then due on Junior Subordinate Bonds in the order of the maturity of such installments, except as otherwise provided by Supplemental Indenture, to the payment to the persons entitled thereto of the unpaid regularly scheduled payments payable by the Authority under the Interest Rate Exchange Agreements with respect to the Junior Subordinate Bonds which shall have become due, and to the reimbursement of the provider of any Credit Facility for making any such payment under a Credit Facility with respect to the Junior Subordinate Bonds, and, if the amount available shall not be sufficient to pay in full any installment then due on the Junior Subordinate Bonds, then to the payment thereof ratably, according to the amounts of interest due on such date, to the persons entitled thereto, without any discrimination or preference; and

4826-5017-2892, v. 5

64

SEVENTH: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Junior Subordinate Bonds which shall have become due, except as otherwise provided by Supplemental Indenture, to the payment to the persons entitled thereto of the unpaid Termination Payments payable by the Authority under the Interest Rate Exchange Agreements with respect to the Junior Subordinate Bonds which shall have become due, and to the reimbursement of the provider of any Credit Facility for making any such payment under a Credit Facility with respect to the Junior Subordinate Bonds, and, if the amounts available shall not be sufficient to pay in full all the Junior Subordinate Bonds due, then to the payment thereof ratably, according to the amounts of principal or redemption price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, then first, to the payment of the principal and interest then due and unpaid upon the Senior Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, except as otherwise provided by Supplemental Indenture, to the payment of amounts then due and unpaid upon Interest Rate Exchange Agreements with respect to Senior Bonds ratably according to the amounts due to the person entitled thereto, and to the reimbursement of the provider of any Credit Facility or Liquidity Facility with respect to Senior Bonds for making any such payment, ratably, according to the amounts due respectively for principal and interest on the Senior Bonds then due and unpaid or reimbursed, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds; second, to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond over any other Subordinate Bond, except as otherwise provided by Supplemental Indenture, to the payment of amounts then due and unpaid upon Interest Rate Exchange Agreements with respect to Subordinate Bonds ratably according to the amounts due to the person entitled thereto, and to the reimbursement of the provider of any Credit Facility or Liquidity Facility with respect to Subordinate Bonds for making any such payment, ratably, according to the amounts due respectively for principal and interest on the Subordinate Bonds then due and unpaid or reimbursed, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds; and third, to the payment of the principal and interest then due and unpaid upon the Junior Subordinate Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Junior Subordinate Bond over any other Junior Subordinate Bond, except as otherwise provided by Supplemental Indenture, to the payment of amounts then due and unpaid upon Interest Rate Exchange Agreements with respect to Junior Subordinate Bonds ratably according to the amounts due to the person entitled thereto, and to the reimbursement of the provider of any Credit Facility or Liquidity Facility with respect to Junior Subordinate Bonds for making any such payment, ratably, according to the amounts due respectively for principal and interest on the Junior Subordinate Bonds then due and unpaid or reimbursed, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Junior Subordinate Bonds.

(iii) If the principal of all the Bonds shall have been declared immediately due and payable, and if such declarations shall thereafter have been rescinded and annulled under

the provisions of this Article X or any Supplemental Indenture, then, subject to the provisions of Section 10.2(A)(v) hereof in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of Section 10.3(A)(i) hereof.

(B) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section 10.3, such moneys shall, subject to the provisions of any Supplemental Indenture, be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such moneys with a Paying Agent, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Owner of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 10.4. Termination of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 10.5. Right of Bondholders to Direct Proceedings. Subject to Section 8.4 of this Indenture, the Owners of not less than 25% in principal amount of the Highest Priority Bonds Outstanding with respect to an Event of Default specified in paragraphs (A), (B), (C), (D), (E) or (F) of Section 10.1 hereof, the Owners of not less than 25% in principal amount of the Bonds Outstanding with respect to an Event of Default specified in paragraph (G) of Section 10.1 hereof, and the Owners of not less than 51% in principal amount of the Highest Priority Bonds Outstanding with respect to an Event of Default specified in paragraph (H) of Section 10.1 hereof shall have the right, at any time during the continuance of an Event of Default, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction if the Trustee shall not have been furnished with the security or indemnification described in Section 11.1(L) hereof.

Section 10.6. Limitation on Rights of Bondholders.

(A) Except as otherwise specifically provided by Section 10.2(A) hereof or by this Section 10.6, no Owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any

Section 10.9. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given by this Indenture to the Trustee and the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 10.10. Notice of Event of Default. The Trustee shall give to the Bondholders, the Rating Agencies, and the provider of any Credit Facility notice of each Event of Default hereunder actually known by a Responsible Officer of the Trustee within ten (10) days after actual knowledge or receipt of written notice of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (i) to all Owners of Bonds, as the names and addresses of such Owners appear upon the books for registration and transfer of Bonds as kept by the Trustee, (ii) to the providers of any Credit Facility at such address as is specified in the applicable Supplemental Indenture, and (iii) to such other persons as is required by law.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

right under this Indenture unless such Owner is an Owner of one or more Bonds then Outstanding, and such Owner previously shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25%, 51% or 100%, as provided in Section 10.2 hereof, in principal amount of the applicable Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the losses, fees, costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy hereunder or by law. It is understood and intended that, except as otherwise above provided, no one or more Owners of the Bonds hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder with respect to the Bonds or this Indenture, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of Owners of the Outstanding Bonds. Nothing contained in this Article X shall affect or impair the obligation of the Authority to pay the principal and interest on each Bond and to the right of any Bondholder to enforce its rights hereunder.

(B) Anything to the contrary notwithstanding contained in this Section 10.6, or any other provision of this Indenture, each Owner of any Bond by acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph (B) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder or group of Bondholders holding at least 25%, 51% or 100%, as provided in Section 10.2 hereof, in principal amount of the Highest Priority Bonds or Bonds, as applicable, then Outstanding, or to any suit instituted by any Bondholder in accordance with paragraph (A) of this Section 10.6 for the enforcement of the payment of any Bond then Outstanding on or after the respective due date thereof expressed in such Bond.

Section 10.7. Possession of Bonds by Trustee Not Required. All rights of action under this Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof in the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 10.8. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

ARTICLE XI

CONCERNING THE FIDUCIARIES

Section 11.1. Appointment and Acceptance of Duties of Trustee. Wells Fargo Bank, National Association is hereby appointed as Trustee. By executing this Indenture, the Trustee hereby accepts the trusts, duties and obligations imposed upon it by this Indenture and agrees to perform such trusts, duties and obligations, but only upon and subject to the following express terms and conditions:

(A) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent corporate trustee would exercise or use in the circumstances in the conduct of its own affairs.

(B) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act, upon the opinion or advice of counsel concerning all matters hereof, and may in all cases be reimbursed hereunder for reasonable compensation paid to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Trustee may request, rely and act or refrain from acting in accordance with an opinion of counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reliance upon such opinion of counsel.

(C) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or collecting any insurance moneys, or for the validity of the execution by the Authority or sufficiency of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of, or filing of documents related to, the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority, except as set forth in subsection (J) of this Section 11.1. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(D) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

(E) The Trustee may conclusively rely upon and shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, email or communication by other electronic means or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons.

(L) Before taking any action hereunder, whether permissive or mandatory, the Trustee may require that security and/or indemnification reasonably satisfactory to it be furnished for the reimbursement of all fees and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from negligence or willful misconduct by reason of any action so taken.

(M) If the Trustee receives different or conflicting instructions or directions from more than one group of Bondholders each of which is provided in accordance with this Indenture, the Trustee shall act in accordance with the instructions or directions provided by the Bondholders representing the larger aggregate principal amount of Highest Priority Bonds then Outstanding.

(N) Recitals, statements and representations contained in any document in the nature of an official statement or offering circular, preliminary or final, relating to any Series of Bonds shall not be taken or construed as made by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness or truth of the same. Except for information concerning the Trustee provided by the Trustee, if any, the Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted or delivered to any Bondholder in the nature of an official statement or offering circular, preliminary or final.

(O) Delivery of any reports, information and documents to the Trustee provided for herein is for informational purposes only and the Trustee's receipt of such reports (including monthly distribution reports) and any publicly available information, shall not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Authority's or the Servicer's compliance with any of its representations, warranties or covenants hereunder.

(P) Knowledge of the Trustee shall not be attributed or imputed to Wells Fargo Bank, National Association's other roles in the transaction and knowledge of the Paying Agent and the Registrar shall not be attributed or imputed to each other or to the Trustee (other than those where the roles are performed by the same group or division within Wells Fargo Bank, National Association or otherwise share the same Responsible Officers), or any affiliate, line of business, or other division of Wells Fargo Bank, National Association (and vice versa).

(Q) Notwithstanding anything to the contrary herein or otherwise, under no circumstance will the Trustee be liable for special, punitive, indirect, or consequential loss or damage of any kind whatsoever (including lost profits), whether or not foreseeable, even if the Trustee is actually aware of or has been advised of the likelihood of such loss or damage.

(R) The Trustee need not investigate or re-calculate, evaluate, certify, verify or independently determine the accuracy of any numerical information, report, certificate, information, statement, representation or warranty or any fact or matter stated in any such document and may conclusively rely as to the truth of the statements and the accuracy of the information therein.

(S) Before the Trustee acts or refrains from taking any action under this Indenture, it may require an officer's certificate and/or an opinion of counsel from the party requesting that the Trustee act or refrain from acting in form and substance acceptable to the Trustee, the costs of which (including the Trustee's reasonable attorney's fees and expenses) shall be paid by the party requesting that the Trustee act or refrain from acting. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such officer's certificates and/or opinions of counsel.

Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the registered owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(F) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate believed in good faith to be genuine and correct, signed on behalf of the Authority by an Authorized Officer, or such other person or persons as may be designated for such purposes by resolution of the Authority, as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (J) of this Section 11.1, or of which by said subsection it is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an Authorized Officer of the Authority to the effect that a resolution in the form therein set forth has been adopted by the Authority as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(G) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(H) The Trustee shall not be required to give any bond or surety in respect to the execution of its rights and obligations hereunder.

(I) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or by law. The Trustee shall not be under any liability for interest on any moneys received hereunder.

(J) The Trustee shall not be required to take notice or be deemed to have knowledge of any default, Event of Default, event or information, or be required to act upon any default, Event of Default, event or information (including the sending of any notice) unless a Responsible Officer of the Trustee has actual knowledge, or has received written notice thereof, and in the absence of such knowledge or notice, the Trustee may conclusively assume there is no default or Event of Default except as aforesaid and the Trustee shall have no duty to take any action to determine whether such default, Event of Default or event has occurred.

(K) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof as a condition of such action by the Trustee, reasonably and in good faith deemed necessary by the Trustee, for the purpose of establishing the right of the Authority to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(T) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee unless it shall be conclusively determined that the Trustee was negligent in ascertaining the pertinent facts, provided, however, that the Trustee shall have no obligation to conduct any investigation into such facts except as otherwise required pursuant to this Indenture. The Trustee shall not be liable for any action it takes or omits to take in good faith (a) which is authorized or within its rights or powers under this Indenture or (b) which the Trustee in good faith believes is within its rights or powers under this Indenture.

(U) The Trustee shall not be required to expend or risk its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties, or the exercise of any of its rights or powers.

(V) The Trustee shall not be liable with respect to any action it takes or omits to take in accordance with a direction received by it from the Authority or the required Owners in accordance with the terms of this Indenture and the other documents related thereto.

(W) The Trustee shall incur no liability if, by reason of any provision of any future law or regulation thereunder, or by any force majeure event, including but not limited to natural disaster, act of war or terrorism, or other circumstances beyond its reasonable control, the Trustee shall be prevented or forbidden from doing or performing any act or thing which the terms of this Indenture provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Indenture or any other document related thereto.

(X) Notwithstanding anything to the contrary in this Indenture, the Trustee shall not be required to take any action that is not in accordance with applicable law.

(Y) Neither the Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any collateral securing the Bonds, for the legality, enforceability, effectiveness or sufficiency of this Indenture and the documents related thereto for the creation, perfection, continuation, priority, sufficiency or protection of any of the liens, or for any defect or deficiency as to any such matters, or for monitoring the status of any lien or performance of the collateral.

(Z) The Trustee shall not be liable for any action or inaction of the Authority, the Servicer, or any other party (or agent thereof) to this Indenture or any related document and may assume compliance by such parties with their obligations under this Indenture or any related agreements, unless a Responsible Officer of the Trustee shall have received written notice to the contrary.

(AA) The Trustee shall have no duty to see to, or be responsible for the correctness or accuracy of, any recording, filing or depositing of this Indenture or any agreement referred to herein, or any financing statement or continuation statement evidencing a security interest, or to see to the maintenance of any such recording or filing or depositing or to any rerecording, refiling or re-depositing of any thereof.

Section 11.2. Appointment and Acceptance of Duties of Paying Agents, Bond Registrar and Other Fiduciaries.

(A) The Authority shall appoint one or more Paying Agents and a Registrar for the Bonds and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 11.13 hereof for a successor Paying Agent, along

with such other Fiduciaries as may be required in connection with any Bonds in accordance with the provisions of and by designation in the Supplemental Indenture authorizing such Bonds. The Trustee is hereby appointed as Paying Agent, as Registrar and as Authenticating Agent and the Paying Agent, the Registrar and the Authenticating Agent shall be entitled to the rights, protections, benefits and immunities afforded to the Trustee under this Indenture.

(B) Each Paying Agent, Registrar and other Fiduciary (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by a written instrument of acceptance executed and delivered to the Authority and the Trustee which shall include the address to which notice may be delivered in accordance with Section 12.3 of this Indenture.

(C) The principal or corporate trust offices of the Paying Agents are hereby designated as the respective agents of the Authority for the payment of the Bonds.

(D) If at any time or times the Trustee shall have determined, or shall have been advised by Counsel satisfactory to it, that it is necessary or prudent to appoint a separate or co-Trustee under this Indenture (each, a "co-Trustee") (i) in order to comply with the legal requirements of any applicable jurisdiction; or (ii) in order to effectuate the exercise of any one or more of the powers, rights or remedies of the Trustee hereunder, then the Trustee shall be entitled, without the consent of the Authority and regardless of whether an Event of Default hereunder shall have occurred, to appoint an additional institution to serve as co-Trustee hereunder (whose costs, fees and expenses in carrying out (i) and (ii) hereof shall be borne by the Authority), with such powers as may be provided in the instrument of appointment; and to vest in each such institution any property, title, right or power deemed necessary or desirable, subject to the provisions of this Section 11.2.

(E) Each co-Trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such co-Trustee shall not be greater than those conferred or imposed upon the Trustee, and such rights and powers shall be exercisable only jointly with the Trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such co-Trustee subject to the provisions of subsection (E)(iv) of this Section 11.2

(ii) The Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any co-Trustee appointed under this Section 11.2.

(iii) Neither the Trustee nor any separate trustee or co-Trustee under this Indenture shall be liable by reason of any act or omission or the appointment of the Trustee or any other trustee or co-Trustee under this Indenture.

(iv) No power given to such co-Trustee shall be separately exercised hereunder by such co-Trustee except with the consent in writing of the Trustee, anything herein contained to the contrary notwithstanding.

(F) Should any instrument in writing from the Authority be required by the co-Trustee so appointed or removed by the Trustee in order to vest in and confirm to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on

4826-5017-2892, v. 5

73

Section 11.5. Compensation.

(A) Unless otherwise determined by contract between the Authority and a Fiduciary, the Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture.

(B) The Authority hereby agrees, to the extent permitted by State law, to reimburse and hold harmless each Transaction Party from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever (including reasonable attorney's fees and expenses and court costs) (collectively, "Losses") which such Transaction Party may incur in connection with the performance by such Transaction Party of its obligations under this Indenture or any agreements related hereto including those incurred in connection with any action, claim or suit brought to enforce any Transaction Party's right to indemnification; provided, however, that the Authority shall not be required to reimburse and hold harmless any Transaction Party for any Losses caused in whole or in part by such Transaction Party's negligence, bad faith, or willful misconduct arising out of or as a result of such Transaction Party's performing its obligations under this Indenture or undertaking any transaction contemplated by this Indenture; and further provided, that the foregoing is subject to the limitations of the provisions of the New Jersey Tort Claims Act, *N.J.S.A. 59:2-1 et seq.*, and the New Jersey Contractual Liability Act, *N.J.S.A. 59:13-1 et seq.*

(C) Each Fiduciary, by accepting its appointment as such under this Indenture, agrees that such Fiduciary (i) shall give the Authority prompt notice in writing of any actual or potential claim described above, and the institution of any suit or action; (ii) shall not adjust, settle or compromise any such claim, suit or action without the consent of the Authority; and (iii) shall permit the Authority, at the Authority's sole discretion, to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action. The procedures set forth in this clause (C) shall not apply to any claim under clause (B) above of any attorney's fees, costs, and expenses incurred by such Transaction Party in connection with any enforcement (including by means of any action, claim or suit) by such Transaction Party of any claim under clause (B) above or other obligation of the Authority.

(D) While the New Jersey Contractual Liability Act, *N.J.S.A. 59:13-1 et seq.*, is not applicable by its terms to claims arising under contracts with the Authority, each Fiduciary, by accepting its appointment as such under this Indenture, agrees that such statute (except *N.J.S.A. 59:13-9*) shall be applicable to all claims against the Authority arising under this Section 11.5.

(E) The reimbursement obligation provided in this Section 11.5 does not apply to or extend to any indemnification which may be given by any Fiduciary to any other Person.

(F) The reimbursement provisions set forth in this Section 11.5 shall survive termination or assignment of this Indenture and the resignation or removal of the parties hereto.

Section 11.6. Permitted Acts and Functions. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. Any Fiduciary may act as Depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount

4826-5017-2892, v. 5

75

request, be executed, acknowledged and delivered by the Authority. In case any co-Trustee, or a successor shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such co-Trustee.

Section 11.3. Responsibility of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or in respect of the security afforded by this Indenture, and no Fiduciary shall incur any responsibility in respect thereof. Any Authenticating Agent appointed as herein provided shall, however, be responsible for its representations contained in its certificate on the Bonds. No Fiduciary shall be under any obligation or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Authority. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others.

Section 11.4. Evidence on Which Fiduciaries May Act. Each Fiduciary and, in the case of Variable Rate Bonds, the Remarketing Agent, the Indexing Agent and the Tender Agent shall be protected in acting upon any notice, Indenture, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any Fund or Account, such matter (unless other evidence of respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer or by another Fiduciary if so specified herein or in the applicable Supplemental Indenture, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its sole discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Neither the Trustee nor any successor Trustee or other Fiduciary shall be liable to the Authority, the Owners of any of the Bonds, any provider of a Credit Facility or Liquidity Facility or any other person for any act or omission done or omitted to be done by such Fiduciary in reliance upon any instruction, direction or certification received by the Trustee pursuant to this Indenture or for any act or omission done or omitted in good faith and without negligence and willful misconduct. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer.

4826-5017-2892, v. 5

74

of the Bonds then Outstanding. Any Fiduciary may be a participant in the Loan Finance Program and may sell Eligible Loans to the Authority. Any Fiduciary may be an underwriter in connection with the sale of the Bonds or of any other securities offered or issued by the Authority.

Section 11.7. Resignation of Trustee. Subject to the provisions of a Supplemental Indenture, the Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than sixty (60) days written notice to the Authority, and mailing notice thereof specifying the date when such resignation shall take effect, to the registered owners of Bonds and each Rating Agency, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 11.9 hereof, in which event such resignation shall take effect immediately on the appointment of such successor. Notwithstanding any other provision of this Indenture, no removal, resignation, or termination of the Trustee shall take effect until a successor shall be appointed.

Section 11.8. Removal of Trustee. Subject to the provisions of a Supplemental Indenture, the Trustee shall be removed by the Authority if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority. The Authority may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Authority by filing with the Trustee an instrument signed by an Authorized Officer.

Section 11.9. Appointment of Successor Trustee.

(A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Authority covenants and agrees that it will thereupon appoint a successor Trustee. The Authority shall mail notice of any such appointment made by it within twenty (20) days after such appointment to all Owners of Bonds.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Authority written notice, as provided in Section 11.7 hereof, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Every successor Trustee appointed pursuant to this Section 11.9 shall be a trust company or commercial bank duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000, unless a higher amount is required in a Supplemental Indenture, and authorized by law to act as the Trustee.

Section 11.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such

4826-5017-2892, v. 5

76

predecessor Trustee, with like effect as if originally named as Trustee, but the Trustee ceasing to act shall nevertheless, on the request of the Authority, or of its successor Trustee, upon payment in full of all fees, costs and expenses, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify each Fiduciary of its appointment as Trustee. Upon the effectiveness of the resignation or removal of the Trustee, such Trustee's authority to act pursuant to this Indenture shall terminate and such Trustee shall have no further responsibility or liability whatsoever for performance of this Indenture as Trustee.

Section 11.11. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor to such Fiduciary under Section 11.9 or Section 11.13 hereof and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 11.12. Adoption of Certificate of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the successor Trustee, and in all such cases such certificate shall have the full force provided anywhere in said Bonds or in this Indenture.

Section 11.13. Resignation or Removal of the Paying Agents, Registrar and Other Fiduciaries and Appointment of Successors.

(A) Any Paying Agent may, the Registrar may and any Fiduciary (other than the Trustee) may, at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days written notice to the Authority, the Trustee, and the Bondholders. Any Paying Agent, the Registrar and any Fiduciary (other than the Trustee) shall be removed by the Authority at any time, for such cause as shall be determined in the sole discretion of the Authority by an instrument signed by an Authorized Officer and filed with such Paying Agent, Registrar or other Fiduciary and with the Trustee. Any successor Paying Agent, Registrar or Fiduciary (other than the Trustee) shall be appointed by the Authority and (subject to the requirements of Section 7.3 hereof or any Supplemental Indenture) shall be a trust company or commercial bank having the powers of a trust company, having a reported capital and surplus aggregating at least \$75,000,000, and willing and able to accept the office of Paying Agent, Registrar or Fiduciary (other than the Trustee), as the case may be, on

4826-5017-2892, v. 5

77

including, without limitation, the registration books of Bondholders, shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, any Bondholder and any Credit Facility provider and their agents and their representatives, any of whom may make copies thereof; provided, however, that in no event shall any party be permitted to visit or inspect any Wells Fargo data center.

Section 11.16. Directions to Trustee. Except for the specific instances in which this Indenture expressly permits the Authority to give the Trustee directions orally which are promptly confirmed in writing, any directions given by the Authority to the Trustee must be in writing.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

4826-5017-2892, v. 5

79

reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Notwithstanding any other provision of this Indenture, no resignation or removal of any Paying Agent, Registrar or Fiduciary shall take effect until a successor shall be appointed. If in a proper case no appointment of any successor Transaction Party shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after such Transaction Party shall have given to the Authority written notice, as provided in Section 11.7 hereof, or after a vacancy in the office of such Transaction Party shall have occurred by reason of its inability to act, such Transaction Party may apply to any court of competent jurisdiction to appoint a successor Transaction Party. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Transaction Party.

(B) In the event of the resignation or removal of any Paying Agent, Registrar or Fiduciary (other than the Trustee), such Paying Agent, Registrar or Fiduciary (other than the Trustee) shall, after payment of its fees, costs and expenses, pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed.

Section 11.14. Evidence of Signatures of Bondholders and Ownership of Bonds.

(A) Any request, consent or other instrument which this Indenture may require (or permit) to be executed by Bondholders may be executed by such Bondholders or by their attorneys pursuant to powers of attorney or instruments of similar tenor and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its sole discretion require further or other proof in cases where it deems the same desirable.

The fact and date of the execution by any Bondholder or its attorney of such instrument may be proved by the Certificate, which need not be acknowledged or verified, of an officer of a bank or trust company, financial institution or other member of the National Association of Securities Dealers, Inc. satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which such notary public or other officer purports to act, that the person signing such request or other instrument acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(B) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

(C) Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 11.15. Preservation and Inspection of Documents. All Fiduciaries under the provisions of this Indenture or any Supplemental Indenture shall maintain adequate records relating to the performance of their duties consistent with industry practices, which records,

4826-5017-2892, v. 5

78

ARTICLE XII

DEFEASANCE, MISCELLANEOUS PROVISIONS

Section 12.1. Defeasance.

(A) If the Authority shall pay or cause to be paid to the Owners of the Bonds, the principal or Redemption Price of and interest to become due thereon, at the times and in the manner stipulated therein and in this Indenture, and pay or cause to be paid (i) to each Fiduciary its fees, costs and expenses, (ii) to each Credit Facility provider or Liquidity Facility provider all amounts owing under each Credit Facility or Liquidity Facility or agreements relating thereto and (iii) to each counterparty to each Interest Rate Exchange Agreement all amounts owing under each Interest Rate Exchange Agreement, then the pledge of the Trust Estate, including any Revenues, Recoveries of Principal, and other moneys, securities, funds and property hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to this Indenture which are not required for the payment of Bonds not theretofore surrendered for such payment. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any Bonds the principal or Redemption Price of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security hereunder and thereunder and all covenants, agreements and obligations of the Authority to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding the foregoing and subsection (B) below, the provisions of this Indenture relating to payment, registration, transfer and redemption of Bonds shall remain in effect until final maturity or the redemption date of the Bonds.

(B) Bonds or interest installments (in each case, other than on Bonds held in custody for the benefit of a Credit Facility or Liquidity Facility provider under a Supplemental Indenture) for the payment of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Authority of funds for such payment or otherwise) shall, at the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section 12.1. Except as otherwise provided in any Supplemental Indenture, Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section 12.1 if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article VI hereof notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or noncallable Governmental Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 12.1 and stating such maturity or redemption date upon which moneys are to be

4826-5017-2892, v. 5

80

available for the payment of the principal or Redemption Price of said Bonds and (iv) in the event said Bonds are not payable within the next succeeding ninety (90) days, the Authority shall have delivered to the Trustee a verification report prepared by an Accountant verifying that the deposits made pursuant to this subsection (B) are sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds. Neither Governmental Obligations or moneys deposited with the Trustee pursuant to this Section 12.1 nor principal or interest payments on any such Governmental Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price of and interest on said Bonds unless at all times following such use or withdrawal there shall be deposited with the Trustee moneys and noncallable Governmental Obligations the principal of and the interest in which when due will provide moneys which shall be sufficient to pay when due the principal or Redemption Price of and interest due or to be due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and the Authority shall have delivered to the Trustee prior to such withdrawal or use a verification report as described in clause (iv) above verifying the deposit after taking into account such withdrawal or use; but any cash received from such principal or interest payments on such noncallable Governmental Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge.

(C) The deposit required by subsection (B) of this Section may be made with respect to Bonds within any particular maturity, in which case such maturity of Bonds shall no longer be deemed to be Outstanding under the terms of this Indenture, and the Owners of such defeased Bonds shall be secured only by such trust funds and not by any other part of the Trust Estate, and this Indenture shall remain in full force and effect to protect the interests of the Owners of Bonds remaining Outstanding thereafter.

Section 12.2. No Recourse Under Indenture or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority contained in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any officer, employee or agent of the Authority in its individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds, amounts due under any Interest Rate Exchange Agreement or for any claim based thereon or on this Indenture against any officer, employee or agent of the Authority or against any natural person executing the Bonds.

Section 12.3. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Indenture or by any Supplemental Indenture to be given to or filed with the Authority, the Trustee, any other Fiduciary, or the Rating Agencies shall be deemed to have been sufficiently given or filed for all purposes if and when delivered or sent by registered or certified mail, return receipt requested, postage prepaid:

(A) To the Authority, to New Jersey Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, P.O. Box 545, Trenton, New Jersey 08625, Attention: Chief Financial Officer.

4826-5017-2892, v. 5

81

shall be insolvent, or (d) a final non-appealable order of a court having competent jurisdiction in the premises shall be entered declaring any provision of a Credit Facility (other than provisions of the Credit Facility relating to service of process or relating to matters that solely benefit the Credit Facility provider) at any time, for any reason, invalid and not binding on the Credit Facility provider, or declaring any provision of the Credit Facility (other than provisions of the Credit Facility relating to service of process or relating to matters that solely benefit the Credit Facility provider) null and void, all consents, approvals, directions, appointments or requests, if any, of such Credit Facility provider set forth in this Indenture or any Supplemental Indenture shall not be required.

During such period or periods of time when (a) a Liquidity Facility provider shall not have in effect its Liquidity Facility (unless such Liquidity Facility provider owns custody bonds), (b) a Liquidity Facility provider shall be in default under or shall have wrongfully refused payment in accordance with the terms of its Liquidity Facility, (c) a Liquidity Facility provider shall be insolvent, or (d) a final nonappealable order of a court having competent jurisdiction in the premises shall be entered declaring any provision of a Liquidity Facility (other than provisions of the Liquidity Facility relating to service of process or relating to matters that solely benefit the Liquidity Facility provider) at any time, for any reason, invalid and not binding on the Liquidity Facility provider, or declaring any provision of the Liquidity Facility (other than provisions of the Credit Facility relating to service of process or relating to matters that solely benefit the Liquidity Facility provider) null and void, all consents, approvals, directions, appointments or requests, if any, of such Liquidity Facility provider set forth in this Indenture or any Supplemental Indenture shall not be required.

Section 12.7. Effective Date. This Indenture shall take effect upon its execution and delivery.

Section 12.8. Counterparts; Electronic Signature. This Indenture shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of Bonds when required under the UCC or other Signature Law due to the character or intended character of the writings.

Section 12.9. AML Law. The parties hereto acknowledge that in accordance with laws, regulations and executive orders of the United States or any state or political subdivision thereof as are in effect from time to time applicable to financial institutions relating to the funding of terrorist activities and money laundering, including without limitation the USA Patriot Act (Pub. L. 107-56) and regulations promulgated by the Office of Foreign Asset Control (collectively, "AML Law"), the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, is required to

4826-5017-2892, v. 5

83

If overnight delivery to the Authority: New Jersey Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, Mercerville, New Jersey 08619, Attention: Chief Financial Officer.

(B) To the Trustee, Paying Agent, Registrar or Authenticating Agent, to Wells Fargo Bank, National Association, 600 S. 4th Street, MAC N9300-061, Minneapolis, MN 55415 Attention: Corporate Trust Services – Asset-Backed Administration (telephone no. (612) 667-8058) (email: ctsabsservicer@wellsfargo.com).

(C) To any other Fiduciary, to such address as such Fiduciary shall indicate in the acceptance of office filed by each such Fiduciary pursuant to Section 11.2(B) of this Indenture.

(D) To Moody's, to Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, 25th Floor, New York, New York 10007, Attention: ABS/RMBS Monitoring Department.

(E) To any counterparty of an Interest Rate Exchange Agreement, provider of a Credit Facility or Liquidity Facility, to the address specified in any Supplemental Indenture.

The Authority, the Trustee, and any other Fiduciary may, by like notice to each other such person, designate any further or different addresses to which subsequent notices shall be sent.

Section 12.4. Governing Law/Waiver of Jury Trial. This Indenture shall be construed pursuant to the laws of the State. The parties hereto submit to the non-exclusive jurisdiction of the State. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS INDENTURE.

Section 12.5. Notices to Rating Agencies. The Authority shall provide written notice to any Rating Agency then rating the Outstanding Bonds of any Series, to the address specified by such Rating Agency for such purposes, upon the occurrence of any of the following:

(A) substitution or replacement of the Trustee;

(B) any amendment to this Indenture and any Supplemental Indenture pursuant to which Bonds are then Outstanding or any amendment to any Credit Facility or Liquidity Facility pursuant to a Supplemental Indenture;

(C) redemption or mandatory tender for purchase of any Outstanding Bonds of any Series;

(D) any amendments to the Servicing Acknowledgement; and

(E) an Event of Default.

Section 12.6. References to the Credit Facility and Liquidity Facility Provider(s). During such period or periods of time when (a) a Credit Facility provider shall not have in effect its Credit Facility, (b) a Credit Facility provider shall be in default under or shall have wrongfully refused payment in accordance with the terms of its Credit Facility, (c) a Credit Facility provider

4826-5017-2892, v. 5

82

obtain, verify, and record information relating to individuals and entities that establish a business relationship or open an account with the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent. Each party hereby agrees that it shall provide the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, with such identifying information and documentation as the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, may request from time to time in order to enable the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, to comply with all applicable requirements of AML Law.

Section 12.10. Multiple Roles. The parties expressly acknowledge and consent to Wells Fargo Bank, National Association acting in the multiple capacities of Paying Agent, Registrar, Authenticating Agent, and in the capacity as Trustee. Wells Fargo Bank, National Association may, in such multiple capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles or other breach of duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of express duties set forth in this Indenture in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence (other than errors in judgment) and willful misconduct by Wells Fargo Bank, National Association.

Section 12.11. Form of Bonds; Trustee's Certificate of Authentication. Subject to the provisions of this Indenture, the form of Bonds of each Series and the Trustee's Certificate of Authentication shall be substantially the following tenor with such variations, omissions and insertions as are required or permitted by this Indenture or as required by any Supplemental Indenture:

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THIS BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4826-5017-2892, v. 5

84

STUDENT LOAN REVENUE [REFUNDING] BOND, SERIES 20__-__

No R-

<u>Dated Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
	%		
REGISTERED OWNER:	CEDE & CO		
PRINCIPAL AMOUNT:	Dollars		

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each _____ and _____, commencing _____ (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Wells Fargo Bank, National Association (together with its successors as Paying Agent, the "Paying Agent") which is currently in Minneapolis, Minnesota. Interest on this Bond is payable to the registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Wells Fargo Bank, National Association in its capacity as bond registrar (together with its successors as Registrar, the "Registrar"), by check or draft mailed to the registered owner at the registered address; provided that, at the written request of the registered owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30 day months. Capitalized terms used in this Bond and not referred to herein shall have the meanings given thereto in the Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its Student Loan Revenue [Refunding] Bonds, Series 20__-__ (the "20__-__ Bonds") issued as fully registered bonds without coupons in the denominations of \$5,000 or integral multiples thereof ("Authorized Denominations") in the aggregate principal amount of \$_____ under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act"), and by virtue of a resolution duly adopted by the Authority on _____, 20__ (the "Bond Resolution") and equally and ratably secured under an Indenture of Trust dated as of May 1, 2021 and a _____ Supplemental Indenture, dated as of _____, 20__, each by and between the Authority and Wells Fargo Bank, National Association, as Trustee (together with its successors in trust, the "Trustee") as the same from time to time has been or may be amended, modified or supplemented by supplemental indentures (such Indenture and any and all such supplemental indentures, including, without limitation, the First Supplemental Indenture, being herein collectively called the "Indenture") for the purpose of, among other things, originating Eligible Loans pursuant to the Act.

The Authority has issued the 20__-__ Bonds under the Indenture (together with any other bonds issued under the Indenture, referred to as the "Bonds"). The Indenture pledges for the payment of the Bonds, subject to the terms and conditions of the Indenture, the Student Loans (defined in the Indenture) and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds, and accounts of the Authority set forth in the Indenture (collectively, the "Trust Estate").

Reference is hereby made to the Bond Resolution and the Indenture for the provisions, among other things, with respect to the nature and extent of the Trust Estate securing payment of the Bonds, the manner of enforcement of such security, the custody and application of the proceeds of the Bonds, the terms and conditions upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee, the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent, or its successors in such capacity (the "Authenticating Agent"), and the rights of the holders of the Bonds. Copies of the Bond Resolution and the Indenture are on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Resolution and the Indenture.

Pursuant to the Indenture, additional bonds equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Indenture by the pledge and covenants made in the Indenture with the 20__-__ Bonds may be issued from time to time in one or more Series for the purposes set forth therein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Bonds at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the [Highest Priority Bonds Outstanding] at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the [Highest Priority Bonds] so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

[The 20__-__ Bonds shall be subject to redemption as follows:

[INSERT REDEMPTION PROVISIONS]

This Bond shall neither be entitled to any security, right, or benefit under the Bond Resolution and the Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

4826-5017-2892, v. 5

85

4826-5017-2892, v. 5

86

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer, all as of the Dated Date.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 20__-__ Bonds described herein.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Authenticating Agent

By: _____
Authorized Signatory

Authentication Date: _____, 20__.

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

(SEAL)

By: _____

[Authorized Officer]

Attest:

By: _____
[Secretary]
[Authorized Officer]

4826-5017-2892, v. 5

87

4826-5017-2892, v. 5

88

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

(the "Transferee")	
Name	
Address	

Social Security or Federal Employer Identification No. _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:		NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied
Signature Guaranteed:		
NOTICE: signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company		

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

IN WITNESS WHEREOF, the undersigned Authorized Officer of the Authority and the undersigned officer of the Trustee have hereunto executed this Indenture as of the date first written above.

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

By: 
Gerald V. Traino
Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: _____
Scott Olmsted
Vice President

[SIGNATURE PAGE TO INDENTURE OF TRUST]


Authentication Date: _____

IN WITNESS WHEREOF, the undersigned Authorized Officer of the Authority and the undersigned officer of the Trustee have hereunto executed this Indenture as of the date first written above.

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

By: _____
Gerald V. Traino
Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: 
Scott Olmsted
Vice President

[This Page Intentionally Left Blank]

[SIGNATURE PAGE TO INDENTURE OF TRUST]

TABLE OF CONTENTS

Page

FIRST SUPPLEMENTAL INDENTURE

By and Between

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

Relating To

\$107,745,000 STUDENT LOAN REVENUE BONDS, SERIES 2021

Consisting of

\$11,410,000 Senior Student Loan Revenue Refunding Bonds, Series 2021A (AMT),

\$83,335,000 Senior Student Loan Revenue Bonds, Series 2021B (AMT)

And

\$13,000,000 Subordinate Student Loan Revenue Bonds, Series 2021C (AMT)

Dated as of May 1, 2021

ARTICLE I. SHORT TITLE, DEFINITIONS, AND AUTHORITY

Section 1.1. Short Title	2
Section 1.2. Definitions	2
Section 1.3. Authority	8
Section 1.4. Time	8

ARTICLE II. AUTHORIZATION, TERMS, AND ISSUANCE OF SERIES 2021 BONDS

Section 2.1. Principal Amount and Designation	9
Section 2.2. Purposes	9
Section 2.3. Date, Maturities, and Interest Rate	10
Section 2.4. Form, Denomination, Numbers, and Letters	10
Section 2.5. Appointment of Paying Agent and Dissemination Agent	10
Section 2.6. Appointment of Registrar and Authenticating Agent	10
Section 2.7. Book Entry; Letter of Representation	10
Section 2.8. Redemption of Series 2021 Bonds	11
Section 2.9. Investment of Series 2021 Bond Proceeds	14

ARTICLE III. ESTABLISHMENT OF ADDITIONAL ACCOUNTS, APPLICATION OF PROCEEDS OF THE SALE OF SERIES 2021 BONDS; AND USE AND DISBURSEMENTS OF ACCOUNTS

Section 3.1. Establishment of Accounts	15
Section 3.2. Application of Series 2021 Bond Proceeds and Use of 2021 Accounts	15
Section 3.3. Instructions to Trustee Concerning Certain Program Expenses and Certain Costs of Issuance	16
Section 3.4. 2021 Reserve Requirement	19
Section 3.5. Mandatory Sinking Fund Redemption of Mandatory Sinking Fund Term Bonds	19
Section 3.6. Intentionally Omitted	19
Section 3.7. Loan Limitations	19
Section 3.8. Amount of Program Expenses	20
Section 3.9. Rating Agency Permitted Investments	20
Section 3.10. Intentionally Omitted	20
Section 3.11. No Indemnification as Condition Precedent	20
Section 3.12. Loan Servicers and Servicing Acknowledgements	20

ARTICLE IV. REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE AUTHORITY

Section 4.1. 2021 NJCLASS Loan Requirements	22
Section 4.2. Loan Rates	24
Section 4.3. Additional Bonds	25
Section 4.4. Report to Rating Agency	25
Section 4.5. Loan Transfers	28
Section 4.6. Origination Period	28
Section 4.7. Original Issue Discount	28
Section 4.8. Acceleration Due to Prepayment of Other Obligations	28

4841-7106-0190, v. 13

FIRST SUPPLEMENTAL INDENTURE

This First Supplemental Indenture, dated as of May 1, 2021 (this "First Supplemental Indenture"), by and between the Higher Education Student Assistance Authority (successor to the Higher Education Assistance Authority pursuant to N.J.S.A. 18A:71A-1 et seq., effective April 26, 1999) (the "Authority") and Wells Fargo Bank, National Association, acting through the Corporate Trust Services division, as trustee (the "Trustee").

WHEREAS, the Authority and the Trustee have entered into an Indenture of Trust dated as of May 1, 2021 (the "Original Indenture" and, as amended and supplemented by this First Supplemental Indenture, the "2021 Indenture"); and

WHEREAS, the Authority is established and created under and pursuant to the Higher Education Student Assistance Authority Law, constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey, effective April 26, 1999, as amended and supplemented, and any successor legislation (the "Act"); and

WHEREAS, the execution and delivery of the 2021 Indenture (including this First Supplemental Indenture) and the issuance of the Series 2021 Bonds (as defined herein) hereunder have been in all respects duly and validly authorized by resolution duly adopted by the Authority.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH THAT:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE V. MISCELLANEOUS	29
Section 5.1. Amendments to the Original Indenture.	29
Section 5.2. Amendments to the First Supplemental Indenture	29
Section 5.3. Acknowledgement of Changes to Loan Rates for 2020 NJCLASS Loans	29
Section 5.4. First Supplemental Indenture Construed with Original Indenture	29
Section 5.5. Original Indenture as Supplemented to Remain in Effect	29
Section 5.6. Instrument of Acceptance by Fiduciaries	29
Section 5.7. Execution in Counterparts	29
Section 5.8. Severability	30
Section 5.9. Confirmation of Actions	30
Section 5.10. Governing Law	30
Section 5.11. Waiver of Jury Trial	30
Section 5.12. Patriot Act	30
Section 5.13. Notices	30

SCHEDULE A	TERMS OF SERIES 2021 BONDS	A-1
SCHEDULE B-1	FORM OF SENIOR SERIES 2021 BONDS	B-1-1
SCHEDULE B-2	FORM OF SUBORDINATE SERIES 2021 BONDS	B-2-1
SCHEDULE C	STUDENT ELIGIBILITY AND CREDIT CRITERIA	C-1
SCHEDULE D	PROGRAM EXPENSES	D-1
SCHEDULE E	BONDS TO BE REFUNDED	E-1

ARTICLE I

SHORT TITLE, DEFINITIONS, AND AUTHORITY

Section 1.1 **Short Title.** This Supplemental Indenture shall be known as and may be designated by the short title "First Supplemental Indenture" (this "Supplemental Indenture" or this "First Supplemental Indenture").

Section 1.2 **Definitions.** All words and phrases defined in Article I of the Original Indenture shall have the same meanings in this First Supplemental Indenture, except as otherwise appears in this Section 1.2. In addition, the following terms shall have the following meanings, unless the context otherwise requires:

Acknowledgement shall have the meaning given to such term in Section 3.12(B)(ii) hereof.

Administrative Fee means any application fee, origination fee, repayment fee or other fee due to the Authority for a 2021 NJCLASS Loan.

Aggregate Loan Balance means, as of the date of determination, the aggregate outstanding principal balance of a 2021 NJCLASS Loan, excluding any deferred interest which may be added to the principal of such 2021 NJCLASS Loan.

Aggregate Pool Loan Balance means, as of the date of determination, the aggregate of the Aggregate Loan Balances of all 2021 NJCLASS Loans.

Authorized Denominations means \$5,000 or any integral multiple in excess thereof.

Beneficial Owners shall have the meaning given to such term in Section 2.7 hereof.

Bond Purchase Agreement means the Bond Purchase Contract, dated May 13, 2021 between RBC Capital Markets, LLC, as representative of the Underwriters, and the Authority for the purchase and sale of the Series 2021 Bonds.

Bonds to be Refunded means all of the Authority's Outstanding Student Loan Revenue Bonds, Series 2010-2 originally issued pursuant to the 2010-2 Indenture, as more particularly set forth on Schedule E.

Calendar Quarter means each three-month period ending on March 31, June 30, September 30 or December 31, as the case may require.

Cash Release Conditions means (i) the Parity Percentage is at least equal to 118% and (ii) the amount of Accrued Assets minus the amount of Accrued Liabilities is at least \$6,500,000; provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction. For purposes of the definition of Cash Release Conditions, "Accrued Assets" shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

2

4841-7106-0190, v. 13

those established for the additional Student Loan Revenue Bonds, from and after the issue date of such additional Student Loan Revenue Bonds through the remainder of the later of the Origination Period or Recycling Period, if the Authority satisfies the Rating Agency Notice Conditions in connection with such change.

Mandatory Sinking Fund Term Bonds shall have the meaning given to such term in Section 2.8(A)(v).

Official Statement means the Official Statement issued in preliminary form and deemed final by an Authorized Officer, relating to the offering of the Series 2021 Bonds, dated the date of sale of the Series 2021 Bonds.

Option 1 Loan means a Student Loan made under the NJCLASS Loan Program, the principal of and interest on which is payable monthly immediately upon disbursement.

Option 2 Loan means a Student Loan made under the NJCLASS Loan Program, the interest on which is due and payable monthly and the principal of which is deferred by the borrower during the period of time the borrower attends school.

Option 3 Loan means a Student Loan made under the NJCLASS Loan Program, the principal of and interest on which is deferred by the borrower during the period of time the borrower attends school.

Origination Period means (i) the period commencing on the Issue Date and ending on February 1, 2022 with respect to the cumulative origination of \$50,000,000 in 2021 Student Loans; and (ii) the period commencing February 2, 2022 and ending on October 1, 2022 with respect to the cumulative origination of the remaining amounts expected to be approximately \$50,000,000 originally deposited into the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account and 2021 Refinance Loan Account (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score); provided that any of the periods or amounts described in clauses (i) and (ii) may be extended or modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension or modification.

Parity Percentage means the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities. For purposes of the definition of Parity Percentage, "Accrued Assets" shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

Parity Percentage Requirement for purposes of Section 5.5(A)(xi) of the Original Indenture and with respect to all Bonds issued and Outstanding under the Original Indenture, including the Series 2021 Bonds, means the Cash Release Conditions have been met.

Person or "person" means any natural person and any firm, partnership, joint venture, joint-stock company, trust, association, unincorporated organization or corporation, or other entity, or public body government or political subdivision, including any state or federal agency.

Quarterly Report Date means, with respect to the Calendar Quarter ending on (i) March 31, on or before the following May 15, (ii) June 30, on or before the following August

4

4841-7106-0190, v. 13

Consolidation Loan means a loan that consolidates into a single loan at the time it is made the unpaid principal (including any accrued interest) of two or more outstanding NJCLASS Loans totaling at least \$30,000 with a loan term not exceeding 25 years (for Consolidation Loans less than \$60,000) or 30 years (for Consolidation Loans equal to or greater than \$60,000), and which satisfies the credit criteria set forth in Schedule C of this First Supplemental Indenture.

DTC means The Depository Trust Company, New York, New York, which shall act as securities depository for the Series 2021 Bonds and any successors or assigns.

EMMA means the Electronic Municipal Market Access System, an internet based filing system created and maintained by the Municipal Securities Rulemaking Board in accordance with Release No. 34-59062, of the Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the Series 2021 Bonds, and other filers on behalf of such issuers shall upload continuing disclosure information to assist underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) as it applies to the Series 2021 Bonds and to provide the general public with access to such continuing disclosure information.

First Supplemental Indenture means this First Supplemental Indenture dated as of May 1, 2021, by and between the Authority and the Trustee, authorizing the issuance of the Series 2021 Bonds.

Fixed Rate Standard NJCLASS Loan means an Eligible Student Loan made under the NJCLASS Loan Program with a fixed rate of interest for a loan term not to exceed 10 years with respect to Option 1 Loans, 15 years with respect to Option 2 Loans and 20 years with respect to Option 3 Loans and which satisfies the credit criteria set forth in Schedule C of this First Supplemental Indenture.

Issue Date means the date of delivery upon original issuance of the Series 2021 Bonds, which is May 26, 2021.

Loan Rate means, for 2021 NJCLASS Loans, the nominal interest rate charged by the Authority for the Eligible Student Loan. The Loan Rates for Eligible Student Loans made with proceeds of the Series 2021 Bonds and Recoveries of Principal on 2021 NJCLASS Loans during the Recycling Period are set forth in or determined in accordance with Section 4.2 of this First Supplemental Indenture, and such Eligible Student Loans shall not be made at any rate lower than such Loan Rates unless approved by an Authorized Officer and there shall have been delivered to the Trustee (i) a Bond Counsel's Opinion to the effect that the revised Loan Rates are authorized or permitted by the Act, the 2021 Indenture (including this First Supplemental Indenture) and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2021 Bonds, (ii) a Cash Flow Statement taking into account the revised Loan Rates and (iii) a Rating Agency Confirmation from S&P; provided that, if Additional Bonds are issued under the 2021 Indenture, or any additional Student Loan Revenue Bonds of the Authority are issued from any Indenture of Trust between the Authority and Trustee to finance the acquisition or origination of student loans, prior to the end of the Origination Period to fund Eligible Loans for academic year 2021/2022, then, at the option of the Authority, NJCLASS Loans to be Originated with remaining proceeds of the Series 2021 Bonds or Recoveries of Principal on 2021 NJCLASS Loans from and after the issue date of such additional Student Loan Revenue Bonds shall be Originated at the same Loan Rates as

3

4841-7106-0190, v. 13

15, (iii) September 30, on or before the following November 15 and (iv) December 31, on or before the following February 15, as applicable.

Rating Agency shall mean S&P.

Record Date means the date set forth in the 2021 Indenture.

Recycling Period means the period commencing on the Issue Date and ending on November 1, 2022 with respect to the use of Recoveries of Principal to Originate new 2021 Student Loans as provided herein; provided that the Recycling Period shall end on such earlier date, if any, on which an Event of Default shall occur and be continuing and the Recycling Period may be extended if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension.

Refinance Loan means a fixed rate loan that refinances an existing NJCLASS Loan, Federal loan or private student loan in active repayment, the principal of and interest on which is payable monthly immediately upon disbursement, for a loan term not to exceed 10 years or 15 years and which satisfies the credit criteria set forth in Schedule C of this First Supplemental Indenture.

Refunding Bonds means the Senior Student Loan Revenue Refunding Bonds, Series 2021A, issued to refund the Bonds to be Refunded.

Responsible Officer shall mean, when used with respect to the Trustee, Paying Agent, Registrar, or Authenticating Agent, any officer in the corporate trust office of the Trustee, including any president, vice president, executive vice president, assistant vice president, treasurer, secretary, assistance secretary, corporate trust officer or any other officer thereof customarily performing functions similar to those performed by the individuals who at the time shall be such officers, respectively, or to whom any matter is referred because of such officer's knowledge of or familiarity with the particular subject, and, in each case, having direct responsibility for the administration of this First Supplemental Indenture and the other transaction documents to which such Person is a party.

Senior Parity Percentage means the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities. For purposes of the definition of Senior Parity Percentage, "Accrued Liabilities" means with respect to any date, the sum of the principal of and unpaid interest on all Outstanding Senior Bonds, plus all accrued but unpaid Program Expenses.

Senior Series 2021 Bonds means, collectively, the Senior Series 2021A Bonds and the Senior Series 2021B Bonds, each of which constitute Senior Bonds under the 2021 Indenture.

Senior Series 2021A Bonds means the Authority's \$11,410,000 Senior Student Loan Revenue Refunding Bonds, Series 2021A, which constitute Senior Bonds under the 2021 Indenture.

Senior Series 2021B Bonds means the Authority's \$83,335,000 Senior Student Loan Revenue Bonds, Series 2021B, which constitute Senior Bonds under the 2021 Indenture.

5

4841-7106-0190, v. 13

Series 2021 Bond Resolution means the resolution of the Authority adopted on April 21, 2021 authorizing the issuance and delivery of the Series 2021 Bonds.

Series 2021 Bonds means, collectively, the Senior Series 2021 Bonds and Subordinate Series 2021 Bonds authorized by Section 2.1 of this First Supplemental Indenture and entitled "Student Loan Revenue Bonds, Series 2021."

Servicing Report shall have the meaning given to such term in Section 4.4(A) of this First Supplemental Indenture.

Subordinate Bond Redemption Condition means, with respect to a proposed redemption of Subordinate Series 2021 Bonds under paragraphs (i), (iii) and (iv) of Section 2.8(A) hereof, if, after giving effect to such redemption, the Senior Parity Percentage is at least equal to 133.0%.

Subordinate Series 2021 Bonds means the Authority's \$13,000,000 Subordinate Student Loan Revenue Bonds, Series 2021C, which constitute Subordinate Bonds under the 2021 Indenture.

Transferred Loan shall mean any Eligible Student Loan transferred into the Trust Estate, including those Eligible Student Loans identified in Section 2.2(B) of this First Supplemental Indenture.

Trustee means Wells Fargo Bank, National Association, or its successors or assigns.

2010-2 Indenture means the Indenture of Trust dated June 1, 2010 between the Authority and Wells Fargo Bank, National Association as trustee, as amended and supplemented.

2021 Indenture shall have the meaning given to such term in the Recitals to this First Supplemental Indenture.

2021 NJCLASS Loans means those student loans originated in accordance with the terms and conditions of this First Supplemental Indenture.

2021 Accounts shall have the meaning given to such term in Section 3.1 of this First Supplemental Indenture.

2021 Capitalized Interest Account means the account of the Capitalized Interest Fund established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Consolidation Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Debt Service Reserve Account means the account of the Debt Service Reserve Fund established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Excess Yield Account means the account of the Excess Yield Fund established pursuant to Section 3.1 of this First Supplemental Indenture.

6

4841-7106-0190, v. 13

Underwriters shall mean RBC Capital Markets, LLC and Siebert Williams Shank & Co., LLC, as purchasers of the Series 2021 Bonds pursuant to the Bond Purchase Agreement.

United States Bankruptcy Code means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

Any reference in this First Supplemental Indenture to making, originating, purchasing or acquiring (or similar words) 2021 Student Loans shall mean and include all such terms and words.

Section 1.3 **Authority.** This First Supplemental Indenture is executed pursuant to the provisions of the Act, the 2021 Indenture, and the Series 2021 Bond Resolution. Nothing in this First Supplemental Indenture, expressed or implied, is intended to or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Paying Agent, the Registrar, any other Fiduciary and the owners of the Series 2021 Bonds, any right, remedy or claim under or by reason of this First Supplemental Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this First Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent, the Registrar, any other Fiduciary and the owners of the Series 2021 Bonds.

Section 1.4 **Time.** All references to time in this First Supplemental Indenture shall refer to New York City time unless otherwise provided herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

8

4841-7106-0190, v. 13

2021 NJCLASS Fixed Rate Standard Student Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 NJCLASS Loan means a 2021 Student Loan made with expenditures from the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account or 2021 Refinance Loan Account (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score).

2021 Option 1 Loan Subaccount means the subaccount of the 2021 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Option 2 Loan Subaccount means the subaccount of the 2021 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Option 3 Loan Subaccount means the subaccount of the 2021 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Rebate Account means the account of the Rebate Fund established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Refinance Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this First Supplemental Indenture (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score).

2021 Refinance Loan Subaccount - 670 to 719 Credit Score means the subaccount of the 2021 Refinance Loan Account established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Repayment Subaccount means the subaccount of the 2021 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Reserve Requirement means the Debt Service Reserve Fund Requirement applicable to the Series 2021 Bonds as specified in Section 3.4 of this First Supplemental Indenture.

2021 Revenue Account means the account of the Revenue Fund established pursuant to Section 3.1 of this First Supplemental Indenture.

2021 Student Loan means an Eligible Student Loan which is a Fixed Rate Standard NJCLASS Loan, Consolidation Loan or Refinance Loan.

Unamortized Premium shall have the meaning given to such term in Section 2.8(A)(ii) hereof.

7

4841-7106-0190, v. 13

ARTICLE II

AUTHORIZATION, TERMS, AND ISSUANCE OF SERIES 2021 BONDS

Section 2.1 Principal Amount and Designation.

(A) Pursuant to the provisions of the 2021 Indenture and in particular Sections 2.5, 2.6 and 8.1 of the Original Indenture, the Senior Series 2021 Bonds are hereby authorized in the aggregate principal amount of \$94,745,000 and the Subordinate Series 2021 Bonds are hereby authorized in the aggregate principal amount of \$13,000,000, for a total authorization of Series 2021 Bonds in the aggregate principal amount of \$107,745,000. The Senior Series 2021 Bonds shall consist of two separate Series of Bonds, with the Series used to refinance Prior Bonds being distinguished from the Bonds of all other Series by the title "Senior Student Loan Revenue Refunding Bonds, Series 2021A" and the Series used to finance Student Loans being distinguished from the Bonds of all other Series by the title "Senior Student Loan Revenue Bonds, Series 2021B." The Subordinate Series 2021 Bonds shall be distinguished from the Bonds of all other Series by the title "Subordinate Student Loan Revenue Bonds, Series 2021C."

(B) The Senior Series 2021 Bonds shall be issued as, and shall constitute, Senior Bonds under the 2021 Indenture and shall be payable as Senior Bonds as provided therein. The Subordinate Series 2021 Bonds shall be issued as, and shall constitute Subordinate Bonds under the 2021 Indenture and shall be payable as Subordinate Bonds as provided therein and herein. The Series 2021 Bonds shall be issued as fixed rate Tax-Exempt Bonds.

Section 2.2 Purposes.

(A) The Series 2021 Bonds are issued for the purpose of: (i) making deposits into the Student Loan Fund established pursuant to the 2021 Indenture in the amounts and in the Accounts and Subaccounts set forth in Article III hereof to be applied as set forth therein and herein, including, without limitation, to Originate 2021 NJCLASS Loans, (ii) currently refunding all or a portion of the Bonds to be Refunded, (iii) making deposits into special trust accounts established pursuant to the 2021 Indenture as required by and in the amounts specified in Article III hereof and (iv) to the extent possible, paying the Costs of Issuance for the Series 2021 Bonds.

(B) In connection with the refunding of the Bonds to be Refunded, Authority will transfer to the Trustee, approximately \$20,500,000 in principal balance, as of April 30, 2021, of Eligible Student Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans other than Medical/Dental loans, loans with 0% interest rate or loans greater than 150 days delinquent, relating to the Bonds to be Refunded, which Eligible Student Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged to the payment of the Series 2021 Bonds (all such transferred loans shall collectively be referred to herein as, the "Transferred Loans").

(C) The 2021 NJCLASS Loans shall satisfy the criteria set forth in Schedule C attached hereto unless the Authority satisfies the Rating Agency Notice Conditions in connection with a change in such criteria.

9

4841-7106-0190, v. 13

Section 2.3 Date, Maturities, and Interest Rate. The Series 2021 Bonds shall be payable at the places and in the manner set forth in the 2021 Indenture, this First Supplemental Indenture and Schedule B attached hereto. The Series 2021 Bonds shall consist of serial bonds and term bonds, which shall be dated the Issue Date, shall bear interest, shall mature, shall be payable and shall be subject to redemption as described in Schedule A attached hereto and in Section 2.8 hereof.

Section 2.4 Form, Denomination, Numbers, and Letters. The Series 2021 Bonds shall be issued in the form of fully registered bonds without coupons, and the Series 2021 Bonds (and the Authenticating Agent's Certificate of Authentication) shall be issued in substantially the forms set forth in Schedule B attached hereto. The Series 2021 Bonds shall be issued in the Authorized Denominations and shall be numbered separately from 1 upward and may be preceded by a letter or letters so as to distinguish each Series of Series 2021 Bonds.

Section 2.5 Appointment of Paying Agent and Dissemination Agent. Wells Fargo Bank, National Association is hereby appointed the Paying Agent with respect to the Series 2021 Bonds and the Dissemination Agent for the Series 2021 Bonds pursuant to the Continuing Disclosure Agreement dated the Issue Date, between the Authority and the Trustee, acting as Dissemination Agent. For so long as Wells Fargo Bank, National Association is acting as Trustee it shall also act as Paying Agent. Notwithstanding anything in the 2021 Indenture to the contrary, the Paying Agent may be removed for cause at any time by an instrument signed by an Authorized Officer and filed with such Paying Agent.

Section 2.6 Appointment of Registrar and Authenticating Agent.

(A) Wells Fargo Bank, National Association is hereby appointed Registrar with respect to the Series 2021 Bonds. For so long as Wells Fargo Bank, National Association is acting as Trustee it shall also act as Registrar and Authenticating Agent.

(B) The Authority hereby determines that the appointment of an Authenticating Agent is necessary to the issuance of the Series 2021 Bonds and hereby appoints Wells Fargo Bank, National Association as Authenticating Agent with respect to the Series 2021 Bonds.

Section 2.7 Book Entry; Letter of Representation. The Series 2021 Bonds shall be issued in book-entry-only form and shall be issued initially in the name of Cede & Co., as nominee for DTC, as registered owner of such Series 2021 Bonds, and held in the custody of DTC. The actual purchasers of the Series 2021 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 2021 Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Series 2021 Bond acquired. For so long as DTC shall continue to serve as securities depository for such Series 2021 Bonds, all transfers of beneficial ownership interests will be made by book-entry-only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2021 Bonds is to receive, hold or deliver any Series 2021 Bond certificate.

For every transfer and exchange of Series 2021 Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee or other governmental charge that may be imposed in relation thereto. Certificates for Series 2021 Bonds are required to be delivered to and registered in the name of the Beneficial Owner, under the following circumstances:

10

4841-7106-0190, v. 13

that if no 2021 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2021B Bonds and the Subordinate Series 2021 Bonds (except for the 2021 Rebate Account and the 2021 Excess Yield Account) established under Section 3.1 herein shall be applied to the redemption of the Senior Series 2021B Bonds and Subordinate Series 2021 Bonds. The amount to be applied to the redemption of Senior Series 2021B Bonds and Subordinate Series 2021 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2021 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2021B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2021B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2021B Bonds and Subordinate Series 2021 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2021B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2021B Bonds and Subordinate Series 2021 Bonds pursuant to this subparagraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2021B Bonds and Subordinate Series 2021 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2021B Bonds maturing on December 1, 2040 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2021 Bonds are subject to redemption prior to maturity, at the direction of the Authority, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2021 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this Section 2.8(A)(iii) the Cash Release Conditions are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2021 Bonds pursuant to this subparagraph (iii) shall be applied at the direction of the Authority as to the selection of Series 2021 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2021 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2021 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2021B Bonds maturing on December 1, 2040.

For purposes of Sections 2.8(A)(iii) and (iv), Excess Revenue shall mean: on each Payment Date, any funds remaining in the 2021 Revenue Account, less \$500,000 (which shall remain in the 2021 Revenue Account), after payment of the Debt Service due and payable on the Series 2021 Bonds on such Payment Date and provided that if such Payment Date is

(a) DTC determines to discontinue providing its services with respect to Series 2021 Bonds, in which case such a determination may be made at any time by the giving of notice to the Authority and the Trustee discharging its responsibilities with respect thereto under applicable law; and

(b) The Authority determines that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners, the Authority or the State.

The Authority and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting.

Whenever, during the term of the Series 2021 Bonds, the beneficial ownership thereof is determined by a book-entry at DTC, the requirements in the 2021 Indenture for holding, delivering or transferring Series 2021 Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book-entry to produce the same effect.

The Authority hereby authorizes and directs the execution and delivery by an Authorized Officer of the Authority of a Letter of Representations or Letters of Representations, if required, with DTC and the Trustee in the standard form to effectuate a book-entry-only system with respect to the Series 2021 Bonds.

If, at any time, DTC ceases to hold such Series 2021 Bonds, all references to DTC with respect to such Series 2021 Bonds shall be of no further force or effect except that, if the Authority shall appoint a successor securities depository company, such references shall be deemed to refer to such successor securities depository company.

Section 2.8 Redemption of Series 2021 Bonds.

(A) The Series 2021 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2021B Bonds maturing on December 1, 2040 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2021 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2029 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2021 Bonds. Any optional partial redemption of Series 2021 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this First Supplemental Indenture.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2021B Bonds and Subordinate Series 2021 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2021B Bonds and Subordinate Series 2021 Bonds remaining in the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account or 2021 Refinance Loan Account (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided

11

4841-7106-0190, v. 13

June 1, after fifty percent (50%) of the Principal Installment and Sinking Fund Payment due on the Series 2021 Bonds on the next succeeding December 1 is reserved to remain in the 2021 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2021B Bonds maturing on December 1, 2040 and the Subordinate Series 2021 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2021 Bonds pursuant to this subparagraph (iv) shall be applied *first*, to the redemption of Senior Series 2021B Bonds maturing on December 1, 2040, *pro rata*, until such Senior Series 2021B Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2021 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2021B Bonds maturing on December 1, 2040 are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth below (the "Mandatory Sinking Fund Term Bonds"), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

Senior Series 2021B Bonds Due December 1, 2040

Date (December 1)	Sinking Fund Payment
2030	\$4,950,000
2031	4,950,000
2032	4,950,000
2033	4,950,000
2034	4,690,000
2035	3,750,000
2036	3,750,000
2037	3,750,000
2038	3,750,000
2039	3,750,000
2040*	3,855,000

* Final maturity

(vi) Notice. With respect to the Section 2.8(A)(ii) redemption, the Authority shall provide notice to the Trustee of any Series 2021 Bond proceeds remaining in the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account or 2021 Refinance Loan Account (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score), as applicable, at the expiration of each Origination Period. With respect to the Section 2.8(iv) redemption, the Authority shall provide notice to the Trustee after the end of the Recycling Period, of the amount of Excess Revenue after making the transfers and payments

for the Series 2021 Bonds set forth in Section 5.5(A)(i)-(viii) of the Original Indenture and evidence of satisfaction or failure of the Cash Release Conditions.

(vii) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be so redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2021 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2021 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding Sinking Fund Payment listed in Section 2.8(A)(v) on a pro rata basis.

(B) (i) The Authority may elect to apply moneys available in the Revenue Fund for the redemption of the Series 2021 Bonds pursuant to Section 2.8(A)(i) or (iii) hereof.

(ii) The Authority may elect to apply Excess Revenue available in the Revenue Fund (including any Account within the Revenue Fund) to the payment or redemption of any other Series of Bonds or to some other purpose if:

(a) notice of redemption of the Series 2021 Bonds from such moneys shall not have been given;

(b) but for such application, the mandatory redemption of all or a portion of the Series 2021 Bonds shall not have been required pursuant to this Section 2.8;

(c) the Cash Release Conditions have been satisfied;

(d) the Authority shall deliver to the Trustee at least twenty (20) Business Days prior to such election, a Cash Flow Statement taking into account the application of such moneys to the payment or redemption of other Series of Bonds or to some other purpose, and the Authority shall deliver to the Trustee at least ten (10) days prior to such election, a Bond Counsel's Opinion to the effect that the application of such moneys in accordance with the Authority's election will not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Bonds; and

(e) notice shall have been given to the Rating Agency at least twenty (20) days prior to such election of its intention to undertake the same.

Section 2.9 Investment of Series 2021 Bond Proceeds. Notwithstanding anything contained in the 2021 Indenture to the contrary, the Trustee shall not be liable for interest on any moneys received under the 2021 Indenture or hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

14

4841-7106-0190, v. 13

sentence would make such Series a Deficient Series; and provided further that the Capitalized Interest Account and Debt Service Reserve Account for any Series shall not be Accounts from which the Trustee is permitted to transfer funds, unless failure to transfer such funds from those Accounts would result in an Event of Default under the Deficient Series. In no event shall the Trustee make an optional or mandatory redemption for a Series of Bonds if such redemption would cause a Series of Bonds to become a Deficient Series.

Notwithstanding the foregoing, once all of the Senior Series 2021 Bonds and Subordinate Series 2021 Bonds are fully paid, including all accrued and unpaid interest therefor, and the Series 2021 Bonds are no longer Outstanding, any funds deposited in the 2021 Revenue Account shall be transferred to the Revenue Account established for the oldest Series of Bonds outstanding under the 2021 Indenture and applied in accordance with Section 2.8 of the applicable Supplemental Indenture.

Section 3.2 Application of Series 2021 Bond Proceeds and Use of 2021 Accounts

(A) \$118,154,479.40 (equal to the aggregate principal amount of Series 2021 Bonds, plus net original issue premium paid to the Authority in the amount of \$10,409,479.40 shall be deposited with the Trustee for transfer to the following Accounts (the Authority shall pay the Underwriters' fee of \$812,397.30 from otherwise available funds of the Authority, but shall retain \$50,000 of such fee to be released to RBC Capital Markets, LLC, upon satisfactory completion of the conditions in Section 9(d) of the Purchase Contract):

(i) To the trustee under the 2010-2 Indenture, for immediate transfer to the revenue account thereunder, \$13,497,033.30 from the proceeds of the sale of the Series 2021A Bonds, to be applied to pay the principal on the 2010-2 Bonds on the date fixed for redemption, as set forth in Exhibit E; and

(ii) To the 2021 Option 1 Loan Subaccount within the 2021 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$15,002,546.10 to be used to Originate Option 1 Loans; and

(iii) To the 2021 Option 2 Loan Subaccount within the 2021 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$27,000,000 to be used to Originate Option 2 Loans; and

(iv) To the 2021 Option 3 Loan Subaccount within the 2021 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$25,000,000 to be used to Originate Option 3 Loans; and

(v) To the 2021 Consolidation Loan Account, the amount of \$6,000,000 to Originate Consolidation Loans; and

(vi) To the 2021 Refinance Loan Account (excluding the deposit to the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score), the amount of \$21,000,000 to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score equal to or greater than 720; and

(vii) To the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score within the 2021 Refinance Loan Account, the amount of \$6,000,000 to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score less than 720;

16

4841-7106-0190, v. 13

ARTICLE III

ESTABLISHMENT OF ADDITIONAL ACCOUNTS, APPLICATION OF PROCEEDS OF THE SALE OF SERIES 2021 BONDS; AND USE AND DISBURSEMENTS OF ACCOUNTS

Section 3.1 Establishment of Accounts. In addition to the Accounts previously established under the 2021 Indenture for other Outstanding Series of Bonds, the Trustee is directed to establish the following additional Accounts (collectively, the "2021 Accounts"): the 2021 NJCLASS Fixed Rate Standard Student Loan Account (and within the 2021 NJCLASS Fixed Rate Standard Student Loan Account, the 2021 Option 1 Loan Subaccount, the 2021 Option 2 Loan Subaccount, the 2021 Option 3 Loan Subaccount and the 2021 Repayment Subaccount); the 2021 Consolidation Loan Account; the 2021 Refinance Loan Account (and within the 2021 Refinance Loan Account, the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score); the 2021 Revenue Account; the 2021 Rebate Account; the 2021 Excess Yield Account; the 2021 Debt Service Reserve Account; and the 2021 Capitalized Interest Account. In accordance with the Act, the 2021 Debt Service Reserve Account is hereby designated as part of the New Jersey Higher Education Student Assistance Capital Reserve Fund for purposes of the Series 2021 Bonds. The Authority may, from time to time, direct the Trustee, in writing, to establish additional Accounts or Subaccounts in accordance with the 2021 Indenture or to close any Account or Subaccount during any period that no money is deposited in such Account or Subaccount. The 2021 Repayment Subaccount shall be closed following the expiration of the Recycling Period. Except as otherwise provided in this First Supplemental Indenture, the moneys and securities relating to the Series 2021 Bonds (including Revenues and Recoveries of Principal arising from the 2021 Student Loans) deposited in the Accounts created hereby shall not be commingled with any moneys or securities relating to any other Series of Bonds heretofore or hereafter issued under the 2021 Indenture, if any, and deposited in the respective Accounts to which they relate, and moneys and securities required to be transferred between Accounts pursuant to Article V of the Original Indenture in respect of the Series 2021 Bonds shall only be transferred between the respective Accounts to which they relate, except to the extent that: (i) if the amounts deposited in the Accounts (excluding amounts deposited in the Accounts for the Series 2021 Bonds) are insufficient for required transfers or payments with respect to then Outstanding Bonds other than the Series 2021 Bonds or other amounts transferable or payable therefrom; or (ii) if the amounts deposited in the Accounts for the Series 2021 Bonds are insufficient for required transfers or payments with respect to the Series 2021 Bonds or other amounts transferable or payable therefrom, amounts on deposit in the Accounts shall be deemed commingled for purposes of making required transfers and payments in accordance with Article V of the Original Indenture; provided further that to the extent there are insufficient funds in a Series Revenue Account to make on any Interest Payment Date the interest payable on all Bonds on such date or to make on any Principal Payment Date, the amount of Principal Installments or Sinking Fund Payments due on the Senior Bonds and once Senior Bonds are no longer Outstanding, Principal Installments or Sinking Fund Payments on Subordinate Bonds and once Senior Bonds and Subordinate Bonds are no longer Outstanding, Principal Installments or Sinking Fund Payments on Junior Subordinate Bonds on such date (the "Deficient Series"), the Trustee shall first transfer funds from (i) any Series Revenue Account with funds in excess of the amount required to pay interest and Principal Installments or Sinking Fund Payments, if any, due on such date to the Deficient Series Revenue Account, second (ii) from all Accounts for the Deficient Series including any Debt Service Reserve Account and last (iii) from the Debt Service Reserve Account for the Series that is not a Deficient Series, unless any of the transfers referenced in the preceding

15

4841-7106-0190, v. 13

(viii) To the 2021 Debt Service Reserve Account, the amount of \$2,154,900.00 in satisfaction of the 2021 Reserve Requirement; and

(ix) To the 2021 Capitalized Interest Account, the amount of \$2,500,000 which shall be applied to the payment of interest on the Series 2021 Bonds as provided in Section 3.2(J) below.

(B) Upon the refunding of the Bonds to be Refunded, the Authority will transfer the Transferred Loans from the 2010-2 Indenture to the 2021 Indenture, which Transferred Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged as security for the repayment of principal and interest on all Bonds issued under the 2021 Indenture.

(C) Prior to or simultaneously with the refunding of the Bonds to be Refunded, the Authority will direct the 2010-2 Trustee to apply \$331,091.70 of proceeds on deposit in the 2010-2 Revenue Account and 2010-2 Debt Service Reserve Account established under the 2010-2 Indenture to the payment of a portion of the principal, and the accrued interest on the Bonds to be Refunded on the date fixed for redemption;

(D) During the Origination Period, the Authority may direct the Trustee, in writing, to transfer funds within the Student Loan Fund, subject to the origination limitations set forth in Section 3.7 hereof.

(E) All Recoveries of Principal with respect to 2021 Student Loans and Transferred Loans shall be deposited by the Trustee upon the written direction of the Authority (i) during the Recycling Period, to the 2021 Repayment Subaccount within the 2021 NJCLASS Fixed Rate Standard Student Loan Account to Originate new Option 1 Loans, Option 2 Loans and Refinance Loans; provided that no Recoveries of Principal may be used to originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score between 670 to 719 so that the aggregate principal amount of such Refinance Loans originated with the proceeds of the Series 2021 Bonds and Recoveries of Principal exceeds \$6,000,000 and (ii) following the Recycling Period, to the 2021 Revenue Account, unless the Authority satisfies the Rating Agency Notice Conditions disclosing the use of Recoveries of Principal during the Recycling Period to originate other Eligible Student Loans. All Revenues from 2021 Student Loans and Transferred Loans shall be deposited in the 2021 Revenue Account. The Authority shall identify, in writing, to the Trustee Recoveries of Principal and Revenues as they are received by the Authority and into which Accounts the Recoveries of Principal and Revenues should be deposited. At conclusion or other termination of the Recycling Period, any funds remaining in the 2021 Repayment Subaccount within the 2021 NJCLASS Fixed Rate Standard Student Loan Account shall be transferred to the 2021 Revenue Account and the 2021 Repayment Subaccount will be closed.

(F) Student Loan Fund

(i) \$67,002,546.10 from proceeds of the Series 2021 Bonds, shall be deposited in the 2021 NJCLASS Fixed Rate Standard Student Loan Account to Originate Fixed Rate Standard NJCLASS Loans (including \$15,002,546.10 to be held in the 2021 Option 1 Loan Subaccount and used to Originate Option 1 Loans, \$27,000,000.00 to be held in the 2021 Option 2 Loan Subaccount and used to Originate Option 2 Loans and \$25,000,000.00 to be held in the 2021 Option 3 Loan Subaccount and used to Originate Option 3 Loans);

(ii) \$6,000,000 from proceeds of the Series 2021 Bonds shall be deposited in the 2021 Consolidation Loan Account to be used to Originate Consolidation Loans; and

17

4841-7106-0190, v. 13

(iii) \$27,000,000 from proceeds of the Series 2021 Bonds shall be deposited in the 2021 Refinance Loan Account to be used to Originate Refinance Loans (including the \$6,000,000 held in the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score used to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score less than 720).

(G) 2021 Revenue Account.

(i) On each Payment Date, the Authority shall pay the amount of interest, Principal Installments or Sinking Fund Payments, as applicable, for the Senior Series 2021 Bonds coming due on such date and, to the extent funds are sufficient therefor, and the Authority shall pay the amount of interest, Principal Installments or Sinking Fund Payments, as applicable, for the Subordinate Series 2021 Bonds, in the order of priority established by Section 5.5(A) of the Original Indenture.

(ii) On each Payment Date prior to the termination of the Recycling Period, any funds remaining in the 2021 Revenue Account, after payment of the Principal Installment or interest due and payable on the Senior Series 2021 Bonds on such Payment Date and, to the extent funds are sufficient therefor, after payment of the principal or interest on the Subordinate Series 2021 Bonds and provided all transfers required by Section 5.5(A)(i)-(vii) of the Original Indenture have been made, may be transferred to the 2021 NJCLASS Fixed Rate Standard Student Loan Account at the written direction of the Authority or may be applied in accordance with Section 2.8(A)(iii).

(H) 2021 Debt Service Reserve Account. The 2021 Debt Service Reserve Account shall be funded with proceeds of the Series 2021 Bonds in an amount equal to the 2021 Reserve Requirement as set forth in Section 3.4 hereof. The 2021 Debt Service Reserve Account shall only be available to pay Principal Installments of or interest on the Series 2021 Bonds except in the event (i) there are sufficient funds in the 2021 Revenue Account to pay Principal Installments of or interest on the Series 2021 Bonds and (ii) failure to utilize the 2021 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds.

(I) 2021 Rebate Account and 2021 Excess Yield Account. The Authority shall provide notice to the Rating Agency of the amount of any deposit, if made, to the 2021 Rebate Account or the 2021 Excess Yield Account, in accordance with Section 5.5(A)(i) of the Original Indenture.

(J) 2021 Capitalized Interest Account. On the Business Day immediately preceding each Interest Payment Date, the Trustee shall, as set forth in Schedule 1 below and confirmed by the Authority, transfer from the 2021 Capitalized Interest Account, to the extent funds are on deposit in such Account, to the 2021 Revenue Account an amount necessary so that the amount in the 2021 Revenue Account is sufficient to pay the interest due on the Series 2021 Bonds on such Interest Payment Date and, once on deposit in the 2021 Revenue Account, such funds shall be applied in accordance with Section 3.2(G) of this Supplemental Indenture and Section 5.5(A) of the Original Indenture. On each Release Date specified in Schedule 1 set forth below, the Trustee shall reduce the amount on deposit in the 2021 Capitalized Interest Account in accordance with Schedule 1 set forth below and as confirmed by the Authority. Any amounts on deposit in the 2021 Capitalized Interest Account in excess of the amounts set forth in Schedule 1 below, shall, upon the written direction of the Authority, be transferred from the 2021 Capitalized Interest Account to the 2021 Revenue Account. For the avoidance of doubt, the 2021 Capitalized Interest Account may be applied to pay interest when due on the Senior Series 2021 Bonds or Subordinate Series 2021 Bonds.

18

4841-7106-0190, v. 13

NJCLASS Loan is to become an Option 3 Loan and without regard to any amount of deferred interest which may be added to principal), in an aggregate principal amount of all such Option 3 Loans which are Fixed Rate Standard NJCLASS Loans greater than \$25,000,000;

(B) the Authority hereby agrees that it shall not Originate from the proceeds of the Series 2021 Bonds more than \$6,000,000 of aggregate principal amount of Refinance Loans (computed as of the date of Origination) to borrowers or co-obligors, as applicable, having a credit score less than 720; and

(C) the Authority hereby agrees that it shall not Originate Consolidation Loans from proceeds of the Series 2021 Bonds in an aggregate principal amount (computed as of the date of origination) exceeding \$6,000,000.

Section 3.8 Amount of Program Expenses. The Authority hereby agrees and covenants that the payment of Program Expenses for the NJCLASS Loan Program pursuant to the 2021 Indenture as of any date shall not exceed the amount of Program Expenses for the NJCLASS Loan Program set forth in the most recent Cash Flow Statement delivered prior to such date. Any change to the Program Expenses listed on Schedule D requested by the Authority shall be subject to the delivery by the Authority of a Cash Flow Statement to the Trustee and a Rating Agency Confirmation from the Rating Agency.

Section 3.9 Rating Agency Permitted Investments. As long as the Series 2021 Bonds are rated by S&P, all requirements for a rating by S&P in the definition of Investment Securities shall not be deemed satisfied with respect to an investment rated by S&P unless S&P has provided the required rating or waived such requirement. The Authority shall only invest the proceeds of the Series 2021 Bonds in Investment Securities, unless waived by the Rating Agency. Each of the Investment Securities may be purchased by the Trustee or through an affiliate of the Trustee. Absent written direction from the Authority (which may be in the form of standing instructions), funds will remain uninvested.

Section 3.10 Intentionally Omitted.

Section 3.11 No Indemnification as Condition Precedent. Anything in the 2021 Indenture or herein to the contrary notwithstanding, the Trustee agrees that it may not require indemnification as a condition precedent to (i) making payments of the principal, Redemption Price of and interest on the Series 2021 Bonds as required herein or (ii) mailing any notices of redemption or purchase as required hereby, it being understood and agreed, however, that while the Trustee may not require indemnification prior to or as a condition of performing the acts referred to in clauses (i) or (ii) above, the Trustee shall continue to be entitled to indemnification, as otherwise provided herein or in the 2021 Indenture, for such acts.

Section 3.12 Loan Servicers and Servicing Acknowledgements.

(A) The Authority agrees that, unless the Authority satisfies the Rating Agency Notice Conditions in connection with a change in Servicer, the only permitted Servicer of 2021 NJCLASS Loans is the Authority.

(B) (i) The Trustee shall, at the direction of the Owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, replace the Authority as Servicer upon the occurrence of an Event of Default set forth in Section 10.1(A)-(G) of the Original Indenture and, with respect to the occurrence of an Event of Default set forth in Section

20

4841-7106-0190, v. 13

Schedule 1:

Release Date	Maximum Amount on Deposit in Account
Initial Deposit (Issue Date):	\$2,500,000
12/1/2023	\$0

Section 3.3 Instructions to Trustee Concerning Certain Program Expenses and Certain Costs of Issuance.

(A) The Trustee is hereby instructed to pay, from the moneys deposited to the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account, 2021 Refinance Loan Account (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score), 2021 Revenue Account, or the 2021 Capitalized Interest Account, the Program Expenses, as may be indicated in a Certificate of an Authorized Officer of the Authority delivered to the Trustee on the Issue Date, and from time to time thereafter in conformance with Sections 5.4 and 5.5 of the Original Indenture and this First Supplemental Indenture.

(B) On July 1 of each year, any Program Expenses listed on Schedule D hereto for the prior fiscal year reserved from cash flow and not expended to pay Program Expenses, may be deposited into the 2021 Revenue Account and applied as set forth herein and in Section 5.5(A) of the Original Indenture.

(C) The Underwriters' fee, Costs of Issuance and any other costs and expenses incurred in connection with the authorization, issuance and delivery of the Series 2021 Bonds shall be paid for by the Authority from other available funds of the Authority or, at the direction of the Authority, from a portion of the proceeds of the Series 2021 Bonds.

Section 3.4 2021 Reserve Requirement. Upon issuance of the Series 2021 Bonds, the 2021 Reserve Requirement shall be the amount of \$2,154,900.00 (equal to two percent (2%) of the original principal amount of Series 2021 Bonds) and shall be funded with proceeds of the Series 2021 Bonds. Thereafter, as of any date of calculation, the 2021 Reserve Requirement shall equal the greater of (i) two percent (2%) of the principal amount of Outstanding Series 2021 Bonds on such date and (ii) \$1,000,000.

Section 3.5 Mandatory Sinking Fund Redemption of Mandatory Sinking Fund Term Bonds. With respect to the redemption of Mandatory Sinking Fund Term Bonds, the Trustee shall, without further authorization or direction of the Authority, apply monies in the Revenue Fund on each Principal Payment Date upon which a Sinking Fund Payment is due to the retirement of the Mandatory Sinking Fund Term Bonds in accordance with Section 2.8 herein. The Trustee shall give notice of all such redemptions in the name and on behalf of the Authority in accordance with the provisions of Article VI of the Original Indenture.

Section 3.6 Intentionally Omitted.

Section 3.7 Loan Limitations. Unless the Authority satisfies the Rating Agency Notice Conditions disclosing a proposed deviation from the below:

(A) the Authority hereby agrees that it shall not Originate Option 3 Loans from proceeds of the Series 2021 Bonds or otherwise permit a 2021 Fixed Rate Standard NJCLASS Loan Originated from proceeds of the Series 2021 Bonds to become an Option 3 Loan (computed as of the date of origination of each Option 3 Loan or such later date as a 2021

19

4841-7106-0190, v. 13

10.1(G) of the Original Indenture, the Authority fails to take action resulting in the withdrawal or dismissal of such bankruptcy proceeding within 60 days.

(ii) The Trustee shall, at the direction of the Owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, procure a third party successor Servicer and the Authority shall be required to act as master Servicer to oversee the successor Servicer and enter into any such contracts with the successor Servicer as may be required in the event of a Servicer Event of Default (as defined in and as provided in the Acknowledgement of Servicing by and between the Authority and the Trustee with respect to the 2021 NJCLASS Loans (the "Acknowledgement")). Notwithstanding the foregoing, the removal of the Authority as Servicer or the procurement of a successor Servicer shall not be effective until the successor Servicer shall have agreed in writing to be bound by the terms of a Servicing Acknowledgement in the same manner as the Authority, in its capacity as Servicer, is bound under the Acknowledgement; and provided further that if the Trustee is unable or unwilling to appoint a successor Servicer, the Trustee shall petition a court of competent jurisdiction to appoint a successor Servicer whose regular business includes the servicing of loans for post-secondary education.

(C) The Acknowledgement shall not be materially amended by the parties thereto unless the Authority satisfies the Rating Agency Notice Conditions in connection with such amendment.

(D) The Trustee shall provide notice to the Rating Agency if the Servicer is replaced or if a third-party successor Servicer is contracted by the Authority in accordance with Section 3.12(A) above and the Acknowledgement.

(E) All costs in connection with any transfer of servicing in accordance with Section 3.12(A) above shall constitute Program Expenses for purposes of the 2021 Indenture. In the event that the Parity Percentage of the Trust Estate is less than 105% or such other percentage as may be determined by the Authority if the Authority satisfies the Rating Agency Notice Conditions in connection with such determination and therefore insufficient to pay the costs of transfer of servicing, the payment of these expenses shall be the responsibility of the Authority or its successor.

(F) Each promissory note or notes evidencing a Student Loan Originated in accordance with the 2021 Indenture was or will be delivered to the Trustee prior to the related disbursement; furthermore, each such promissory note or notes was or may be executed by wet or electronic signature; provided that, the Trustee shall only hold possession of each original wet copy of such notes and the Authority shall hold the authoritative electronic notes; provided, however, upon the Trustee's request, the Authority shall provide copies of the authoritative electronic notes to the Trustee and shall retain the originals thereof.

21

4841-7106-0190, v. 13

ARTICLE IV

REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE AUTHORITY

Section 4.1 2021 NJCLASS Loan Requirements. The Authority hereby represents, warrants and covenants that, unless the Authority satisfies the Rating Agency Notice Conditions in connection with a deviation from the below:

(A) With respect to each disbursement from the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account or 2021 Refinance Loan Account (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score) to Originate 2021 NJCLASS Loans, as of the related disbursement date:

(i) the Authority and such disbursement will comply with the requirements of applicable federal and State law,

(ii) the disbursement will be a proper charge against the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account or 2021 Refinance Loan Account (including the 2021 Refinance Loan Account 670-719 Credit Score),

(iii) all requirements of the 2021 Indenture and this First Supplemental Indenture in connection with origination of 2021 NJCLASS Loans will have been met,

(iv) the Authority will be in compliance with the covenants set forth in the 2021 Indenture and in this First Supplemental Indenture,

(v) no Event of Default will have occurred and be continuing,

(vi) the Recycling Period will not have terminated, and

(vii) the promissory note or notes with respect to each such 2021 NJCLASS Loan Originated will be delivered to the Trustee prior to the related disbursement; provided that such promissory note or notes may be executed by wet or electronic signature and the Trustee shall only hold possession of each original wet copy of such notes and the Authority shall hold the authoritative electronic notes; provided, however, upon the Trustee's request, the Authority shall provide copies of the authoritative electronic notes to the Trustee and shall retain the originals thereof;

(B) Each 2021 NJCLASS Loan will:

(i) be a Fixed Rate Standard NJCLASS Loan, Consolidation Loan or Refinance Loan;

(ii) comply with the covenants set forth in this Article IV and the credit criteria contained in Schedule C hereto; and

(iii) be Originated in the principal amount of such 2021 NJCLASS Loan plus unpaid accrued interest.

(C) No 2021 NJCLASS Loan will have a maturity date that is more than (i) 10 years after the date of the first disbursement, inclusive of any authorized period of forbearance or deferment, with respect to Option 1 Loans, (ii) 15 years after the date of the first disbursement,

22

4841-7106-0190, v. 13

(L) The Authority shall offer a household income-based repayment program called Household Income Affordable Repayment Plan (HIARP). HIARP shall be available to qualifying borrowers of 2021 NJCLASS Loans (other than Refinance Loans and Consolidation Loans) and Transferred Loans. The maximum amount of eligible loans subject to HIARP cannot exceed \$3,200,000. Through the HIARP program, monthly payments on eligible 2021 NJCLASS Loans and Transferred Loans shall be reduced to 15% of the total of the household income of all of the parties to the loan that exceed 150% of the federal poverty guideline for their family size, with a minimum monthly payment of \$25 ("Reduced Payments"). The repayment term for loans in the HIARP program will be extended to 25 years from the date of origination and any remaining balance at the end of 25 years will be forgiven. Interest on loans in the HIARP program shall continue to accrue during the HIARP period and upon a household no longer qualifying for eligibility under HIARP, such interest shall be capitalized. Borrowers can only enter HIARP after exhausting their two (2) years of Repayment Assistance Program eligibility. Eligibility for the HIARP is described in the Authority's Program Documentation.

(M) The Authority shall offer an interest rate discount of up to 25 basis points to certain qualifying borrowers of 2021 NJCLASS Loans who electronically submit re-occurring loan payments to the Authority (the "ACH Discount"). The availability of the ACH Discount shall be limited to 25% of the outstanding principal balance of 2021 NJCLASS Loans Originated. Eligibility for the ACH Discount is described further in the Authority's Program Documentation.

Section 4.2 Loan Rates. The Loan Rate for all 2021 NJCLASS Loans shall be as follows:

Fixed Rate Standard NJCLASS Loans:

- (i) for Option 1 Loans, 2.99% for the term of the loan.
- (ii) for Option 2 Loans, 3.50% for the term of the loan
- (iii) for Option 3 Loans, 4.75% for the term of the loan

Consolidation Loans:

The interest rate on Consolidation Loans will be a fixed rate based upon the weighted average interest rate of all the underlying loans being consolidated less 50 basis points. The interest rate of an underlying NJCLASS Loan is calculated using a blending of the applicable initial and step-up interest rates disclosed to the borrower. If the interest rate of an underlying NJCLASS Loan currently reflects the step-up interest rate, the step-up interest rate will be used solely in the calculation. If a variable rate NJCLASS Loan or an NJCLASS Loan with a 10-year repayment term is being included in the NJCLASS consolidation, the rate used in the weighted average calculation will be the equivalent 15- or 20-year fixed rate interest rate for the immediate repayment of principal and interest in effect at the time of disbursement of the underlying NJCLASS Loan Program loan. Interest on a Consolidation Loan will begin to accrue at the time of the loan disbursement.

Refinance Loans:

The interest rate on Refinance Loans will be a fixed rate based upon a borrower's or co-obligor's, as applicable, credit score as follows:

inclusive of any authorized period of forbearance or deferment, with respect to Option 2 Loans, (iii) 20 years after the date of the first disbursement, inclusive of any authorized period of forbearance or deferment, with respect to Option 3 Loans, (iv) 25 years after the date of the first disbursement with respect to Consolidation Loans less than \$60,000, (v) 30 years after the date of the first disbursement with respect to Consolidation Loans greater than or equal to \$60,000 or (vi) 10 years or 15 years after the date of first disbursement with respect to Refinance Loans.

(D) The Authority shall not Originate any 2021 NJCLASS Loans with a credit score less than 670.

(E) The Administrative Fee (other than for Consolidation Loans and Refinance Loans) shall equal 3% of the original principal amount of each 2021 NJCLASS Loan. Once a 2021 NJCLASS Loan has been made, the Authority may not grant any waivers or alterations to the payment structure for such 2021 NJCLASS Loan, except the deferral and forbearance options described under the Program Documentation, unless the Authority has satisfied the Rating Agency Notice Conditions in connection with such deviation. Of the Administrative Fees received, 2% of each 2021 NJCLASS Loan (other than for Consolidation Loans and Refinance Loans) shall be deposited in the 2021 Repayment Subaccount within the 2021 NJCLASS Fixed Rate Standard Student Loan Account and applied to Originate Option 2 Loans and 1% shall be retained by the Authority. The Administrative Fee for Consolidation Loans shall equal 1% of the original principal amount of each Consolidation Loan and shall be retained by the Authority. There is no Administrative Fee for Refinance Loans.

(F) The Authority shall not provide borrower benefit programs for the 2021 NJCLASS Loans or Transferred Loans other than (i) the Repayment Assistance Program described in Section 4.1(K), (ii) the Household Income Affordable Repayment Plan ("HIARP") described in Section 4.1(L), (iii) the ACH Discount described in Section 4.1(M) and (iv) any other program following the satisfaction of the Rating Agency Notice Conditions by the Authority with respect to such additional program; loan forgiveness in order to reduce excess yield earnings shall not be deemed a borrower benefit program. Federal or state mandated loan forgiveness or tolling programs or changes to the Program Documentation to ease deferment or forbearance provisions during times of federal or state declared emergency shall not be deemed a borrower benefit program.

(G) No adverse selection process will be used in originating the 2021 NJCLASS Loans.

(H) The Authority shall comply with the Origination limitations set forth in Section 3.7 of this First Supplemental Indenture.

(I) No 2021 NJCLASS Loans will be Originated to students attending a school with a Federal cohort default rate greater than 25%, or such other percentage as set forth from time to time in the regulations established by the Authority.

(J) The Authority shall not Originate more than five percent (5%) of all Fixed Rate Standard NJCLASS Loans for students attending proprietary or trade school.

(K) The Authority shall offer a temporary loan deferment called the Repayment Assistance Program (as such term is defined in the Program Documentation) to certain qualifying borrowers of 2021 NJCLASS Loans (other than Consolidation Loans and Refinance Loans) and Transferred Loans. Eligibility for the Repayment Assistance Program is described in the Authority's Program Documentation.

23

4841-7106-0190, v. 13

Credit Score	10 Year Interest Rate	15 Year Interest Rate
780+	2.99%	3.30%
720-779	3.45%	3.99%
670-719	4.45%	4.99%

Section 4.3 Additional Bonds.

(A) So long as any Series 2021 Bonds are Outstanding, the Authority shall not issue any Additional Bonds, unless:

(i) the Authority shall have delivered a Cash Flow Statement to the Rating Agency prior to the issuance of such Additional Bonds, taking into account the issuance of all such Additional Bonds, and the assumptions and scenarios in such Cash Flow Statement shall be acceptable to the Rating Agency; and

(ii) the Authority shall have delivered to the Trustee a Rating Agency Confirmation from the Rating Agency for the Series 2021 Bonds.

(B) So long as any Series 2021 Bonds are Outstanding, the Authority shall not execute and deliver any Supplemental Indenture for any purpose unless the Authority has satisfied the Rating Agency Notice Conditions.

Section 4.4 Report to Rating Agency.

(A) So long as any Series 2021 Bonds are Outstanding, the Authority will deliver to the Trustee and the Rating Agency, and shall file or cause the Trustee to file with the Municipal Securities Rulemaking Board uploaded to the EMMA website or such other national repository for the deposit of secondary market disclosure information permitted by Securities and Exchange Commission Rule 15(c)-12, a servicing report (the "Servicing Report"), not later than each Quarterly Report Date, in each case calculated as of the last day of the related Calendar Quarter, which shall state the following:

(i) The number and Aggregate Pool Loan Balance of 2021 Student Loans outstanding as of the end of such Calendar Quarter;

(ii) The number and principal balance of 2021 NJCLASS Loans Originated by Option type and the number and principal balance of 2021 Student Loans which are in Option1, Option 2 and Option 3 status;

(iii) The number and dollar amount of 2021 Student Loans which are delinquent 0-30, 31-60, 61-90, 91-120, 121-180 and 181 or more days and the cumulative number and dollar amount of 2021 NJCLASS Loans which have been 181 or more days delinquent;

(iv) The cumulative number and dollar amount of 2021 Student Loans charged off since the Issue Date of the Series 2021 Bonds;

(v) The Gross Defaulted Loan Collections on defaulted 2021 Student Loans as of the end of such Calendar Quarter (broken out by principal and interest recovered) and the

gross and net cumulative amounts of defaults on 2021 Student Loans as of the end of such Calendar Quarter and as a percentage of the original amount of 2021 Student Loans disbursed;

(vi) The dollar amount of the Series 2021 Bonds issued, the cumulative changes in the amount Outstanding and descriptions of such changes, as well as the Bonds Outstanding as of the end of such Calendar Quarter;

(vii) The beginning balance of the 2021 Debt Service Reserve Account, the cumulative withdrawals and deposits, and the balance of the 2021 Debt Service Reserve Account as of the end of such Calendar Quarter;

(viii) As of the end of such Calendar Quarter, the weighted average interest rate of all 2021 Student Loans Originated in the Aggregate Loan Balance;

(ix) As of the end of such Calendar Quarter, for all outstanding 2021 Student Loans, the weighted average original credit score and weighted average number of months to maturity;

(x) As of the end of such Calendar Quarter, a schedule of the net position (balance sheet), including the combined balance of cash on deposit in each Account and Subaccount for the Series 2021 Bonds, Accrued Assets, Accrued Liabilities, Parity Percentage and Senior Parity Percentage;

(xi) As of the end of such Calendar Quarter, a year to date statement of Revenues and Program Expenses and changes in net position;

(xii) Calculation of Cash Release Conditions and statement as to whether the Cash Release Conditions were met;

(xiii) Any funds released from the Trust Estate to the Authority;

(xiv) So long as the Series 2021 Bonds are rated by S&P, the Authority shall give S&P prompt written notice of any withdrawal from the 2021 Debt Service Reserve Account to pay Principal Installments of or interest on the Series 2021 Bonds, and of any deficiency amount certified by the Authority pursuant to Section 7.15 of the Original Indenture, and of any amount received from the State following such deficiency certification;

(xv) Amount of funds requested from the State to restore the Debt Service Reserve Fund and the amounts of funds so paid;

(xvi) Aggregate Loan Balance of all Student Loans purchased pursuant to Section 5.5(A)(viii) of the Original Indenture;

(xvii) number and principal balance of 2021 NJCLASS Loans utilizing HIARP and RAP;

(xviii) commencing with the Quarterly Report Date of November 15, 2021 for the Calendar Quarter ending September 30, as of the end of such Calendar Quarter, a schedule of total principal collections and interest collections on Student Loans; and

(xix) commencing with the Quarterly Report Date of November 15, 2021 for the Calendar Quarter ending September 30, as of the end of such Calendar Quarter,

26

4841-7106-0190, v. 13

Section 4.5 Loan Transfers. So long as the Series 2021 Bonds are Outstanding, the Authority shall not sell or transfer any Student Loan except (i) as authorized under the 2021 Indenture and (ii) for cash, except that the Authority may transfer Student Loans to another trust estate of the Authority in accordance with the requirements of Section 7.8 of the Original Indenture.

Section 4.6 Origination Period. All 2021 NJCLASS Loans shall be Originated within the time periods set forth under the definition for Origination Period in Section 1.2 of this First Supplemental Indenture. A Student Loan shall be deemed Originated upon execution by a borrower of the promissory note. In the event a Student Loan is cancelled by the borrower after the end of the Origination Period and disbursed funds returned to the Authority, such disbursed funds shall be transferred, at the written direction of an Authorized Officer, to the 2021 Revenue Account.

Section 4.7 Original Issue Discount. The Authority will supply to the Trustee, at the time and in the manner required by applicable Treasury Regulations, for further distribution to such persons and, to the extent required by applicable Treasury Regulations, information with respect to any original issue discount accruing on the Series 2021 Bonds.

Section 4.8 Acceleration Due to Prepayment of Other Obligations. The Authority represents that the Series 2021 Bonds are of the type of debt instruments where payments under such debt instruments may be accelerated by reason of prepayments of other obligations securing such debt instruments.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

28

4841-7106-0190, v. 13

disbursements of Program Expenses and other Bond Fees, interest distribution to Bondholders and principal distribution to Bondholders.

(B) During any applicable Origination Period and Recycling Period, the Authority will deliver to the Trustee and the Rating Agency a report, no later than the fifteenth (15th) Business Day of each month, which report shall include, as of the last Business Day of the preceding month, the number and principal balance of 2021 NJCLASS Loans Originated during the Origination Period and/or Recycling Period, as applicable, and detailing the following characteristics for such 2021 NJCLASS Loans:

-number and principal balance of 2021 NJCLASS Loans Originated by Option type; and

-number and principal balance of 2021 NJCLASS Loans Originated by type of loan (i.e. Fixed Rate Standard NJCLASS Loan, Consolidation Loan, Refinance Loan).

(C) The Authority will deliver to the Trustee and the Rating Agency a report within forty-five (45) days after the end of the final Origination Period which report shall include the number and balance of 2021 NJCLASS Loans Originated during the Origination Period detailing the following characteristics for such 2021 NJCLASS Loans:

-Percentage of 2021 NJCLASS Loans co-signed; and

-Original credit score (in increments of 10).

(D) So long as any Series 2021 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, annual audited financial statements of the NJCLASS/FFELP Loan Program prepared by an independent certified public accountant, within one hundred eighty (180) days of the completion of the NJCLASS/FFELP Loan Program's Fiscal Year.

(E) So long as any Series 2021 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, within a reasonable time after request therefor, a report containing information with respect to updated static pool default and recovery information on 2021 NJCLASS Loans.

(F) So long as any Series 2021 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, semi-annually, a report including the total number and principal balance of outstanding Student Loans; and the number and principal balance of outstanding Student Loans by type of loan (i.e. Fixed Rate Standard NJCLASS Loan, Consolidation Loan, Refinance Loan); and the total principal balance of any loans forgiven to reduce excess yield earnings.

(G) Reports to S&P should be distributed as follows:

(i) For electronic delivery: servicer_reports@spglobal.com

(ii) For all other deliveries: 55 Water Street, 41st Floor
New York, New York 10041-0003
Attention: ABS Surveillance Group

27

4841-7106-0190, v. 13

ARTICLE V

MISCELLANEOUS

Section 5.1 Intentionally Omitted.

Section 5.2 First Supplemental Indenture Construed With Original Indenture. All of the provisions of this First Supplemental Indenture shall be deemed to be and construed as part of the Original Indenture to the same extent as if fully set forth therein.

Section 5.3 Original Indenture as Supplemented to Remain in Effect. Save and except as supplemented, amended or restated by this First Supplemental Indenture, the Original Indenture shall remain in full force and effect.

Section 5.4 Instrument of Acceptance by Fiduciaries.

(A) Wells Fargo Bank, National Association hereby accepts its appointment as Paying Agent, Registrar and Authenticating Agent and the duties and obligations thereof and agrees that this constitutes the written instrument of acceptance required by Section 11.2(B) of the Original Indenture. The Paying Agent, Registrar and Authenticating Agent shall be entitled to the rights, protections, benefits and immunities afforded to the Trustee under the 2021 Indenture. The rights, benefits, protections, immunities and indemnities afforded the Trustee hereunder and under the 2021 Indenture shall extend to the Trustee under any other transaction document or related agreement as though set forth therein in their entirety mutatis mutandis. Wells Fargo Bank, National Association may, in such multiple capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles or other breach of duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of express duties set forth in this Indenture in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence (other than errors in judgment) and willful misconduct by Wells Fargo Bank, National Association.

(B) So long as the Series 2021 Bonds are rated by S&P, the Depository is required to maintain a credit rating by S&P of no less than "A." If at any time the Depository's rating falls below the rating requirements set forth in the preceding sentence, the Depository shall notify the Authority, and the Authority shall remove the Depository and appoint a successor Depository within thirty (30) days. The removed Depository shall be entitled to all money then due to it under the 2021 Indenture. For the avoidance of doubt, if the Trustee does not serve as Depository, but appoints a custodian to hold the Bond Proceeds or Revenues on its behalf, such custodian shall be deemed the Depository for the purposes of this Section 5.4(B).

Section 5.5 Execution in Counterparts; Electronic Signature. This First Supplemental Indenture shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature,

29

4841-7106-0190, v. 13

or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of Bonds when required under the UCC or other Signature Law due to the character or intended character of the writings.

Section 5.6 Severability. If any Section, paragraph, clause, or provision of this First Supplemental Indenture shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause, or provision shall not affect any of the remaining provisions of this First Supplemental Indenture.

Section 5.7 Confirmation of Actions. All actions (not inconsistent with the provisions of this First Supplemental Indenture) heretofore taken by the Authority directed toward the issuance and sale of the Series 2021 Bonds are hereby ratified, approved, and confirmed.

Section 5.8 Governing Law; Jurisdiction. This First Supplemental Indenture shall be construed in accordance with the laws of the State of New Jersey. The parties hereto agree to the non-exclusive jurisdiction of the State of New Jersey.

Section 5.9 WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS FIRST SUPPLEMENTAL INDENTURE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.10 AML Law. The parties hereto acknowledge that in accordance with laws, regulations and executive orders of the United States or any state or political subdivision thereof as are in effect from time to time applicable to financial institutions relating to the funding of terrorist activities and money laundering, including without limitation the USA Patriot Act (Pub. L. 107-56) and regulations promulgated by the Office of Foreign Asset Control (collectively, "AML Law"), the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, is required to obtain, verify, and record information relating to individuals and entities that establish a business relationship or open an account with the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent. Each party hereby agrees that it shall provide the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, with such identifying information and documentation as the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, may request from time to time in order to enable the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, to comply with all applicable requirements of AML Law.

Section 5.11 Notices. Any notice, demand, direction, request, or other instrument authorized or required by this First Supplemental Indenture to be given to or filed with the Authority, the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, shall be deemed to have been sufficiently given or filed for all purposes, if any, when delivered or sent by registered or certified mail, return receipt requested, postage prepaid, and, if given by telex, telegraphic or electronic means, shall be deemed given when transmitted (receipt confirmed) to the following addresses; provided that facsimile or electronic transmissions of

notices shall only be deemed to have been sufficiently given or filed for all purposes if the Authority and the Fiduciaries have agreed to accept notices by facsimile or electronic communication, such notice has been sent by a person authorized to give such notice and receipt of such notice has been confirmed.

If to the Authority: New Jersey Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, P.O. Box 545, Trenton, New Jersey 08625, Attention: Chief Financial Officer (facsimile no. (609) 584-4831), (email: Jerry_traino@hesaa.org).

If overnight delivery to the Authority: New Jersey Higher Education Student Assistance Authority, #4 Quakerbridge Plaza, Mercerville, New Jersey 08619, Attention: Chief Financial Officer.

If to the Trustee, Paying Agent, Registrar or Authenticating Agent: Wells Fargo Bank, National Association, MAC N9300-061, 600 S. 4th Street, Minneapolis, MN 55415 Attention: Corporate Trust Services – Asset-Backed Administration (telephone no. (612) 667-8058) (email: ctsabsservicer@wellsfargo.com).

The Authority and the Fiduciaries may, by like notice to each other, designate any further or different addresses to which subsequent notices shall be sent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

30

4841-7106-0190, v. 13

IN WITNESS WHEREOF, an Authorized Officer of the Authority and an authorized officer of the Trustee have hereunto executed this First Supplemental Indenture as of the date first written above.

HIGHER EDUCATION STUDENT ASSISTANCE
AUTHORITY

By: 
Gerald V. Traino
Chief Financial Officer

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Scott Olmsted
Vice President

31


4841-7106-0190, v. 13

IN WITNESS WHEREOF, an Authorized Officer of the Authority and an authorized officer of the Trustee have hereunto executed this First Supplemental Indenture as of the date first written above.

HIGHER EDUCATION STUDENT ASSISTANCE
AUTHORITY

By: _____
Gerald V. Traino
Chief Financial Officer

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: 
Scott Olmsted
Vice President

SCHEDULE A

TERMS OF SENIOR SERIES 2021 BONDS AND SUBORDINATE SERIES 2021 BONDS

The Senior Series 2021 Bonds and the Subordinate Series 2021 Bonds will initially be dated and will bear interest from the Issue Date. Interest will be payable on June 1, and December 1 of each year, commencing December 1, 2021. Each Series of the Series 2021 Bonds will bear interest at the respective interest rates per annum, and will mature on December 1 in each of the years and in the respective principal amounts shown below:

\$11,410,000 SENIOR STUDENT LOAN REVENUE REFUNDING BONDS, SERIES 2021A (AMT)

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> [*]
2023	\$1,645,000	5.000%	0.530%	111.147%	646080 VH1
2024	1,645,000	5.000	0.700	114.899	646080 VJ7
2025	1,645,000	5.000	0.870	118.242	646080 VK4
2026	1,645,000	5.000	1.020	121.286	646080 VL2
2027	1,630,000	5.000	1.210	123.670	646080 VM0
2028	1,600,000	5.000	1.380	125.753	646080 VN8
2029	1,600,000	5.000	1.550	127.417	646080 VP3

\$83,335,000 SENIOR STUDENT LOAN REVENUE BONDS, SERIES 2021B (AMT)

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> [*]
2023	\$2,355,000	5.000%	0.530%	111.147%	646080 VQ1
2024	2,855,000	5.000	0.700	114.899	646080 VR9
2025	4,055,000	5.000	0.870	118.242	646080 VS7
2026	5,705,000	5.000	1.020	121.286	646080 VT5
2027	6,890,000	5.000	1.210	123.670	646080 VU2
2028	7,280,000	5.000	1.380	125.753	646080 VV0
2029	7,100,000	5.000	1.550	127.417	646080 VW8

\$47,095,000 2.500% Senior Student Loan Revenue Bonds, Series 2021B (AMT) Term Bonds
Due December 1, 2040 Yield 2.500% Price 100.000% CUSIP No. 646080 VY4^{*}**\$13,000,000 SUBORDINATE STUDENT LOAN REVENUE BONDS, SERIES 2021C (AMT)**

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> [*]
2051	\$13,000,000	3.250%	3.250%	100.000%	646080 VX6

^{*} CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondholders, and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products.

A-1

4841-7106-0190, v. 13

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 2021 INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
SENIOR STUDENT LOAN REVENUE [REFUNDING] BOND, SERIES 2021[A][B]

No. R-[A][B]1 \$

<u>Dated Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
May 26, 2021	%	December 1, 20__	646080 ____
REGISTERED OWNER:	CEDE & CO		
PRINCIPAL AMOUNT:			

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each June 1 and December 1, commencing December 1, 2021 (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Wells Fargo Bank, National Association (together with its successors as Paying Agent, the "Paying Agent"), in Minneapolis, Minnesota. Interest on this Bond is payable to the Registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Wells Fargo Bank, National Association in its capacity as bond registrar (together with its successors as Registrar, the "Registrar"), by check or draft mailed to the Registered Owner at the registered address; provided that, at the written request

B-1-2

4841-7106-0190, v. 13

SCHEDULE B-1

FORM OF SENIOR SERIES 2021 BONDS

of the Registered Owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Capitalized terms used in this Bond and not defined herein shall have the meanings given thereto in the 2021 Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its Senior Student Loan Revenue [Refunding] Bonds, Series 2021[A][B] (the "2021[A][B] Bonds") issued as fully registered Bonds without coupons in the denominations of \$5,000 or integral multiples thereof ("Authorized Denominations") in the aggregate principal amount of [\$11,410,000] [\$83,335,000] under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act") and by virtue of a resolution duly adopted by the Authority on April 21, 2021 (the "Bond Resolution") and equally and ratably secured under an Indenture of Trust (the "Original Indenture"), dated as of May 1, 2021, as amended and supplemented, by a First Supplemental Indenture (the "First Supplemental Indenture"), dated as of May 1, 2021, each by and between the Authority and Wells Fargo Bank, National Association, as Trustee (together with its successors in trust, the "Trustee") as the same from time to time has been or may be further amended, modified or supplemented by Supplemental Indentures (such Original Indenture and any and all such Supplemental Indentures, including, without limitation, the First Supplemental Indenture, being herein collectively called the "2021 Indenture") for the purpose of, among other things, Originating Eligible Loans pursuant to the Act.

Simultaneously with the issuance of the 2021[A][B] Bonds, the Authority has issued its [\$11,410,000] [\$83,335,000] Student Loan Revenue [Refunding] Bonds, Series 2021[A][B] (the "2021[A][B] Bonds" and together with the 2021[A][B] Bonds, the "Senior 2021 Bonds") on parity with the 2021[A][B] Bonds and has issued its \$13,000,000 Subordinate Student Loan Revenue Bonds, Series 2021C (the "Subordinate Series 2021 Bonds" and together with the Senior 2021 Bonds, the "Series 2021 Bonds"; the Series 2021 Bonds, together with any Outstanding Bonds issued pursuant to the 2021 Indenture and any Additional Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Bonds"). The Subordinate Series 2021 Bonds shall constitute "Subordinate Bonds" for all purposes of the 2021 Indenture, except as specifically set forth below with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Senior Series 2021 Bonds. The 2021 Indenture pledges for the payment of the Bonds, subject to the terms and conditions of the 2021 Indenture, the Student Loans (defined in the 2021 Indenture) and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds, and accounts of the Authority set forth in the 2021 Indenture (collectively, the "Trust Estate").

Reference is hereby made to the 2021 Indenture for the provisions, among other things, with respect to the nature and extent of the Trust Estate securing payment of the Bonds, the manner of enforcement of such security, the custody and application of the proceeds of the Bonds, the terms and conditions upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee, the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent, or its successors in such capacity (the "Authenticating Agent"), and the rights of the holders of the Bonds. A copy of the 2021 Indenture is on file in the

A - 34

B-1-3

4841-7106-0190, v. 13

office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 2021 Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the 2021 Indenture.

Pursuant to the 2021 Indenture, Additional Bonds equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Original Indenture by the pledge and covenants made in the 2021 Indenture, with the Series 2021 Bonds may be issued from time to time in one or more Series for the purposes set forth therein.

The 2021 Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Bonds at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The 2021 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

The Series 2021 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2021B Bonds maturing on December 1, 2040 and, if the Subordinate Bond Redemption Condition (as defined herein) has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2021 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2029 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2021 Bonds. Any optional partial redemption of Series 2021 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this First Supplemental Indenture.

For purposes of paragraphs (i) *Optional Redemption*, (iii) *Special Option Redemption From Excess Revenue*, and (iv) *Special Mandatory Redemption From Excess Revenue*, "Subordinate Bond Redemption Condition" shall mean: the Senior Parity Percentage is at least equal to 133.0% after giving effect to the proposed redemption.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2021B Bonds and Subordinate Series 2021 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2021B Bonds and Subordinate Series 2021 Bonds remaining in the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account or 2021 Refinance Loan Account (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2021 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2021B Bonds and

4841-7106-0190, v. 13

B-1-4

Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, and "Cash Release Conditions" shall mean the Parity Percentage is at least equal to 118% and the amount of Accrued Assets less the amount of Accrued Liabilities (each as defined under the 2021 Indenture), is not less than \$6,500,000 provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2021B Bonds maturing on December 1, 2040 and the Subordinate Series 2021 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2021 Bonds pursuant to this paragraph (iv) shall be applied *first*, to the redemption of Senior Series 2021B Bonds maturing on December 1, 2040, *pro rata*, until such Senior Series 2021 Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2021 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2021B Bonds maturing on December 1, 2040 are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth below (the "Mandatory Sinking Fund Term Bonds"), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

**Senior Series 2021B Bonds
Due December 1, 2040**

Date (December 1)	Sinking Fund Payment
2030	\$4,950,000
2031	4,950,000
2032	4,950,000
2033	4,950,000
2034	4,690,000
2035	3,750,000
2036	3,750,000
2037	3,750,000
2038	3,750,000
2039	3,750,000
2040	3,855,000

Final maturity.

(vi) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be

4841-7106-0190, v. 13

B-1-6

the Subordinate Series 2021 Bonds (except for the 2021 Rebate Account and the 2021 Excess Yield Account) established under Section 3.1 of the First Supplemental Indenture shall be applied to the redemption of the Senior Series 2021B Bonds and Subordinate Series 2021 Bonds. The amount to be applied to the redemption of Senior Series 2021B Bonds and Subordinate Series 2021 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2021 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2021B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2021B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2021B Bonds and Subordinate Series 2021 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2021B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2021B Bonds and Subordinate Series 2021 Bonds pursuant to this paragraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2021B Bonds and Subordinate Series 2021 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2021B Bonds maturing on December 1, 2040 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2021 Bonds are subject to redemption prior to maturity, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2021 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this paragraph the Cash Release Conditions (as defined herein) are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2021 Bonds pursuant to this subsection (iii) shall be applied at the direction of the Authority as to the selection of Series 2021 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2021 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2021 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2021B Bonds maturing on December 1, 2040.

For purposes of paragraphs (iii) *Special Optional Redemption from Excess Revenues* and (iv) *Special Mandatory Redemption from Excess Revenue*, "Excess Revenue" shall mean: on each Payment Date, any funds remaining in the 2021 Revenue Account less \$500,000 (which shall remain in the 2021 Revenue Account), after payment of the Debt Service due and payable on the Series 2021 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2021 Bonds on the next succeeding December 1 is reserved to remain in the 2021

4841-7106-0190, v. 13

B-1-5

redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2021 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2021 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding Sinking Fund Payment listed in paragraph (v) above on a pro rata basis.

Notice of redemption is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2021 Bond to be redeemed at the address of the Registered Owner, as shown on the registration books of the Authority maintained by the Registrar. Failure to give such notice to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2021 Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the 2021 Indenture, this Bond, if so called for redemption, shall become due and payable at the stated Redemption Price and to the extent moneys are available therefor, interest shall cease to accrue on this Bond and this Bond shall no longer be entitled to any benefit or security under the 2021 Indenture. The 2021[A][B] Bonds to be redeemed in whole or in part shall be selected as provided in the 2021 Indenture.

Reference is hereby made to the First Supplemental Indenture, a copy of which is on file in the Principal Office of the Trustee, and to all of the provisions of which any Registered Owner of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Series 2021 Bonds; the Authority's student loan origination and acquisition program; the revenues and other money pledged to the payment of the principal and redemption premium, if any, of and interest on the Series 2021 Bonds; the nature and extent and manner of enforcement of the pledge; the conditions upon which the First Supplemental Indenture may be amended or supplemented with or without the consent of the Registered Owners of the Series 2021 Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action, or proceeding in equity or at law with respect hereto and thereto; the rights, duties, and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, and covenants made therein may be discharged at or prior to the stated maturity or earlier redemption of this Bond, and this Bond thereafter shall no longer be secured by the First Supplemental Indenture or be deemed to be Outstanding, as defined in the First Supplemental Indenture, thereunder; and for the other terms and provisions thereof.

Subject to the limitations provided in the 2021 Indenture and upon payment of the charges required by the 2021 Indenture, 2021[A][B] Bonds may be exchanged for a like aggregated principal amount of 2021[A][B] Bonds of the same interest rate, maturity date and other Authorized Denominations.

This Bond is transferable by the Registered Owner hereof or his duly authorized attorney on the registration books of the Authority kept at the corporate trust office of the Registrar, upon surrender of this Bond accompanied by a duly executed instrument of transfer in form and with warranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Authority, the Trustee, the Registrar, or the Paying Agent may prescribe. Upon any such

4841-7106-0190, v. 13

B-1-7

transfer, a new 2021[A][B] Bond or Bonds of the same Authorized Denomination or Authorized Denominations of the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the 2021 Indenture. The Authority, the Registrar, the Trustee, and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Authority, the Registrar, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority nor any officer or employee of the Authority shall be liable personally on said bonds by reason of the issuance thereof. This Bond is not and shall not be in any way a debt or liability of the State of New Jersey or of any political subdivision thereof and does not and shall not create or constitute any indebtedness, liability, or obligation of said State, or of any political subdivision thereof. This Bond does not now and shall never constitute a charge against the general credit of the Authority.

The owner of this Bond shall have no right to enforce the provisions of the 2021 Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the 2021 Indenture or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the 2021 Indenture. If an event of default under the 2021 Indenture occurs, the principal of all Bonds then Outstanding issued under the 2021 Indenture may be declared due and payable upon the conditions and in the manner and with the effect provided in the 2021 Indenture.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution or statutes of the State of New Jersey or the 2021 Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of this Bond exist, have happened, and have been performed, and that the issuance of this Bond is within every debt and other limit prescribed by said Constitution, statutes or 2021 Indenture.

This Bond shall neither be entitled to any security, right, or benefit under the 2021 Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

4841-7106-0190, v. 13

B-1-8

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2021[A][B] Bonds described herein.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Authenticating Agent

By: _____
Scott Olmsted
Vice President

Authentication Date: May __, 2021.

4841-7106-0190, v. 13

B-1-10

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer of the Authority and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer of the Authority, all as of the Dated Date.

(SEAL)

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

By: _____
Gerald V. Traino
Chief Financial Officer

Attest:

By: _____
David J. Socolow
Secretary

4841-7106-0190, v. 13

B-1-9

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

	(the "Transferee")
Name	
Address	

Social Security or Federal Employer Identification No. _____ the within 2021[A][B] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within 2021[A][B] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:		
Signature Guaranteed:		
NOTICE: signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company		NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within 2021[A][B] Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY 2021[A][B] BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

Authentication Date: _____

4841-7106-0190, v. 13

B-1-11

FORM OF SUBORDINATE SERIES 2021 BONDS

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS SUBORDINATE BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 2021 INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS SUBORDINATE BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
SUBORDINATE STUDENT LOAN REVENUE BOND, SERIES 2021C

No. R-C1 \$13,000,000

Dated Date	Interest Rate	Maturity Date	CUSIP
May 26, 2021	3.250%	December 1, 2051	646080 VX6

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT: THIRTEEN MILLION DOLLARS

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each June 1 and December 1, commencing December 1, 2021 (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Subordinate Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Wells Fargo Bank, National Association (together with its successors as Paying Agent, the "Paying Agent"), in Minneapolis, Minnesota. Interest on this Subordinate Bond is payable to the Registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Wells Fargo Bank, National Association in its capacity as bond registrar (together with its successors as Registrar, the "Registrar"), by check or draft mailed to the Registered Owner at the registered address;

B-2-1

4841-7106-0190, v. 13

provided that, at the written request of the Registered Owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Subordinate Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Capitalized terms used in this Bond and not defined herein shall have the meanings given thereto in the 2021 Indenture.

This Subordinate Bond is one of a duly authorized issue of Subordinate Bonds of the Authority designated as its Subordinate Student Loan Revenue Bonds, Series 2021C (the "Subordinate Series 2021 Bonds") issued as fully registered Subordinate Bonds without coupons in the denominations of \$5,000 or integral multiples thereof ("Authorized Denominations") in the aggregate principal amount of \$13,000,000 under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act") and by virtue of a resolution duly adopted by the Authority on April 21, 2021 (the "Bond Resolution") are secured under an Indenture of Trust (the "Original Indenture"), dated as of May 1, 2021, as amended and supplemented by a First Supplemental Indenture (the "First Supplemental Indenture"), dated as of May 1, 2021, each by and between the Authority and Wells Fargo Bank, National Association, as Trustee (together with its successors in trust, the "Trustee") as the same from time to time has been or may be further amended, modified or supplemented by Supplemental Indentures (such Original Indenture and any and all such Supplemental Indentures, including, without limitation, the First Supplemental Indenture, being herein collectively called the "2021 Indenture") on a subordinate basis to Senior Bonds and on a senior basis to Junior Subordinate Bonds, if any, issued under the 2021 Indenture as provided in Section 5.5(A) of the Original Indenture for the purpose of, among other things, Originating Eligible Loans pursuant to the Act.

Simultaneously with the issuance of the Subordinate Series 2021 Bonds, the Authority has issued its \$11,410,000 Senior Student Loan Revenue Refunding Bonds, Series 2021A (the "2021A Bonds") and its \$83,335,000 Senior Student Loan Revenue Bonds, Series 2021B (the "Series 2021B Bonds") and together with the Series 2021A Bonds, the "Senior Series 2021 Bonds" and together with the Subordinate Series 2021 Bonds, the "Series 2021 Bonds"; together with any Outstanding Bonds issued pursuant to the 2021 Indenture and any Additional Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Bonds"). The Subordinate Series 2021 Bonds shall constitute "Subordinate Bonds" for all purposes of the 2021 Indenture, except as specifically set forth below with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Senior Series 2021 Bonds. The 2021 Indenture pledges for the payment of the Subordinate Bonds, subject to the terms and conditions of the 2021 Indenture, the Student Loans (defined in the 2021 Indenture) and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds, and accounts of the Authority set forth in the 2021 Indenture (collectively, the "Trust Estate").

Reference is hereby made to the 2021 Indenture for the provisions, among other things, with respect to the priority of payment of the Subordinate Series 2021 Bonds, the nature and extent of the Trust Estate securing payment of the Bonds, the manner of enforcement of such security, the custody and application of the proceeds of the Bonds, the terms and conditions upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee, the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent,

B-2-3

4841-7106-0190, v. 13

B-2-2

4841-7106-0190, v. 13

or its successors in such capacity (the "Authenticating Agent"), and the rights of the holders of the Subordinate Series 2021 Bonds and Senior Bonds. A copy of the 2021 Indenture is on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 2021 Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the 2021 Indenture.

Pursuant to the 2021 Indenture, the Subordinate Series 2021 Bonds are equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Original Indenture by the pledge and covenants made in the 2021 Indenture, with the Senior Series 2021 Bonds (the Senior Series 2021 Bonds and, together with any Outstanding Senior Bonds issued pursuant to the 2021 Indenture and any Additional Bonds that are Senior Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Senior Bonds") issued by the Authority simultaneously with the issuance of the Subordinate Series 2021 Bonds and with any Additional Bonds (as defined in the 2021 Indenture) which may be issued from time to time in one or more Series for the purposes set forth therein.

The 2021 Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Highest Priority Bonds (as defined in the 2021 Indenture) then Outstanding at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The 2021 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

The Series 2021 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2021B Bonds maturing on December 1, 2040 and, if the Subordinate Bond Redemption Condition (as defined herein) has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2021 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2029 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2021 Bonds. Any optional partial redemption of Series 2021 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this First Supplemental Indenture.

For purposes of paragraphs (i) *Optional Redemption*, (iii) *Special Option Redemption From Excess Revenues* and (iv) *Special Mandatory Redemption From Excess Revenue*, "Subordinate Bond Redemption Condition" shall mean: the Senior Parity Percentage is at least equal to 133.0% after giving effect to the proposed redemption.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2021B Bonds and Subordinate Series 2021 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination

B-2-4

4841-7106-0190, v. 13

Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2021B Bonds and Subordinate Series 2021 Bonds remaining in the 2021 NJCLASS Fixed Rate Standard Student Loan Account, 2021 Consolidation Loan Account or 2021 Refinance Loan Account (including the 2021 Refinance Loan Subaccount - 670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2021 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2021B Bonds and the Subordinate Series 2021 Bonds (except for the 2021 Rebate Account and the 2021 Excess Yield Account) established under Section 3.1 of the First Supplemental Indenture shall be applied to the redemption of the Senior Series 2021B Bonds and Subordinate Series 2021 Bonds. The amount to be applied to the redemption of Senior Series 2021B Bonds and Subordinate Series 2021 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2021 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2021B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2021B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2021B Bonds and Subordinate Series 2021 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2021B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2021B Bonds and Subordinate Series 2021 Bonds pursuant to this paragraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2021B Bonds and Subordinate Series 2021 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2021B Bonds maturing on December 1, 2040 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2021 Bonds are subject to redemption prior to maturity, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2021 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this paragraph the Cash Release Conditions (as defined herein) are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2021 Bonds pursuant to this paragraph (iii) shall be applied at the direction of the Authority as to the selection of Series 2021 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2021 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2021 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2021B Bonds maturing on December 1, 2040.

4841-7106-0190, v. 13

B-2-5

registration books of the Authority maintained by the Registrar. Failure to give such notice to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2021 Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the 2021 Indenture, this Subordinate Bond, if so called for redemption, shall become due and payable at the stated Redemption Price and to the extent moneys are available therefor, interest shall cease to accrue on this Subordinate Bond and this Subordinate Bond shall no longer be entitled to any benefit or security under the 2021 Indenture. The Subordinate Series 2021 Bonds to be redeemed in whole or in part shall be selected as provided in the 2021 Indenture.

Reference is hereby made to the First Supplemental Indenture, a copy of which is on file in the Principal Office of the Trustee, and to all of the provisions of which any Registered Owner of this Subordinate Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Subordinate Series 2021 Bonds; the Authority's student loan origination and acquisition program; the revenues and other money pledged to the payment of the principal and redemption premium, if any, of and interest on the Subordinate Series 2021 Bonds; the nature and extent and manner of enforcement of the pledge; the conditions upon which the First Supplemental Indenture may be amended or supplemented with or without the consent of the Registered Owners of the Subordinate Series 2021 Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action, or proceeding in equity or at law with respect hereto and thereto; the rights, duties, and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, and covenants made therein may be discharged at or prior to the stated maturity or earlier redemption of this Subordinate Bond, and this Subordinate Bond thereafter shall no longer be secured by the First Supplemental Indenture or be deemed to be Outstanding, as defined in the First Supplemental Indenture, thereunder; and for the other terms and provisions thereof.

Subject to the limitations provided in the 2021 Indenture and upon payment of the charges required by the 2021 Indenture, Subordinate Series 2021 Bonds may be exchanged for a like aggregate principal amount of Subordinate Series 2021 Bonds of the same Series and other Authorized Denominations.

This Subordinate Bond is transferable by the Registered Owner hereof or his duly authorized attorney on the registration books of the Authority kept at the corporate trust office of the Registrar, upon surrender of this Subordinate Bond accompanied by a duly executed instrument of transfer in form and with warranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Authority, the Trustee, the Registrar, or the Paying Agent may prescribe. Upon any such transfer, a new Subordinate Series 2021 Bond and an authorized denomination or denominations of the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the 2021 Indenture. The Authority, the Registrar, the Trustee, and the Paying Agent may deem and treat the person in whose name this Subordinate Bond is registered as the absolute owner hereof, whether or not this Subordinate Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Authority, the Registrar, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority nor any officer or employee of the Authority shall be liable personally on

4841-7106-0190, v. 13

B-2-7

For purposes of paragraphs (iii) Special Optional Redemption from Excess Revenues and (iv) Special Mandatory Redemption from Excess Revenue, "Excess Revenue" shall mean: on each Payment Date, any funds remaining in the 2021 Revenue Account less \$500,000 (which shall remain in the 2021 Revenue Account), after payment of the Debt Service due and payable on the Series 2021 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2021 Bonds on the next succeeding December 1 is reserved to remain in the 2021 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, and "Cash Release Conditions" shall mean the Parity Percentage is at least equal to 118% and the amount of Accrued Assets less the amount of Accrued Liabilities (each as defined under the 2021 Indenture), is not less than \$6,500,000; provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2021B Bonds maturing on December 1, 2040 and the Subordinate Series 2021 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2021 Bonds pursuant to this paragraph (iv) shall be applied *first*, to the redemption of Senior Series 2021B Bonds maturing on December 1, 2040, *pro rata*, until such Senior Series 2021 Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2021 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2021B Bonds maturing on December 1, 2040 are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth in the First Supplemental Indenture (the "Mandatory Sinking Fund Term Bonds"), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

(vi) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2021 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2021 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding Sinking Fund Payment listed in the First Supplemental Indenture on a pro rata basis.

Notice of redemption is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2021 Bonds to be redeemed at the address of the Registered Owner, as shown on the

4841-7106-0190, v. 13

B-2-6

said bonds by reason of the issuance thereof. This Subordinate Bond is not and shall not be in any way a debt or liability of the State of New Jersey or of any political subdivision thereof and does not and shall not create or constitute any indebtedness, liability, or obligation of said State, or of any political subdivision thereof. This Subordinate Bond does not now and shall never constitute a charge against the general credit of the Authority.

The owner of this Subordinate Bond shall have no right to enforce the provisions of the 2021 Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the 2021 Indenture or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the 2021 Indenture. If an event of default under the 2021 Indenture occurs, the principal of all Subordinate Series 2021 Bonds then Outstanding issued under the 2021 Indenture may be declared due and payable upon the conditions and in the manner and with the effect provided in the 2021 Indenture.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution or statutes of the State of New Jersey or the 2021 Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of this Subordinate Bond exist, have happened, and have been performed, and that the issuance of this Subordinate Bond is within every debt and other limit prescribed by said Constitution, statutes or 2021 Indenture.

This Subordinate Bond shall neither be entitled to any security, right, or benefit under the 2021 Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

4841-7106-0190, v. 13

B-2-8

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Subordinate Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer of the Authority and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer of the Authority, all as of the Dated Date.

CERTIFICATE OF AUTHENTICATION

This Subordinate Bond is one of the Subordinate Series 2021 Bonds described herein.

(SEAL)

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Authenticating Agent

By: _____
Scott Olmsted
Vice President

By: _____
Gerald V. Traino
Chief Financial Officer

Authentication Date: May __, 2021.

Attest:

By: _____
David J. Socolow
Secretary

4841-7106-0190, v. 13

B-2-9

4841-7106-0190, v. 13

B-2-10

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

	(the "Transferee")
Name	
Address	

Social Security or Federal Employer Identification No. _____ the within Subordinate Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Subordinate Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:		
Signature Guaranteed:		NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Subordinate Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied
NOTICE: signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company		

UNLESS THIS SUBORDINATE BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SUBORDINATE BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

Authentication Date: _____

4841-7106-0190, v. 13

B-2-11

SCHEDULE C

STUDENT ELIGIBILITY AND CREDIT CRITERIA

I. ELIGIBILITY REQUIREMENTS FOR FIXED RATE STANDARD NJCLASS LOANS

Borrowers must be either a student (with or without a co-obligor or guarantor) meeting the student eligibility requirements below or a parent (with or without a co-obligor or guarantor) borrowing for the benefit of a child who is a student meeting the student eligibility requirements below. The student borrower or parent borrower and co-obligor or guarantor (if necessary) must meet the NJCLASS Loan Program eligibility criteria and one of the borrower(s) and/or co-obligor(s) or guarantor(s) must demonstrate creditworthiness as defined below. The Authority's current minimum income requirement is \$40,000.

STUDENT BORROWER

- 1) The Student must be a citizen or permanent resident of the United States.
- 2) New Jersey residents must be enrolled or accepted for enrollment at a college or university or non-traditional/proprietary institution eligible for Title IV, Higher Education Act of 1965 assistance, approved or licensed by the New Jersey Commission on Higher Education or its equivalent in another state and accredited by a nationally recognized accrediting association and having a federal cohort default rate of 25 percent or less. Out-of-state students, who attend an approved New Jersey school, are eligible as well. Approved schools also include certain proprietary institutions.
- 3) The student must be making satisfactory academic progress towards their degree or certificate.
- 4) The student must file all financial aid information required by the school to determine the student's eligibility for a Federal Stafford Loan before applying for an NJCLASS Loan.
- 5) The student borrower must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

PARENT BORROWER

- 1) The parent borrower must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as evidenced by Immigration and Naturalization Service documentation.
- 2) The parent borrower must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

CO-OBLIGOR/GUARANTOR

- 1) The co-obligor/guarantor must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as evidenced by Immigration and Naturalization Service documentation.
- 2) The co-obligor/guarantor must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

4841-7106-0190, v. 13

C-1

The student, the student's parent or the spouse of a student's parent must be a borrower. If the borrower(s) do not meet the minimum income requirement, they will need a co-obligor/guarantor. Co-obligor/guarantors must meet the income requirement.

II. CREDIT TEST FOR BORROWERS AND CO-OBLIGORS/GUARANTORS FOR FIXED RATE STANDARD NJCLASS LOANS

A. The Authority will retrieve a credit score and detailed consumer report only on those borrowers or co-obligors/guarantors who meet the minimum income requirement.

B. Borrower(s) or co-obligors/guarantors with a credit score of 700 or greater will be pre-approved.

C. Borrower(s) or co-obligors/guarantors must have a minimum credit score of at least 670.

D. If the credit score of a borrower or co-obligors/guarantor falls into the range (670–699), then those borrower(s) or co-obligors/guarantors must satisfy the credit history review outlined below to qualify.

If any of the following exist, it may result in a denial of a NJCLASS Loan. However, the applicant may still be eligible for a NJCLASS Loan if the applicant is able to secure a creditworthy cosigner.

- 1) 4 accounts 30 days delinquent within last 6 months
- 2) 1 account 60 days delinquent in the last 3 months
- 3) 2 accounts 60 days delinquent in the last 6 months
- 4) 4 or more accounts rated 60 days delinquent in the last 12 months
- 5) 1 or more account(s) 90 days or greater delinquent in the last 12 months
- 6) 1 or more unpaid collection, charged-off, or judgment accounts (non-medical) greater than \$100.00
- 7) 1 or more foreclosure(s) in the last 3 years
- 8) 1 or more repossession(s) in the last 3 years
- 9) Bankruptcy filed or discharged in the past 3 years
- 10) 1 or more unpaid tax lien(s)
- 11) 1 or more Student Loan(s) in default
- 12) 1 or more delinquent NJCLASS loan(s)

The Authority reserves the right to make the final credit assessment.

III. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/GUARANTORS FOR CONSOLIDATION LOANS

The borrower on a NJCLASS Consolidation Loan must be the borrower on each of the underlying loans included in the consolidation and the student beneficiary on such underlying loans being consolidated must no longer be enrolled in school.

The co-obligor/guarantor on a Consolidation Loan must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as

evidence by Immigration and Naturalization Service documentation. The co-obligor/guarantor must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

Borrowers or co-obligors must meet the Authority's minimum income requirement, currently \$40,000, and pass the credit test for borrowers and co-obligors/guarantors for Standard NJCLASS Loans as outlined in Paragraph II above.

IV. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/ GUARANTORS FOR REFINANCE LOANS

A student borrower or parent borrower will be eligible for a Refinance Loan if (1) at the time the original loan was originated, the student beneficiary was a resident of New Jersey or was enrolled at a college or university or non-traditional/proprietary institution located in New Jersey and eligible for Title IV, Higher Education Act of 1965 assistance, or (2) at the time the Refinance Loan is originated, the student beneficiary of the Refinance Loan is a resident of New Jersey.

Borrowers or co-obligors/guarantors must have a minimum income of \$40,000.

Borrower(s) or co-obligors/guarantors must have a minimum credit score of at least 670. The interest rate on the Refinance Loan is based upon the borrower or co-obligors/guarantor's credit score.

Borrower(s) or co-obligors/guarantors must not be in default under any outstanding Student Loan and must not be delinquent more than thirty-five (35) days on all outstanding Student Loans.

C-2

4841-7106-0190, v. 13

C-3

4841-7106-0190, v. 13

SCHEDULE D PROGRAM EXPENSES

Unless the Authority delivers to the Trustee a Rating Agency Confirmation from S&P, the following table shows the limits of the Program Expenses to be included in the Cash Flow Statement with respect to the Student Loans and Transferred Loans within the 2021 Indenture. For the avoidance of doubt, Program Expenses with respect to Bonds include indemnification amounts of the Trustee for performing the customary duties of the Trustee:

Item	Amount	Payment Frequency
Trustee Fee	0.007% per annum of each Series of Bond balance outstanding	yearly
Trustee Expenses	\$50,000 per annum per Series of Bonds to cover all expenses (including but not limited to, indemnification amounts) of the Trustee; provided that following the occurrence of an Event of Default under Sections 10.1(A)-(G), and otherwise after the acceleration of any Series of Bonds, no cap or annual limitation shall apply to such expenses.	yearly
Loan Administration Fee	For all loans, 0.15% per annum of each loan balance outstanding while the Parity Percentage is below 115.00% and 0.53% while the Parity Percentage is at or above 115.00%.	monthly
Servicing Fee	\$4.24 per loan per month (increased annually in July, starting July 1, 2022, by an amount not to exceed 3%)	monthly
Rating Agency Surveillance Fee	\$25,000 per annum with an annual inflation adjustment of 2%	yearly
Additional Program Expenses	If the Parity Percentage is above 110%, expenses associated with the transfer of servicer are allowable program expenses	monthly
Repayment Assistance Program Expenses	For each Series of Bonds, \$2,500 per month through June 30, 2023, thereafter monthly payments of \$2,500 plus an amount equal to one twelfth	monthly

D-1

4841-7106-0190, v. 13

	(1/12) of 0.15% per annum of the aggregate amount of outstanding NJCLASS Loans for each Series (including Transferred Loans, but excluding Defaulted Loans and loans in the HIARP program) calculated on the December 31 loan balance of the prior year	
Defaulted Loan Collection Expenses	The Servicer's costs and expenses incurred in collecting a Defaulted Loan in an amount not to exceed 30% of the Gross Defaulted Loan Collections for such Defaulted Loan	monthly

A - 40

D-2

4841-7106-0190, v. 13

SCHEDULE E
BONDS TO BE REFUNDED

Student Loan Revenue Bonds, Series 2010-2

Maturity Date (December 1)	CUSIP No.	Par Outstanding
2030	646080 LX7	\$8,500,000
2036	646080 LY5	5,000,000

[This Page Intentionally Left Blank]

E-1

4841-7106-0190, v. 13

[This Page Intentionally Left Blank]

[This Page Intentionally Left Blank]

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I SHORT TITLE, DEFINITIONS, AND AUTHORITY	2
Section 1.1 Short Title	2
Section 1.2 Definitions	2
Section 1.3 Authority	8
Section 1.4 Time	8
ARTICLE II AUTHORIZATION, TERMS, AND ISSUANCE OF THE SERIES 2023 BONDS	9
Section 2.1 Principal Amount and Designation	9
Section 2.2 Purposes	9
Section 2.3 Date, Maturities, and Interest Rate	10
Section 2.4 Form, Denomination, Numbers, and Letters	10
Section 2.5 Appointment of Paying Agent and Dissemination Agent	10
Section 2.6 Appointment of Registrar and Authenticating Agent	10
Section 2.7 Book Entry; Letter of Representation	10
Section 2.8 Redemption of Series 2023 Bonds	11
Section 2.9 Investment of Series 2023 Bond Proceeds	14
ARTICLE III ESTABLISHMENT OF ADDITIONAL ACCOUNTS, APPLICATION OF PROCEEDS OF THE SALE OF SERIES 2023 BONDS; AND USE AND DISBURSEMENTS OF ACCOUNTS	15
Section 3.1 Establishment of Accounts	15
Section 3.2 Application of Series 2023 Bond Proceeds and Use of 2023 Accounts	17
Section 3.3 Instructions to Trustee Concerning Certain Program Expenses and Certain Costs of Issuance	19
Section 3.4 2023 Reserve Requirement	19
Section 3.5 Mandatory Sinking Fund Redemption of Mandatory Sinking Fund Term Bonds	20
Section 3.6 Intentionally Omitted	20
Section 3.7 Loan Limitations	20
Section 3.8 Amount of Program Expenses	20
Section 3.9 Rating Agency Permitted Investments	21
Section 3.10 Intentionally Omitted	21
Section 3.11 No Indemnification as Condition Precedent	21
Section 3.12 Loan Servicers and Servicing Acknowledgements	21
ARTICLE IV REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE AUTHORITY	23
Section 4.1 2023 NJCLASS Loan Requirements	23
Section 4.2 Loan Rates	25
Section 4.3 Additional Bonds	26
Section 4.4 Report to Rating Agency	26
Section 4.5 Loan Transfers	28
Section 4.6 Origination Period	29
Section 4.7 Original Issue Discount	29
Section 4.8 Acceleration Due to Prepayment of Other Obligations	29
ARTICLE V MISCELLANEOUS	30
Section 5.1 Amendment to Original Indenture	30
Section 5.2 Second Supplemental Indenture Construed with Original Indenture	30
Section 5.3 Original Indenture as Supplemented to Remain in Effect	30
Section 5.4 Instrument of Acceptance by Fiduciaries	30
Section 5.5 Execution in Counterparts; Electronic Signature	31
Section 5.6 Severability	31

i

4894-9912-7374, v. 7

Section 5.7	Confirmation of Actions	31
Section 5.8	Governing Law; Jurisdiction	31
Section 5.9	Waiver of Jury Trial	31
Section 5.10	AML Law	31
Section 5.11	Notices	32

SCHEDULE A	TERMS OF SERIES 2023 BONDS	A-1
SCHEDULE B-1	FORM OF SENIOR SERIES 2023 BONDS	B-1-1
SCHEDULE B-2	FORM OF SUBORDINATE SERIES 2023 BONDS	B-2-1
SCHEDULE C	STUDENT ELIGIBILITY AND CREDIT CRITERIA	C-1
SCHEDULE D	PROGRAM EXPENSES	D-1
SCHEDULE E	BONDS TO BE REFUNDED	E-1

SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture, dated as of May 1, 2023 (this "Second Supplemental Indenture"), by and between the Higher Education Student Assistance Authority (successor to the Higher Education Assistance Authority pursuant to N.J.S.A. 18A:71A-1 et seq., effective April 26, 1999) (the "Authority") and Computershare Trust Company, National Association, acting through its corporate trust services division, as successor trustee to Wells Fargo Bank, National Association (the "Trustee").

WHEREAS, the Authority and the Trustee have entered into an Indenture of Trust dated as of May 1, 2021 (the "Original Indenture"), as amended and supplemented by the First Supplemental Indenture dated as of May 1, 2021 (the "First Supplemental Indenture") (the Original Indenture, as amended and supplemented by the First Supplemental Indenture and this Second Supplemental Indenture, is hereinafter referred to as the "2021 Indenture"); and

WHEREAS, the Authority is established and created under and pursuant to the Higher Education Student Assistance Authority Law, constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey, effective April 26, 1999, as amended and supplemented, and any successor legislation (the "Act"); and

WHEREAS, the execution and delivery of the 2021 Indenture (including this Second Supplemental Indenture) and the issuance of the Series 2023 Bonds (as defined herein) hereunder have been in all respects duly and validly authorized by resolution duly adopted by the Authority.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH THAT:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE I

SHORT TITLE, DEFINITIONS, AND AUTHORITY

Section 1.1 **Short Title.** This Supplemental Indenture shall be known as and may be designated by the short title "Second Supplemental Indenture."

Section 1.2 **Definitions.** All words and phrases defined in Article I of the Original Indenture shall have the same meanings in this Second Supplemental Indenture, except as otherwise appears in this Section 1.2. In addition, the following terms shall have the following meanings, unless the context otherwise requires:

Acknowledgement shall have the meaning given to such term in Section 3.12(B)(ii) hereof.

Act of Bankruptcy means the filing of a petition in bankruptcy by (with respect to itself) or against the Authority under the United States Bankruptcy Code or commencement of similar proceedings by (with respect to itself) or against the Authority under applicable state bankruptcy or insolvency laws.

Administrative Fee means any application fee, origination fee, repayment fee or other fee due to the Authority for a 2023 NJCLASS Loan.

Aggregate Loan Balance means, as of the date of determination, the aggregate outstanding principal balance of a 2023 NJCLASS Loan, excluding any deferred interest which may be added to the principal of such 2023 NJCLASS Loan.

Aggregate Pool Loan Balance means, as of the date of determination, the aggregate of the Aggregate Loan Balances of all 2023 NJCLASS Loans.

Authorized Denominations means \$5,000 or any integral multiple in excess thereof.

Beneficial Owners shall have the meaning given to such term in Section 2.7 hereof.

Bond Purchase Agreement means the Bond Purchase Contract, dated April 28, 2023, between RBC Capital Markets, LLC, as representative of the Underwriters, and the Authority for the purchase and sale of the Series 2023 Bonds.

Bonds to be Refunded means all of the Authority's Outstanding Student Loan Revenue Bonds, Series 2012-1 and Student Loan Revenue Bonds, Series 2013-1, each originally issued pursuant to the 2012-1 Indenture, all as more particularly set forth on Schedule E.

Calendar Quarter means each three-month period ending on March 31, June 30, September 30 or December 31, as the case may require.

Cash Release Conditions means (i) the Parity Percentage is at least equal to 113% and (ii) the amount of Accrued Assets minus the amount of Accrued Liabilities is at least

2

4894-9912-7374, v. 7

of such additional Student Loan Revenue Bonds shall be Originated at the same Loan Rates as those established for the additional Student Loan Revenue Bonds, from and after the issue date of such additional Student Loan Revenue Bonds through the remainder of the later of the Origination Period or Recycling Period, if the Authority satisfies the Rating Agency Notice Conditions in connection with such change.

Mandatory Sinking Fund Term Bonds shall have the meaning given to such term in Section 2.8(A)(v).

Official Statement means the Official Statement issued in preliminary form and deemed final by an Authorized Officer, relating to the offering of the Series 2023 Bonds, dated the date of sale of the Series 2023 Bonds.

Option 1 Loan means a Student Loan made under the NJCLASS Loan Program, the principal of and interest on which is payable monthly immediately upon disbursement.

Option 2 Loan means a Student Loan made under the NJCLASS Loan Program, the interest on which is due and payable monthly and the principal of which is deferred by the borrower during the period of time the borrower attends school.

Option 3 Loan means a Student Loan made under the NJCLASS Loan Program, the principal of and interest on which is deferred by the borrower during the period of time the borrower attends school.

Origination Period means (i) the period commencing on the Issue Date and ending on October 1, 2023 with respect to the cumulative origination of \$72,900,000 in 2023 Student Loans; (ii) the period commencing October 2, 2023 and ending on February 1, 2024 with respect to the cumulative origination of \$145,800,000 in 2023 Student Loans; (iii) the period commencing February 2, 2024 and ending on October 1, 2024 with respect to the cumulative origination of \$191,400,000 in 2023 Student Loans; and (iv) the period commencing October 2, 2024 and ending on April 1, 2025 with respect to the cumulative origination of the remaining amounts expected to be approximately \$205,000,000 originally deposited into the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account and 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score); provided that any of the periods or amounts described in clauses (i) through (iv) may be extended or modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension or modification.

Parity Percentage means the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities. For purposes of the definition of Parity Percentage, "Accrued Assets" shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

Parity Percentage Requirement for purposes of Section 5.5(A)(xi) of the Original Indenture and with respect to all Bonds issued and Outstanding under the Original Indenture, including the Series 2023 Bonds, means the Cash Release Conditions have been met.

Person or "person" means any natural person and any firm, partnership, joint venture, joint-stock company, trust, association, unincorporated organization or corporation, or

\$8,500,000; provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction. For purposes of the definition of Cash Release Conditions, "Accrued Assets" shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

Consolidation Loan means a loan that consolidates into a single loan at the time it is made the unpaid principal (including any accrued interest) of two or more outstanding NJCLASS Loans totaling at least \$30,000 with a loan term not exceeding 25 years (for Consolidation Loans less than \$60,000) or 30 years (for Consolidation Loans equal to or greater than \$60,000), and which satisfies the credit criteria set forth in Schedule C of this Second Supplemental Indenture.

DTC means The Depository Trust Company, New York, New York, which shall act as securities depository for the Series 2023 Bonds and any successors or assigns.

EMMA means the Electronic Municipal Market Access System, an internet based filing system created and maintained by the Municipal Securities Rulemaking Board in accordance with Release No. 34-59062, of the Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the Series 2023 Bonds, and other filers on behalf of such issuers shall upload continuing disclosure information to assist underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) as it applies to the Series 2023 Bonds and to provide the general public with access to such continuing disclosure information.

Fixed Rate Standard NJCLASS Loan means an Eligible Student Loan made under the NJCLASS Loan Program with a fixed rate of interest for a loan term not to exceed 10 years with respect to Option 1 Loans, 15 years with respect to Option 2 Loans and 20 years with respect to Option 3 Loans, and which satisfies the credit criteria set forth in Schedule C of this Second Supplemental Indenture.

Issue Date means the date of delivery upon original issuance of the Series 2023 Bonds, which is May 11, 2023.

Loan Rate means, for 2023 NJCLASS Loans, the nominal interest rate charged by the Authority for the Eligible Student Loan. The Loan Rates for Eligible Student Loans made with proceeds of the Series 2023 Bonds and Recoveries of Principal on 2023 NJCLASS Loans during the Recycling Period are set forth in or determined in accordance with Section 4.2 of this Second Supplemental Indenture, and such Eligible Student Loans shall not be made at any rate lower than such Loan Rates unless approved by an Authorized Officer and there shall have been delivered to the Trustee (i) a Bond Counsel's Opinion to the effect that the revised Loan Rates are authorized or permitted by the Act, the 2021 Indenture (including this Second Supplemental Indenture) and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2023 Bonds, (ii) a Cash Flow Statement taking into account the revised Loan Rates and (iii) a Rating Agency Confirmation from S&P; provided that, if Additional Bonds are issued under the 2021 Indenture, or any additional Student Loan Revenue Bonds of the Authority are issued under any Indenture of Trust between the Authority and Trustee to finance the acquisition or origination of student loans, prior to the end of the Origination Period to fund Eligible Loans for academic year 2023/2024, then, at the option of the Authority, NJCLASS Loans to be Originated with remaining proceeds of the Series 2023 Bonds or Recoveries of Principal on 2023 NJCLASS Loans from and after the issue date

3

4894-9912-7374, v. 7

other entity, or public body government or political subdivision, including any state or federal agency.

Quarterly Report Date means, with respect to the Calendar Quarter ending on (i) March 31, on or before the following May 15, (ii) June 30, on or before the following August 15, (iii) September 30, on or before the following November 15 and (iv) December 31, on or before the following February 15, as applicable.

Rating Agency shall mean S&P.

Record Date means the date set forth in the 2021 Indenture.

Recycling Period means the period commencing on the Issue Date and ending on April 1, 2025 with respect to the use of Recoveries of Principal to Originate new 2023 Student Loans as provided herein; provided that the Recycling Period shall end on such earlier date, if any, on which an Event of Default shall occur and be continuing and the Recycling Period may be extended if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension.

Refinance Loan means a fixed rate loan that refinances an existing NJCLASS Loan, Federal loan or private student loan in active repayment, the principal of and interest on which is payable monthly immediately upon disbursement, for a loan term not to exceed 10 years or 15 years and which satisfies the credit criteria set forth in Schedule C of this Second Supplemental Indenture.

Refunding Bonds means the Senior Student Loan Revenue Refunding Bonds, Series 2023A, issued to refund the Bonds to be Refunded.

Responsible Officer shall mean, when used with respect to the Trustee, Paying Agent, Registrar, or Authenticating Agent, any officer in the corporate trust office of the Trustee, including any president, vice president, executive vice president, assistant vice president, treasurer, secretary, assistance secretary, corporate trust officer or any other officer thereof customarily performing functions similar to those performed by the individuals who at the time shall be such officers, respectively, or to whom any matter is referred because of such officer's knowledge of or familiarity with the particular subject, and, in each case, having direct responsibility for the administration of this Second Supplemental Indenture and the other transaction documents to which such Person is a party.

Revenue Account means any Account within the Revenue Fund created pursuant to a Supplemental Indenture.

S&P means S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC, its successors and assigns.

Second Supplemental Indenture means the Second Supplemental Indenture dated as of May 1, 2023, by and between the Authority and the Trustee, authorizing the issuance of the Series 2023 Bonds.

Senior Parity Percentage means the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities. For purposes of the definition of Senior Parity Percentage, "Accrued Liabilities" means with respect to any date, the sum of the principal of and

unpaid interest on all Outstanding Senior Bonds, plus all accrued but unpaid Program Expenses.

Senior Series 2023 Bonds means, collectively, the Senior Series 2023A Bonds and the Senior Series 2023B Bonds, each of which constitute Senior Bonds under the 2021 Indenture.

Senior Series 2023A Bonds means the Authority's \$38,300,000 Senior Student Loan Revenue Refunding Bonds, Series 2023A, which constitute Senior Bonds under the 2021 Indenture.

Senior Series 2023B Bonds means the Authority's \$184,250,000 Senior Student Loan Revenue Bonds, Series 2023B, which constitute Senior Bonds under the 2021 Indenture.

Series 2023 Bond Resolution means the resolution of the Authority adopted on March 22, 2023 authorizing the issuance and delivery of the Series 2023 Bonds.

Series 2023 Bonds means, collectively, the Senior Series 2023 Bonds and Subordinate Series 2023 Bonds authorized by Section 2.1 of this Second Supplemental Indenture and entitled "Student Loan Revenue Bonds, Series 2023."

Servicing Report shall have the meaning given to such term in Section 4.4(A) of this Second Supplemental Indenture.

Subordinate Bond Redemption Condition means, with respect to a proposed redemption of Subordinate Series 2023 Bonds under paragraphs (i), (iii) and (iv) of Section 2.8(A) hereof, if, after giving effect to such redemption, the Senior Parity Percentage is at least equal to 133.0%; provided that such Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

Subordinate Series 2023 Bonds means the Authority's \$21,100,000 Subordinate Student Loan Revenue Bonds, Series 2023C, which constitute Subordinate Bonds under the 2021 Indenture.

Transferred Loan shall mean any Eligible Student Loan transferred into the Trust Estate, including those Eligible Student Loans identified in Section 2.2(B) of this Second Supplemental Indenture.

Trustee means Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, or its successors or assigns.

2012-1 Indenture means the Indenture of Trust dated June 1, 2012 between the Authority and Wells Fargo Bank, National Association, as trustee, as amended and supplemented.

2021 Indenture shall have the meaning given to such term in the recitals to this Second Supplemental Indenture.

2023 NJCLASS Loans means those student loans originated in accordance with the terms and conditions of this Second Supplemental Indenture.

6

4894-9912-7374, v. 7

2023 Reserve Requirement means the Debt Service Reserve Fund Requirement applicable to the Series 2023 Bonds as specified in Section 3.4 of this Second Supplemental Indenture.

2023 Revenue Account means the account of the Revenue Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 Student Loan means an Eligible Student Loan which is a Fixed Rate Standard NJCLASS Loan, Consolidation Loan or Refinance Loan.

Unamortized Premium shall have the meaning given to such term in Section 2.8(A)(ii) hereof.

Underwriters shall mean RBC Capital Markets, LLC and Siebert Williams Shank & Co., LLC, as purchasers of the Series 2023 Bonds pursuant to the Bond Purchase Agreement.

United States Bankruptcy Code means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

Any reference in this Second Supplemental Indenture to making, originating, purchasing or acquiring (or similar words) 2023 Student Loans shall mean and include all such terms and words.

Section 1.3 Authority. This Second Supplemental Indenture is executed pursuant to the provisions of the Act, the Original Indenture, and the Series 2023 Bond Resolution. Nothing in this Second Supplemental Indenture, expressed or implied, is intended to or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Paying Agent, the Registrar, any other Fiduciary and the owners of the Series 2023 Bonds, any right, remedy or claim under or by reason of this Second Supplemental Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Second Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent, the Registrar, any other Fiduciary and the owners of the Series 2023 Bonds.

Section 1.4 Time. All references to time in this Second Supplemental Indenture shall refer to New York City time unless otherwise provided herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

8

4894-9912-7374, v. 7

2023 Accounts shall have the meaning given to such term in Section 3.1 of this Second Supplemental Indenture.

2023 Consolidation Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 Debt Service Reserve Account means the account of the Debt Service Reserve Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 Excess Yield Account means the account of the Excess Yield Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 NJCLASS Fixed Rate Standard Student Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 NJCLASS Loan means a 2023 Student Loan made with expenditures from the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score).

2023 Option 1 Loan Subaccount means the subaccount of the 2023 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 Option 2 Loan Subaccount means the subaccount of the 2023 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 Option 3 Loan Subaccount means the subaccount of the 2023 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 Rebate Account means the account of the Rebate Fund established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 Refinance Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this Second Supplemental Indenture (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score).

2023 Refinance Loan Subaccount - 670 to 719 Credit Score means the subaccount of the 2023 Refinance Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

2023 Repayment Subaccount means the subaccount of the 2023 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Second Supplemental Indenture.

7

4894-9912-7374, v. 7

ARTICLE II

AUTHORIZATION, TERMS, AND ISSUANCE OF THE SERIES 2023 BONDS

Section 2.1 Principal Amount and Designation.

(A) Pursuant to the provisions of the 2021 Indenture and in particular Sections 2.5, 2.6 and 8.1 of the Original Indenture, the Senior Series 2023 Bonds are hereby authorized in the aggregate principal amount of \$222,550,000 and the Subordinate Series 2023 Bonds are hereby authorized in the aggregate principal amount of \$21,100,000, for a total authorization of Series 2023 Bonds in the aggregate principal amount of \$243,650,000. The Senior Series 2023 Bonds shall consist of two separate Series of Bonds, with the Series used to refinance the Bonds to be Refunded being distinguished from the Bonds of all other Series by the title "Senior Student Loan Revenue Refunding Bonds, Series 2023A" and the Series used to finance Student Loans being distinguished from the Bonds of all other Series by the title "Senior Student Loan Revenue Bonds, Series 2023B." The Subordinate Series 2023 Bonds shall be distinguished from the Bonds of all other Series by the title "Subordinate Student Loan Revenue Bonds, Series 2023C."

(B) The Senior Series 2023 Bonds shall be issued as, and shall constitute, Senior Bonds under the 2021 Indenture and shall be payable as Senior Bonds as provided therein. The Subordinate Series 2023 Bonds shall be issued as, and shall constitute Subordinate Bonds under the 2021 Indenture and shall be payable as Subordinate Bonds as provided therein and herein. The Series 2023 Bonds shall be issued as fixed rate Tax-Exempt Bonds.

Section 2.2 Purposes.

(A) The Series 2023 Bonds are issued for the purpose of: (i) making deposits into the Student Loan Fund established pursuant to the 2021 Indenture in the amounts and in the Accounts and Subaccounts set forth in Article III hereof to be applied as set forth therein and herein, including, without limitation, to Originate 2023 NJCLASS Loans, (ii) currently refunding all or a portion of the Bonds to be Refunded, (iii) making deposits into special trust accounts established pursuant to the 2021 Indenture as required by and in the amounts specified in Article III hereof and (iv) to the extent possible, paying the Costs of Issuance for the Series 2023 Bonds.

(B) In connection with the refunding of the Bonds to be Refunded, Authority will transfer to the Trustee, approximately \$58,949,603 in principal balance, estimated as of May 5, 2023, of Eligible Student Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans other than Medical/Dental loans, loans with 0% interest rate or loans greater than 150 days delinquent, relating to the Bonds to be Refunded, which Eligible Student Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged to the payment of the Series 2023 Bonds (all such transferred loans shall collectively be referred to herein as, the "Transferred Loans").

(C) The 2023 NJCLASS Loans shall satisfy the criteria set forth in Schedule C attached hereto unless the Authority satisfies the Rating Agency Notice Conditions in connection with a change in such criteria.

A - 44

9

4894-9912-7374, v. 7

Section 2.3 Date, Maturities, and Interest Rate. The Series 2023 Bonds shall be payable at the places and in the manner set forth in the 2021 Indenture, this Second Supplemental Indenture and Schedule B attached hereto. The Series 2023 Bonds shall consist of serial bonds and term bonds, which shall be dated the Issue Date, shall bear interest, shall mature, shall be payable and shall be subject to redemption as described in Schedule A attached hereto and in Section 2.8 hereof.

Section 2.4 Form, Denomination, Numbers, and Letters. The Series 2023 Bonds shall be issued in the form of fully registered bonds without coupons, and the Series 2023 Bonds (and the Authenticating Agent's Certificate of Authentication) shall be issued in substantially the forms set forth in Schedule B attached hereto. The Series 2023 Bonds shall be issued in the Authorized Denominations and shall be numbered separately from 1 upward and may be preceded by a letter or letters so as to distinguish each Series of Series 2023 Bonds.

Section 2.5 Appointment of Paying Agent and Dissemination Agent. Computershare Trust Company, National Association is hereby appointed the Paying Agent with respect to the Series 2023 Bonds and the Dissemination Agent for the Series 2023 Bonds pursuant to the Continuing Disclosure Agreement dated the Issue Date, between the Authority and the Trustee, acting as Dissemination Agent. For so long as Computershare Trust Company, National Association is acting as Trustee it shall also act as Paying Agent. Notwithstanding anything in the 2021 Indenture to the contrary, the Paying Agent may be removed for cause at any time by an instrument signed by an Authorized Officer and filed with such Paying Agent.

Section 2.6 Appointment of Registrar and Authenticating Agent.

(A) Computershare Trust Company, National Association is hereby appointed Registrar with respect to the Series 2023 Bonds. For so long as Computershare Trust Company, National Association is acting as Trustee it shall also act as Registrar and Authenticating Agent.

(B) The Authority hereby determines that the appointment of an Authenticating Agent is necessary to the issuance of the Series 2023 Bonds and hereby appoints Computershare Trust Company, National Association as Authenticating Agent with respect to the Series 2023 Bonds.

Section 2.7 Book Entry; Letter of Representation. The Series 2023 Bonds shall be issued in book-entry-only form and shall be issued initially in the name of Cede & Co., as nominee for DTC, as registered owner of such Series 2023 Bonds, and held in the custody of DTC. The actual purchasers of the Series 2023 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 2023 Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Series 2023 Bond acquired. For so long as DTC shall continue to serve as securities depository for such Series 2023 Bonds, all transfers of beneficial ownership interests will be made by book-entry-only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2023 Bonds is to receive, hold or deliver any Series 2023 Bond certificate.

For every transfer and exchange of Series 2023 Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee or other governmental charge that may be imposed in relation thereto. Certificates for Series 2023

10

4894-9912-7374, v. 7

the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2023 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2023B Bonds and the Subordinate Series 2023 Bonds (except for the 2023 Rebate Account and the 2023 Excess Yield Account) established under Section 3.1 herein shall be applied to the redemption of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds. The amount to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2023 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2023B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2023B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2023B Bonds and Subordinate Series 2023 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2023B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds pursuant to this subparagraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds and Subordinate Series 2023 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on December 1, 2044 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to maturity, at the direction of the Authority, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2023 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this Section 2.8(A)(iii) the Cash Release Conditions are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this subparagraph (iii) shall be applied at the direction of the Authority as to the selection of Series 2023 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2023 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2023 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds maturing on December 1, 2044.

Bonds are required to be delivered to and registered in the name of the Beneficial Owner, under the following circumstances:

(a) DTC determines to discontinue providing its services with respect to Series 2023 Bonds, in which case such a determination may be made at any time by the giving of notice to the Authority and the Trustee discharging its responsibilities with respect thereto under applicable law; and

(b) The Authority determines that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners, the Authority or the State.

The Authority and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting.

Whenever, during the term of the Series 2023 Bonds, the beneficial ownership thereof is determined by a book-entry at DTC, the requirements in the 2021 Indenture for holding, delivering or transferring Series 2023 Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book-entry to produce the same effect.

The Authority hereby authorizes and directs the execution and delivery by an Authorized Officer of the Authority of a Letter of Representations or Letters of Representations, if required, with DTC and the Trustee in the standard form to effectuate a book-entry-only system with respect to the Series 2023 Bonds.

If, at any time, DTC ceases to hold such Series 2023 Bonds, all references to DTC with respect to such Series 2023 Bonds shall be of no further force or effect except that, if the Authority shall appoint a successor securities depository company, such references shall be deemed to refer to such successor securities depository company.

Section 2.8 Redemption of Series 2023 Bonds.

(A) The Series 2023 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2023B Bonds maturing on December 1, 2044 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2033 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2023 Bonds. Any optional partial redemption of Series 2023 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this Second Supplemental Indenture.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2023B Bonds and Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds remaining in

11

4894-9912-7374, v. 7

For purposes of Sections 2.8(A)(iii) and (iv), Excess Revenue shall mean: on each Payment Date, any funds remaining in the 2023 Revenue Account, less \$500,000 (which shall remain in the 2023 Revenue Account), after payment of the Debt Service due and payable on the Series 2023 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment and Sinking Fund Payment due on the Series 2023 Bonds on the next succeeding December 1 is reserved to remain in the 2023 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on December 1, 2044 and the Subordinate Series 2023 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this subparagraph (iv) shall be applied *first*, to the redemption of Senior Series 2023B Bonds maturing on December 1, 2044, *pro rata*, until such Senior Series 2023B Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2023 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2023B Bonds maturing on December 1, 2044 are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth below (the "Mandatory Sinking Fund Term Bonds"), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

Senior Series 2023B Bonds Due December 1, 2044

Date (December 1)	Sinking Fund Payment
2034	\$7,000,000
2035	7,000,000
2036	7,750,000
2037	8,000,000
2038	8,000,000
2039	8,000,000
2040	8,000,000
2041	8,000,000
2042	8,000,000
2043	9,000,000
2044*	9,000,000

* Final maturity

(vi) Notice. With respect to the Section 2.8(A)(ii) redemption, the Authority shall provide notice to the Trustee of any Series 2023 Bond proceeds remaining in the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719

Credit Score), as applicable, at the expiration of each Origination Period. With respect to the Section 2.8(iv) redemption, the Authority shall provide notice to the Trustee after the end of the Recycling Period, of the amount of Excess Revenue after making the transfers and payments for the Series 2023 Bonds set forth in Section 5.5(A)(i)-(viii) of the Original Indenture and evidence of satisfaction or failure of the Cash Release Conditions.

(vii) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be so redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2023 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2023 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding Sinking Fund Payment listed in Section 2.8(A)(v) on a pro rata basis.

(B) (i) The Authority may elect to apply moneys available in the Revenue Fund for the redemption of the Series 2023 Bonds pursuant to Section 2.8(A)(i) or (iii) hereof.

(ii) The Authority may elect to apply Excess Revenue available in the Revenue Fund (including any Account within the Revenue Fund) to the payment or redemption of any other Series of Bonds or to some other purpose if:

(a) notice of redemption of the Series 2023 Bonds from such moneys shall not have been given;

(b) but for such application, the mandatory redemption of all or a portion of the Series 2023 Bonds shall not have been required pursuant to this Section 2.8;

(c) the Cash Release Conditions have been satisfied;

(d) the Authority shall deliver to the Trustee at least twenty (20) Business Days prior to such election, a Cash Flow Statement taking into account the application of such moneys to the payment or redemption of other Series of Bonds or to some other purpose, and the Authority shall deliver to the Trustee at least ten (10) days prior to such election, a Bond Counsel's Opinion to the effect that the application of such moneys in accordance with the Authority's election will not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Bonds; and

(e) notice shall have been given to the Rating Agency at least twenty (20) days prior to such election of its intention to undertake the same.

Section 2.9 Investment of Series 2023 Bond Proceeds. Notwithstanding anything contained in the 2021 Indenture to the contrary, the Trustee shall not be liable for interest on any moneys received under the 2021 Indenture or hereunder.

14

4894-9912-7374, v. 7

Account for the Series that is not a Deficient Series, unless any of the transfers referenced in the preceding sentence would make such Series a Deficient Series; and provided further that the Debt Service Reserve Account for any Series shall not be Accounts from which the Trustee is permitted to transfer funds, unless failure to transfer such funds from those Accounts would result in an Event of Default under the Deficient Series. In no event shall the Trustee make an optional or mandatory redemption for a Series of Bonds if such redemption would cause a Series of Bonds to become a Deficient Series.

Notwithstanding the foregoing, once all of the Senior Series 2023 Bonds and Subordinate Series 2023 Bonds are fully paid, including all accrued and unpaid interest therefor, and the Series 2023 Bonds are no longer Outstanding, any funds deposited in the 2023 Revenue Account shall be transferred to the Revenue Account established for the oldest Series of Bonds outstanding under the 2021 Indenture and applied in accordance with Section 2.8 of the applicable Supplemental Indenture.

(B) The parties hereto agree that (i) each of the 2023 Accounts is a "securities account" (within the meaning of Section 8-501(a) of the UCC), in respect of which the Trustee is the "securities intermediary" (within the meaning of Section 8-102(a)(14) of the UCC) and the Trustee is the "entitlement holder" (within the meaning of Section 8-102(a)(7) of the UCC); (ii) each item of property (including cash) of the Authority credited to a 2023 Account shall be treated as a "financial asset" (within the meaning of Section 8-102(a)(9) of the UCC); (iii) the "securities intermediary's jurisdiction" (within the meaning of Section 8-110(e) of the UCC) with respect to each of the 2023 Accounts shall be New York; and (iv) the law in force in the State of New York is applicable to all issues specified in Article 2(1) of "The Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary", *ratified* Sept. 28, 2016, S. Treaty Doc. No. 112-6 (2012)" (the "Hague Securities Convention"). The Trustee represents and warrants that at the time that this Second Supplemental Indenture is entered into, the Trustee had a physical office in the United States that satisfied the criteria set forth in Article 4(1)(a) or (b) of the Hague Securities Convention. The Trustee agrees that, at all times while this Second Supplemental Indenture is in effect, it shall maintain a physical office in the United States that satisfies the criteria set forth in Article 4(1)(a) or (b) of the Hague Securities Convention. Notwithstanding the intent of the parties hereto, to the extent that any 2023 Account shall be determined to constitute a "deposit account" (within the meaning of Section 9-102(a)(29) of the UCC), the parties hereto agree that the depository institution holding the 2023 Accounts (i) shall treat the Trustee as the sole "customer" (within the meaning of Section 9-104 of the UCC) of the depository institution holding the 2023 Accounts with respect to such deposit account, and (ii) shall comply with instructions from the Trustee, without any consent by the Authority or any other Person. The parties hereto acknowledge and agree that each of the 2023 Accounts is subject to the sole dominion and control of Trustee, subject to the terms hereof. The Trustee shall have the sole right of withdrawal with respect to each 2023 Account in accordance with the terms of the 2021 Indenture and this Second Supplemental Indenture. The Authority shall not have a right of withdrawal with respect to any 2023 Account. The Trustee, subject to the terms of this Second Supplemental Indenture, shall comply with all "entitlement orders" (as defined in Section 8-102(a)(8) of the UCC) with respect to all "securities entitlements" (as defined in Section 8-102(a)(17) of the UCC) related to the 2023 Accounts, including any entitlement orders and instructions directing disposition of funds financial assets, or other assets in each of the 2023 Accounts originated by the Trustee without further consent by the Authority or any other party. The Trustee acknowledges and agrees that it has not entered into, and until the termination of this Second Supplemental Indenture shall not enter into, any agreement with any Person other than the Authority relating to any 2023 Account, and in each case any funds held therein, pursuant to which it has agreed, or will agree, to comply

16

4894-9912-7374, v. 7

ARTICLE III

ESTABLISHMENT OF ADDITIONAL ACCOUNTS, APPLICATION OF PROCEEDS OF THE SALE OF SERIES 2023 BONDS; AND USE AND DISBURSEMENTS OF ACCOUNTS

Section 3.1 Establishment of Accounts

(A) In addition to the Accounts previously established under the 2021 Indenture for other Outstanding Series of Bonds, the Trustee is directed to establish the following additional Accounts (collectively, the "2023 Accounts"): the 2023 NJCLASS Fixed Rate Standard Student Loan Account (and within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the 2023 Option 1 Loan Subaccount, the 2023 Option 2 Loan Subaccount, the 2023 Option 3 Loan Subaccount and the 2023 Repayment Subaccount); the 2023 Consolidation Loan Account; the 2023 Refinance Loan Account (and within the 2023 Refinance Loan Account, the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score); the 2023 Revenue Account; the 2023 Rebate Account; the 2023 Excess Yield Account; and the 2023 Debt Service Reserve Account. In accordance with the Act, the 2023 Debt Service Reserve Account is hereby designated as part of the New Jersey Higher Education Student Assistance Capital Reserve Fund for purposes of the Series 2023 Bonds. The Authority may, from time to time, direct the Trustee, in writing, to establish additional Accounts or Subaccounts in accordance with the 2021 Indenture or to close any Account or Subaccount during any period that no money is deposited in such Account or Subaccount. The 2023 Repayment Subaccount shall be closed following the expiration of the Recycling Period. Except as otherwise provided in this Second Supplemental Indenture, the moneys and securities relating to the Series 2023 Bonds (including Revenues and Recoveries of Principal arising from the 2023 Student Loans) deposited in the Accounts created hereby shall not be commingled with any moneys or securities relating to any other Series of Bonds heretofore or hereafter issued under the 2021 Indenture, if any, and deposited in the respective Accounts to which they relate, and moneys and securities required to be transferred between Accounts pursuant to Article V of the Original Indenture in respect of the Series 2023 Bonds shall only be transferred between the respective Accounts to which they relate, except to the extent that: (i) if the amounts deposited in the Accounts (excluding amounts deposited in the Accounts for the Series 2023 Bonds) are insufficient for required transfers or payments with respect to then Outstanding Bonds other than the Series 2023 Bonds or other amounts transferable or payable therefrom; or (ii) if the amounts deposited in the Accounts for the Series 2023 Bonds are insufficient for required transfers or payments with respect to the Series 2023 Bonds or other amounts transferable or payable therefrom, amounts on deposit in the Accounts shall be deemed commingled for purposes of making required transfers and payments in accordance with Article V of the Original Indenture; provided further that to the extent there are insufficient funds in the Revenue Account for a Series to make on any Interest Payment Date the interest payable on all Bonds on such date or to make on any Principal Payment Date, the amount of Principal Installments or Sinking Fund Payments due on the Senior Bonds and once Senior Bonds are no longer Outstanding, Principal Installments or Sinking Fund Payments on Subordinate Bonds and once Senior Bonds and Subordinate Bonds are no longer Outstanding, Principal Installments or Sinking Fund Payments on Junior Subordinate Bonds on such date (the "Deficient Series"), the Trustee shall first transfer funds from (i) any Revenue Account for a Series with funds in excess of the amount required to pay interest and Principal Installments or Sinking Fund Payments, if any, due on such date into the Revenue Account for such Deficient Series, second (ii) from all Accounts for the Deficient Series including any Debt Service Reserve Account and last (iii) from the Debt Service Reserve

15

4894-9912-7374, v. 7

with orders or instructions of any other such Person. The parties hereto agree that this Section 3.1(B) shall constitute an account agreement for the purposes of the UCC, including Section 8-501 thereof

Section 3.2 Application of Series 2023 Bond Proceeds and Use of 2023

Accounts

(A) \$253,681,508.00 (equal to the aggregate principal amount of Series 2023 Bonds, plus net original issue premium paid to the Authority in the amount of \$10,031,508.00) shall be deposited with the Trustee for transfer to the following Accounts (the Authority shall pay the Underwriters' fee of \$1,623,014 from otherwise available funds of the Authority, but shall retain \$50,000 of such fee to be released to RBC Capital Markets, LLC, upon satisfactory completion of the conditions in Section 9(d) of the Purchase Contract):

(i) To the trustee under the 2012-1 Indenture, for immediate transfer to the applicable revenue accounts thereunder, \$43,808,508 from the proceeds of the sale of the Series 2023A Bonds and net premium paid to the Authority, to be applied to pay the principal on the Bonds to be Refunded on the date fixed for redemption, as set forth in Schedule E; and

(ii) To the 2023 Option 1 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$55,000,000 to be used to Originate Option 1 Loans; and

(iii) To the 2023 Option 2 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$62,000,000 to be used to Originate Option 2 Loans; and

(iv) To the 2023 Option 3 Loan Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$25,000,000 to be used to Originate Option 3 Loans; and

(v) To the 2023 Consolidation Loan Account, the amount of \$18,000,000 to Originate Consolidation Loans; and

(vi) To the 2023 Refinance Loan Account (excluding the deposit to the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score), the amount of \$35,000,000 to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score equal to or greater than 720; and

(vii) To the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score within the 2023 Refinance Loan Account, the amount of \$10,000,000 to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score less than 720; and

(viii) To the 2023 Debt Service Reserve Account, the amount of \$4,873,000 in satisfaction of the 2023 Reserve Requirement.

(B) Upon the refunding of the Bonds to be Refunded, the Authority will transfer the Transferred Loans from the 2012-1 Indenture to the 2021 Indenture, which Transferred Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged as security for the repayment of principal and interest on all Bonds issued under the 2021 Indenture.

17

4894-9912-7374, v. 7

(C) Prior to or simultaneously with the refunding of the Bonds to be Refunded, the Authority will direct the trustee under the 2012-1 Indenture to apply \$15,117,411.52 of proceeds on deposit in the 2012-1 Revenue Account, 2012-1 Debt Service Reserve Account, 2013-1 Revenue Account and 2013-1 Debt Service Account established under the 2012-1 Indenture to the payment of a portion of the principal, and the accrued interest on the Bonds to be Refunded on the date fixed for redemption;

(D) During the Origination Period, the Authority may direct the Trustee, in writing, to transfer funds within the Student Loan Fund, subject to the origination limitations set forth in Section 3.7 hereof.

(E) All Recoveries of Principal with respect to 2023 Student Loans and Transferred Loans shall be deposited by the Trustee upon the written direction of the Authority (i) during the Recycling Period, to the 2023 Repayment Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account to Originate new Option 1 Loans, Option 2 Loans and Refinance Loans; provided that no Recoveries of Principal may be used to originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score between 670 to 719 so that the aggregate principal amount of such Refinance Loans originated with the proceeds of the Series 2023 Bonds and Recoveries of Principal exceeds \$15,000,000 and (ii) following the Recycling Period, to the 2023 Revenue Account, unless the Authority satisfies the Rating Agency Notice Conditions disclosing the use of Recoveries of Principal during the Recycling Period to originate other Eligible Student Loans. All Revenues from 2023 Student Loans and Transferred Loans shall be deposited in the 2023 Revenue Account. The Authority shall identify, in writing, to the Trustee Recoveries of Principal and Revenues as they are received by the Authority and into which Accounts the Recoveries of Principal and Revenues should be deposited. At conclusion or other termination of the Recycling Period, any funds remaining in the 2023 Repayment Subaccount within the 2023 NJCLASS Fixed Rate Standard Student Loan Account shall be transferred to the 2023 Revenue Account and the 2023 Repayment Subaccount will be closed.

(F) Student Loan Fund.

(i) \$142,000,000 from proceeds of the Series 2023 Bonds, shall be deposited in the 2023 NJCLASS Fixed Rate Standard Student Loan Account to Originate Fixed Rate Standard NJCLASS Loans (including \$55,000,000 to be held in the 2023 Option 1 Loan Subaccount and used to Originate Option 1 Loans, \$62,000,000 to be held in the 2023 Option 2 Loan Subaccount and used to Originate Option 2 Loans and \$25,000,000 to be held in the 2023 Option 3 Loan Subaccount and used to Originate Option 3 Loans);

(ii) \$18,000,000 from proceeds of the Series 2023 Bonds shall be deposited in the 2023 Consolidation Loan Account to be used to Originate Consolidation Loans; and

(iii) \$45,000,000 from proceeds of the Series 2023 Bonds shall be deposited in the 2023 Refinance Loan Account to be used to Originate Refinance Loans (including the \$10,000,000 held in the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score used to Originate Refinance Loans to borrowers or co-obligors, as applicable, with a credit score less than 720).

(G) 2023 Revenue Account.

(i) On each Payment Date, the Authority shall pay the amount of interest, Principal Installments or Sinking Fund Payments, as applicable, for the Senior Series 2023 Bonds

18

4894-9912-7374, v. 7

Requirement shall equal the greater of (i) two percent (2%) of the principal amount of Outstanding Series 2023 Bonds on such date and (ii) \$1,000,000.

Section 3.5 Mandatory Sinking Fund Redemption of Mandatory Sinking Fund Term Bonds. With respect to the redemption of Mandatory Sinking Fund Term Bonds, the Trustee shall, without further authorization or direction of the Authority, apply monies in the Revenue Fund on each Principal Payment Date upon which a Sinking Fund Payment is due to the retirement of the Mandatory Sinking Fund Term Bonds in accordance with Section 2.8 herein. The Trustee shall give notice of all such redemptions in the name and on behalf of the Authority in accordance with the provisions of Article VI of the Original Indenture.

Section 3.6 Intentionally Omitted.

Section 3.7 Loan Limitations. Unless the Authority satisfies the Rating Agency Notice Conditions disclosing a proposed deviation from the below:

(A) the Authority hereby agrees that it shall not Originate Option 1 Loans and Refinance Loans to borrowers or co-obligors, as applicable, with a credit score equal to or greater than 720 with a 10 year loan term from proceeds of the Series 2023 Bonds or otherwise permit a 2023 Fixed Rate Standard NJCLASS Loan Originated from proceeds of the Series 2023 Bonds to become an Option 1 Loan (computed as of the date of origination of each Option 1 Loan or such later date as a 2023 NJCLASS Loan is to become an Option 1 Loan and without regard to any amount of deferred interest which may be added to principal) such that the aggregate principal amount of all such Option 1 Loans and Refinance Loans to borrowers or co-obligors, as applicable, with a credit score equal to or greater than 720 with a 10 year loan term is greater than \$110,000,000;

(B) the Authority hereby agrees that it shall not Originate Option 3 Loans from proceeds of the Series 2023 Bonds or otherwise permit a 2023 Fixed Rate Standard NJCLASS Loan Originated from proceeds of the Series 2023 Bonds to become an Option 3 Loan (computed as of the date of origination of each Option 3 Loan or such later date as a 2023 NJCLASS Loan is to become an Option 3 Loan and without regard to any amount of deferred interest which may be added to principal) such that the aggregate principal amount of all such Option 3 Loans which are Fixed Rate Standard NJCLASS Loans is greater than \$25,000,000;

(C) the Authority hereby agrees that it shall not Originate from the proceeds of the Series 2023 Bonds more than \$15,000,000 of aggregate principal amount of Refinance Loans (computed as of the date of Origination) to borrowers or co-obligors, as applicable, having a credit score less than 720; and

(D) the Authority hereby agrees that it shall not Originate Consolidation Loans from proceeds of the Series 2023 Bonds in an aggregate principal amount (computed as of the date of origination) exceeding \$18,000,000.

Section 3.8 Amount of Program Expenses. The Authority hereby agrees and covenants that the payment of Program Expenses for the NJCLASS Loan Program pursuant to the 2021 Indenture as of any date shall not exceed the amount of Program Expenses for the NJCLASS Loan Program set forth in the most recent Cash Flow Statement delivered prior to such date. Any change to the Program Expenses listed on Schedule D requested by the Authority shall be subject to the delivery by the Authority of a Cash Flow Statement to the Trustee and a Rating Agency Confirmation from the Rating Agency.

20

4894-9912-7374, v. 7

coming due on such date and, to the extent funds are sufficient therefor, and the Authority shall pay the amount of interest, Principal Installments or Sinking Fund Payments, as applicable, for the Subordinate Series 2023 Bonds, in the order of priority established by Section 5.5(A) of the Original Indenture.

(ii) On each Payment Date prior to the termination of the Recycling Period, any funds remaining in the 2023 Revenue Account, after payment of the Principal Installment or interest due and payable on the Senior Series 2023 Bonds on such Payment Date and, to the extent funds are sufficient therefor, after payment of the principal or of interest on the Subordinate Series 2023 Bonds and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, may be transferred to the 2023 NJCLASS Fixed Rate Standard Student Loan Account at the written direction of the Authority or may be applied in accordance with Section 2.8(A)(iii) of this Second Supplemental Indenture.

(H) 2023 Debt Service Reserve Account. The 2023 Debt Service Reserve Account shall be funded with proceeds of the Series 2023 Bonds in an amount equal to the 2023 Reserve Requirement as set forth in Section 3.4 hereof. The 2023 Debt Service Reserve Account shall only be available to pay Principal Installments of or interest on the Series 2023 Bonds except in the event (i) there are sufficient funds in the 2023 Revenue Account to pay Principal Installments of or interest on the Series 2023 Bonds and (ii) failure to utilize the 2023 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds.

(I) 2023 Rebate Account and 2023 Excess Yield Account. The Authority shall provide notice to the Rating Agency of the amount of any deposit, if made, to the 2023 Rebate Account or the 2023 Excess Yield Account, in accordance with Section 5.5(A)(i) of the Original Indenture.

Section 3.3 Instructions to Trustee Concerning Certain Program Expenses and Certain Costs of Issuance.

(A) The Trustee is hereby instructed to pay, from the moneys deposited to the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account, 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score), or the 2023 Revenue Account, the Program Expenses, as may be indicated in a Certificate of an Authorized Officer of the Authority delivered to the Trustee on the Issue Date, and from time to time thereafter in conformance with Sections 5.4 and 5.5 of the Original Indenture and this Second Supplemental Indenture.

(B) On July 1 of each year, any Program Expenses listed on Schedule D hereto for the prior fiscal year reserved from cash flow and not expended to pay Program Expenses, may be deposited into the 2023 Revenue Account and applied as set forth herein and in Section 5.5(A) of the Original Indenture.

(C) The Underwriters' fee, Costs of Issuance and any other costs and expenses incurred in connection with the authorization, issuance and delivery of the Series 2023 Bonds shall be paid for by the Authority from other available funds of the Authority or, at the direction of the Authority, from a portion of the proceeds of the Series 2023 Bonds.

Section 3.4 2023 Reserve Requirement. Upon issuance of the Series 2023 Bonds, the 2023 Reserve Requirement shall be the amount of \$4,873,000 (equal to two percent (2%) of the original principal amount of Series 2023 Bonds) and shall be funded with proceeds of the Series 2023 Bonds. Thereafter, as of any date of calculation, the 2023 Reserve

19

4894-9912-7374, v. 7

Section 3.9 Rating Agency Permitted Investments. As long as the Series 2023 Bonds are rated by S&P, all requirements for a rating by S&P in the definition of Investment Securities shall not be deemed satisfied with respect to an investment rated by S&P unless S&P has provided the required rating or waived such requirement. The Authority shall only invest the proceeds of the Series 2023 Bonds in Investment Securities, unless waived by the Rating Agency. Each of the Investment Securities may be purchased by the Trustee or through an affiliate of the Trustee. Absent written direction from the Authority (which may be in the form of standing instructions), funds will remain uninvested.

Section 3.10 Intentionally Omitted.

Section 3.11 No Indemnification as Condition Precedent. Anything in the 2021 Indenture or herein to the contrary notwithstanding, the Trustee agrees that it may not require indemnification as a condition precedent to (i) making payments of the principal, Redemption Price of and interest on the Series 2023 Bonds as required herein or (ii) mailing any notices of redemption or purchase as required hereby, it being understood and agreed, however, that while the Trustee may not require indemnification prior to or as a condition of performing the acts referred to in clauses (i) or (ii) above, the Trustee shall continue to be entitled to indemnification, as otherwise provided herein or in the 2021 Indenture, for such acts.

Section 3.12 Loan Servicers and Servicing Acknowledgements.

(A) The Authority agrees that, unless the Authority satisfies the Rating Agency Notice Conditions in connection with a change in Servicer, the only permitted Servicer of 2023 NJCLASS Loans is the Authority.

(B) (i) The Trustee shall, at the direction of the Owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, replace the Authority as Servicer upon the occurrence of an Event of Default set forth in Section 10.1(A)-(G) of the Original Indenture and, with respect to the occurrence of an Event of Default set forth in Section 10.1(G) of the Original Indenture, the Authority fails to take action resulting in the withdrawal or dismissal of such bankruptcy proceeding within 60 days.

(ii) The Trustee shall, at the direction of the Owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, procure a third party successor Servicer and the Authority shall be required to act as master Servicer to oversee the successor Servicer and enter into any such contracts with the successor Servicer as may be required in the event of a Servicer Event of Default (as defined in and as provided in the Acknowledgement of Servicing by and between the Authority and the Trustee with respect to the 2023 NJCLASS Loans (the "Acknowledgement")). Notwithstanding the foregoing, the removal of the Authority as Servicer or the procurement of a successor Servicer shall not be effective until the successor Servicer shall have agreed in writing to be bound by the terms of a Servicing Acknowledgement in the same manner as the Authority, in its capacity as Servicer, is bound under the Acknowledgement, and provided further that if the Trustee is unable or unwilling to appoint a successor Servicer, the Trustee shall petition a court of competent jurisdiction to appoint a successor Servicer whose regular business includes the servicing of loans for post-secondary education.

(C) The Acknowledgement shall not be materially amended by the parties thereto unless the Authority satisfies the Rating Agency Notice Conditions in connection with such amendment.

21

4894-9912-7374, v. 7

4894-9912-7374, v. 7

(D) The Trustee shall provide notice to the Rating Agency if the Servicer is replaced or if a third-party successor Servicer is contracted by the Authority in accordance with Section 3.12(A) above and the Acknowledgement.

(E) All costs in connection with any transfer of servicing in accordance with Section 3.12(A) above shall constitute Program Expenses for purposes of the 2021 Indenture. In the event that the Parity Percentage of the Trust Estate is less than 105% or such other percentage as may be determined by the Authority if the Authority satisfies the Rating Agency Notice Conditions in connection with such determination and therefore insufficient to pay the costs of transfer of servicing, the payment of these expenses shall be the responsibility of the Authority or its successor.

(F) Each promissory note or notes evidencing a Student Loan Originated in accordance with the 2021 Indenture was or will be delivered to the Trustee prior to the related disbursement; furthermore, each such promissory note or notes was or may be executed by wet or electronic signature; provided that, the Trustee shall only hold possession of each original wet copy of such notes and the Authority shall hold the authoritative electronic notes; provided, however, upon the Trustee's request, the Authority shall provide copies of the authoritative electronic notes to the Trustee and shall retain the originals thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

inclusive of any authorized period of forbearance or deferment, with respect to Option 2 Loans, (iii) 20 years after the date of the first disbursement, inclusive of any authorized period of forbearance or deferment, with respect to Option 3 Loans, (iv) 25 years after the date of the first disbursement with respect to Consolidation Loans less than \$60,000, (v) 30 years after the date of the first disbursement with respect to Consolidation Loans greater than or equal to \$60,000 or (vi) 10 years or 15 years after the date of first disbursement with respect to Refinance Loans.

(D) The Authority shall not Originate any 2023 NJCLASS Loans with a credit score less than 670.

(E) Other than with respect to Consolidation Loans, there shall be no Administrative Fee for 2023 NJCLASS Loans. The Administrative Fee for Consolidation Loans shall equal 1% of the original principal amount of each Consolidation Loan and shall be retained by the Authority. Once a 2023 NJCLASS Loan has been made, the Authority may not grant any waivers or alterations to the payment structure for such 2023 NJCLASS Loan, except the deferral and forbearance options described under the Program Documentation, unless the Authority has satisfied the Rating Agency Notice Conditions in connection with such deviation.

(F) The Authority shall not provide borrower benefit programs for the 2023 NJCLASS Loans or Transferred Loans other than (i) the Repayment Assistance Program described in Section 4.1(K), (ii) the Household Income Affordable Repayment Plan ("HIARP") described in Section 4.1(L), (iii) the ACH Discount described in Section 4.1(M) and (iv) any other program following the satisfaction of the Rating Agency Notice Conditions by the Authority with respect to such additional program; loan forgiveness in order to reduce excess yield earnings shall not be deemed a borrower benefit program. Federal or state mandated loan forgiveness or tolling programs or changes to the Program Documentation to ease deferment or forbearance provisions during times of federal or state declared emergency shall not be deemed a borrower benefit program.

(G) No adverse selection process will be used in originating the 2023 NJCLASS Loans.

(H) The Authority shall comply with the Origination limitations set forth in Section 3.7 of this Second Supplemental Indenture.

(I) No 2023 NJCLASS Loans will be Originated to students attending a school with a Federal cohort default rate greater than 25%, or such other percentage as set forth from time to time in the regulations established by the Authority.

(J) The Authority shall not Originate more than five percent (5%) of all Fixed Rate Standard NJCLASS Loans for students attending proprietary or trade school.

(K) The Authority shall offer a temporary loan deferment called the Repayment Assistance Program (as such term is defined in the Program Documentation) to certain qualifying borrowers of 2023 NJCLASS Loans (other than Consolidation Loans and Refinance Loans) and Transferred Loans. Eligibility for the Repayment Assistance Program is described in the Authority's Program Documentation.

(L) The Authority shall offer a household income-based repayment program called HIARP. HIARP shall be available to qualifying borrowers of 2023 NJCLASS Loans (other than Refinance Loans and Consolidation Loans) and Transferred Loans. The maximum amount of eligible loans subject to HIARP cannot exceed \$4,500,000. Through the HIARP program,

ARTICLE IV

REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE AUTHORITY

Section 4.1 2023 NJCLASS Loan Requirements. The Authority hereby represents, warrants and covenants that, unless the Authority satisfies the Rating Agency Notice Conditions in connection with a deviation from the below:

(A) With respect to each disbursement from the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score) to Originate 2023 NJCLASS Loans, as of the related disbursement date:

(i) the Authority and such disbursement will comply with the requirements of applicable federal and State law,

(ii) the disbursement will be a proper charge against the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Account 670-719 Credit Score),

(iii) all requirements of the 2021 Indenture and this Second Supplemental Indenture in connection with origination of 2023 NJCLASS Loans will have been met,

(iv) the Authority will be in compliance with the covenants set forth in the 2021 Indenture and in this Second Supplemental Indenture,

(v) no Event of Default will have occurred and be continuing,

(vi) the Recycling Period will not have terminated, and

(vii) the promissory note or notes with respect to each such 2023 NJCLASS Loan Originated will be delivered to the Trustee prior to the related disbursement; provided that such promissory note or notes may be executed by wet or electronic signature and the Trustee shall only hold possession of each original wet copy of such notes and the Authority shall hold the authoritative electronic notes; provided, however, upon the Trustee's request, the Authority shall provide copies of the authoritative electronic notes to the Trustee and shall retain the originals thereof;

(B) Each 2023 NJCLASS Loan will:

(i) be a Fixed Rate Standard NJCLASS Loan, Consolidation Loan or Refinance Loan;

(ii) comply with the covenants set forth in this Article IV and the credit criteria contained in Schedule C hereto; and

(iii) be Originated in the principal amount of such 2023 NJCLASS Loan plus unpaid accrued interest.

(C) No 2023 NJCLASS Loan will have a maturity date that is more than (i) 10 years after the date of the first disbursement, inclusive of any authorized period of forbearance or deferment, with respect to Option 1 Loans, (ii) 15 years after the date of the first disbursement,

monthly payments on eligible 2023 NJCLASS Loans and Transferred Loans shall be reduced to 15% of the total of the household income of all of the parties to the loan that exceed 150% of the federal poverty guideline for their family size, with a minimum monthly payment of \$25 ("Reduced Payments"). The repayment term for loans in the HIARP program will be extended to 25 years from the date of origination and any remaining balance at the end of 25 years will be forgiven. Interest on loans in the HIARP program shall continue to accrue during the HIARP period and upon a household no longer qualifying for eligibility under HIARP, such interest shall be capitalized. Borrowers can only enter HIARP after exhausting their two (2) years of Repayment Assistance Program eligibility. Eligibility for the HIARP is described in the Authority's Program Documentation.

(M) The Authority shall offer an interest rate discount of up to 25 basis points to certain qualifying borrowers of 2023 NJCLASS Loans who electronically submit re-occurring loan payments to the Authority (the "ACH Discount"). The availability of the ACH Discount shall be limited to 25% of the outstanding principal balance of 2023 NJCLASS Loans Originated. Eligibility for the ACH Discount is described further in the Authority's Program Documentation.

Section 4.2 Loan Rates. The Loan Rate for all 2023 NJCLASS Loans shall be as follows:

Fixed Rate Standard NJCLASS Loans:

- (i) for Option 1 Loans, 5.690% for the term of the loan.
- (ii) for Option 2 Loans, 5.890% for the term of the loan
- (iii) for Option 3 Loans, 7.490% for the term of the loan

Consolidation Loans:

The interest rate on Consolidation Loans will be a fixed rate based upon the weighted average interest rate of all the underlying loans being consolidated less 50 basis points. The interest rate of an underlying NJCLASS Loan is calculated using a blending of the applicable initial and step-up interest rates disclosed to the borrower. If the interest rate of an underlying NJCLASS Loan currently reflects the step-up interest rate, the step-up interest rate will be used solely in the calculation. If a variable rate NJCLASS Loan or an NJCLASS Loan with a 10-year repayment term is being included in the NJCLASS consolidation, the rate used in the weighted average calculation will be the equivalent 15- or 20-year fixed rate interest rate for the immediate repayment of principal and interest in effect at the time of disbursement of the underlying NJCLASS Loan Program loan. Interest on a Consolidation Loan will begin to accrue at the time of the loan disbursement.

Refinance Loans:

The interest rate on Refinance Loans will be a fixed rate based upon a borrower's or co-obligor's, as applicable, credit score as follows:

Credit Score	10 Year Interest Rate	15 Year Interest Rate
720+	5.990%	6.700%
670-719	6.550%	6.900%

Section 4.3 Additional Bonds.

(A) So long as any Series 2023 Bonds are Outstanding, the Authority shall not issue any Additional Bonds, unless:

(i) the Authority shall have delivered a Cash Flow Statement to the Rating Agency prior to the issuance of such Additional Bonds, taking into account the issuance of all such Additional Bonds, and the assumptions and scenarios in such Cash Flow Statement shall be acceptable to the Rating Agency; and

(ii) the Authority shall have delivered to the Trustee a Rating Agency Confirmation from the Rating Agency for the Series 2023 Bonds.

(B) So long as any Series 2023 Bonds are Outstanding, the Authority shall not execute and deliver any Supplemental Indenture for any purpose unless the Authority has satisfied the Rating Agency Notice Conditions.

Section 4.4 Report to Rating Agency.

(A) So long as any Series 2023 Bonds are Outstanding, the Authority will deliver to the Trustee and the Rating Agency, and shall file or cause the Trustee to file with the Municipal Securities Rulemaking Board uploaded to the EMMA website or such other national repository for the deposit of secondary market disclosure information permitted by Securities and Exchange Commission Rule 15(c)2-12, a servicing report (the "Servicing Report"), not later than each Quarterly Report Date, in each case calculated as of the last day of the related Calendar Quarter, which shall state the following:

(i) The number and Aggregate Pool Loan Balance of 2023 Student Loans outstanding as of the end of such Calendar Quarter;

(ii) The number and principal balance of 2023 NJCLASS Loans Originated by Option type and the number and principal balance of 2023 Student Loans which are in Option 1, Option 2 and Option 3 status;

(iii) The number and dollar amount of 2023 Student Loans which are delinquent 0-30, 31-60, 61-120, 121-180 and 181 or more days and the cumulative number and dollar amount of 2023 NJCLASS Loans which have been 181 or more days delinquent;

(iv) The cumulative number and dollar amount of 2023 Student Loans charged off since the Issue Date of the Series 2023 Bonds;

(v) The Gross Defaulted Loan Collections on defaulted 2023 Student Loans as of the end of such Calendar Quarter (broken out by principal and interest recovered) and the gross and net cumulative amounts of defaults on 2023 Student Loans as of the end of such Calendar Quarter and as a percentage of the original amount of 2023 Student Loans disbursed;

(vi) The dollar amount of the Series 2023 Bonds issued, the cumulative changes in the amount Outstanding and descriptions of such changes, as well as the Bonds Outstanding as of the end of such Calendar Quarter;

26

4894-9912-7374, v. 7

Origination Period and/or Recycling Period, as applicable, and detailing the following characteristics for such 2023 NJCLASS Loans:

-number and principal balance of 2023 NJCLASS Loans Originated by Option type; and

-number and principal balance of 2023 NJCLASS Loans Originated by type of loan (i.e. Fixed Rate Standard NJCLASS Loan, Consolidation Loan, Refinance Loan).

(C) The Authority will deliver to the Trustee and the Rating Agency a report within forty-five (45) days after the end of the final Origination Period which report shall include the number and balance of 2023 NJCLASS Loans Originated during the Origination Period detailing the following characteristics for such 2023 NJCLASS Loans:

-Percentage of 2023 NJCLASS Loans co-signed; and

-Original credit score (in increments of 10).

(D) So long as any Series 2023 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, annual audited financial statements of the NJCLASS Loan Program and Federal Family Education Loan Program prepared by an independent certified public accountant, within one hundred eighty (180) days of the completion of the NJCLASS Loan Program's and Federal Family Education Loan Program's Fiscal Year.

(E) So long as any Series 2023 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, within a reasonable time after request therefor, a report containing information with respect to updated static pool default and recovery information on 2023 NJCLASS Loans.

(F) So long as any Series 2023 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, semi-annually, a report including the total number and principal balance of outstanding Student Loans; and the number and principal balance of outstanding Student Loans by type of loan (i.e. Fixed Rate Standard NJCLASS Loan, Consolidation Loan, Refinance Loan); and the total principal balance of any loans forgiven to reduce excess yield earnings.

(G) Reports to S&P should be distributed as follows:

(i) For electronic delivery: servicer_reports@spglobal.com

(ii) For all other deliveries: 55 Water Street, 41st Floor
New York, New York 10041-0003
Attention: ABS Surveillance Group

Section 4.5 Loan Transfers. So long as the Series 2023 Bonds are Outstanding, the Authority shall not sell or transfer any Student Loan except (i) as authorized under the 2021 Indenture and (ii) for cash, except that the Authority may transfer Student Loans to another trust estate of the Authority in accordance with the requirements of Section 7.8 of the Original Indenture.

28

4894-9912-7374, v. 7

(vii) The beginning balance of the 2023 Debt Service Reserve Account, the cumulative withdrawals and deposits, and the balance of the 2023 Debt Service Reserve Account as of the end of such Calendar Quarter;

(viii) As of the end of such Calendar Quarter, the weighted average interest rate of all 2023 Student Loans Originated in the Aggregate Loan Balance;

(ix) As of the end of such Calendar Quarter, for all outstanding 2023 Student Loans, the weighted average original credit score and weighted average number of months to maturity;

(x) As of the end of such Calendar Quarter, a schedule of the net position (balance sheet), including the combined balance of cash on deposit in each Account and Subaccount for the Series 2023 Bonds, Accrued Assets, Accrued Liabilities, Parity Percentage and Senior Parity Percentage;

(xi) As of the end of such Calendar Quarter, a year to date statement of Revenues and Program Expenses and changes in net position;

(xii) Calculation of Cash Release Conditions and statement as to whether the Cash Release Conditions were met;

(xiii) Any funds released from the Trust Estate to the Authority;

(xiv) So long as the Series 2023 Bonds are rated by S&P, the Authority shall give S&P prompt written notice of any withdrawal from the 2023 Debt Service Reserve Account to pay Principal Installments of or interest on the Series 2023 Bonds, and of any deficiency amount certified by the Authority pursuant to Section 7.15 of the Original Indenture, and of any amount received from the State following such deficiency certification;

(xv) Amount of funds requested from the State to restore the Debt Service Reserve Fund and the amounts of funds so paid;

(xvi) Aggregate Loan Balance of all Student Loans purchased pursuant to Section 5.5(A)(vii) of the Original Indenture;

(xvii) number and principal balance of 2023 NJCLASS Loans utilizing HIARP and the Repayment Assistance Program;

(xviii) commencing with the Quarterly Report Date of November 15, 2023 for the Calendar Quarter ending September 30, as of the end of such Calendar Quarter, a schedule of total principal collections and interest collections on Student Loans; and

(xix) commencing with the Quarterly Report Date of November 15, 2023 for the Calendar Quarter ending September 30, as of the end of such Calendar Quarter, disbursements of Program Expenses and other Bond Fees, interest distribution to Bondholders and principal distribution to Bondholders.

(B) During any applicable Origination Period and Recycling Period, the Authority will deliver to the Trustee and the Rating Agency a report, no later than the fifteenth (15th) Business Day of each month, which report shall include, as of the last Business Day of the preceding month, the number and principal balance of 2023 NJCLASS Loans Originated during the

27

4894-9912-7374, v. 7

Section 4.6 Origination Period. All 2023 NJCLASS Loans shall be Originated within the time periods set forth under the definition for Origination Period in Section 1.2 of this Second Supplemental Indenture. A Student Loan shall be deemed Originated upon execution by a borrower of the promissory note. In the event a Student Loan is cancelled by the borrower after the end of the Origination Period and disbursed funds returned to the Authority, such disbursed funds shall be transferred, at the written direction of an Authorized Officer, to the 2023 Revenue Account.

Section 4.7 Original Issue Discount. The Authority will supply to the Trustee, at the time and in the manner required by applicable Treasury Regulations, for further distribution to such persons and, to the extent required by applicable Treasury Regulations, information with respect to any original issue discount accruing on the Series 2023 Bonds.

Section 4.8 Acceleration Due to Prepayment of Other Obligations. The Authority represents that the Series 2023 Bonds are of the type of debt instruments where payments under such debt instruments may be accelerated by reason of prepayments of other obligations securing such debt instruments.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

29

4894-9912-7374, v. 7

4894-9912-7374, v. 7

ARTICLE V

MISCELLANEOUS

Section 5.1 Amendments to Original Indenture.

(A) In accordance with Section 8.1(B) of the Original Indenture, Section 5.9 of the Original Indenture is hereby amended by the addition of the following new clause (C):

"(C) The Authority shall promptly provide written notice to any Rating Agency then providing a rating for one or more Series of Bonds in the event that any amounts held in trust under this Indenture are transferred to a successor Depository."

(B) In accordance with Section 8.1(I) of the Original Indenture, all references to money, securities, Accounts and/or Funds held by the Trustee in the Original Indenture, including, without limitation, to those references made in Sections 5.2(C), 5.3(E) and (F), 5.9, 5.10(B), 5.11(B), 5.12, 5.13, 5.14, 6.6 and 10.3 thereof, shall be deemed to mean money, securities, Accounts and/or Funds, as applicable, held or maintained by the Trustee at a Depository.

Section 5.2 Second Supplemental Indenture Construed with Original Indenture. All of the provisions of this Second Supplemental Indenture shall be deemed to be and construed as part of the Original Indenture to the same extent as if fully set forth therein.

Section 5.3 Original Indenture as Supplemented to Remain in Effect. Save and except as supplemented, amended or restated by the First Supplemental Indenture and this Second Supplemental Indenture, the Original Indenture shall remain in full force and effect.

Section 5.4 Instrument of Acceptance by Fiduciaries.

(A) Computershare Trust Company, National Association hereby accepts its appointment as Paying Agent, Registrar and Authenticating Agent and the duties and obligations thereof and agrees that this constitutes the written instrument of acceptance required by Section 11.2(B) of the Original Indenture. The Paying Agent, Registrar and Authenticating Agent shall be entitled to the rights, protections, benefits and immunities afforded to the Trustee under the 2021 Indenture. The rights, benefits, protections, immunities and indemnities afforded the Trustee hereunder and under the 2021 Indenture shall extend to the Trustee under any other transaction document or related agreement as though set forth therein in their entirety mutatis mutandis. Computershare Trust Company, National Association may, in such multiple capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles or other breach of duties to the extent that any such conflict or breach arises from the performance by Computershare Trust Company, National Association of express duties set forth in the 2021 Indenture and this Second Supplemental Indenture in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence (other than errors in judgment) and willful misconduct by Computershare Trust Company, National Association.

(B) So long as the Series 2023 Bonds are rated by S&P, the Depository is required to maintain a credit rating by S&P of no less than "A." If at any time the Depository's rating falls below the rating requirements set forth in the preceding sentence, the Depository shall notify the Authority, and the Authority shall remove the Depository and appoint a successor Depository within thirty (30) days. The removed Depository shall be entitled to all money then due to it

30

4894-9912-7374, v. 7

establish a business relationship or open an account with the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent. Each party hereby agrees that it shall provide the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, with such identifying information and documentation as the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, may request from time to time in order to enable the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, to comply with all applicable requirements of AML Law.

Section 5.11 Notices. Any notice, demand, direction, request, or other instrument authorized or required by this Second Supplemental Indenture to be given to or filed with the Authority, the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, shall be deemed to have been sufficiently given or filed for all purposes, if any, when delivered or sent by registered or certified mail, return receipt requested, postage prepaid, and, if given by telex, telegraphic or electronic means, shall be deemed given when transmitted (receipt confirmed) to the following addresses; provided that facsimile or electronic transmissions of notices shall only be deemed to have been sufficiently given or filed for all purposes if the Authority and the Fiduciaries have agreed to accept notices by facsimile or electronic communication, such notice has been sent by a person authorized to give such notice and receipt of such notice has been confirmed.

If to the Authority: New Jersey Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, P.O. Box 545, Trenton, New Jersey 08625, Attention: Chief Financial Officer (facsimile no. (609) 584-4831), (email: Jerry_traino@hesaa.org).

If overnight delivery to the Authority: New Jersey Higher Education Student Assistance Authority, #4 Quakerbridge Plaza, Mercerville, New Jersey 08619, Attention: Chief Financial Officer.

If to the Trustee, Paying Agent, Dissemination Agent, Registrar or Authenticating Agent: Computershare Trust Company, National Association, 1505 Energy Park Drive, St. Paul, MN 55108 Attention: Computershare Corporate Trust – Asset-Backed Administration (telephone no. 612-417-4350) (email: Christopher.Wall@computershare.com).

The Authority and the Fiduciaries may, by like notice to each other, designate any further or different addresses to which subsequent notices shall be sent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

under the 2021 Indenture. For the avoidance of doubt, if the Trustee does not serve as Depository, but appoints a custodian to hold the Bond Proceeds or Revenues on its behalf, such custodian shall be deemed the Depository for the purposes of this Section 5.4(B).

Section 5.5 Execution in Counterparts; Electronic Signature. This Second Supplemental Indenture shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Second Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of Bonds when required under the UCC or other Signature Law due to the character or intended character of the writings.

Section 5.6 Severability. If any Section, paragraph, clause, or provision of this Second Supplemental Indenture shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Second Supplemental Indenture.

Section 5.7 Confirmation of Actions. All actions (not inconsistent with the provisions of this Second Supplemental Indenture) heretofore taken by the Authority directed toward the issuance and sale of the Series 2023 Bonds are hereby ratified, approved, and confirmed.

Section 5.8 Governing Law; Jurisdiction. This Second Supplemental Indenture shall be construed in accordance with the laws of the State of New Jersey. The parties hereto agree to the non-exclusive jurisdiction of the State of New Jersey.

Section 5.9 WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS SECOND SUPPLEMENTAL INDENTURE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.10 AML Law. The parties hereto acknowledge that in accordance with laws, regulations and executive orders of the United States or any state or political subdivision thereof as are in effect from time to time applicable to financial institutions relating to the funding of terrorist activities and money laundering, including without limitation the USA Patriot Act (Pub. L. 107-56) and regulations promulgated by the Office of Foreign Asset Control (collectively, "AML Law"), the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, is required to obtain, verify, and record information relating to individuals and entities that

31

4894-9912-7374, v. 7

IN WITNESS WHEREOF, an Authorized Officer of the Authority and an authorized officer of the Trustee have hereunto executed this Second Supplemental Indenture as of the date first written above.

HIGHER EDUCATION STUDENT ASSISTANCE
AUTHORITY

By: 

Gerald V. Traino
Chief Financial Officer

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____


Scott Olmsted
Vice President

IN WITNESS WHEREOF, an Authorized Officer of the Authority and an authorized officer of the Trustee have hereunto executed this Second Supplemental Indenture as of the date first written above.

HIGHER EDUCATION STUDENT ASSISTANCE
AUTHORITY

By: _____
Gerald V. Traino
Chief Financial Officer

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By:  _____
Scott Olmsted
Vice President

SCHEDULE A

TERMS OF SENIOR SERIES 2023 BONDS AND SUBORDINATE SERIES 2023 BONDS

The Senior Series 2023 Bonds and the Subordinate Series 2023 Bonds will initially be dated and will bear interest from the Issue Date. Interest will be payable on June 1 and December 1 of each year, commencing December 1, 2023. Each Series of the Series 2023 Bonds will bear interest at the respective interest rates per annum, and will mature on December 1 in each of the years and in the respective principal amounts shown below:

\$38,300,000 SENIOR STUDENT LOAN REVENUE REFUNDING BONDS,
SERIES 2023A (AMT)

Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. [*]
2025	\$3,000,000	5.000%	3.570%	103.461%	646080 WR8
2026	4,000,000	5.000	3.540	104.835	646080 WS6
2027	4,000,000	5.000	3.470	106.393	646080 WT4
2028	4,000,000	5.000	3.490	107.563	646080 WU1
2029	4,000,000	5.000	3.470	108.900	646080 WV9
2030	4,350,000	5.000	3.480	110.020	646080 WW7
2031	4,950,000	5.000	3.530	110.771	646080 WX5
2032	5,000,000	5.000	3.570	111.489	646080 WY3
2033	5,000,000	5.000	3.610	112.108	646080 WZ0

\$184,250,000 SENIOR STUDENT LOAN REVENUE BONDS, SERIES 2023B (AMT)

Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. [*]
2025	\$9,000,000	5.000%	3.570%	103.461%	646080 XA4
2026	9,000,000	5.000	3.540	104.835	646080 XB2
2027	10,000,000	5.000	3.470	106.393	646080 XC0
2028	11,000,000	5.000	3.490	107.563	646080 XD8
2029	11,100,000	5.000	3.470	108.900	646080 XE6
2030	12,200,000	5.000	3.480	110.020	646080 XF3
2031	12,200,000	5.000	3.530	110.771	646080 XG1
2032	11,000,000	5.000	3.570	111.489	646080 XH9
2033	11,000,000	5.000	3.610	112.108	646080 XJ5

\$87,750,000 4.000% Senior Student Loan Revenue Bonds, Series 2023B (AMT) Term Bonds
Due December 1, 2044 Yield 4.110% Price 98.435% CUSIP No. 646080 XK2^{*}

\$21,100,000 SUBORDINATE STUDENT LOAN REVENUE BONDS,
SERIES 2023C (AMT)

Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. [*]
2053	\$21,100,000	5.000%	5.090%	98.609%	646080 XL0

^{*} CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondholders, and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products.

[SIGNATURE PAGE TO 2021 SECOND SUPPLEMENTAL INDENTURE]

4894-9912-7374, v. 7

A-1

SCHEDULE B-1

FORM OF SENIOR SERIES 2023 BONDS

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 2021 INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
SENIOR STUDENT LOAN REVENUE [REFUNDING] BOND, SERIES 2023[A][B]

No. R-[A][B]1 \$

Dated Date	Interest Rate	Maturity Date	CUSIP
May 11, 2023	%	December 1, 20__	646080 __

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT:

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each June 1 and December 1, commencing December 1, 2023 (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Computershare Trust Company, National Association (together with its successors as Paying Agent, the "Paying Agent"), in Minneapolis, Minnesota. Interest on this Bond is payable to the Registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Computershare Trust Company, National Association in its capacity as bond registrar (together with its successors as Registrar, the "Registrar"), by check or draft mailed to the Registered Owner at the registered address;

provided that, at the written request of the Registered Owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Capitalized terms used in this Bond and not defined herein shall have the meanings given thereto in the 2021 Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its Senior Student Loan Revenue [Refunding] Bonds, Series 2023[A][B] (the "2023[A][B] Bonds") issued as fully registered Bonds without coupons in the denominations of \$5,000 or integral multiples thereof ("Authorized Denominations") in the aggregate principal amount of [\$38,300,000] [\$184,250,000] under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act") and by virtue of a resolution duly adopted by the Authority on March 22, 2023 (the "Bond Resolution") and equally and ratably secured under an Indenture of Trust (the "Original Indenture"), dated as of May 1, 2021, as amended and supplemented, including by a Second Supplemental Indenture (the "Second Supplemental Indenture"), dated as of May 1, 2023, each by and between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (together with its successors in trust, the "Trustee") as the same from time to time has been or may be further amended, modified or supplemented by Supplemental Indentures (such Original Indenture, as amended and supplemented by any and all such Supplemental Indentures, including, without limitation, the Second Supplemental Indenture, is hereinafter referred to as the "2021 Indenture") for the purpose of, among other things, Originating Eligible Loans pursuant to the Act.

Simultaneously with the issuance of the 2023[A][B] Bonds, the Authority has issued its [\$38,300,000] [\$184,250,000] Student Loan Revenue [Refunding] Bonds, Series 2023[A][B] (the "2023[A][B] Bonds" and together with the 2023[A][B] Bonds, the "Senior 2023 Bonds") on parity with the 2023[A][B] Bonds and has issued its \$21,100,000 Subordinate Student Loan Revenue Bonds, Series 2023C (the "Subordinate Series 2023 Bonds" and together with the Senior 2023 Bonds, the "Series 2023 Bonds"; the Series 2023 Bonds, together with any Outstanding Bonds issued pursuant to the 2021 Indenture and any Additional Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Bonds"). The Subordinate Series 2023 Bonds shall constitute "Subordinate Bonds" for all purposes of the 2021 Indenture, except as specifically set forth below with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Senior Series 2023 Bonds. The 2021 Indenture pledges for the payment of the Bonds, subject to the terms and conditions of the 2021 Indenture, the Student Loans (defined in the 2021 Indenture) and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds, and accounts of the Authority set forth in the 2021 Indenture (collectively, the "Trust Estate").

Reference is hereby made to the 2021 Indenture for the provisions, among other things, with respect to the nature and extent of the Trust Estate securing payment of the Bonds, the manner of enforcement of such security, the custody and application of the proceeds of the Bonds, the terms and conditions upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee, the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent, or its successors in such capacity (the "Authenticating

4894-9912-7374, v. 7

B-1-3

670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2023 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2023B Bonds and the Subordinate Series 2023 Bonds (except for the 2023 Rebate Account and the 2023 Excess Yield Account) established under Section 3.1 of the Second Supplemental Indenture shall be applied to the redemption of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds. The amount to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2023 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2023B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2023B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2023B Bonds and Subordinate Series 2023 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2023B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds pursuant to this paragraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds and Subordinate Series 2023 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on December 1, 2044 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2023 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this paragraph the Cash Release Conditions (as defined herein) are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this subsection (iii) shall be applied at the direction of the Authority as to the selection of Series 2023 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2023 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2023 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds maturing on December 1, 2044.

For purposes of paragraphs (iii) *Special Optional Redemption from Excess Revenues* and (iv) *Special Mandatory Redemption from Excess Revenue*, "Excess Revenue" shall mean: on each Payment Date, any funds remaining in the 2023 Revenue Account less \$500,000 (which shall remain in the 2023 Revenue Account), after payment of the Debt Service

4894-9912-7374, v. 7

B-1-5

Agent"), and the rights of the holders of the Bonds. A copy of the 2021 Indenture is on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 2021 Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the 2021 Indenture.

Pursuant to the 2021 Indenture, Additional Bonds equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Original Indenture by the pledge and covenants made in the 2021 Indenture, with the Series 2023 Bonds may be issued from time to time in one or more Series for the purposes set forth therein.

The 2021 Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Bonds at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The 2021 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

The Series 2023 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2023B Bonds maturing on December 1, 2044 and, if the Subordinate Bond Redemption Condition (as defined herein) has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2033 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2023 Bonds. Any optional partial redemption of Series 2023 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this Second Supplemental Indenture.

For purposes of paragraphs (i) *Optional Redemption*, (iii) *Special Optional Redemption From Excess Revenue*, and (iv) *Special Mandatory Redemption From Excess Revenue*, "Subordinate Bond Redemption Condition" shall mean: the Senior Parity Percentage is at least equal to 133.0% after giving effect to the proposed redemption; provided that such Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2023B Bonds and Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds remaining in the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount -

4894-9912-7374, v. 7

B-1-4

due and payable on the Series 2023 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2023 Bonds on the next succeeding December 1 is reserved to remain in the 2023 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, and "Cash Release Conditions" shall mean the Parity Percentage is at least equal to 113% and the amount of Accrued Assets less the amount of Accrued Liabilities (each as defined under the 2021 Indenture), is not less than \$8,500,000 provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on December 1, 2044 and the Subordinate Series 2023 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this paragraph (iv) shall be applied *first*, to the redemption of Senior Series 2023B Bonds maturing on December 1, 2044, *pro rata*, until such Senior Series 2023 Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2023 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2023B Bonds maturing on December 1, 2044 are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth below (the "Mandatory Sinking Fund Term Bonds"), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

Senior Series 2023B Bonds Due December 1, 2044	
Date (December 1)	Sinking Fund Payment
2034	\$7,000,000
2035	7,000,000
2036	7,750,000
2037	8,000,000
2038	8,000,000
2039	8,000,000
2040	8,000,000
2041	8,000,000
2042	8,000,000
2043	9,000,000
2044*	9,000,000

*Final maturity.

4894-9912-7374, v. 7

B-1-6

(vi) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2023 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2023 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the amount of each then outstanding Sinking Fund Payment listed in paragraph (v) above on a pro rata basis.

Notice of redemption is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2023 Bond to be redeemed at the address of the Registered Owner, as shown on the registration books of the Authority maintained by the Registrar. Failure to give such notice to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2023 Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the 2021 Indenture, this Bond, if so called for redemption, shall become due and payable at the stated Redemption Price and to the extent moneys are available therefor, interest shall cease to accrue on this Bond and this Bond shall no longer be entitled to any benefit or security under the 2021 Indenture. The 2023[A][B] Bonds to be redeemed in whole or in part shall be selected as provided in the 2021 Indenture.

Reference is hereby made to the Second Supplemental Indenture, a copy of which is on file in the Principal Office of the Trustee, and to all of the provisions of which any Registered Owner of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Series 2023 Bonds; the Authority's student loan origination and acquisition program; the revenues and other money pledged to the payment of the principal and redemption premium, if any, of and interest on the Series 2023 Bonds; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Second Supplemental Indenture may be amended or supplemented with or without the consent of the Registered Owners of the Series 2023 Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action, or proceeding in equity or at law with respect hereto and thereto; the rights, duties, and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, and covenants made therein may be discharged at or prior to the stated maturity or earlier redemption of this Bond, and this Bond thereafter shall no longer be secured by the Second Supplemental Indenture or be deemed to be Outstanding, as defined in the 2021 Indenture, thereunder; and for the other terms and provisions thereof.

Subject to the limitations provided in the 2021 Indenture and upon payment of the charges required by the 2021 Indenture, 2023[A][B] Bonds may be exchanged for a like aggregate principal amount of 2023[A][B] Bonds of the same interest rate, maturity date and other Authorized Denominations.

4894-9912-7374, v. 7

B-1-7

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer of the Authority and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer of the Authority, all as of the Dated Date.

(SEAL)

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

By: _____
Gerald V. Traino
Chief Financial Officer

Attest:

By: _____
David J. Socolow
Secretary

4894-9912-7374, v. 7

B-1-9

This Bond is transferable by the Registered Owner hereof or his duly authorized attorney on the registration books of the Authority kept at the corporate trust office of the Registrar, upon surrender of this Bond accompanied by a duly executed instrument of transfer in form and with warranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Authority, the Trustee, the Registrar, or the Paying Agent may prescribe. Upon any such transfer, a new 2023[A][B] Bond or Bonds of the same Authorized Denomination or Authorized Denominations of the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the 2021 Indenture. The Authority, the Registrar, the Trustee, and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Authority, the Registrar, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority nor any officer or employee of the Authority shall be liable personally on said bonds by reason of the issuance thereof. This Bond is not and shall not be in any way a debt or liability of the State of New Jersey or of any political subdivision thereof and does not and shall not create or constitute any indebtedness, liability, or obligation of said State, or of any political subdivision thereof. This Bond does not now and shall never constitute a charge against the general credit of the Authority.

The owner of this Bond shall have no right to enforce the provisions of the 2021 Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the 2021 Indenture or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the 2021 Indenture. If an event of default under the 2021 Indenture occurs, the principal of all Bonds then Outstanding issued under the 2021 Indenture may be declared due and payable upon the conditions and in the manner and with the effect provided in the 2021 Indenture.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution or statutes of the State of New Jersey or the 2021 Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of this Bond exist, have happened, and have been performed, and that the issuance of this Bond is within every debt and other limit prescribed by said Constitution, statutes or 2021 Indenture.

This Bond shall neither be entitled to any security, right, or benefit under the 2021 Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

4894-9912-7374, v. 7

B-1-8

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2023[A][B] Bonds described herein.

COMPUTERSHARE TRUST COMPANY, NATIONAL
ASSOCIATION,
Authenticating Agent

By: _____
Scott Olmsted
Vice President

Authentication Date: May 11, 2023.

4894-9912-7374, v. 7

B-1-10

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

	(the "Transferee")
Name	
Address	

Social Security or Federal Employer Identification No. _____ the within 2023[A] [B] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within 2023[A][B] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:		
Signature Guaranteed:		NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within 2023[A][B] Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied
NOTICE: signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company		

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY 2023[A][B] BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

Authentication Date: _____

B-1-11

4894-9912-7374, v. 7

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS SUBORDINATE BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 2021 INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS SUBORDINATE BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
SUBORDINATE STUDENT LOAN REVENUE BOND, SERIES 2023C

No. R-C1 \$21,100,000

Dated Date	Interest Rate	Maturity Date	CUSIP
May 11, 2023	5.000%	December 1, 2053	646080 XLO

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT: TWENTY-ONE MILLION ONE HUNDRED THOUSAND DOLLARS

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each June 1 and December 1, commencing December 1, 2023 (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Subordinate Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Computershare Trust Company, National Association (together with its successors as Paying Agent, the "Paying Agent"), in Minneapolis, Minnesota. Interest on this Subordinate Bond is payable to the Registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Computershare Trust Company, National Association in its capacity as bond registrar (together

B-2-2

4894-9912-7374, v. 7

SCHEDULE B-2

FORM OF SUBORDINATE SERIES 2023 BONDS

with its successors as Registrar, the "Registrar"), by check or draft mailed to the Registered Owner at the registered address; provided that, at the written request of the Registered Owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Subordinate Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Capitalized terms used in this Bond and not defined herein shall have the meanings given thereto in the 2021 Indenture.

This Subordinate Bond is one of a duly authorized issue of Subordinate Bonds of the Authority designated as its Subordinate Student Loan Revenue Bonds, Series 2023C (the "Subordinate Series 2023 Bonds") issued as fully registered Subordinate Bonds without coupons in the denominations of \$5,000 or integral multiples thereof ("Authorized Denominations") in the aggregate principal amount of \$21,100,000 under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act") and by virtue of a resolution duly adopted by the Authority on March 22, 2023 (the "Bond Resolution") are secured under an Indenture of Trust (the "Original Indenture"), dated as of May 1, 2021, as amended and supplemented, including by a Second Supplemental Indenture (the "Second Supplemental Indenture"), dated as of May 1, 2023, each by and between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (together with its successors in trust, the "Trustee") as the same from time to time has been or may be further amended, modified or supplemented by Supplemental Indentures (such Original Indenture, as amended and supplemented by any and all such Supplemental Indentures, including, without limitation, the Second Supplemental Indenture, is hereinafter referred to as the "2021 Indenture") on a subordinate basis to Senior Bonds and on a senior basis to Junior Subordinate Bonds, if any, issued under the 2021 Indenture as provided in Section 5.5(A) of the Original Indenture for the purpose of, among other things, Originating Eligible Loans pursuant to the Act.

Simultaneously with the issuance of the Subordinate Series 2023 Bonds, the Authority has issued its \$38,300,000 Senior Student Loan Revenue Refunding Bonds, Series 2023A (the "2023A Bonds") and its \$184,250,000 Senior Student Loan Revenue Bonds, Series 2023B (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Senior Series 2023 Bonds" and together with the Subordinate Series 2023 Bonds, the "Series 2023 Bonds"; together with any Outstanding Bonds issued pursuant to the 2021 Indenture and any Additional Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Bonds"). The Subordinate Series 2023 Bonds shall constitute "Subordinate Bonds" for all purposes of the 2021 Indenture, except as specifically set forth below with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Senior Series 2023 Bonds. The 2021 Indenture pledges for the payment of the Subordinate Bonds, subject to the terms and conditions of the 2021 Indenture, the Student Loans (defined in the 2021 Indenture) and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds, and accounts of the Authority set forth in the 2021 Indenture (collectively, the "Trust Estate").

Reference is hereby made to the 2021 Indenture for the provisions, among other things, with respect to the priority of payment of the Subordinate Series 2023 Bonds, the nature and extent of the Trust Estate securing payment of the Bonds, the manner of enforcement of such

B-2-3

4894-9912-7374, v. 7

security, the custody and application of the proceeds of the Bonds, the terms and conditions upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee, the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent, or its successors in such capacity (the "Authenticating Agent"), and the rights of the holders of the Subordinate Series 2023 Bonds and Senior Bonds. A copy of the 2021 Indenture is on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 2021 Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the 2021 Indenture.

Pursuant to the 2021 Indenture, the Subordinate Series 2023 Bonds are equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Original Indenture by the pledge and covenants made in the 2021 Indenture, with the Senior Series 2023 Bonds (the Senior Series 2023 Bonds and, together with any Outstanding Senior Bonds issued pursuant to the 2021 Indenture and any Additional Bonds that are Senior Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Senior Bonds") issued by the Authority simultaneously with the issuance of the Subordinate Series 2023 Bonds and with any Additional Bonds (as defined in the 2021 Indenture) which may be issued from time to time in one or more Series for the purposes set forth therein.

The 2021 Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Highest Priority Bonds (as defined in the 2021 Indenture) then Outstanding at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The 2021 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

The Series 2023 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2023B Bonds maturing on December 1, 2044 and, if the Subordinate Bond Redemption Condition (as defined herein) has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2033 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2023 Bonds. Any optional partial redemption of Series 2023 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of the Second Supplemental Indenture.

For purposes of paragraphs (i) Optional Redemption, (iii) Special Optional Redemption From Excess Revenues and (iv) Special Mandatory Redemption From Excess Revenue, "Subordinate Bond Redemption Condition" shall mean: the Senior Parity Percentage is at least equal to 133.0% after giving effect to the proposed redemption; provided that such

4894-9912-7374, v. 7

B-2-4

2023 Bonds pursuant to this paragraph (iii) shall be applied at the direction of the Authority as to the selection of Series 2023 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2023 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2023 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds maturing on December 1, 2044.

For purposes of paragraphs (iii) Special Optional Redemption from Excess Revenues and (iv) Special Mandatory Redemption from Excess Revenue, "Excess Revenue" shall mean: on each Payment Date, any funds remaining in the 2023 Revenue Account less \$500,000 (which shall remain in the 2023 Revenue Account), after payment of the Debt Service due and payable on the Series 2023 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2023 Bonds on the next succeeding December 1 is reserved to remain in the 2023 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, and "Cash Release Conditions" shall mean the Parity Percentage is at least equal to 113% and the amount of Accrued Assets less the amount of Accrued Liabilities (each as defined under the 2021 Indenture), is not less than \$8,500,000; provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on December 1, 2044 and the Subordinate Series 2023 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2023 Bonds pursuant to this paragraph (iv) shall be applied *first*, to the redemption of Senior Series 2023B Bonds maturing on December 1, 2044, *pro rata*, until such Senior Series 2023 Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2023 Bonds.

(v) Mandatory Sinking Fund Redemption. The Senior Series 2023B Bonds maturing on December 1, 2044 are subject to sinking fund redemption, in whole or in part, pursuant to the 2021 Indenture, from amounts in the Revenue Fund available therefor (if any) in the amounts and on December 1 in each of the years set forth in the Second Supplemental Indenture (the "Mandatory Sinking Fund Term Bonds"), at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the redemption date.

(vi) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2023 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2023 Bonds left Outstanding must be in Authorized Denominations. In the case of a partial redemption of the Mandatory Sinking Fund Term Bonds, such redemption shall reduce the

4894-9912-7374, v. 7

B-2-6

Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2023B Bonds and Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds remaining in the 2023 NJCLASS Fixed Rate Standard Student Loan Account, 2023 Consolidation Loan Account or 2023 Refinance Loan Account (including the 2023 Refinance Loan Subaccount - 670 to 719 Credit Score), as applicable, at the expiration of each Origination Period; provided that if no 2023 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2023B Bonds and the Subordinate Series 2023 Bonds (except for the 2023 Rebate Account and the 2023 Excess Yield Account) established under Section 3.1 of the Second Supplemental Indenture shall be applied to the redemption of the Senior Series 2023B Bonds and Subordinate Series 2023 Bonds. The amount to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2023 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2023B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2023B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2023B Bonds and Subordinate Series 2023 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2023B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2023B Bonds and Subordinate Series 2023 Bonds pursuant to this paragraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2023B Bonds and Subordinate Series 2023 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2023B Bonds maturing on December 1, 2044 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2023 Bonds are subject to redemption prior to maturity, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2023 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this paragraph the Cash Release Conditions (as defined herein) are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series

4894-9912-7374, v. 7

B-2-5

amount of each then outstanding Sinking Fund Payment listed in the Second Supplemental Indenture on a *pro rata* basis.

Notice of redemption is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2023 Bonds to be redeemed at the address of the Registered Owner, as shown on the registration books of the Authority maintained by the Registrar. Failure to give such notice to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2023 Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the 2021 Indenture, this Subordinate Bond, if so called for redemption, shall become due and payable at the stated Redemption Price and to the extent moneys are available therefor, interest shall cease to accrue on this Subordinate Bond and this Subordinate Bond shall no longer be entitled to any benefit or security under the 2021 Indenture. The Subordinate Series 2023 Bonds to be redeemed in whole or in part shall be selected as provided in the 2021 Indenture.

Reference is hereby made to the Second Supplemental Indenture, a copy of which is on file in the Principal Office of the Trustee, and to all of the provisions of which any Registered Owner of this Subordinate Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Subordinate Series 2023 Bonds; the Authority's student loan origination and acquisition program; the revenues and other money pledged to the payment of the principal and redemption premium, if any, of and interest on the Subordinate Series 2023 Bonds; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Second Supplemental Indenture may be amended or supplemented with or without the consent of the Registered Owners of the Subordinate Series 2023 Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action, or proceeding in equity or at law with respect hereto and thereto; the rights, duties, and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, and covenants made therein may be discharged at or prior to the stated maturity or earlier redemption of this Subordinate Bond, and this Subordinate Bond thereafter shall no longer be secured by the Second Supplemental Indenture or be deemed to be Outstanding, as defined in the 2021 Indenture, thereunder; and for the other terms and provisions thereof.

Subject to the limitations provided in the 2021 Indenture and upon payment of the charges required by the 2021 Indenture, Subordinate Series 2023 Bonds may be exchanged for a like aggregate principal amount of Subordinate Series 2023 Bonds of the same Series and other Authorized Denominations.

This Subordinate Bond is transferable by the Registered Owner hereof or his duly authorized attorney on the registration books of the Authority kept at the corporate trust office of the Registrar, upon surrender of this Subordinate Bond accompanied by a duly executed instrument of transfer in form and with warranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Authority, the Trustee, the Registrar, or the Paying Agent may prescribe. Upon any such transfer, a new Subordinate Series 2023 Bond and an authorized denomination or denominations of the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the 2021 Indenture. The Authority, the Registrar, the Trustee, and the Paying Agent may deem and treat the person in whose name this Subordinate Bond is registered as the absolute owner hereof, whether or

4894-9912-7374, v. 7

B-2-7

not this Subordinate Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Authority, the Registrar, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority nor any officer or employee of the Authority shall be liable personally on said bonds by reason of the issuance thereof. This Subordinate Bond is not and shall not be in any way a debt or liability of the State of New Jersey or of any political subdivision thereof and does not and shall not create or constitute any indebtedness, liability, or obligation of said State, or of any political subdivision thereof. This Subordinate Bond does not now and shall never constitute a charge against the general credit of the Authority.

The owner of this Subordinate Bond shall have no right to enforce the provisions of the 2021 Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the 2021 Indenture or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the 2021 Indenture. If an event of default under the 2021 Indenture occurs, the principal of all Subordinate Series 2023 Bonds then Outstanding issued under the 2021 Indenture may be declared due and payable upon the conditions and in the manner and with the effect provided in the 2021 Indenture.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution or statutes of the State of New Jersey or the 2021 Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of this Subordinate Bond exist, have happened, and have been performed, and that the issuance of this Subordinate Bond is within every debt and other limit prescribed by said Constitution, statutes or 2021 Indenture.

This Subordinate Bond shall neither be entitled to any security, right, or benefit under the 2021 Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

4894-9912-7374, v. 7

B-2-8

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Subordinate Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer of the Authority and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer of the Authority, all as of the Dated Date.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

(SEAL)

By: _____
Gerald V. Traino
Chief Financial Officer

Attest:

By: _____
David J. Socolow
Secretary

4894-9912-7374, v. 7

B-2-9

CERTIFICATE OF AUTHENTICATION

This Subordinate Bond is one of the Subordinate Series 2023 Bonds described herein.

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION,
Authenticating Agent

By: _____
Scott Olmsted
Vice President

Authentication Date: May 11, 2023.

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

	(the "Transferee")
Name	
Address	

Social Security or Federal Employer Identification No. _____ the within Subordinate Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Subordinate Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:		
Signature Guaranteed:		
NOTICE: signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company		
		NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Subordinate Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied

UNLESS THIS SUBORDINATE BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SUBORDINATE BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

Authentication Date: _____

4894-9912-7374, v. 7

B-2-10

4894-9912-7374, v. 7

B-2-11

SCHEDULE C

STUDENT ELIGIBILITY AND CREDIT CRITERIA

I. ELIGIBILITY REQUIREMENTS FOR FIXED RATE STANDARD NJCLASS LOANS

Borrowers must be either a student (with or without a co-obligor or guarantor) meeting the student eligibility requirements below or a parent (with or without a co-obligor or guarantor) borrowing for the benefit of a child who is a student meeting the student eligibility requirements below. The student borrower or parent borrower and co-obligor or guarantor (if necessary) must meet the NJCLASS Loan Program eligibility criteria and one of the borrower(s) and/or co-obligor(s) or guarantor(s) must demonstrate creditworthiness as defined below. The Authority's current minimum income requirement is \$40,000.

STUDENT BORROWER

- 1) The Student must be a citizen or permanent resident of the United States.
- 2) New Jersey residents must be enrolled or accepted for enrollment at a college or university or non-traditional/proprietary institution eligible for Title IV, Higher Education Act of 1965 assistance, approved or licensed by the New Jersey Commission on Higher Education or its equivalent in another state and accredited by a nationally recognized accrediting association and having a federal cohort default rate of 25 percent or less. Out-of-state students, who attend an approved New Jersey school, are eligible as well. Approved schools also include certain proprietary institutions.
- 3) The student must be making satisfactory academic progress towards their degree or certificate.
- 4) The student must file all financial aid information required by the school to determine the student's eligibility for a Federal Stafford Loan before applying for an NJCLASS Loan.
- 5) The student borrower must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

PARENT BORROWER

- 1) The parent borrower must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as evidenced by Immigration and Naturalization Service documentation.
- 2) The parent borrower must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

CO-OBLIGOR/GUARANTOR

- 1) The co-obligor/guarantor must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as evidenced by Immigration and Naturalization Service documentation.
- 2) The co-obligor/guarantor must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

C-1

4894-9912-7374, v. 7

evidence by Immigration and Naturalization Service documentation. The co-obligor/guarantor must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

Borrowers or co-obligors must meet the Authority's minimum income requirement, currently \$40,000, and pass the credit test for borrowers and co-obligors/guarantors for Standard NJCLASS Loans as outlined in Paragraph II above.

IV. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/ GUARANTORS FOR REFINANCE LOANS

A student borrower or parent borrower will be eligible for a Refinance Loan if (1) at the time the original loan was originated, the student beneficiary was a resident of New Jersey or was enrolled at a college or university or non-traditional/proprietary institution located in New Jersey and eligible for Title IV, Higher Education Act of 1965 assistance, or (2) at the time the Refinance Loan is originated, the student beneficiary of the Refinance Loan is a resident of New Jersey.

Borrowers or co-obligors/guarantors must have a minimum income of \$40,000.

Borrower(s) or co-obligors/guarantors must have a minimum credit score of at least 670. The interest rate on the Refinance Loan is based upon the borrower or co-obligors/guarantor's credit score.

Borrower(s) or co-obligors/guarantors must not be in default under any outstanding Student Loan and must not be delinquent more than thirty-five (35) days on all outstanding Student Loans.

C-3

4894-9912-7374, v. 7

The student, the student's parent or the spouse of a student's parent must be a borrower. If the borrower(s) do not meet the minimum income requirement, they will need a co-obligor/guarantor. Co-obligor/guarantors must meet the income requirement.

II. CREDIT TEST FOR BORROWERS AND CO-OBLIGORS/GUARANTORS FOR FIXED RATE STANDARD NJCLASS LOANS

A. The Authority will retrieve a credit score and detailed consumer report only on those borrowers or co-obligors/guarantors who meet the minimum income requirement.

B. Borrower(s) or co-obligors/guarantors with a credit score of 700 or greater will be pre-approved.

C. Borrower(s) or co-obligors/guarantors must have a minimum credit score of at least 670.

D. If the credit score of a borrower or co-obligors/guarantor falls into the range (670–699), then those borrower(s) or co-obligors/guarantors must satisfy the credit history review outlined below to qualify.

If any of the following exist, it may result in a denial of a NJCLASS Loan. However, the applicant may still be eligible for a NJCLASS Loan if the applicant is able to secure a creditworthy cosigner.

- 1) 4 accounts 30 days delinquent within last 6 months
- 2) 1 account 60 days delinquent in the last 3 months
- 3) 2 accounts 60 days delinquent in the last 6 months
- 4) 4 or more accounts rated 60 days delinquent in the last 12 months
- 5) 1 or more account(s) 90 days or greater delinquent in the last 12 months
- 6) 1 or more unpaid collection, charged-off, or judgment accounts (non-medical) greater than \$100.00
- 7) 1 or more foreclosure(s) in the last 3 years
- 8) 1 or more repossession(s) in the last 3 years
- 9) Bankruptcy filed or discharged in the past 3 years
- 10) 1 or more unpaid tax lien(s)
- 11) 1 or more Student Loan(s) in default
- 12) 1 or more delinquent NJCLASS loan(s)

The Authority reserves the right to make the final credit assessment.

III. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/GUARANTORS FOR CONSOLIDATION LOANS

The borrower on a NJCLASS Consolidation Loan must be the borrower on each of the underlying loans included in the consolidation and the student beneficiary on such underlying loans being consolidated must no longer be enrolled in school.

The co-obligor/guarantor on a Consolidation Loan must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as

C-2

4894-9912-7374, v. 7

SCHEDULE D PROGRAM EXPENSES

Unless the Authority delivers to the Trustee a Rating Agency Confirmation from S&P, the following table shows the limits of the Program Expenses to be included in the Cash Flow Statement with respect to the Student Loans and Transferred Loans within the 2021 Indenture. For the avoidance of doubt, Program Expenses with respect to Bonds include indemnification amounts of the Trustee for performing the customary duties of the Trustee:

Item	Amount	Payment Frequency
Trustee Fee	0.007% per annum of each Series of Bond balance outstanding	yearly
Trustee Expenses	\$50,000 per annum per Series of Bonds to cover all expenses (including but not limited to, indemnification amounts) of the Trustee; provided that following the occurrence of an Event of Default under Sections 10.1(A)-(G) of the Original Indenture, and otherwise after the acceleration of any Series of Bonds, no cap or annual limitation shall apply to such expenses.	yearly
Loan Administration Fee	For all loans, 0.35% per annum of each loan balance outstanding while the Parity Percentage is below 109% and 0.73% while the Parity Percentage is at or above 109%.	monthly
Servicing Fee	\$4.24 per loan per month (increased annually in July, starting July 1, 2024, by an amount not to exceed 3%)	monthly
Rating Agency Surveillance Fee	\$25,000 per annum with an annual inflation adjustment of 2%	yearly
Additional Program Expenses	If the Parity Percentage is above 110%, expenses associated with the transfer of servicer are allowable program expenses	monthly
Repayment Assistance Program Expenses	For each Series of Bonds, an amount equal to the greater of (a) \$2,500 per month, or (b) one twelfth (1/12) of 0.05% per annum of the aggregate amount	monthly

	of outstanding Standard NJCLASS Loans for each Series (including Transferred Loans, but excluding Defaulted Loans and loans in the HIARP program) calculated on the December 31 loan balance of the prior year	
Defaulted Loan Collection Expenses	The Servicer's costs and expenses incurred in collecting a Defaulted Loan in an amount not to exceed 30% of the Gross Defaulted Loan Collections for such Defaulted Loan	monthly

SCHEDULE E
BONDS TO BE REFUNDED

Student Loan Revenue Bonds, Series 2012-1

Maturity Date (December 1)	CUSIP No.	Par Outstanding
2023	646080 NY3	\$1,915,000
2024	646080 NZ0	1,800,000
2025	646080 PA3	2,390,000
2026	646080 PB1	2,220,000
2028	646080 PD7	2,465,000
2029	646080 PE5	2,070,000
2030	646080 PF2	1,450,000
2039	646080 PG0	11,000,000

Student Loan Revenue Bonds, Series 2013-1

Maturity Date (December 1)	CUSIP No.	Par Outstanding
2023	646080 PS4	\$2,045,000
2024	646080 PT2	2,165,000
2025	646080 PU9	2,045,000
2026	646080 PV7	1,785,000
2028	646080 PX3	1,720,000
2029	646080 PY1	890,000
2031	646080 PZ8	890,000
2035	646080 QA2	890,000
2043	646080 QB0	20,000,000

TABLE OF CONTENTS

Page

THIRD SUPPLEMENTAL INDENTURE

By and Between

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

and

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION

Relating To

\$228,190,000 STUDENT LOAN REVENUE AND REFUNDING BONDS, SERIES 2024

Consisting of

\$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT),

\$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT)

And

\$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT)

Dated as of May 1, 2024

ARTICLE I SHORT TITLE, DEFINITIONS, AND AUTHORITY	2
Section 1.1 Short Title	2
Section 1.2 Definitions	2
Section 1.3 Authority	8
Section 1.4 Time	8
ARTICLE II AUTHORIZATION, TERMS, AND ISSUANCE OF THE SERIES 2024 BONDS	9
Section 2.1 Principal Amount and Designation	9
Section 2.2 Purposes	9
Section 2.3 Date, Maturities, and Interest Rate	9
Section 2.4 Form, Denomination, Numbers, and Letters	10
Section 2.5 Appointment of Paying Agent and Dissemination Agent	10
Section 2.6 Appointment of Registrar and Authenticating Agent	10
Section 2.7 Book Entry; Letter of Representation	10
Section 2.8 Redemption of Series 2024 Bonds	12
Section 2.9 Investment of Series 2024 Bond Proceeds	15
ARTICLE III ESTABLISHMENT OF ADDITIONAL ACCOUNTS, APPLICATION OF PROCEEDS OF THE SALE OF SERIES 2024 BONDS; AND USE AND DISBURSEMENTS OF ACCOUNTS	16
Section 3.1 Establishment of Accounts	16
Section 3.2 Application of Series 2024 Bond Proceeds and Use of 2024 Accounts	18
Section 3.3 Instructions to Trustee Concerning Certain Program Expenses and Certain Costs of Issuance	20
Section 3.4 2024 Reserve Requirement	21
Section 3.5 Mandatory Sinking Fund Redemption of Mandatory Sinking Fund Term Bonds	21
Section 3.6 Intentionally Omitted	21
Section 3.7 Loan Limitations	21
Section 3.8 Amount of Program Expenses	21
Section 3.9 Rating Agency Permitted Investments	21
Section 3.10 Intentionally Omitted	21
Section 3.11 No Indemnification as Condition Precedent	21
Section 3.12 Loan Servicers and Servicing Acknowledgements	21
ARTICLE IV REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE AUTHORITY	23
Section 4.1 2024 NJCLASS Loan Requirements	23
Section 4.2 Loan Rates	25
Section 4.3 Additional Bonds	26
Section 4.4 Report to Rating Agency	26
Section 4.5 Loan Transfers	28
Section 4.6 Origination Period	29
Section 4.7 Original Issue Discount	29
Section 4.8 Acceleration Due to Prepayment of Other Obligations	29
ARTICLE V MISCELLANEOUS	30
Section 5.1 Amendment to Original Indenture	30
Section 5.2 Third Supplemental Indenture Construed with Original Indenture	30
Section 5.3 Original Indenture as Supplemented to Remain in Effect	30
Section 5.4 Instrument of Acceptance by Fiduciaries	30
Section 5.5 Execution in Counterparts; Electronic Signature	31
Section 5.6 Severability	31

i

4878-0672-7328

4878-0672-7328

Section 5.7 Confirmation of Actions	31
Section 5.8 Governing Law; Jurisdiction	31
Section 5.9 Waiver of Jury Trial	31
Section 5.10 AML Law	32
Section 5.11 Notices	32

SCHEDULE A TERMS OF SERIES 2024 BONDS	A-1
SCHEDULE B-1 FORM OF SENIOR SERIES 2024 BONDS	B-1-1
SCHEDULE B-2 FORM OF SUBORDINATE SERIES 2024 BONDS	B-2-1
SCHEDULE C STUDENT ELIGIBILITY AND CREDIT CRITERIA	C-1
SCHEDULE D PROGRAM EXPENSES	D-1
SCHEDULE E BONDS TO BE REFUNDED	E-1

THIRD SUPPLEMENTAL INDENTURE

This Third Supplemental Indenture, dated as of May 1, 2024 (this "Third Supplemental Indenture"), by and between the Higher Education Student Assistance Authority (successor to the Higher Education Assistance Authority pursuant to N.J.S.A. 18A:71A-1 et seq., effective April 26, 1999) (the "Authority") and Computershare Trust Company, National Association, acting through its corporate trust services division, as successor trustee to Wells Fargo Bank, National Association (the "Trustee").

WHEREAS, the Authority and the Trustee have entered into an Indenture of Trust dated as of May 1, 2021 (the "Original Indenture"), as amended and supplemented by the First Supplemental Indenture dated as of May 1, 2021 (the "First Supplemental Indenture") and the Second Supplemental Indenture dated as of May 1, 2023 (the "Second Supplemental Indenture") and with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, is hereinafter referred to as the "2021 Indenture"; and

WHEREAS, the Authority is established and created under and pursuant to the Higher Education Student Assistance Authority Law, constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey, effective April 26, 1999, as amended and supplemented, and any successor legislation (the "Act"); and

WHEREAS, the execution and delivery of the 2021 Indenture (including this Third Supplemental Indenture) and the issuance of the Series 2024 Bonds (as defined herein) hereunder have been in all respects duly and validly authorized by resolution duly adopted by the Authority.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH THAT:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE I

SHORT TITLE, DEFINITIONS, AND AUTHORITY

Section 1.1 **Short Title.** This Supplemental Indenture shall be known as and may be designated by the short title "Third Supplemental Indenture."

Section 1.2 **Definitions.** All words and phrases defined in Article I of the Original Indenture shall have the same meanings in this Third Supplemental Indenture, except as otherwise appears in this Section 1.2. In addition, the following terms shall have the following meanings, unless the context otherwise requires:

Acknowledgement shall have the meaning given to such term in Section 3.12(B)(ii) hereof.

Act of Bankruptcy means the filing of a petition in bankruptcy by (with respect to itself) or against the Authority under the United States Bankruptcy Code or commencement of similar proceedings by (with respect to itself) or against the Authority under applicable state bankruptcy or insolvency laws.

Administrative Fee means any application fee, origination fee, repayment fee or other fee due to the Authority for a 2024 NJCLASS Loan.

Aggregate Loan Balance means, as of the date of determination, the aggregate outstanding principal balance of a 2024 NJCLASS Loan, excluding any deferred interest which may be added to the principal of such 2024 NJCLASS Loan.

Aggregate Pool Loan Balance means, as of the date of determination, the aggregate of the Aggregate Loan Balances of all 2024 NJCLASS Loans.

Authorized Denominations means \$5,000 or any integral multiple in excess thereof.

Beneficial Owners shall have the meaning given to such term in Section 2.7 hereof.

Bond Purchase Agreement means the Bond Purchase Contract, dated May 3, 2024, between RBC Capital Markets, LLC, as representative of the Underwriters, and the Authority for the purchase and sale of the Series 2024 Bonds.

Bonds to be Refunded means all of the Authority's Outstanding Student Loan Revenue Bonds, Series 2014-1, originally issued pursuant to the 2012-1 Indenture, all as more particularly set forth on Schedule E.

Calendar Quarter means each three-month period ending on March 31, June 30, September 30 or December 31, as the case may require.

Cash Release Conditions means (i) the Parity Percentage is at least equal to 113% and (ii) the amount of Accrued Assets minus the amount of Accrued Liabilities is at least \$14,000,000; provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction. For purposes of the

definition of Cash Release Conditions, "Accrued Assets" shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

Consolidation Loan means a loan that consolidates into a single loan at the time it is made the unpaid principal (including any accrued interest) of two or more outstanding NJCLASS Loans totaling at least \$30,000 with a loan term not exceeding 25 years (for Consolidation Loans less than \$60,000) or 30 years (for Consolidation Loans equal to or greater than \$60,000), and which satisfies the credit criteria set forth in Schedule C of this Third Supplemental Indenture.

DTC means The Depository Trust Company, New York, New York, which shall act as securities depository for the Series 2024 Bonds and any successors or assigns.

EMMA means the Electronic Municipal Market Access System, an internet based filing system created and maintained by the Municipal Securities Rulemaking Board in accordance with Release No. 34-59062, of the Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the Series 2024 Bonds, and other filers on behalf of such issuers shall upload continuing disclosure information to assist underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) as it applies to the Series 2024 Bonds and to provide the general public with access to such continuing disclosure information.

Fixed Rate Standard NJCLASS Loan means an Eligible Student Loan made under the NJCLASS Loan Program with a fixed rate of interest for a loan term not to exceed 10 years with respect to Option 1 Loans, 15 years with respect to Option 2 Loans and 20 years with respect to Option 3 Loans, and which satisfies the credit criteria set forth in Schedule C of this Third Supplemental Indenture.

Issue Date means the date of delivery upon original issuance of the Series 2024 Bonds, which is May 30, 2024.

Loan Rate means, for 2024 NJCLASS Loans, the nominal interest rate charged by the Authority for the Eligible Student Loan. The Loan Rates for Eligible Student Loans made with proceeds of the Series 2024 Bonds and Recoveries of Principal on 2024 NJCLASS Loans during the Recycling Period are set forth in or determined in accordance with Section 4.2 of this Third Supplemental Indenture, and such Eligible Student Loans shall not be made at any rate lower than such Loan Rates unless approved by an Authorized Officer and there shall have been delivered to the Trustee (i) a Bond Counsel's Opinion to the effect that the revised Loan Rates are authorized or permitted by the Act, the 2021 Indenture (including this Third Supplemental Indenture) and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2024 Bonds, (ii) a Cash Flow Statement taking into account the revised Loan Rates and (iii) a Rating Agency Confirmation from S&P; provided that, if Additional Bonds are issued under the 2021 Indenture, or any additional Student Loan Revenue Bonds of the Authority are issued under any Indenture of Trust between the Authority and Trustee to finance the acquisition or origination of student loans, prior to the end of the Origination Period to fund Eligible Loans for academic year 2024/2025, then, at the option of the Authority, NJCLASS Loans to be Originated with remaining proceeds of the Series 2024 Bonds or Recoveries of Principal on 2024 NJCLASS Loans from and after the issue date of such additional Student Loan Revenue Bonds shall be Originated at the same Loan Rates as those established for the additional Student Loan Revenue Bonds, from and after the issue date of such additional

Student Loan Revenue Bonds through the remainder of the later of the Origination Period or Recycling Period, if the Authority satisfies the Rating Agency Notice Conditions in connection with such change.

Option 1 Loan means a Student Loan made under the NJCLASS Loan Program, the principal of and interest on which is payable monthly immediately upon disbursement.

Option 2 Loan means a Student Loan made under the NJCLASS Loan Program, the interest on which is due and payable monthly and the principal of which is deferred by the borrower during the period of time the borrower attends school.

Option 3 Loan means a Student Loan made under the NJCLASS Loan Program, the principal of and interest on which is deferred by the borrower during the period of time the borrower attends school.

Origination Period means (i) the period commencing on the Issue Date and ending on October 1, 2024 with respect to the cumulative origination of \$71.1 million in 2024 NJCLASS Loans, (ii) the period commencing October 2, 2024 and ending on February 1, 2025 with respect to the cumulative origination of \$142.2 million in 2024 NJCLASS Loans, (iii) the period commencing February 2, 2025 and ending on October 1, 2025 with respect to the cumulative origination of \$186.7 million in 2024 NJCLASS Loans, and (iv) the period commencing October 2, 2025 and ending on April 1, 2026 with respect to the cumulative origination of the amount of the proceeds of the Series 2024 Bonds originally deposited into the 2024 NJCLASS Fixed Rate Standard Student Loan Account, the 2024 Consolidation Loan Account and the 2024 Refinance Loan Account expected to be approximately \$200.0 million; provided that any of the periods or amounts described in clauses (i) through (iv) may be extended or modified if the Authority shall have satisfied the Rating Agency Notice Conditions in connection with such extension or modification.

Parity Percentage means the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities. For purposes of the definition of Parity Percentage, "Accrued Assets" shall not include any Student Loan participating in HIARP for which the borrower has made a reduced monthly payment within the two years prior to the date of calculation.

Parity Percentage Requirement for purposes of Section 5.5(A)(xi) of the Original Indenture and with respect to all Bonds issued and Outstanding under the Original Indenture, including the Series 2024 Bonds, means the Cash Release Conditions have been met.

Person or "person" means any natural person and any firm, partnership, joint venture, joint-stock company, trust, association, unincorporated organization or corporation, or other entity, or public body government or political subdivision, including any state or federal agency.

Quarterly Report Date means, with respect to the Calendar Quarter ending on (i) March 31, on or before the following May 15, (ii) June 30, on or before the following August 15, (iii) September 30, on or before the following November 15 and (iv) December 31, on or before the following February 15, as applicable.

Rating Agency shall mean S&P.

Record Date means the date set forth in the 2021 Indenture.

Recycling Period means the period commencing on the Issue Date and ending on April 1, 2026 with respect to the use of Recoveries of Principal to Originate new 2024 Student Loans as provided herein; provided that the Recycling Period shall end on such earlier date, if any, on which an Event of Default shall occur and be continuing and the Recycling Period may be extended if the Authority satisfies the Rating Agency Notice Conditions in connection with such extension. The Recycling Period for both the Series 2023 Bonds and the Series 2024 Bonds will also end on any date on or prior March 1, 2025 on which the cumulative principal amount of Defaulted Loans exceeds \$7,500,000 for Loans made under the 2021 Indenture, measured from the date of issuance of the most recent series of Bonds issued under the 2021 Indenture. Such amount and date may be changed if the Authority satisfies the Rating Agency Notice Conditions in connection with such change.

Refinance Loan means a fixed rate loan that refinances an existing NJCLASS Loan, Federal loan or private student loan in active repayment, the principal of and interest on which is payable monthly immediately upon disbursement, for a loan term not to exceed 10 years or 15 years and which satisfies the credit criteria set forth in Schedule C of this Third Supplemental Indenture.

Responsible Officer shall mean, when used with respect to the Trustee, Paying Agent, Registrar, or Authenticating Agent, any officer in the corporate trust office of the Trustee, including any president, vice president, executive vice president, assistant vice president, treasurer, secretary, assistant secretary, corporate trust officer or any other officer thereof customarily performing functions similar to those performed by the individuals who at the time shall be such officers, respectively, or to whom any matter is referred because of such officer's knowledge of or familiarity with the particular subject, and, in each case, having direct responsibility for the administration of this Third Supplemental Indenture and the other transaction documents to which such Person is a party.

Revenue Account means any Account within the Revenue Fund created pursuant to a Supplemental Indenture.

S&P means S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC, its successors and assigns.

Senior Parity Percentage means the ratio, expressed as a percentage, of (a) Accrued Assets over (b) Accrued Liabilities. For purposes of the definition of Senior Parity Percentage, "Accrued Liabilities" means with respect to any date, the sum of the principal of and unpaid interest on all Outstanding Senior Bonds, plus all accrued but unpaid Program Expenses.

Senior Series 2024 Bonds means, collectively, the Senior Series 2024A Bonds and the Senior Series 2024B Bonds, each of which constitute Senior Bonds under the 2021 Indenture.

Senior Series 2024A Bonds means the Authority's \$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A, which constitute Senior Bonds under the 2021 Indenture.

Senior Series 2024B Bonds means the Authority's \$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B, which constitute Senior Bonds under the 2021 Indenture.

Series 2024 Bond Resolution means the resolution of the Authority adopted on March 27, 2024 authorizing the issuance and delivery of the Series 2024 Bonds.

Series 2024 Bonds means, collectively, the Senior Series 2024 Bonds and Subordinate Series 2024 Bonds authorized by Section 2.1 of this Third Supplemental Indenture and entitled "Student Loan Revenue and Refunding Bonds, Series 2024."

Series 2023 Bonds means, the Bonds issued pursuant to the Second Supplemental Indenture and entitled "Student Loan Revenue and Refunding Bonds, Series 2023."

Servicing Report shall have the meaning given to such term in Section 4.4(A) of this Third Supplemental Indenture.

Subordinate Bond Redemption Condition means, with respect to a proposed redemption of Subordinate Series 2024 Bonds under paragraphs (i), (iii) and (iv) of Section 2.8(A) hereof, if, after giving effect to such redemption, the Senior Parity Percentage is at least equal to 133.0%; provided that such Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

Subordinate Series 2024 Bonds means the Authority's \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C, which constitute Subordinate Bonds under the 2021 Indenture.

Third Supplemental Indenture means the Third Supplemental Indenture dated as of May 1, 2024, by and between the Authority and the Trustee, authorizing the issuance of the Series 2024 Bonds.

Transferred Loans shall mean, collectively, the 2012 Transferred Loans and the 2010 Transferred Loans.

Trustee means Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, or its successors or assigns.

2010 Transferred Loan shall mean any Eligible Student Loan transferred into the Trust Estate from the 2010-1 Indenture, as identified in Section 2.10 of this Third Supplemental Indenture.

2010-1 Indenture means the Indenture of Trust dated as of January 1, 2010 between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, as amended and supplemented.

2012 Transferred Loan shall mean any Eligible Student Loan transferred into the Trust Estate from the 2012-1 Indenture, as identified in Section 2.2(B) of this Third Supplemental Indenture.

2012-1 Indenture means the Indenture of Trust dated June 1, 2012 between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association, as trustee, as amended and supplemented.

2021 Indenture shall have the meaning given to such term in the recitals to this Third Supplemental Indenture.

6

4878-0672-7328

2024 Student Loan means an Eligible Student Loan which is a Fixed Rate Standard NJCLASS Loan, Consolidation Loan or Refinance Loan.

Unamortized Premium shall have the meaning given to such term in Section 2.8(A)(ii) hereof.

Underwriters shall mean RBC Capital Markets, LLC and Siebert Williams Shank & Co., LLC, as purchasers of the Series 2024 Bonds pursuant to the Bond Purchase Agreement.

United States Bankruptcy Code means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

Any reference in this Third Supplemental Indenture to making, originating, purchasing or acquiring (or similar words) 2024 Student Loans shall mean and include all such terms and words.

Section 1.3 **Authority.** This Third Supplemental Indenture is executed pursuant to the provisions of the Act, the Original Indenture, and the Series 2024 Bond Resolution. Nothing in this Third Supplemental Indenture, expressed or implied, is intended to or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Paying Agent, the Registrar, any other Fiduciary and the owners of the Series 2024 Bonds, any right, remedy or claim under or by reason of this Third Supplemental Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Third Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent, the Registrar, any other Fiduciary and the owners of the Series 2024 Bonds.

Section 1.4 **Time.** All references to time in this Third Supplemental Indenture shall refer to New York City time unless otherwise provided herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

8

4878-0672-7328

2024 Accounts shall have the meaning given to such term in Section 3.1 of this Third Supplemental Indenture.

2024 Consolidation Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 Debt Service Reserve Account means the account of the Debt Service Reserve Fund established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 Excess Yield Account means the account of the Excess Yield Fund established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 NJCLASS Fixed Rate Standard Student Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 NJCLASS Loan means a 2024 Student Loan made with expenditures from the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account or 2024 Refinance Loan Account.

2024 Option 1 Loan Subaccount means the subaccount of the 2024 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 Option 2 Loan Subaccount means the subaccount of the 2024 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 Option 3 Loan Subaccount means the subaccount of the 2024 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 Rebate Account means the account of the Rebate Fund established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 Refinance Loan Account means the account of the Student Loan Fund established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 Repayment Subaccount means the subaccount of the 2024 NJCLASS Fixed Rate Standard Student Loan Account established pursuant to Section 3.1 of this Third Supplemental Indenture.

2024 Reserve Requirement means the Debt Service Reserve Fund Requirement applicable to the Series 2024 Bonds as specified in Section 3.4 of this Third Supplemental Indenture.

2024 Revenue Account means the account of the Revenue Fund established pursuant to Section 3.1 of this Third Supplemental Indenture.

7

4878-0672-7328

ARTICLE II

AUTHORIZATION, TERMS, ISSUANCE OF THE SERIES 2024 BONDS AND TRANSFER OF LOANS

Section 2.1 Principal Amount and Designation.

(A) Pursuant to the provisions of the 2021 Indenture and in particular Sections 2.5, 2.6 and 8.1 of the Original Indenture, the Senior Series 2024 Bonds are hereby authorized in the aggregate principal amount of \$199,850,000 and the Subordinate Series 2024 Bonds are hereby authorized in the aggregate principal amount of \$28,340,000, for a total authorization of Series 2024 Bonds in the aggregate principal amount of \$228,190,000. The Senior Series 2024 Bonds shall consist of two separate Series of Bonds, with the Series used to refinance the Bonds to be Refunded being distinguished from the Bonds of all other Series by the title "Senior Student Loan Revenue Refunding Bonds, Series 2024A" and the Series used to finance Student Loans being distinguished from the Bonds of all other Series by the title "Senior Student Loan Revenue Bonds, Series 2024B." The Subordinate Series 2024 Bonds shall be distinguished from the Bonds of all other Series by the title "Subordinate Student Loan Revenue Bonds, Series 2024C."

(B) The Senior Series 2024 Bonds shall be issued as, and shall constitute, Senior Bonds under the 2021 Indenture and shall be payable as Senior Bonds as provided therein. The Subordinate Series 2024 Bonds shall be issued as, and shall constitute Subordinate Bonds under the 2021 Indenture and shall be payable as Subordinate Bonds as provided therein and herein. The Series 2024 Bonds shall be issued as fixed rate Tax-Exempt Bonds.

Section 2.2 Purposes.

(A) The Series 2024 Bonds are issued for the purpose of: (i) making deposits into the Student Loan Fund established pursuant to the 2021 Indenture in the amounts and in the Accounts and Subaccounts set forth in Article III hereof to be applied as set forth therein and herein, including, without limitation, to Originate 2024 NJCLASS Loans, (ii) currently refunding all or a portion of the Bonds to be Refunded, (iii) making deposits into special trust accounts established pursuant to the 2021 Indenture as required by and in the amounts specified in Article III hereof and (iv) to the extent possible, paying the Costs of Issuance for the Series 2024 Bonds.

(B) In connection with the refunding of the Bonds to be Refunded, Authority will transfer to the Trustee approximately \$27,900,000 in principal balance, estimated as of May 9, 2024, of Eligible Student Loans (together with accrued interest thereon) which are non-defaulted fixed rate NJCLASS Loans, relating to the Bonds to be Refunded, which Eligible Student Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged to the payment of the Series 2024 Bonds (all such transferred loans shall collectively be referred to herein as, the "2012 Transferred Loans") The 2024 NJCLASS Loans shall satisfy the criteria set forth in Schedule C attached hereto unless the Authority satisfies the Rating Agency Notice Conditions in connection with a change in such criteria.

Section 2.3 Date, Maturities, and Interest Rate. The Series 2024 Bonds shall be payable at the places and in the manner set forth in the 2021 Indenture, this Third

9

4878-0672-7328

Supplemental Indenture and Schedule B attached hereto. The Series 2024 Bonds shall consist of serial bonds and term bonds, which shall be dated the Issue Date, shall bear interest, shall mature, shall be payable and shall be subject to redemption as described in Schedule A attached hereto and in Section 2.8 hereof.

Section 2.4 Form, Denomination, Numbers, and Letters. The Series 2024 Bonds shall be issued in the form of fully registered bonds without coupons, and the Series 2024 Bonds (and the Authenticating Agent's Certificate of Authentication) shall be issued in substantially the forms set forth in Schedule B attached hereto. The Series 2024 Bonds shall be issued in the Authorized Denominations and shall be numbered separately from 1 upward and may be preceded by a letter or letters so as to distinguish each Series of Series 2024 Bonds.

Section 2.5 Appointment of Paying Agent and Dissemination Agent. Computershare Trust Company, National Association is hereby appointed the Paying Agent with respect to the Series 2024 Bonds and the Dissemination Agent for the Series 2024 Bonds pursuant to the Continuing Disclosure Agreement dated the Issue Date, between the Authority and the Trustee, acting as Dissemination Agent. For so long as Computershare Trust Company, National Association is acting as Trustee it shall also act as Paying Agent. Notwithstanding anything in the 2021 Indenture to the contrary, the Paying Agent may be removed for cause at any time by an instrument signed by an Authorized Officer and filed with such Paying Agent.

Section 2.6 Appointment of Registrar and Authenticating Agent.

(A) Computershare Trust Company, National Association is hereby appointed Registrar with respect to the Series 2024 Bonds. For so long as Computershare Trust Company, National Association is acting as Trustee it shall also act as Registrar and Authenticating Agent.

(B) The Authority hereby determines that the appointment of an Authenticating Agent is necessary to the issuance of the Series 2024 Bonds and hereby appoints Computershare Trust Company, National Association as Authenticating Agent with respect to the Series 2024 Bonds.

Section 2.7 Book Entry; Letter of Representation.

(A) The Series 2024 Bonds shall be issued in book-entry-only form and shall be issued initially in the name of Cede & Co., as nominee for DTC, as registered owner of such Series 2024 Bonds, and held in the custody of DTC. The actual purchasers of the Series 2024 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 2024 Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Series 2024 Bond acquired. For so long as DTC shall continue to serve as securities depository for such Series 2024 Bonds, all transfers of beneficial ownership interests will be made by book-entry-only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2024 Bonds is to receive, hold or deliver any Series 2024 Bond certificate. For every transfer and exchange of Series 2024 Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee or other governmental charge that may be imposed in relation thereto.

10

4878-0672-7328

Indenture, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2024 Bonds (or the applicable portion thereof) shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging such Series 2024 Bonds shall designate, in accordance with the provisions of the 2021 Indenture. Upon the determination by any party authorized herein that the Series 2024 Bonds (or any portion thereof) shall no longer be limited to book-entry-only form, an Authorized Officer shall immediately advise the Trustee in writing of the procedures for transfer of such Series 2024 Bonds from such book-entry-only form to a fully registered form.

(D) Notwithstanding any other provision of the 2021 Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the DTC, all payments with respect to the principal, Redemption Price, if any, of and interest on, and all notices with respect to, such Bond shall be made and given, respectively, to the DTC as provided in the Letter of Representations of the Authority and the Trustee, addressed to the DTC.

(E) In connection with any notice or other communication to be provided to Owners of the Series 2024 Bonds pursuant to the 2021 Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by such Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(F) The Authority and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting.

(G) Whenever, during the term of the Series 2024 Bonds, the beneficial ownership thereof is determined by a book-entry at DTC, the requirements in the 2021 Indenture for holding, delivering or transferring Series 2024 Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book-entry to produce the same effect.

(H) The Authority hereby authorizes and directs the execution and delivery by an Authorized Officer of the Authority of a Letter of Representations or Letters of Representations, if required, with DTC and the Trustee in the standard form to effectuate a book-entry-only system with respect to the Series 2024 Bonds.

If, at any time, DTC ceases to hold such Series 2024 Bonds, all references to DTC with respect to such Series 2024 Bonds shall be of no further force or effect except that, if the Authority shall appoint a successor securities depository company, such references shall be deemed to refer to such successor securities depository company.

Section 2.8 Redemption of Series 2024 Bonds.

(A) The Series 2024 Bonds shall be subject to redemption as follows:

12

4878-0672-7328

(B) So long as the Series 2024 Bonds are registered in the name of Cede & Co., the Authority and the Trustee shall have no responsibility or obligation to any DTC participant, indirect DTC participant, or any Beneficial Owner of the Series 2024 Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the DTC, Cede & Co. or any DTC participant or indirect DTC participant with respect to any beneficial ownership interest in the Series 2024 Bonds, (ii) the delivery to any DTC participant, indirect DTC participant, Beneficial Owner or any other person, other than DTC or Cede & Co., of any notice with respect to the Series 2024 Bonds, or (iii) the payment to any DTC participant, indirect DTC participant, Beneficial Owner or any other person, other than DTC or Cede & Co., of any amount with respect to the principal of, premium, if any, or interest on the Series 2024 Bonds. The Authority and the Trustee may treat DTC as the absolute registered Owner of the Series 2024 Bonds for the purpose of (i) payment of the principal and Redemption Price of and interest on the Series 2024 Bonds, (ii) giving notices with respect to the Series 2024 Bonds, (iii) registering transfers with respect to the Series 2024 Bonds, and (iv) for all other purposes. The Trustee shall pay the principal, Redemption Price, if any, of and interest on the Series 2024 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy and discharge fully the Authority's obligations with respect to such principal, Redemption Price, if any, and interest to the extent of the sum or sums so paid. No person other than DTC shall receive a Bond evidencing the obligation of the Authority to make payments of principal, Redemption Price, if any, and interest thereon pursuant to the Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the words "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(C) (i) DTC may determine to discontinue providing its services with respect to the Series 2024 Bonds at any time by giving written notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Upon receipt of such notice, the Authority shall promptly deliver a copy of such notice to the Trustee.

(ii) An Authorized Officer, (a) in his or her sole discretion and without the consent of any other person, may discontinue the use of the system of book-entry only transfers through DTC with respect to the Series 2024 Bonds, in which event the Authority, if required by DTC, shall cause certificates for the Series 2024 Bonds to be printed and delivered to DTC, and (b) shall terminate the services of DTC with respect to the Series 2024 Bonds upon receipt by the Authority and the Trustee of written notice from DTC to the effect that DTC has received written notice from the DTC participants or indirect DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Series 2024 Bonds to the effect, that (1) DTC is unable to discharge its responsibilities with respect to the Series 2024 Bonds; or (2) a continuation of the requirement that all of the Outstanding Series 2024 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of the DTC, is not in the best interest of the beneficial owners of the Series 2024 Bonds.

(iii) Upon the termination of the services of the DTC with respect to all or any portion of the Series 2024 Bonds pursuant to subsections 2.7 (C)(i)(a) or 2.7(C)(i)(b)(1) of this Third Supplemental Indenture, or upon the discontinuance or termination of the services of the DTC with respect to all or any portion of the Series 2024 Bonds pursuant to subsections 2.7(C)(i) or 2.7(C)(i)(b) of this Third Supplemental

11

4878-0672-7328

(i) Optional Redemption. The Series 2024 Bonds maturing on or prior to December 1, 2033 are not subject to optional redemption prior to maturity. The Senior Series 2024B Bonds maturing on December 1, 2045 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2024 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2034 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2024 Bonds. Any optional partial redemption of Series 2024 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this Third Supplemental Indenture.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2024B Bonds and the Subordinate Series 2024 Bonds (but not the Senior Series 2024A Bonds) are subject to redemption prior to maturity, in whole or in part, on any date within 60 days after the end of each Origination Period at a Redemption Price equal to (a) with respect to Senior Series 2024B Bonds with original offering prices in excess of 100%, the sum of (i) 100% of the principal amount thereof, (ii) accrued interest to the date of redemption, if any, and (iii) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2024B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (b) with respect to all other Senior Series 2024B Bonds and the Subordinate Series 2024 Bonds, the Redemption Price will be equal to (i) 100% of the principal amount thereof without premium and (ii) accrued interest to the date of redemption, if any, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2024B Bonds and the Subordinate Series 2024 Bonds remaining in the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account or 2024 Refinance Loan Account, as applicable, at the expiration of each Origination Period; provided that if no 2024 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2024B Bonds and the Subordinate Series 2024 Bonds (except for the 2024 Rebate Account and the 2024 Excess Yield Account) established under the Indenture shall be applied to the redemption of the Senior Series 2024B Bonds and the Subordinate Series 2024 Bonds. The methodology used to calculate the Unamortized Premium for a particular maturity of the Senior Series 2024B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months. The amount to be applied to the redemption of Senior Series 2024B Bonds and Subordinate Series 2024 Bonds shall be equal to the amount designated to be originated by the expiration of each Origination Period less the amount actually used, or committed, to originate 2024 NJCLASS Loans by the expiration of each Origination Period. Moneys to be applied to the redemption of Senior Series 2024B Bonds and Subordinate Series 2024 Bonds pursuant to this non-origination redemption shall be applied, pro rata, to the redemption of all outstanding Senior Series 2024B Bonds and Subordinate Series 2024 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2024B Bonds maturing on December 1, 2045 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2024 Bonds are subject to redemption prior to maturity, at the direction of the Authority, in whole or in part, on any date (a) during the Recycling Period to the

13

4878-0672-7328

extent not applied by the Authority to originate new 2024 NJCLASS Loans and (b) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this Section 2.8(A)(iii) to the extent the Cash Release Conditions are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from: (i) Excess Revenue; or (ii) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2024 Bonds under the Special Optional Redemption From Excess Revenue shall be applied at the direction of the Authority as to the selection of Series 2024 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2024B Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2024B Bonds shall be applied, pro rata, to the redemption of all Outstanding Senior Series 2024B Bonds maturing on December 1, 2045.

For purposes of Sections 2.8(A)(iii) and (iv), Excess Revenue shall mean: on each Payment Date, any funds remaining in the 2024 Revenue Account, less \$500,000 (which shall remain in the 2024 Revenue Account), after payment of the Debt Service due and payable on the Series 2024 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2024 Bonds on the next succeeding December 1 is reserved to remain in the 2024 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2024B Bonds maturing on December 1, 2045 and the Subordinate Series 2024 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, on any date (provided that such date shall be no earlier than twenty (20) days after each Payment Date), from Excess Revenue at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions. Moneys to be applied to the redemption of Series 2024 Bonds described under this caption "Special Mandatory Redemption From Excess Revenue" shall be applied, first, to all Outstanding Senior Series 2024B Bonds maturing on December 1, 2045 until paid in full and, second, if the Subordinate Bond Redemption Condition has been satisfied, to the Subordinate Series 2024 Bonds.

(v) No Mandatory Sinking Fund Redemption. The Series 2024 Bonds are not subject to sinking fund redemption.

(vi) Notice. With respect to the Section 2.8(A)(ii) redemption, the Authority shall provide notice to the Trustee of any Series 2024 Bond proceeds remaining in the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account or 2024 Refinance Loan Account, as applicable, at the expiration of each Origination Period. With respect to the Section 2.8(iv) redemption, the Authority shall provide notice to the Trustee after the end of the Recycling Period, of the amount of Excess Revenue after making the transfers and payments for the Series 2024 Bonds set forth in Section 5.5(A)(i)-(viii) of the Original Indenture and evidence of satisfaction or failure of the Cash Release Conditions.

14

4878-0672-7328

Bonds (all such transferred loans shall collectively be referred to herein as, the "2010 Transferred Loans").

ARTICLE III

ESTABLISHMENT OF ADDITIONAL ACCOUNTS, APPLICATION OF PROCEEDS OF THE SALE OF SERIES 2024 BONDS; AND USE AND DISBURSEMENTS OF ACCOUNTS

Section 3.1 Establishment of Accounts.

(A) In addition to the Accounts previously established under the 2021 Indenture for other Outstanding Series of Bonds, the Trustee is directed to establish the following additional Accounts (collectively, the "2024 Accounts"): the 2024 NJCLASS Fixed Rate Standard Student Loan Account (and within the 2024 NJCLASS Fixed Rate Standard Student Loan Account, the 2024 Option 1 Loan Subaccount, the 2024 Option 2 Loan Subaccount, the 2024 Option 3 Loan Subaccount and the 2024 Repayment Subaccount); the 2024 Consolidation Loan Account; the 2024 Refinance Loan Account; the 2024 Revenue Account; the 2024 Rebate Account; the 2024 Excess Yield Account; and the 2024 Debt Service Reserve Account. In accordance with the Act, the 2024 Debt Service Reserve Account is hereby designated as part of the New Jersey Higher Education Student Assistance Capital Reserve Fund for purposes of the Series 2024 Bonds. The Authority may, from time to time, direct the Trustee, in writing, to establish additional Accounts or Subaccounts in accordance with the 2021 Indenture or to close any Account or Subaccount during any period that no money is deposited in such Account or Subaccount. The 2024 Repayment Subaccount shall be closed following the expiration of the Recycling Period. Except as otherwise provided in this Third Supplemental Indenture, the moneys and securities relating to the Series 2024 Bonds (including Revenues and Recoveries of Principal arising from the 2024 Student Loans) deposited in the Accounts created hereby shall not be commingled with any moneys or securities relating to any other Series of Bonds heretofore or hereafter issued under the 2021 Indenture, if any, and deposited in the respective Accounts to which they relate, and moneys and securities required to be transferred between Accounts pursuant to Article V of the Original Indenture in respect of the Series 2024 Bonds shall only be transferred between the respective Accounts to which they relate, except to the extent that: (i) if the amounts deposited in the Accounts (excluding amounts deposited in the Accounts for the Series 2024 Bonds) are insufficient for required transfers or payments with respect to then Outstanding Bonds other than the Series 2024 Bonds or other amounts transferable or payable therefrom; or (ii) if the amounts deposited in the Accounts for the Series 2024 Bonds are insufficient for required transfers or payments with respect to the Series 2024 Bonds or other amounts transferable or payable therefrom, amounts on deposit in the Accounts shall be deemed commingled for purposes of making required transfers and payments in accordance with Article V of the Original Indenture; provided further that to the extent there are insufficient funds in the Revenue Account for a Series to make on any Interest Payment Date the interest payable on all Bonds on such date or to make on any Principal Payment Date, the amount of Principal Installments or Sinking Fund Payments due on the Senior Bonds and once Senior Bonds are no longer Outstanding, Principal Installments or Sinking Fund Payments on Subordinate Bonds and once Senior Bonds and Subordinate Bonds are no longer Outstanding, Principal Installments or Sinking Fund Payments on Junior Subordinate Bonds on such date (the "Deficient Series"), the Trustee shall first transfer funds from (i)

16

4878-0672-7328

(vii) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be so redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2024 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2024 Bonds left Outstanding must be in Authorized Denominations.

(B) (i) The Authority may elect to apply moneys available in the Revenue Fund for the redemption of the Series 2024 Bonds pursuant to Section 2.8(A)(i) or (iii) hereof.

(ii) The Authority may elect to apply Excess Revenue available in the Revenue Fund (including any Account within the Revenue Fund) to the payment or redemption of any other Series of Bonds or to some other purpose if:

(a) notice of redemption of the Series 2024 Bonds from such moneys shall not have been given;

(b) but for such application, the mandatory redemption of all or a portion of the Series 2024 Bonds shall not have been required pursuant to this Section 2.8;

(c) the Cash Release Conditions have been satisfied;

(d) the Authority shall deliver to the Trustee at least twenty (20) Business Days prior to such election, a Cash Flow Statement taking into account the application of such moneys to the payment or redemption of other Series of Bonds or to some other purpose, and the Authority shall deliver to the Trustee at least ten (10) days prior to such election, a Bond Counsel's Opinion to the effect that the application of such moneys in accordance with the Authority's election will not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Bonds; and

(e) notice shall have been given to the Rating Agency at least twenty (20) days prior to such election of its intention to undertake the same.

Section 2.9 Investment of Series 2024 Bond Proceeds. Notwithstanding anything contained in the 2021 Indenture to the contrary, the Trustee shall not be liable for interest on any moneys received under the 2021 Indenture or hereunder.

Section 2.10 Transfer of Certain Loans under the 2010-1 Indenture. Simultaneously with the issuance of the Series 2024 Bonds, Authority will deliver to the Trustee a cash Flow Certificate pursuant to Section 7.8(c) of the 2010-1 Indenture on the basis of which the Authority will transfer to the Trustee, approximately \$16,000,000 in principal balance, estimated as of May 9, 2024, of Eligible Student Loans (together with accrued interest thereon) funded under the 2010-1 Indenture, which are non-defaulted fixed rate NJCLASS Loans, which Eligible Student Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged to the payment of the Series 2024

15

4878-0672-7328

any Revenue Account for a Series with funds in excess of the amount required to pay interest and Principal Installments or Sinking Fund Payments, if any, due on such date into the Revenue Account for such Deficient Series, *second* (ii) from all Accounts for the Deficient Series including any Debt Service Reserve Account and *last* (iii) from the Debt Service Reserve Account for the Series that is not a Deficient Series, unless any of the transfers referenced in the preceding sentence would make such Series a Deficient Series; and provided further that the Debt Service Reserve Account for any Series shall not be Accounts from which the Trustee is permitted to transfer funds, unless failure to transfer such funds from those Accounts would result in an Event of Default under the Deficient Series. In no event shall the Trustee make an optional or mandatory redemption for a Series of Bonds if such redemption would cause a Series of Bonds to become a Deficient Series.

Notwithstanding the foregoing, once all of the Senior Series 2024 Bonds and Subordinate Series 2024 Bonds are fully paid, including all accrued and unpaid interest therefor, and the Series 2024 Bonds are no longer Outstanding, any funds deposited in the 2024 Revenue Account shall be transferred to the Revenue Account established for the oldest Series of Bonds outstanding under the 2021 Indenture and applied in accordance with Section 2.8 of the applicable Supplemental Indenture.

(B) The parties hereto agree that (i) each of the 2024 Accounts is a "securities account" (within the meaning of Section 8-501(a) of the UCC), in respect of which the Trustee is the "securities intermediary" (within the meaning of Section 8-102(a)(14) of the UCC) and the Trustee is the "entitlement holder" (within the meaning of Section 8-102(a)(7) of the UCC); (ii) each item of property (including cash) of the Authority credited to a 2024 Account shall be treated as a "financial asset" (within the meaning of Section 8-102(a)(9) of the UCC); (iii) the "securities intermediary's jurisdiction" (within the meaning of Section 8-110(e) of the UCC) with respect to each of the 2024 Accounts shall be New York; and (iv) the law in force in the State of New York is applicable to all issues specified in Article 2(1) of "The Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary", *ratified* Sept. 28, 2016, S. Treaty Doc. No. 112-6 (2012) (the "Hague Securities Convention"). The Trustee represents and warrants that at the time that this Third Supplemental Indenture is entered into, the Trustee had a physical office in the United States that satisfied the criteria set forth in Article 4(1)(a) or (b) of the Hague Securities Convention. The Trustee agrees that, at all times while this Third Supplemental Indenture is in effect, it shall maintain a physical office in the United States that satisfies the criteria set forth in Article 4(1)(a) or (b) of the Hague Securities Convention. Notwithstanding the intent of the parties hereto, to the extent that any 2024 Account shall be determined to constitute a "deposit account" (within the meaning of Section 9-102(a)(29) of the UCC), the parties hereto agree that the depository institution holding the 2024 Accounts (i) shall treat the Trustee as the sole "customer" (within the meaning of Section 9-104 of the UCC) of the depository institution holding the 2024 Accounts with respect to such deposit account, and (ii) shall comply with instructions from the Trustee, without any consent by the Authority or any other Person. The parties hereto acknowledge and agree that each of the 2024 Accounts is subject to the sole dominion and control of Trustee, subject to the terms hereof. The Trustee shall have the sole right of withdrawal with respect to each 2024 Account in accordance with the terms of the 2021 Indenture and this Third Supplemental Indenture. The Authority shall not have a right of withdrawal with respect to any 2024 Account. The Trustee, subject to the terms of this Third Supplemental Indenture, shall comply with all "entitlement orders" (as defined in Section 8-102(a)(8) of the UCC) with respect to all "securities entitlements" (as defined in

17

4878-0672-7328

Section 8-102(a)(17) of the UCC) related to the 2024 Accounts, including any entitlement orders and instructions directing disposition of funds financial assets, or other assets in each of the 2024 Accounts originated by the Trustee without further consent by the Authority or any other party. The Trustee acknowledges and agrees that it has not entered into, and until the termination of this Third Supplemental Indenture shall not enter into, any agreement with any Person other than the Authority relating to any 2024 Account, and in each case any funds held therein, pursuant to which it has agreed, or will agree, to comply with orders or instructions of any other such Person. The parties hereto agree that this Section 3.1(B) shall constitute an account agreement for the purposes of the UCC, including Section 8-501 thereof

Section 3.2 Application of Series 2024 Bond Proceeds and Use of 2024 Accounts.

(A) \$233,489,465.20 (equal to the aggregate principal amount of Series 2024 Bonds, plus net original issue premium paid to the Authority in the amount of \$5,299,465.20) shall be deposited with the Trustee for transfer to the following Accounts (the Authority shall pay the Underwriters' fee of \$1,558,624.39 from otherwise available funds of the Authority, but shall retain \$50,000 of such fee to be released to RBC Capital Markets, LLC, upon satisfactory completion of the conditions in Section 9(d) of the Bond Purchase Agreement);

(i) To the trustee under the 2012-1 Indenture, for immediate transfer to the applicable revenue accounts thereunder, \$[] from the proceeds of the sale of the Senior Series 2024A Bonds and net premium paid to the Authority, to be applied to pay the principal on the Bonds to be Refunded on the Issue Date, as set forth in Schedule E; and

(ii) To the 2024 Option 1 Loan Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$50,150,000.00 to be used to Originate Option 1 Loans; and

(iii) To the 2024 Option 2 Loan Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$69,850,000.00 to be used to Originate Option 2 Loans; and

(iv) To the 2024 Option 3 Loan Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account, the amount of \$25,000,000.00 to be used to Originate Option 3 Loans; and

(v) To the 2024 Consolidation Loan Account, the amount of \$15,000,000.00 to Originate Consolidation Loans; and

(vi) To the 2024 Refinance Loan Account, the amount of \$40,000,000.00 to Originate Refinance Loans to borrowers or co-obligors; and

(vii) Intentionally Omitted; and

(viii) To the 2024 Debt Service Reserve Account, the amount of \$4,563,800.00 in satisfaction of the 2024 Reserve Requirement.

18

4878-0672-7328

(G) 2024 Revenue Account.

(i) On each Payment Date, the Authority shall pay the amount of interest and Principal Installments, as applicable, for the Senior Series 2024 Bonds coming due on such date and, to the extent funds are sufficient therefor, and the Authority shall pay the amount of interest and Principal Installments, as applicable, for the Subordinate Series 2024 Bonds, in the order of priority established by Section 5.5(A) of the Original Indenture.

(ii) On each Payment Date prior to the termination of the Recycling Period, any funds remaining in the 2024 Revenue Account, after payment of the Principal Installment or interest due and payable on the Senior Series 2024 Bonds on such Payment Date and, to the extent funds are sufficient therefor, after payment of the principal of or interest on the Subordinate Series 2024 Bonds and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, may be transferred to the 2024 NJCLASS Fixed Rate Standard Student Loan Account at the written direction of the Authority or may be applied in accordance with Section 2.8(A)(iii) of this Third Supplemental Indenture.

(H) 2024 Debt Service Reserve Account. The 2024 Debt Service Reserve Account shall be funded with proceeds of the Series 2024 Bonds in an amount equal to the 2024 Reserve Requirement as set forth in Section 3.4 hereof. The 2024 Debt Service Reserve Account shall only be available to pay Principal Installments of or interest on the Series 2024 Bonds except in the event (i) there are sufficient funds in the 2024 Revenue Account to pay Principal Installments of or interest on the Series 2024 Bonds and (ii) failure to utilize the 2024 Debt Service Reserve Account would cause an Event of Default on any other Series of Bonds.

(I) 2024 Rebate Account and 2024 Excess Yield Account. The Authority shall provide notice to the Rating Agency of the amount of any deposit, if made, to the 2024 Rebate Account or the 2024 Excess Yield Account, in accordance with Section 5.5(A)(i) of the Original Indenture.

Section 3.3 Instructions to Trustee Concerning Certain Program Expenses and Certain Costs of Issuance.

(A) The Trustee is hereby instructed to pay, from the moneys deposited to the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account, 2024 Refinance Loan Account, or the 2024 Revenue Account, the Program Expenses, as may be indicated in a Certificate of an Authorized Officer of the Authority delivered to the Trustee on the Issue Date, and from time to time thereafter in conformance with Sections 5.4 and 5.5 of the Original Indenture and this Third Supplemental Indenture.

(B) On July 1 of each year, any Program Expenses listed on Schedule D hereto for the prior fiscal year reserved from cash flow and not expended to pay Program Expenses, may be deposited into the 2024 Revenue Account and applied as set forth herein and in Section 5.5(A) of the Original Indenture.

(C) The Underwriters' fee, Costs of Issuance and any other costs and expenses incurred in connection with the authorization, issuance and delivery of the Series 2024 Bonds shall be paid for by the Authority from other available funds of the Authority or, at the direction of the Authority, from a portion of the proceeds of the Series 2024 Bonds.

20

4878-0672-7328

(B) Upon the refunding of the Bonds to be Refunded, the Authority will transfer the 2012 Transferred Loans from the 2012-1 Indenture to the 2021 Indenture, which 2012 Transferred Loans shall be held as part of the Trust Estate pursuant to the 2021 Indenture and pledged as security for the repayment of principal and interest on all Bonds issued under the 2021 Indenture.

(C) Prior to or simultaneously with the refunding of the Bonds to be Refunded, the Authority will direct the trustee under the 2012-1 Indenture to apply \$[] of proceeds on deposit in the 2012-1 Revenue Account and the 2012-1 Debt Service Reserve Account established under the 2012-1 Indenture to the payment of a portion of the principal, and the accrued interest on the Bonds to be Refunded on the Issue Date;

(D) During the Origination Period, the Authority may direct the Trustee, in writing, to transfer funds within the Student Loan Fund, subject to the origination limitations set forth in Section 3.7 hereof.

(E) All Recoveries of Principal with respect to 2024 Student Loans and Transferred Loans shall be deposited by the Trustee upon the written direction of the Authority (i) during the Recycling Period, to the 2024 Repayment Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account to Originate new Option 1 Loans, Option 2 Loans and Refinance Loans; and (ii) following the Recycling Period, to the 2024 Revenue Account, unless the Authority satisfies the Rating Agency Notice Conditions disclosing the use of Recoveries of Principal during the Recycling Period to originate other Eligible Student Loans. All Revenues from 2024 Student Loans and Transferred Loans shall be deposited in the 2024 Revenue Account. The Authority shall identify, in writing, to the Trustee Recoveries of Principal and Revenues as they are received by the Authority and into which Accounts the Recoveries of Principal and Revenues should be deposited. At conclusion or other termination of the Recycling Period, any funds remaining in the 2024 Repayment Subaccount within the 2024 NJCLASS Fixed Rate Standard Student Loan Account shall be transferred to the 2024 Revenue Account and the 2024 Repayment Subaccount will be closed.

(F) Student Loan Fund.

(i) \$145,000,000.00 from proceeds of the Series 2024 Bonds, shall be deposited in the 2024 NJCLASS Fixed Rate Standard Student Loan Account to Originate Fixed Rate Standard NJCLASS Loans (including \$50,150,000.00 to be held in the 2024 Option 1 Loan Subaccount and used to Originate Option 1 Loans, \$69,850,000.00 to be held in the 2024 Option 2 Loan Subaccount and used to Originate Option 2 Loans and \$25,000,000.00 to be held in the 2024 Option 3 Loan Subaccount and used to Originate Option 3 Loans);

(ii) \$15,000,000 from proceeds of the Series 2024 Bonds shall be deposited in the 2024 Consolidation Loan Account to be used to Originate Consolidation Loans; and

(iii) \$40,000,000 from proceeds of the Series 2024 Bonds shall be deposited in the 2024 Refinance Loan Account to Originate Refinance Loans

19

4878-0672-7328

Section 3.4 2024 Reserve Requirement. Upon issuance of the Series 2024 Bonds, the 2024 Reserve Requirement shall be the amount of \$4,563,800 (equal to two percent (2%) of the original principal amount of Series 2024 Bonds) and shall be funded with proceeds of the Series 2024 Bonds. Thereafter, as of any date of calculation, the 2024 Reserve Requirement shall equal the greater of (i) two percent (2%) of the principal amount of Outstanding Series 2024 Bonds on such date and (ii) \$1,000,000.

Section 3.5 Intentionally Omitted.

Section 3.6 Intentionally Omitted.

Section 3.7 Intentionally Omitted.

Section 3.8 Amount of Program Expenses. The Authority hereby agrees and covenants that the payment of Program Expenses for the NJCLASS Loan Program pursuant to the 2021 Indenture as of any date shall not exceed the amount of Program Expenses for the NJCLASS Loan Program set forth in the most recent Cash Flow Statement delivered prior to such date. Any change to the Program Expenses listed on Schedule D requested by the Authority shall be subject to the delivery by the Authority of a Cash Flow Statement to the Trustee and a Rating Agency Confirmation from the Rating Agency.

Section 3.9 Rating Agency Permitted Investments. As long as the Series 2024 Bonds are rated by S&P, all requirements for a rating by S&P in the definition of Investment Securities shall not be deemed satisfied with respect to an investment rated by S&P unless S&P has provided the required rating or waived such requirement. The Authority shall only invest the proceeds of the Series 2024 Bonds in Investment Securities, unless waived by the Rating Agency. Each of the Investment Securities may be purchased by the Trustee or through an affiliate of the Trustee. Absent written direction from the Authority (which may be in the form of standing instructions), funds will remain uninvested.

Section 3.10 Intentionally Omitted.

Section 3.11 No Indemnification as Condition Precedent. Anything in the 2021 Indenture or herein to the contrary notwithstanding, the Trustee agrees that it may not require reimbursement and being held harmless from the Authority pursuant to Section 11.5 of the 2021 Indenture as a condition precedent to (i) making payments of the principal, Redemption Price of and interest on the Series 2024 Bonds as required herein or (ii) mailing any notices of redemption or purchase as required hereby, it being understood and agreed, however, that while the Trustee may not require same prior to or as a condition of performing the acts referred to in clauses (i) or (ii) above, the Trustee shall continue to be entitled to same from the Authority or indemnification from the Bondholders, as otherwise provided in the 2021 Indenture, for such acts.

Section 3.12 Loan Servicers and Servicing Acknowledgements.

(A) The Authority agrees that, unless the Authority satisfies the Rating Agency Notice Conditions in connection with a change in Servicer, the only permitted Servicer of 2024 NJCLASS Loans is the Authority.

(B) (i) The Trustee shall, at the direction of the Owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, replace the

21

4878-0672-7328

Authority as Servicer upon the occurrence of an Event of Default set forth in Section 10.1(A)-(G) of the Original Indenture and, with respect to the occurrence of an Event of Default set forth in Section 10.1(G) of the Original Indenture, the Authority fails to take action resulting in the withdrawal or dismissal of such bankruptcy proceeding within 60 days.

(ii) The Trustee shall, at the direction of the Owners of at least 51% in principal amount of the Highest Priority Bonds then Outstanding, procure a third party successor Servicer and the Authority shall be required to act as master Servicer to oversee the successor Servicer and enter into any such contracts with the successor Servicer as may be required in the event of a Servicer Event of Default (as defined in and as provided in the Acknowledgement of Servicing by and between the Authority and the Trustee with respect to the 2024 NJCLASS Loans (the "Acknowledgement")). Notwithstanding the foregoing, the removal of the Authority as Servicer or the procurement of a successor Servicer shall not be effective until the successor Servicer shall have agreed in writing to be bound by the terms of a Servicing Acknowledgement in the same manner as the Authority, in its capacity as Servicer, is bound under the Acknowledgement; and provided further that if the Trustee is unable or unwilling to appoint a successor Servicer, the Trustee shall petition a court of competent jurisdiction to appoint a successor Servicer whose regular business includes the servicing of loans for post-secondary education.

(C) The Acknowledgement shall not be materially amended by the parties thereto unless the Authority satisfies the Rating Agency Notice Conditions in connection with such amendment.

(D) The Trustee shall provide notice to the Rating Agency if the Servicer is replaced or if a third-party successor Servicer is contracted by the Authority in accordance with Section 3.12(B) above and the Acknowledgement.

(E) All costs in connection with any transfer of servicing in accordance with Section 3.12(B) above shall constitute Program Expenses for purposes of the 2021 Indenture. In the event that the Parity Percentage of the Trust Estate is less than 105.0% or such other percentage as may be determined by the Authority if the Authority satisfies the Rating Agency Notice Conditions in connection with such determination and therefore insufficient to pay the costs of transfer of servicing, the payment of these expenses shall be the responsibility of the Authority or its successor.

(F) Each promissory note or notes evidencing a Student Loan Originated in accordance with the 2021 Indenture was or will be delivered to the Trustee prior to the related disbursement; furthermore, each such promissory note or notes was or may be executed by wet or electronic signature; provided that, the Trustee shall only hold possession of each original wet copy of such notes and the Authority shall hold the authoritative electronic notes; provided, however, upon the Trustee's request, the Authority shall provide copies of the authoritative electronic notes to the Trustee and shall retain the originals thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

22

4878-0672-7328

of any authorized period of forbearance or deferment, with respect to Option 3 Loans, (iv) 25 years after the date of the first disbursement with respect to Consolidation Loans less than \$60,000, (v) 30 years after the date of the first disbursement with respect to Consolidation Loans greater than or equal to \$60,000 or (vi) 10 years or 15 years after the date of first disbursement with respect to Refinance Loans.

(D) The Authority shall not Originate any 2024 NJCLASS Loans with a credit score less than 670.

(E) Other than with respect to Consolidation Loans, there shall be no Administrative Fee for 2024 NJCLASS Loans. The Administrative Fee for Consolidation Loans shall equal 1% of the original principal amount of each Consolidation Loan and shall be retained by the Authority. Once a 2024 NJCLASS Loan has been made, the Authority may not grant any waivers or alterations to the payment structure for such 2024 NJCLASS Loan, except the deferral and forbearance options described under the Program Documentation, unless the Authority has satisfied the Rating Agency Notice Conditions in connection with such deviation.

(F) The Authority shall not provide borrower benefit programs for the 2024 NJCLASS Loans or Transferred Loans other than (i) the Repayment Assistance Program ("RAP") described in Section 4.1(K), (ii) the Household Income Affordable Repayment Plan ("HIARP") described in Section 4.1(L), (iii) the ACH Discount described in Section 4.1(M) and (iv) any other program following the satisfaction of the Rating Agency Notice Conditions by the Authority with respect to such additional program; loan forgiveness in order to reduce excess yield earnings shall not be deemed a borrower benefit program. Federal or state mandated loan forgiveness or tolling programs or changes to the Program Documentation to ease deferment or forbearance provisions during times of federal or state declared emergency shall not be deemed a borrower benefit program.

(G) No adverse selection process will be used in originating the 2024 NJCLASS Loans.

(H) The Authority shall comply with the Origination limitations set forth in Section 3.7 of this Third Supplemental Indenture.

(I) No 2024 NJCLASS Loans will be Originated to students attending a school with a Federal cohort default rate greater than 25%, or such other percentage as set forth from time to time in the regulations established by the Authority.

(J) The Authority shall not Originate more than five percent (5%) of all Fixed Rate Standard NJCLASS Loans for students attending proprietary or trade schools.

(K) The Authority shall offer a temporary loan deferment called the RAP (as such term is defined in the Program Documentation) to certain qualifying borrowers of 2024 NJCLASS Loans (other than Consolidation Loans and Refinance Loans) and Transferred Loans. Eligibility for RAP is described in the Authority's Program Documentation.

(L) The Authority shall offer a household income-based repayment program called HIARP. HIARP shall be available to qualifying borrowers of 2024 NJCLASS Loans (other than Refinance Loans and Consolidation Loans) and Transferred Loans. The

24

4878-0672-7328

ARTICLE IV

REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE AUTHORITY

Section 4.1 2024 NJCLASS Loan Requirements. The Authority hereby represents, warrants and covenants that, unless the Authority satisfies the Rating Agency Notice Conditions in connection with a deviation from the below:

(A) With respect to each disbursement from the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account or 2024 Refinance Loan Account to Originate 2024 NJCLASS Loans, as of the related disbursement date:

(i) the Authority and such disbursement will comply with the requirements of applicable federal and State law,

(ii) the disbursement will be a proper charge against the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account or Refinance Loan Account,

(iii) all requirements of the 2021 Indenture and this Third Supplemental Indenture in connection with origination of 2024 NJCLASS Loans will have been met,

(iv) the Authority will be in compliance with the covenants set forth in the 2021 Indenture and in this Third Supplemental Indenture,

(v) no Event of Default will have occurred and be continuing,

(vi) the Recycling Period will not have terminated, and

(vii) the promissory note or notes with respect to each such 2024 NJCLASS Loan Originated will be delivered to the Trustee prior to the related disbursement; provided that such promissory note or notes may be executed by wet or electronic signature and the Trustee shall only hold possession of each original wet copy of such notes and the Authority shall hold the authoritative electronic notes; provided, however, upon the Trustee's request, the Authority shall provide copies of the authoritative electronic notes to the Trustee and shall retain the originals thereof;

(B) Each 2024 NJCLASS Loan will:

(i) be a Fixed Rate Standard NJCLASS Loan, Consolidation Loan or Refinance Loan;

(ii) comply with the covenants set forth in this Article IV and the credit criteria contained in Schedule C hereto; and

(iii) be Originated in the principal amount of such 2024 NJCLASS Loan plus unpaid accrued interest.

(C) No 2024 NJCLASS Loan will have a maturity date that is more than (i) 10 years after the date of the first disbursement, inclusive of any authorized period of forbearance or deferment, with respect to Option 1 Loans, (ii) 15 years after the date of the first disbursement, inclusive of any authorized period of forbearance or deferment, with respect to Option 2 Loans, (iii) 20 years after the date of the first disbursement, inclusive

23

4878-0672-7328

maximum amount of eligible loans subject to HIARP cannot exceed \$5,000,000.00. Through the HIARP program, monthly payments on eligible 2024 NJCLASS Loans and Transferred Loans shall be reduced to 15% of the total of the household income of all of the parties to the loan that exceed 150% of the federal poverty guideline for their family size, with a minimum monthly payment of \$25 ("Reduced Payments"). The repayment term for loans in the HIARP program will be extended to 25 years from the date of origination and any remaining balance at the end of 25 years will be forgiven. Interest on loans in the HIARP program shall continue to accrue during the HIARP period and upon a household no longer qualifying for eligibility under HIARP, such interest shall be capitalized. Borrowers can only enter HIARP after exhausting their two (2) years of RAP eligibility. Eligibility for the HIARP is described in the Authority's Program Documentation.

(M) The Authority shall offer an interest rate discount of up to 25 basis points to certain qualifying borrowers of 2024 NJCLASS Loans who electronically submit re-occurring loan payments to the Authority (the "ACH Discount"). The availability of the ACH Discount shall be limited to 25% of the outstanding principal balance of 2024 NJCLASS Loans Originated. Eligibility for the ACH Discount is described further in the Authority's Program Documentation.

Section 4.2 Loan Rates. The Loan Rate for all 2024 NJCLASS Loans shall be as follows:

Fixed Rate Standard NJCLASS Loans:

(i) for Option 1 Loans, 5.99% for the term of the loan.

(ii) for Option 2 Loans, 6.99% for the term of the loan

(iii) for Option 3 Loans, 7.99% for the term of the loan

Consolidation Loans:

The interest rate on Consolidation Loans will be a fixed rate based upon the weighted average interest rate of all the underlying loans being consolidated less 50 basis points. The interest rate of an underlying NJCLASS Loan is calculated using a blending of the applicable initial and step-up interest rates disclosed to the borrower. If the interest rate of an underlying NJCLASS Loan currently reflects the step-up interest rate, the step-up interest rate will be used solely in the calculation. If a variable rate NJCLASS Loan or an NJCLASS Loan with a 10-year repayment term is being included in the NJCLASS consolidation, the rate used in the weighted average calculation will be the equivalent 15- or 20-year fixed rate interest rate for the immediate repayment of principal and interest in effect at the time of disbursement of the underlying NJCLASS Loan Program loan. Interest on a Consolidation Loan will begin to accrue at the time of the loan disbursement.

Refinance Loans:

The interest rate on Refinance Loans will be a fixed rate based upon the repayment term as follows:

25

4878-0672-7328

10 Year Interest Rate	15 Year Interest Rate
5.99%	6.75%

Section 4.3 Additional Bonds.

(A) So long as any Series 2024 Bonds are Outstanding, the Authority shall not issue any Additional Bonds, unless:

(i) the Authority shall have delivered a Cash Flow Statement to the Rating Agency prior to the issuance of such Additional Bonds, taking into account the issuance of all such Additional Bonds, and the assumptions and scenarios in such Cash Flow Statement shall be acceptable to the Rating Agency; and

(ii) the Authority shall have delivered to the Trustee a Rating Agency Confirmation from the Rating Agency for the Series 2024 Bonds.

(B) So long as any Series 2024 Bonds are Outstanding, the Authority shall not execute and deliver any Supplemental Indenture for any purpose unless the Authority has satisfied the Rating Agency Notice Conditions.

Section 4.4 Report to Rating Agency.

(A) So long as any Series 2024 Bonds are Outstanding, the Authority will deliver to the Trustee and the Rating Agency, and shall file or cause the Trustee to file with the Municipal Securities Rulemaking Board uploaded to the EMMA website or such other national repository for the deposit of secondary market disclosure information permitted by Securities and Exchange Commission Rule 15(c)2-12, a servicing report (the "Servicing Report"), not later than each Quarterly Report Date, in each case calculated as of the last day of the related Calendar Quarter, which shall state the following:

(i) The number and Aggregate Pool Loan Balance of 2024 Student Loans outstanding as of the end of such Calendar Quarter;

(ii) The number and principal balance of 2024 NJCLASS Loans Originated by Option type and the number and principal balance of 2024 Student Loans which are in Option 1, Option 2 and Option 3 status;

(iii) The number and dollar amount of 2024 Student Loans which are delinquent 0-30, 31-60, 61-90, 91-120, 121-180 and 181 or more days and the cumulative number and dollar amount of 2024 NJCLASS Loans which have been 181 or more days delinquent;

(iv) The cumulative number and dollar amount of 2024 Student Loans charged off since the Issue Date of the Series 2024 Bonds;

(v) The Gross Defaulted Loan Collections on defaulted 2024 Student Loans as of the end of such Calendar Quarter (broken out by principal and interest recovered) and the gross and net cumulative amounts of defaults on 2024 Student Loans as of the end of such Calendar Quarter and as a percentage of the original amount of 2024 Student Loans disbursed;

26

4878-0672-7328

(B) During any applicable Origination Period and Recycling Period, the Authority will deliver to the Trustee and the Rating Agency a report, no later than the fifteenth (15th) Business Day of each month, which report shall include, as of the last Business Day of the preceding month, the number and principal balance of 2024 NJCLASS Loans Originated during the Origination Period and/or Recycling Period, as applicable, and detailing the following characteristics for such 2024 NJCLASS Loans:

-number and principal balance of 2024 NJCLASS Loans Originated by Option type; and

-number and principal balance of 2024 NJCLASS Loans Originated by type of loan (i.e. Fixed Rate Standard NJCLASS Loan, Consolidation Loan, Refinance Loan).

(C) The Authority will deliver to the Trustee and the Rating Agency a report within forty-five (45) days after the end of the final Origination Period which report shall include the number and balance of 2024 NJCLASS Loans Originated during the Origination Period detailing the following characteristics for such 2024 NJCLASS Loans:

-Percentage of 2024 NJCLASS Loans co-signed; and

-Original credit score (in increments of 10).

(D) So long as any Series 2024 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, annual audited financial statements of the NJCLASS Loan Program and Federal Family Education Loan Program prepared by an independent certified public accountant, within one hundred eighty (180) days of the completion of the NJCLASS Loan Program's and Federal Family Education Loan Program's Fiscal Year.

(E) So long as any Series 2024 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, within a reasonable time after request therefor, a report containing information with respect to updated static pool default and recovery information on 2024 NJCLASS Loans.

(F) So long as any Series 2024 Bonds are Outstanding, the Authority will furnish or cause to be furnished to the Rating Agency, semi-annually, a report including the total number and principal balance of outstanding Student Loans; and the number and principal balance of outstanding Student Loans by type of loan (i.e. Fixed Rate Standard NJCLASS Loan, Consolidation Loan, Refinance Loan); and the total principal balance of any loans forgiven to reduce excess yield earnings.

(G) Reports to S&P should be distributed as follows:

(i) For electronic delivery: servicer_reports@spglobal.com

(ii) For all other deliveries: 55 Water Street, 41st Floor
New York, New York 10041-0003
Attention: ABS Surveillance Group

Section 4.5 Loan Transfers. So long as the Series 2024 Bonds are Outstanding, the Authority shall not sell or transfer any Student Loan except (i) as authorized under the 2021 Indenture and (ii) for cash, except that the Authority may transfer

28

4878-0672-7328

(vi) The dollar amount of the Series 2024 Bonds issued, the cumulative changes in the amount Outstanding and descriptions of such changes, as well as the Bonds Outstanding as of the end of such Calendar Quarter;

(vii) The beginning balance of the 2024 Debt Service Reserve Account, the cumulative withdrawals and deposits, and the balance of the 2024 Debt Service Reserve Account as of the end of such Calendar Quarter;

(viii) As of the end of such Calendar Quarter, the weighted average interest rate of all 2024 Student Loans Originated in the Aggregate Loan Balance;

(ix) As of the end of such Calendar Quarter, for all outstanding 2024 Student Loans, the weighted average original credit score and weighted average number of months to maturity;

(x) As of the end of such Calendar Quarter, a schedule of the net position (balance sheet), including the combined balance of cash on deposit in each Account and Subaccount for the Series 2024 Bonds, Accrued Assets, Accrued Liabilities, Parity Percentage and Senior Parity Percentage;

(xi) As of the end of such Calendar Quarter, a year to date statement of Revenues and Program Expenses and changes in net position;

(xii) Calculation of Cash Release Conditions and statement as to whether the Cash Release Conditions were met;

(xiii) Any funds released from the Trust Estate to the Authority;

(xiv) So long as the Series 2024 Bonds are rated by S&P, the Authority shall give S&P prompt written notice of any withdrawal from the 2024 Debt Service Reserve Account to pay Principal Installments of or interest on the Series 2024 Bonds, and of any deficiency amount certified by the Authority pursuant to Section 7.15 of the Original Indenture, and of any amount received from the State following such deficiency certification;

(xv) Amount of funds requested from the State to restore the Debt Service Reserve Fund and the amounts of funds so paid;

(xvi) Aggregate Loan Balance of all Student Loans purchased pursuant to Section 5.5(A)(viii) of the Original Indenture;

(xvii) number and principal balance of 2024 NJCLASS Loans utilizing RAP and HIARP;

(xviii) commencing with the Quarterly Report Date of November 15, 2024 for the Calendar Quarter ending September 30, as of the end of such Calendar Quarter, a schedule of total principal collections and interest collections on Student Loans; and

(xix) commencing with the Quarterly Report Date of November 15, 2024 for the Calendar Quarter ending September 30, as of the end of such Calendar Quarter, disbursements of Program Expenses and other Bond Fees, interest distribution to Bondholders and principal distribution to Bondholders.

27

4878-0672-7328

Student Loans to another trust estate of the Authority in accordance with the requirements of Section 7.8 of the Original Indenture.

Section 4.6 Origination Period. All 2024 NJCLASS Loans shall be Originated within the time periods set forth under the definition for Origination Period in Section 1.2 of this Third Supplemental Indenture. A Student Loan shall be deemed Originated upon execution by a borrower of the promissory note. In the event a Student Loan is cancelled by the borrower after the end of the Origination Period and disbursed funds returned to the Authority, such disbursed funds shall be transferred, at the written direction of an Authorized Officer, to the 2024 Revenue Account.

Section 4.7 Original Issue Discount. The Authority will supply to the Trustee, at the time and in the manner required by applicable Treasury Regulations, for further distribution to such persons and, to the extent required by applicable Treasury Regulations, information with respect to any original issue discount accruing on the Series 2024 Bonds.

Section 4.8 Acceleration Due to Prepayment of Other Obligations. The Authority represents that the Series 2024 Bonds are of the type of debt instruments where payments under such debt instruments may be accelerated by reason of prepayments of other obligations securing such debt instruments.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

29

4878-0672-7328

ARTICLE V

MISCELLANEOUS

Section 5.1 Amendment to Original Indenture Pursuant to Section 8.1(I) Thereof. In accordance with Section 8.1(I) of the Original Indenture, in order to clarify the meaning of certain terms, the Original Indenture is amended effective immediately, to add the following clause (E) to Section 1.3 thereof, entitled "Interpretation":

"(E) All references to money, securities, Accounts and/or Funds held by the Trustee in the Original Indenture, including, without limitation, to those references made in Sections 5.2(C), 5.3(E) and (F), 5.9, 5.10(B), 5.11(B), 5.12, 5.13, 5.14, 6.6 and 10.3, shall be deemed to mean money, securities, Accounts and/or Funds, as applicable, held or maintained by either the Trustee or, to the extent that the Trustee is not a depository institution and such amounts consist of cash, another Depository meeting the ratings requirements set forth in any Supplemental Indenture."

Section 5.2 Amendments to Previous Supplemental Indentures.

(A) The definition of Recycling Period in the Second Supplemental Indenture shall be amended to conform to the definition of Recycling Period in this Third Supplemental Indenture.

(B) The definition of Cash Release Conditions in the First Supplemental Indenture and the Second Supplemental Indenture shall be amended to conform to the definition of Cash Release Conditions in this Third Supplemental Indenture.

Section 5.3 Third Supplemental Indenture Construed with Original Indenture. All of the provisions of this Third Supplemental Indenture shall be deemed to be and construed as part of the Original Indenture to the same extent as if fully set forth therein.

Section 5.4 Original Indenture as Supplemented to Remain in Effect. Save and except as supplemented, amended or restated by the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture, the Original Indenture shall remain in full force and effect.

Section 5.5 Instrument of Acceptance by Fiduciaries.

(A) Computershare Trust Company, National Association hereby accepts its appointment as Paying Agent, Registrar and Authenticating Agent and the duties and obligations thereof and agrees that this constitutes the written instrument of acceptance required by Section 11.2(B) of the Original Indenture. The Paying Agent, Registrar and Authenticating Agent shall be entitled to the rights, protections, benefits and immunities afforded to the Trustee under the 2021 Indenture. The rights, benefits, protections, immunities and indemnities afforded the Trustee hereunder and under the 2021 Indenture shall extend to the Trustee under any other transaction document or related agreement as though set forth therein in their entirety mutatis mutandis. Computershare Trust Company, National Association may, in such multiple capacities, discharge its separate functions fully, without hindrance, except in the case of

negligence (other than errors in judgment) and willful misconduct by Computershare Trust Company, National Association.

(B) So long as the Series 2024 Bonds are rated by S&P, the Depository is required to maintain a credit rating by S&P of no less than "A." If at any time the Depository's rating falls below the rating requirements set forth in the preceding sentence, the Depository shall notify the Authority, and the Authority shall remove the Depository and appoint a successor Depository within thirty (30) days. The removed Depository shall be entitled to all money then due to it under the 2021 Indenture. For the avoidance of doubt, if the Trustee does not serve as Depository, but appoints a custodian to hold the Bond Proceeds or Revenues on its behalf, such custodian shall be deemed the Depository for the purposes of this Section 5.4(B).

Section 5.6 Execution in Counterparts; Electronic Signature. This Third Supplemental Indenture shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, the New Jersey Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of Bonds when required under the UCC or other Signature Law due to the character or intended character of the writings.

Section 5.7 Severability. If any Section, paragraph, clause, or provision of this Third Supplemental Indenture shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Third Supplemental Indenture.

Section 5.8 Confirmation of Actions. All actions (not inconsistent with the provisions of this Third Supplemental Indenture) heretofore taken by the Authority directed toward the issuance and sale of the Series 2024 Bonds are hereby ratified, approved, and confirmed.

Section 5.9 Governing Law; Jurisdiction. This Third Supplemental Indenture shall be construed in accordance with the laws of the State of New Jersey. The parties hereto agree to the non-exclusive jurisdiction of the State of New Jersey.

Section 5.10 WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES

30

4878-0672-7328

HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS THIRD SUPPLEMENTAL INDENTURE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.11 AML Law. The parties hereto acknowledge that in accordance with laws, regulations and executive orders of the United States or any state or political subdivision thereof as are in effect from time to time applicable to financial institutions relating to the funding of terrorist activities and money laundering, including without limitation the USA Patriot Act (Pub. L. 107-56) and regulations promulgated by the Office of Foreign Asset Control (collectively, "AML Law"), the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, is required to obtain, verify, and record information relating to individuals and entities that establish a business relationship or open an account with the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent. Each party hereby agrees that it shall provide the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, with such identifying information and documentation as the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, may request from time to time in order to enable the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, to comply with all applicable requirements of AML Law.

Section 5.12 Notices. Any notice, demand, direction, request, or other instrument authorized or required by this Third Supplemental Indenture to be given to or filed with the Authority, the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent, shall be deemed to have been sufficiently given or filed for all purposes, if any, when delivered or sent by registered or certified mail, return receipt requested, postage prepaid, and, if given by telex, telegraphic or electronic means, shall be deemed given when transmitted (receipt confirmed) to the following addresses; provided that facsimile or electronic transmissions of notices shall only be deemed to have been sufficiently given or filed for all purposes if the Authority and the Fiduciaries have agreed to accept notices by facsimile or electronic communication, such notice has been sent by a person authorized to give such notice and receipt of such notice has been confirmed.

If to the Authority: New Jersey Higher Education Student Assistance Authority, 4 Quakerbridge Plaza, P.O. Box 545, Trenton, New Jersey 08625, Attention: Chief Financial Officer (facsimile no. (609) 584-4831), (email: Jerry_traino@hesaa.org).

If overnight delivery to the Authority: New Jersey Higher Education Student Assistance Authority, #4 Quakerbridge Plaza, Mercerville, New Jersey 08619, Attention: Chief Financial Officer.

If to the Trustee, Paying Agent, Dissemination Agent, Registrar or Authenticating Agent: Computershare Trust Company, National Association, 1505 Energy Park Drive, St. Paul, MN 55108 Attention: Computershare Corporate Trust – Asset-Backed Administration (telephone no. 612-417-4350) (email: Christopher.Wall@computershare.com).

The Authority and the Fiduciaries may, by like notice to each other, designate any further or different addresses to which subsequent notices shall be sent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

32

4878-0672-7328

31

4878-0672-7328

IN WITNESS WHEREOF, an Authorized Officer of the Authority and an authorized officer of the Trustee have hereunto executed this Third Supplemental Indenture as of the date first written above.

HIGHER EDUCATION STUDENT ASSISTANCE
AUTHORITY

By: _____
Gerald V. Traino
Chief Financial Officer

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Scott Olmsted
Vice President

SCHEDULE A

TERMS OF SENIOR SERIES 2024 BONDS AND SUBORDINATE SERIES 2024 BONDS

The Senior Series 2024 Bonds and the Subordinate Series 2024 Bonds will initially be dated and will bear interest from the Issue Date. Interest will be payable on June 1 and December 1 of each year, commencing December 1, 2024. Each Series of the Series 2024 Bonds will bear interest at the respective interest rates per annum, and will mature on December 1 in each of the years and in the respective principal amounts shown below:

\$25,750,000 SENIOR STUDENT LOAN REVENUE REFUNDING BONDS, SERIES 2024A (AMT)					
Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.*
2027	\$3,800,000	5.000%	3.910%	103.535%	646080 XM8
2028	3,800,000	5.000	3.870	104.628	646080 XM6
2029	3,800,000	5.000	3.850	105.653	646080 XP1
2030	3,750,000	5.000	3.870	106.441	646080 X09
2031	3,700,000	5.000	3.880	107.230	646080 XR7
2032	3,600,000	5.000	3.910	107.820	646080 X55
2033	3,300,000	5.000	3.970	108.087	646080 XT3

\$174,100,000 SENIOR STUDENT LOAN REVENUE BONDS, SERIES 2024B (AMT)					
Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.*
2027	\$16,000,000	5.000%	3.910%	103.535%	646080 XU0
2028	16,000,000	5.000	3.870	104.628	646080 XV8
2029	15,500,000	5.000	3.850	105.653	646080 XV6
2030	15,000,000	5.000	3.870	106.441	646080 XX4
2031	15,000,000	5.000	3.880	107.230	646080 XY2
2032	12,180,000	5.000	3.910	107.820	646080 XZ9
2033	3,530,000	5.000	3.970	108.087	646080 YA3

\$80,890,000 4.250% Senior Student Loan Revenue Bonds, Series 2024B (AMT) Term Bonds
Due December 1, 2045 Yield 4.380% Price 98.200% CUSIP No. 646080 YB1

\$28,340,000 SUBORDINATE STUDENT LOAN REVENUE BONDS, SERIES 2024C (AMT)					
Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.*
2054	\$28,340,000	5.250%	5.320%	98.949%	646080 YC9

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers are included solely for the convenience of Bondholders, and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products.

A-1

4878-0672-7328

to the Registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Computershare Trust Company, National Association in its capacity as bond registrar (together with its successors as Registrar, the "Registrar"), by check or draft mailed to the Registered Owner at the registered address; provided that, at the written request of the Registered Owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Capitalized terms used in this Bond and not defined herein shall have the meanings given thereto in the 2021 Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its Senior Student Loan Revenue [Refunding] Bonds, Series 2024[A][B] (the "2024[A][B] Bonds") issued as fully registered Bonds without coupons in the denominations of \$5,000 or integral multiples thereof ("Authorized Denominations") in the aggregate principal amount of [\$] [\$] under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act") and by virtue of a resolution duly adopted by the Authority on March 27, 2024 (the "Bond Resolution") and equally and ratably secured under an Indenture of Trust (the "Original Indenture"), dated as of May 1, 2021, as amended and supplemented, including by a Third Supplemental Indenture (the "Third Supplemental Indenture"), dated as of May 1, 2024, each by and between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (together with its successors in trust, the "Trustee") as the same from time to time has been or may be further amended, modified or supplemented by Supplemental Indentures (such Original Indenture, as amended and supplemented by any and all such Supplemental Indentures, including, without limitation, the Third Supplemental Indenture, is hereinafter referred to as the "2021 Indenture") for the purpose of, among other things, Originating Eligible Loans pursuant to the Act.

Simultaneously with the issuance of the 2024[A][B] Bonds, the Authority has issued its [\$25,750,000] [\$174,100,000] Senior Student Loan Revenue [Refunding] Bonds, Series 2024[A][B] (the "2024[A][B] Bonds") and together with the 2024[A][B] Bonds, the "Senior 2024 Bonds") on parity with the 2024[A][B] Bonds and has issued its \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (the "Subordinate Series 2024 Bonds" and together with the Senior 2024 Bonds, the "Series 2024 Bonds"; the Series 2024 Bonds, together with any Outstanding Bonds issued pursuant to the 2021 Indenture and any Additional Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Bonds"). The Subordinate Series 2024 Bonds shall constitute "Subordinate Bonds" for all purposes of the 2021 Indenture, except as specifically set forth below with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Senior Series 2024 Bonds. The 2021 Indenture pledges for the payment of the Bonds, subject to the terms and conditions of the 2021 Indenture, the Student Loans (defined in the 2021 Indenture) and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds, and accounts of the Authority set forth in the 2021 Indenture (collectively, the "Trust Estate").

Reference is hereby made to the 2021 Indenture for the provisions, among other things, with respect to the nature and extent of the Trust Estate securing payment of the Bonds, the

B-1-3

4878-0672-7328

SCHEDULE B-1

FORM OF SENIOR SERIES 2024 BONDS

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 2021 INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
SENIOR STUDENT LOAN REVENUE [REFUNDING] BOND, SERIES 2024[A][B]

No. R-[A][B]1 \$

Dated Date	Interest Rate	Maturity Date	CUSIP
May 30, 2024	_____%	December 1, 20__	_____

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT:

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each June 1 and December 1, commencing December 1, 2024 (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Computershare Trust Company, National Association (together with its successors as Paying Agent, the "Paying Agent"), in Minneapolis, Minnesota. Interest on this Bond is payable

manner of enforcement of such security, the custody and application of the proceeds of the Bonds, the terms and conditions upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee, the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent, or its successors in such capacity (the "Authenticating Agent"), and the rights of the holders of the Bonds. A copy of the 2021 Indenture is on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 2021 Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the 2021 Indenture.

Pursuant to the 2021 Indenture, Additional Bonds equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Original Indenture, by the pledge and covenants made in the 2021 Indenture with the Series 2024 Bonds may be issued from time to time in one or more Series for the purposes set forth therein.

The 2021 Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Bonds at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The 2021 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

The Series 2024 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2024B Bonds maturing on December 1, 2045 and, if the Subordinate Bond Redemption Condition (as defined herein) has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2024 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2034 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2024 Bonds. Any optional partial redemption of Series 2024 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of this Third Supplemental Indenture.

For purposes of paragraphs (i) *Optional Redemption*, (iii) *Special Optional Redemption From Excess Revenue*, and (iv) *Special Mandatory Redemption From Excess Revenue*, "Subordinate Bond Redemption Condition" shall mean: the Senior Parity Percentage is at least equal to 133.0% after giving effect to the proposed redemption; provided that such Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2024B Bonds and Subordinate Series 2024 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds

B-1-4

4878-0672-7328

of the Senior Series 2024B Bonds and Subordinate Series 2024 Bonds remaining in the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account or 2024 Refinance Loan Account, as applicable, at the expiration of each Origination Period; provided that if no 2024 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2024B Bonds and the Subordinate Series 2024 Bonds (except for the 2024 Rebate Account and the 2024 Excess Yield Account) established under Section 3.1 of the Third Supplemental Indenture shall be applied to the redemption of the Senior Series 2024B Bonds and Subordinate Series 2024 Bonds. The amount to be applied to the redemption of Senior Series 2024B Bonds and Subordinate Series 2024 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2024 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2024B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2024B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2024B Bonds and Subordinate Series 2024 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2024B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2024B Bonds and Subordinate Series 2024 Bonds pursuant to this paragraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2024B Bonds and Subordinate Series 2024 Bonds.

(iii) Special Optional Redemption From Excess Revenue. . The Senior Series 2024B Bonds maturing on December 1, 2045 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2024 Bonds are subject to redemption prior to maturity, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2024 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this paragraph the Cash Release Conditions (as defined herein) are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2024 Bonds pursuant to this subsection (iii) shall be applied at the direction of the Authority as to the selection of Series 2024 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2024 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2024 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2024B Bonds maturing on December 1, 2045.

For purposes of paragraphs (iii) *Special Optional Redemption from Excess Revenues* and (iv) *Special Mandatory Redemption from Excess Revenue*, "Excess Revenue"

4878-0672-7328

B-1-5

in the Principal Office of the Trustee, and to all of the provisions of which any Registered Owner of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Series 2024 Bonds; the Authority's student loan origination and acquisition program; the revenues and other money pledged to the payment of the principal and redemption premium, if any, of and interest on the Series 2024 Bonds; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Third Supplemental Indenture may be amended or supplemented with or without the consent of the Registered Owners of the Series 2024 Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action, or proceeding in equity or at law with respect hereto and thereto; the rights, duties, and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, and covenants made therein may be discharged at or prior to the stated maturity or earlier redemption of this Bond, and this Bond thereafter shall no longer be secured by the Third Supplemental Indenture or be deemed to be Outstanding, as defined in the 2021 Indenture, thereunder; and for the other terms and provisions thereof.

Subject to the limitations provided in the 2021 Indenture and upon payment of the charges required by the 2021 Indenture, 2024[A][B] Bonds may be exchanged for a like aggregate principal amount of 2024[A][B] Bonds of the same interest rate, maturity date and other Authorized Denominations.

This Bond is transferable by the Registered Owner hereof or his duly authorized attorney on the registration books of the Authority kept at the corporate trust office of the Registrar, upon surrender of this Bond accompanied by a duly executed instrument of transfer in form and with warranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Authority, the Trustee, the Registrar, or the Paying Agent may prescribe. Upon any such transfer, a new 2024[A][B] Bond or Bonds of the same Authorized Denomination or Authorized Denominations of the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the 2021 Indenture. The Authority, the Registrar, the Trustee, and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Authority, the Registrar, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority nor any officer or employee of the Authority shall be liable personally on said bonds by reason of the issuance thereof. This Bond is not and shall not be in any way a debt or liability of the State of New Jersey or of any political subdivision thereof and does not and shall not create or constitute any indebtedness, liability, or obligation of said State, or of any political subdivision thereof. This Bond does not now and shall never constitute a charge against the general credit of the Authority.

The owner of this Bond shall have no right to enforce the provisions of the 2021 Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the 2021 Indenture or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the 2021 Indenture. If an event of default under the 2021 Indenture occurs, the principal of all Bonds then Outstanding issued under the 2021 Indenture may be declared due and payable upon the conditions and in the manner and with the effect provided in the 2021 Indenture.

4878-0672-7328

B-1-7

shall mean: on each Payment Date, any funds remaining in the 2024 Revenue Account less \$500,000 (which shall remain in the 2024 Revenue Account), after payment of the Debt Service due and payable on the Series 2024 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2024 Bonds on the next succeeding December 1 is reserved to remain in the 2024 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, and "Cash Release Conditions" shall mean the Parity Percentage is at least equal to 113% and the amount of Accrued Assets less the amount of Accrued Liabilities (each as defined under the 2021 Indenture), is not less than \$14,000,000 provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2024B Bonds maturing on December 1, 2045 and the Subordinate Series 2024 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2024 Bonds pursuant to this paragraph (iv) shall be applied *first*, to the redemption of Senior Series 2024B Bonds maturing on December 1, 2045, *pro rata*, until such Senior Series 2024 Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2024 Bonds.

(v) No Mandatory Sinking Fund Redemption. The Series 2024 Bonds are not subject to mandatory sinking fund redemption.

(vi) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2024 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2024 Bonds left Outstanding must be in Authorized Denominations.

Notice of redemption is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2024 Bond to be redeemed at the address of the Registered Owner, as shown on the registration books of the Authority maintained by the Registrar. Failure to give such notice to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2024 Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the 2021 Indenture, this Bond, if so called for redemption, shall become due and payable at the stated Redemption Price and to the extent moneys are available therefor, interest shall cease to accrue on this Bond and this Bond shall no longer be entitled to any benefit or security under the 2021 Indenture. The 2024[A][B] Bonds to be redeemed in whole or in part shall be selected as provided in the 2021 Indenture.

Reference is hereby made to the Third Supplemental Indenture, a copy of which is on file

4878-0672-7328

B-1-6

It is hereby certified and recited that all conditions, acts, and things required by the Constitution or statutes of the State of New Jersey or the 2021 Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of this Bond exist, have happened, and have been performed, and that the issuance of this Bond is within every debt and other limit prescribed by said Constitution, statutes or 2021 Indenture.

This Bond shall neither be entitled to any security, right, or benefit under the 2021 Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

4878-0672-7328

B-1-8

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer of the Authority and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer of the Authority, all as of the Dated Date.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2024[A][B] Bonds described herein.

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, Authenticating Agent

By: Scott Olmsted Vice President

Authentication Date: May __, 2024.

(SEAL) HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY By: Gerald V. Traino Chief Financial Officer

Attest: By: Margo Chaly, Esq. Secretary

4878-0672-7328

B-1-9

4878-0672-7328

B-1-10

ASSIGNMENT

FOR VALUE RECEIVED, (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

	(the "Transferee")
Name	
Address	

Social Security or Federal Employer Identification No. the within 2024[A] [B] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints as attorney to transfer the within 2024[A][B] Bond on the books kept for registration thereof, with full power of substitution in the premises.

SCHEDULE B-2

FORM OF SUBORDINATE SERIES 2024 BONDS

Date:		NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within 2024[A][B] Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied
Signature Guaranteed:		
NOTICE: signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company		

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY 2024[A][B] BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

Authentication Date: _____

4878-0672-7328

B-1-11

4878-0672-7328

B-2-1

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEITHER THE STATE OF NEW JERSEY NOR THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS SUBORDINATE BOND EXCEPT FROM THE MONEYS AND FUNDS PLEDGED UNDER THE 2021 INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THIS SUBORDINATE BOND.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
SUBORDINATE STUDENT LOAN REVENUE BOND, SERIES 2024C

No. R-C1		[S]	
<u>Dated Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
May 30, 2024	5.250%	December 1, 2054	646080 YC9
REGISTERED OWNER:		CEDE & CO	
PRINCIPAL AMOUNT:			

The Higher Education Student Assistance Authority, a body corporate and politic constituting an instrumentality of the State of New Jersey (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above on each June 1 and December 1, commencing December 1, 2024 (each an "Interest Payment Date"). Principal and redemption premium, if any, of this Subordinate Bond are payable upon the presentation and surrender hereof at the designated corporate trust office of Computershare Trust Company, National Association (together with its successors as Paying Agent, the "Paying Agent"), in Minneapolis, Minnesota. Interest on this Subordinate Bond is payable to the Registered Owner of record as of the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date") as shown on the registration books of the Authority maintained by Computershare Trust Company, National Association in its capacity as bond registrar (together with its successors as Registrar, the "Registrar"), by check or draft mailed to the Registered Owner at the registered

address; provided that, at the written request of the Registered Owner of at least \$1,000,000 principal amount of Bonds of this Series (which request will remain in effect with respect to each subsequent Interest Payment Date unless and until changed or revoked at any time prior to an Interest Payment Date by subsequent written notice to the Paying Agent) interest shall be paid by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Authority. Interest on this Subordinate Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Capitalized terms used in this Bond and not defined herein shall have the meanings given thereto in the 2021 Indenture.

This Subordinate Bond is one of a duly authorized issue of Subordinate Bonds of the Authority designated as its Subordinate Student Loan Revenue Bonds, Series 2024C (the "Subordinate Series 2024 Bonds") issued as fully registered Subordinate Bonds without coupons in the denominations of \$5,000 or integral multiples thereof ("Authorized Denominations") in the aggregate principal amount of \$28,340,000 under and by virtue of the Higher Education Student Assistance Authority Law constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act") and by virtue of a resolution duly adopted by the Authority on March 27, 2024 (the "Bond Resolution") are secured under an Indenture of Trust (the "Original Indenture"), dated as of May 1, 2021, as amended and supplemented, including by a Third Supplemental Indenture (the "Third Supplemental Indenture"), dated as of May 1, 2024, each by and between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (together with its successors in trust, the "Trustee") as the same from time to time has been or may be further amended, modified or supplemented by Supplemental Indentures (such Original Indenture, as amended and supplemented by any and all such Supplemental Indentures, including, without limitation, the Third Supplemental Indenture, is hereinafter referred to as the "2021 Indenture") on a subordinate basis to Senior Bonds and on a senior basis to Junior Subordinate Bonds, if any, issued under the 2021 Indenture as provided in Section 5.5(A) of the Original Indenture for the purpose of, among other things, Originating Eligible Loans pursuant to the Act.

Simultaneously with the issuance of the Subordinate Series 2024 Bonds, the Authority has issued its \$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (the "2024A Bonds") and its \$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (the "Series 2024B Bonds" and together with the Series 2024A Bonds, the "Senior Series 2024 Bonds" and together with the Subordinate Series 2024 Bonds, the "Series 2024 Bonds"; together with any Outstanding Bonds issued pursuant to the 2021 Indenture and any Additional Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Bonds"). The Subordinate Series 2024 Bonds shall constitute "Subordinate Bonds" for all purposes of the 2021 Indenture, except as specifically set forth below with respect to certain redemptions, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Senior Series 2024 Bonds. The 2021 Indenture pledges for the payment of the Subordinate Bonds, subject to the terms and conditions of the 2021 Indenture, the Student Loans (defined in the 2021 Indenture) and the payments of interest and the repayments of principal with respect thereto, as well as certain other rights, funds, and accounts of the Authority set forth in the 2021 Indenture (collectively, the "Trust Estate").

Reference is hereby made to the 2021 Indenture for the provisions, among other things, with respect to the priority of payment of the Subordinate Series 2024 Bonds, the nature and extent of the Trust Estate securing payment of the Bonds, the manner of enforcement of such security, the custody and application of the proceeds of the Bonds, the terms and conditions upon which the Bonds are issued, the rights, duties, and obligations of the Authority and the Trustee,

B-2-2

4878-0672-7328

B-2-3

4878-0672-7328

the Paying Agent, the Registrar and the Trustee in its capacity as authenticating agent, or its successors in such capacity (the "Authenticating Agent"), and the rights of the holders of the Subordinate Series 2024 Bonds and Senior Bonds. A copy of the 2021 Indenture is on file in the office of the Authority and at the corporate trust office of the Trustee. The obligations of the Authority under the 2021 Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the 2021 Indenture.

Pursuant to the 2021 Indenture, the Subordinate Series 2024 Bonds are equally secured, all except as expressly provided in Section 5.5(A)(vi), Section 5.5(A)(vii), Section 10.1 and Section 10.3 of the Original Indenture, by the pledge and covenants made in the 2021 Indenture with the Senior Series 2024 Bonds (the Senior Series 2024 Bonds and, together with any Outstanding Senior Bonds issued pursuant to the 2021 Indenture and any Additional Bonds that are Senior Bonds hereafter issued under the 2021 Indenture, are collectively referred to as the "Senior Bonds") issued by the Authority simultaneously with the issuance of the Subordinate Series 2024 Bonds and with any Additional Bonds (as defined in the 2021 Indenture) which may be issued from time to time in one or more Series for the purposes set forth therein.

The 2021 Indenture permits, with certain exceptions as therein provided, the amendment thereof and modifications of the rights and obligations of the Authority and the rights of the holders of the Highest Priority Bonds (as defined in the 2021 Indenture) then Outstanding at any time by the Authority with the consent of the Owners (i) of at least 51% in principal amount of the Highest Priority Bonds Outstanding at the time such consent is given or (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer or exchange thereof whether or not notation of such consent is made thereon. The 2021 Indenture also contains provisions permitting the Trustee to waive certain past defaults and their consequences.

The Series 2024 Bonds shall be subject to redemption as follows:

(i) Optional Redemption. The Senior Series 2024B Bonds maturing on December 1, 2045, and, if the Subordinate Bond Redemption Condition (as defined herein) has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2024 Bonds are subject to redemption prior to their respective maturities, at the direction of the Authority, in whole or in part, on any date on or after December 1, 2034 at a Redemption Price equal to the principal amount thereof being redeemed, without premium, plus accrued interest, if any, to the date of redemption. All redemptions shall be in integral multiples of the Authorized Denomination for the applicable Series of Series 2024 Bonds. Any optional partial redemption of Series 2024 Bonds from Revenues must comply with the provisions of Sections 2.8(A)(iii) and (iv) of the Third Supplemental Indenture.

For purposes of paragraphs (i) *Optional Redemption*, (iii) *Special Optional Redemption From Excess Revenues* and (iv) *Special Mandatory Redemption From Excess Revenue*, "Subordinate Bond Redemption Condition" shall mean: the Senior Parity Percentage is at least equal to 133.0% after giving effect to the proposed redemption; provided that such Senior Parity Percentage may be modified if the Authority satisfies the Rating Agency Notice Conditions in connection with such modification.

(ii) Mandatory Redemption Resulting From Non-Origination. The Senior Series 2024B Bonds and Subordinate Series 2024 Bonds are subject to redemption prior to maturity, in whole or in part, on any date within sixty (60) days after the end of each Origination Period, from moneys to be applied to such redemption consisting of or corresponding to proceeds of the Senior Series 2024B Bonds and Subordinate Series 2024 Bonds remaining in the 2024 NJCLASS Fixed Rate Standard Student Loan Account, 2024 Consolidation Loan Account or 2024 Refinance Loan Account, as applicable, at the expiration of each Origination Period; provided that if no 2024 NJCLASS Loans have been Originated by the end of the last Origination Period, then all moneys on deposit in the Accounts in respect of the Senior Series 2024B Bonds and the Subordinate Series 2024 Bonds (except for the 2024 Rebate Account and the 2024 Excess Yield Account) established under Section 3.1 of the Third Supplemental Indenture shall be applied to the redemption of the Senior Series 2024B Bonds and Subordinate Series 2024 Bonds. The amount to be applied to the redemption of Senior Series 2024B Bonds and Subordinate Series 2024 Bonds shall be equal to the amount designated to be Originated by the expiration of each Origination Period less the amount actually used or committed to be used to Originate 2024 NJCLASS Loans by the expiration of each Origination Period.

For this Mandatory Redemption Resulting from Non-Origination, the Redemption Price will be equal to, (A) with respect to Senior Series 2024B Bonds with original offering prices in excess of 100%, the sum of (a) 100% of the principal amount thereof, (b) accrued interest to the date of redemption, if any, and (c) the unamortized portion of the amount by which the applicable offering price of such Senior Series 2024B Bond exceeded 100% (the "Unamortized Premium"), if applicable, and (B) with respect to all other Senior Series 2024B Bonds and Subordinate Series 2024 Bonds, (a) 100% of the principal amount thereof without premium and (b) accrued interest to the date of redemption, if any. The methodology used to calculate the Unamortized Premium for a particular maturity of Senior Series 2024B Bonds to be redeemed will use the original reoffering yield of such bonds, semi-annual compounding and a 360-day year consisting of twelve 30-day months.

Moneys to be applied to the redemption of Senior Series 2024B Bonds and Subordinate Series 2024 Bonds pursuant to this paragraph (ii) shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2024B Bonds and Subordinate Series 2024 Bonds.

(iii) Special Optional Redemption From Excess Revenue. The Senior Series 2024B Bonds maturing on December 1, 2045 and, if the Subordinate Bond Redemption Condition has been satisfied or no Senior Bonds are Outstanding, the Subordinate Series 2024 Bonds are subject to redemption prior to maturity, in whole or in part, on any date (i) during the Recycling Period, to the extent not applied by the Authority to originate new 2024 Student Loans and (ii) after the end of the Recycling Period, pursuant to Section 5.5(A)(ix) of the Original Indenture, provided that such date shall be no earlier than twenty (20) days after each Payment Date and after the redemption contemplated by this paragraph the Cash Release Conditions (as defined herein) are met, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from (a) Excess Revenue (as hereinafter defined) or (b) any moneys available therefor upon a determination by the Authority and at least ten (10) days prior notice to the Rating Agency, that a continuation of the Authority's program of financing or refinancing Student Loans would cause the Authority to suffer unreasonable burdens or excessive liabilities. Moneys to be applied to the redemption of Series 2024 Bonds pursuant to this paragraph (iii) shall be applied at the direction of the Authority as to the selection of Series 2024 Bonds to be redeemed; provided, however, if the Authority selects Senior Series 2024 Bonds to be redeemed, moneys applied to the redemption of the Senior Series 2024 Bonds shall be applied, *pro rata*, to the redemption of all Outstanding Senior Series 2024B Bonds maturing

on December 1, 2045.

For purposes of paragraphs (iii) *Special Optional Redemption from Excess Revenues* and (iv) *Special Mandatory Redemption from Excess Revenue*, “Excess Revenue” shall mean: on each Payment Date, any funds remaining in the 2024 Revenue Account less \$500,000 (which shall remain in the 2024 Revenue Account), after payment of the Debt Service due and payable on the Series 2024 Bonds on such Payment Date and provided that if such Payment Date is June 1, after fifty percent (50%) of the Principal Installment due on the Series 2024 Bonds on the next succeeding December 1 is reserved to remain in the 2024 Revenue Account and provided all transfers required by Section 5.5(A)(i)-(viii) of the Original Indenture have been made, and “Cash Release Conditions” shall mean the Parity Percentage is at least equal to 113% and the amount of Accrued Assets less the amount of Accrued Liabilities (each as defined under the 2021 Indenture), is not less than \$14,000,000; provided that the Cash Release Conditions may be reduced if the Authority satisfies the Rating Agency Notice Conditions in connection with such reduction.

(iv) Special Mandatory Redemption From Excess Revenue. The Senior Series 2024B Bonds maturing on December 1, 2045 and the Subordinate Series 2024 Bonds are subject to mandatory redemption prior to maturity, in whole or in part, from Excess Revenues at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption on any date on and after the end of the Recycling Period if the Authority has not satisfied the Cash Release Conditions; provided that such date shall be no earlier than twenty (20) days after each Payment Date. Moneys to be applied to the redemption of Series 2024 Bonds pursuant to this paragraph (iv) shall be applied *first*, to the redemption of Senior Series 2024B Bonds maturing on December 1, 2045, *pro rata*, until such Senior Series 2024 Bonds are fully repaid, and *second*, if the Subordinate Bond Redemption Condition has been satisfied, to the redemption of the Subordinate Series 2024 Bonds.

(v) No Mandatory Sinking Fund Redemption. The Series 2024 Bonds are not subject to mandatory sinking fund redemption.

(vi) Partial Redemption. In the case of a partial redemption of any Series of Bonds of like maturity, the Authority shall designate the amount of Bonds of each Series to be redeemed, and if less than all of the Outstanding Bonds of any Series shall be called for redemption, the Trustee will notify DTC of the particular amount of such stated maturity to be redeemed. DTC will determine by lot the amount of each participant’s interest in such stated maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such stated maturity to be redeemed. Any partial redemption of the Series 2024 Bonds shall be in the largest integral multiples of the minimum Authorized Denomination derived from the amounts to be applied to such redemption; provided, however, the remaining Series 2024 Bonds left Outstanding must be in Authorized Denominations.

Notice of redemption is to be given by mail not less than twenty (20) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2024 Bonds to be redeemed at the address of the Registered Owner, as shown on the registration books of the Authority maintained by the Registrar. Failure to give such notice to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2024 Bond with respect to which no such failure or defect has occurred. On the date designated for redemption by notice as provided under the 2021 Indenture, this Subordinate Bond, if so called for redemption, shall become due and payable at the stated Redemption Price and to the extent moneys are available therefor, interest shall cease to accrue on this Subordinate

B-2-6

4878-0672-7328

2021 Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the 2021 Indenture or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the 2021 Indenture. If an event of default under the 2021 Indenture occurs, the principal of all Subordinate Series 2024 Bonds then Outstanding issued under the 2021 Indenture may be declared due and payable upon the conditions and in the manner and with the effect provided in the 2021 Indenture.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution or statutes of the State of New Jersey or the 2021 Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of this Subordinate Bond exist, have happened, and have been performed, and that the issuance of this Subordinate Bond is within every debt and other limit prescribed by said Constitution, statutes or 2021 Indenture.

This Subordinate Bond shall neither be entitled to any security, right, or benefit under the 2021 Indenture nor be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Bond and this Subordinate Bond shall no longer be entitled to any benefit or security under the 2021 Indenture. The Subordinate Series 2024 Bonds to be redeemed in whole or in part shall be selected as provided in the 2021 Indenture.

Reference is hereby made to the Third Supplemental Indenture, a copy of which is on file in the Principal Office of the Trustee, and to all of the provisions of which any Registered Owner of this Subordinate Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Subordinate Series 2024 Bonds; the Authority’s student loan origination and acquisition program; the revenues and other money pledged to the payment of the principal and redemption premium, if any, of and interest on the Subordinate Series 2024 Bonds; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Third Supplemental Indenture may be amended or supplemented with or without the consent of the Registered Owners of the Subordinate Series 2024 Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action, or proceeding in equity or at law with respect hereto and thereto; the rights, duties, and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, and covenants made therein may be discharged at or prior to the stated maturity or earlier redemption of this Subordinate Bond, and this Subordinate Bond thereafter shall no longer be secured by the Third Supplemental Indenture or be deemed to be Outstanding, as defined in the 2021 Indenture, thereunder; and for the other terms and provisions thereof.

Subject to the limitations provided in the 2021 Indenture and upon payment of the charges required by the 2021 Indenture, Subordinate Series 2024 Bonds may be exchanged for a like aggregate principal amount of Subordinate Series 2024 Bonds of the same Series and other Authorized Denominations.

This Subordinate Bond is transferable by the Registered Owner hereof or his duly authorized attorney on the registration books of the Authority kept at the corporate trust office of the Registrar, upon surrender of this Subordinate Bond accompanied by a duly executed instrument of transfer in form and with warranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Authority, the Trustee, the Registrar, or the Paying Agent may prescribe. Upon any such transfer, a new Subordinate Series 2024 Bond and an authorized denomination or denominations of the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the 2021 Indenture. The Authority, the Registrar, the Trustee, and the Paying Agent may deem and treat the person in whose name this Subordinate Bond is registered as the absolute owner hereof, whether or not this Subordinate Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Authority, the Registrar, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority nor any officer or employee of the Authority shall be liable personally on said bonds by reason of the issuance thereof. This Subordinate Bond is not and shall not be in any way a debt or liability of the State of New Jersey or of any political subdivision thereof and does not and shall not create or constitute any indebtedness, liability, or obligation of said State, or of any political subdivision thereof. This Subordinate Bond does not now and shall never constitute a charge against the general credit of the Authority.

The owner of this Subordinate Bond shall have no right to enforce the provisions of the

B-2-7

4878-0672-7328

IN WITNESS WHEREOF, THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY has caused this Subordinate Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chief Financial Officer or other Authorized Officer of the Authority and its corporate seal (or a facsimile thereof) to be affixed, impressed, imprinted, or otherwise reproduced hereon and attested to by its Secretary or other Authorized Officer of the Authority, all as of the Dated Date.

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

(SEAL)

By: _____
Gerald V. Traino
Chief Financial Officer

Attest:

By: _____
Margo Chaly, Esq.
Secretary

CERTIFICATE OF AUTHENTICATION

This Subordinate Bond is one of the Subordinate Series 2024 Bonds described herein.

COMPUTERSHARE TRUST COMPANY, NATIONAL
ASSOCIATION,
Authenticating Agent

By: _____
Scott Olmsted
Vice President

Authentication Date: May __, 2024.

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

	(the "Transferee")
Name	
Address	

Social Security or Federal Employer Identification No. _____ the within Subordinate Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Subordinate Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:		
Signature Guaranteed:		
NOTICE: signature(s) must be guaranteed by a member of the New York Stock Exchange or a bank or a trust company		NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Subordinate Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and the date of the trust and the name of the trustee should be applied

UNLESS THIS SUBORDINATE BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SUBORDINATE BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO. (OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS, AN INTEREST HEREIN.

Authentication Date: _____

B-2-10

4878-0672-7328

B-2-11

4878-0672-7328

SCHEDULE C

STUDENT ELIGIBILITY AND CREDIT CRITERIA

I. ELIGIBILITY REQUIREMENTS FOR FIXED RATE STANDARD NJCLASS LOANS

Borrowers must be either a student (with or without a co-obligor or guarantor) meeting the student eligibility requirements below or a parent (with or without a co-obligor or guarantor) borrowing for the benefit of a child who is a student meeting the student eligibility requirements below. The student borrower or parent borrower and co-obligor or guarantor (if necessary) must meet the NJCLASS Loan Program eligibility criteria and one of the borrower(s) and/or co-obligor(s) or guarantor(s) must demonstrate creditworthiness as defined below. The Authority's current minimum income requirement is \$40,000.

STUDENT BORROWER

- 1) The Student must be a citizen or permanent resident of the United States.
- 2) New Jersey residents must be enrolled or accepted for enrollment at a college or university or non-traditional/proprietary institution eligible for Title IV, Higher Education Act of 1965 assistance, approved or licensed by the New Jersey Commission on Higher Education or its equivalent in another state and accredited by a nationally recognized accrediting association and having a federal cohort default rate of 25 percent or less. Out-of-state students, who attend an approved New Jersey school, are eligible as well. Approved schools also include certain proprietary institutions.
- 3) The student must be making satisfactory academic progress towards their degree or certificate.
- 4) The student must file all financial aid information required by the school to determine the student's eligibility for a Federal Stafford Loan before applying for an NJCLASS Loan.
- 5) The student borrower must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

PARENT BORROWER

- 1) The parent borrower must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as evidenced by Immigration and Naturalization Service documentation.
- 2) The parent borrower must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

CO-OBLIGOR/GUARANTOR

- 1) The co-obligor/guarantor must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as evidenced by Immigration and Naturalization Service documentation.
- 2) The co-obligor/guarantor must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

The student, the student's parent or the spouse of a student's parent must be a borrower. If the borrower(s) do not meet the minimum income requirement, they will need a co-obligor/guarantor. Co-obligor/guarantors must meet the income requirement.

II. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/GUARANTORS FOR FIXED RATE STANDARD NJCLASS LOANS

- A. The Authority will retrieve a credit score and detailed consumer report only on those borrowers or co-obligors/guarantors who meet the minimum income requirement.
- B. Borrower(s) or co-obligors/guarantors with a credit score of 700 or greater will be pre-approved.
- C. Borrower(s) or co-obligors/guarantors must have a minimum credit score of at least 670.
- D. If the credit score of a borrower or co-obligors/guarantor falls into the range (670–699), then those borrower(s) or co-obligors/guarantors must satisfy the credit history review outlined below to qualify.

If any of the following exist, it may result in a denial of a NJCLASS Loan. However, the applicant may still be eligible for a NJCLASS Loan if the applicant is able to secure a creditworthy cosigner.

- 1) 4 accounts 30 days delinquent within last 6 months
- 2) 1 account 60 days delinquent in the last 3 months
- 3) 2 accounts 60 days delinquent in the last 6 months
- 4) 4 or more accounts rated 60 days delinquent in the last 12 months
- 5) 1 or more account(s) 90 days or greater delinquent in the last 12 months
- 6) 1 or more unpaid non-medical collections, judgments or charged-off accounts greater than \$100.00
- 7) 1 or more foreclosure(s) in the last 3 years
- 8) 1 or more repossession(s) in the last 3 years
- 9) Any bankruptcies filed or discharged in the past 3 years
- 10) 1 or more unpaid tax lien(s) or Office of Foreign Assets Control Agency matches
- 11) 1 or more Student Loan(s) in default
- 12) 1 or more delinquent NJCLASS loan(s)

The Authority reserves the right to make the final credit assessment.

III. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/GUARANTORS FOR CONSOLIDATION LOANS

The borrower on a NJCLASS Consolidation Loan must be the borrower on each of the underlying loans included in the consolidation and the student beneficiary on such underlying loans being consolidated must no longer be enrolled in school.

The co-obligor/guarantor on a Consolidation Loan must be a United States citizen or permanent resident of the United States or intending to become a permanent resident as

evidence by Immigration and Naturalization Service documentation. The co-obligor/guarantor must not owe a grant refund and must not be in default or have had any Student Loan discharged in default.

Borrowers or co-obligors must meet the Authority's minimum income requirement, currently \$40,000, and pass the credit test for borrowers and co-obligors/guarantors for Standard NJCLASS Loans as outlined in Paragraph II above.

IV. CREDIT CRITERIA FOR BORROWERS AND CO-OBLIGORS/ GUARANTORS FOR REFINANCE LOANS

A student borrower or parent borrower will be eligible for a Refinance Loan if (1) at the time the original loan was originated, the student beneficiary was a resident of New Jersey or was enrolled at a college or university or non-traditional/proprietary institution located in New Jersey and eligible for Title IV, Higher Education Act of 1965 assistance, or (2) at the time the Refinance Loan is originated, the student beneficiary of the Refinance Loan is a resident of New Jersey.

Borrowers or co-obligors/guarantors must have a minimum income of \$40,000.

A. The Authority will retrieve a credit score and detailed consumer report only on those borrowers or co-obligors/guarantors who meet the minimum income requirement.

B. Borrower(s) or co-obligors/guarantors with a credit score of 700 or greater will be pre-approved.

C. Borrower(s) or co-obligors/guarantors must have a minimum credit score of at least 670.

D. If the credit score of a borrower or co-obligors/guarantor falls into the range (670–699), then those borrower(s) or co-obligors/guarantors must satisfy the credit history review outlined below to qualify.

If any of the following exist, it may result in a denial of a NJCLASS Loan. However, the applicant may still be eligible for a NJCLASS Loan if the applicant is able to secure a creditworthy cosigner.

- 1) 4 accounts 30 days delinquent within last 6 months
- 2) 1 account 60 days delinquent in the last 3 months
- 3) 2 accounts 60 days delinquent in the last 6 months
- 4) 4 or more accounts rated 60 days delinquent in the last 12 months
- 5) 1 or more account(s) 90 days or greater delinquent in the last 12 months
- 6) 1 or more unpaid collection, charged-off, or judgment accounts (non medical) greater than \$100.00
- 7) 1 or more foreclosure(s) in the last 3 years
- 8) 1 or more repossession(s) in the last 3 years
- 9) Bankruptcy filed or discharged in the past 3 years
- 10) 1 or more unpaid tax lien(s)
- 11) 1 or more Student Loan(s) in default
- 12) 1 or more delinquent NJCLASS loan(s)

The Authority reserves the right to make the final credit assessment.

C-3

4878-0672-7328

	of outstanding Standard NJCLASS Loans for each Series (including Transferred Loans, but excluding Defaulted Loans and loans in the HIARP program) calculated on the December 31 loan balance of the prior year	
Defaulted Loan Collection Expenses	The Servicer's costs and expenses incurred in collecting a Defaulted Loan in an amount not to exceed 30% of the Gross Defaulted Loan Collections for such Defaulted Loan	monthly

D-2

4878-0672-7328

SCHEDULE D

PROGRAM EXPENSES

Unless the Authority delivers to the Trustee a Rating Agency Confirmation from S&P, the following table shows the limits of the Program Expenses to be included in the Cash Flow Statement with respect to the Student Loans and Transferred Loans within the 2021 Indenture. For the avoidance of doubt, Program Expenses with respect to Bonds include reimbursement amounts of the Trustee for performing the customary duties of the Trustee:

Item	Amount	Payment Frequency
Trustee Fee	0.007% per annum of each Series of Bond balance outstanding	yearly
Trustee Expenses	\$50,000 per annum per Series of Bonds to cover all expenses (including but not limited to, reimbursement amounts) of the Trustee; provided that following the occurrence of an Event of Default under Sections 10.1(A)-(G) of the Original Indenture, and otherwise after the acceleration of any Series of Bonds, no cap or annual limitation shall apply to such expenses.	yearly
Loan Administration Fee	For all loans, 0.35% per annum of each loan balance outstanding while the Parity Percentage is below 109% and 0.73% while the Parity Percentage is at or above 109%.	monthly
Servicing Fee	\$4.24 per loan per month (increased annually in July, starting July 1, 2024, by an amount not to exceed 3%)	monthly
Rating Agency Surveillance Fee	\$25,000 per annum with an annual inflation adjustment of 2%	yearly
Additional Program Expenses	If the Parity Percentage is above 110%, expenses associated with the transfer of servicer are allowable program expenses	monthly
Repayment Assistance Program (RAP) Expenses	For each Series of Bonds, an amount equal to the greater of (a) \$2,500 per month, or (b) one twelfth (1/12) of 0.05% per annum of the aggregate amount	monthly

D-1

4878-0672-7328

SCHEDULE E

BONDS TO BE REFUNDED

Student Loan Revenue Bonds, Series 2014

Series	Maturity Date (December 1)	CUSIP Number	Outstanding Amount
2014-1A-1	2024	646080QM6	\$2,365,000
2014-1A-1	2025	646080QN4	2,285,000
2014-1A-1	2026	646080QP9	2,205,000
2014-1A-1	2027	646080QQ7	2,120,000
2014-1A-1	2028	646080QR5	1,965,000
2014-1A-1	2029	646080QS3	1,790,000
2014-1A-1	2032	646080QT1	1,140,000
2014-1A-1	2036	646080QU8	1,230,000
2014-1B	2044	646080QW4	13,000,000

E-1

4878-0672-7328

APPENDIX B

FORM OF BOND COUNSEL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

[SIMULTANEOUSLY WITH THE ISSUANCE AND DELIVERY OF THE SERIES 2024 BONDS, OBERMAYER REBMANN MAXWELL & HIPPEL LLP, BOND COUNSEL TO THE AUTHORITY, IS EXPECTED TO RENDER ITS APPROVING LEGAL OPINION IN SUBSTANTIALLY THE FOLLOWING FORM]

May 30, 2024

Higher Education Student Assistance Authority
#4 Quakerbridge Plaza
Mercerville, New Jersey 08619

Re: New Jersey Higher Education Student Assistance Authority \$228,190,000 Student Loan Revenue and Refunding Bonds, Series 2024 consisting of \$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT), \$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT) and \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT)

Ladies and Gentlemen:

We have served as Bond Counsel to the New Jersey Higher Education Student Assistance Authority (the "Authority") in connection with the sale and the issuance by the Authority of its \$228,190,000 Student Loan Revenue And Refunding Bonds, Series 2024 (the "Series 2024 Bonds") consisting of \$25,750,000 Senior Student Loan Revenue Refunding Bonds, Series 2024A (AMT) (the "Senior Series 2024A Bonds"), \$174,100,000 Senior Student Loan Revenue Bonds, Series 2024B (AMT) (the "Senior Series 2024B Bonds" and, together with the Senior Series 2024A Bonds, the "Senior Series 2024 Bonds") and \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C (AMT) (the "Subordinate Series 2024 Bonds"). The Authority is a body corporate and politic constituting an instrumentality of the State of New Jersey (the "State") exercising public and essential governmental functions, pursuant to the New Jersey Higher Education Student Assistance Authority Law, N.J.S.A. 18A:71A-1 et seq., as amended and supplemented (the "Act").

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture (defined below).

The Series 2024 Bonds are issued under and pursuant to the Act and an Indenture of Trust dated as of May 1, 2021 (the "Indenture of Trust"), by and between the Authority and Computershare Trust Company, National Association, as successor trustee to Wells Fargo Bank, National Association (the "Trustee"), as amended and supplemented, including as amended and supplemented by a Third Supplemental Indenture dated as of May 1, 2024, by and between the Authority and the Trustee (the "Third Supplemental Indenture" and, collectively with the Indenture

of Trust, as previously amended and supplemented is hereinafter referred to as the "Indenture"), and a resolution of the Authority adopted March 27, 2024 authorizing the issuance of the Series 2024 Bonds (the "Bond Resolution").

The Series 2024 Bonds are issued for the purpose of: (i) making deposits into the Student Loan Fund established pursuant to the Indenture in the amounts and in the Accounts and Subaccounts set forth in the Third Supplemental Indenture to be applied as set forth therein, including, without limitation, to Originate 2024 NJCLASS Loans, (ii) currently refunding all or a portion of the Bonds to be Refunded, (iii) making deposits into special trust accounts established pursuant to the Indenture as required by and in the amounts specified in the Third Supplemental Indenture and (iv) to the extent possible, paying the Costs of Issuance for the Series 2024 Bonds.

The Series 2024 Bonds have been sold pursuant to a Bond Purchase Contract, dated May 3, 2024, by and between RBC Capital Markets, LLC, as representative of itself and Siebert Williams Shank & Co., LLC, and the Authority.

The Series 2024 Bonds are direct and special obligations of the Authority payable solely from and secured by a pledge of the Trust Estate as defined in the Indenture, including (i) Student Loans; (ii) all Revenues and Recoveries of Principal (including, without limitation, payments of principal of and interest on Student Loans); (iii) the Debt Service Reserve Fund; and (iv) the monies and securities in the various other funds established under the Indenture (except the Rebate Fund and the Excess Yield Fund).

As a basis for this opinion, we have examined such matters of law as we have deemed necessary including, inter alia, the Internal Revenue Code of 1986, as amended, and court decisions interpreting the same and existing regulations, rulings, and other publications promulgated or released thereunder (collectively, the "Code"). We have also examined such documents, opinions, certifications and instruments as we have deemed necessary including, but not limited to, the Indenture, the Bond Resolution, and the Certificate of Non-Arbitrage and Tax Compliance of even date herewith of the Authority executed and delivered to us and intended to satisfy certain provisions of the Code (the "Tax Certificate") and such opinions of counsel as we have deemed necessary. We have also examined the authenticated Series 2024 Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined including, without limiting the generality of the foregoing, the Tax Certificate.

Based upon and subject to the foregoing and the assumptions and qualifications set forth below, we are of the following opinions:

1. The Authority is a public body politic and corporate and an instrumentality of the State, duly and legally organized and validly existing under the Act, and was and is authorized to adopt the Bond Resolution and to execute and deliver the Indenture (including the Third Supplemental Indenture) and to issue the Series 2024 Bonds.

2. The Series 2024 Bonds have been duly and validly authorized, issued and sold by the Authority, all conditions precedent to the delivery of the Series 2024 Bonds set forth in the Indenture and the Bond Resolution have been complied with and the Series 2024 Bonds are valid and legally binding special limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture and payable as to principal, interest and all other obligations thereunder solely from the assets pledged under the Indenture, secured in the manner and to the extent set forth in the Indenture, and are entitled to the benefits, protection and security of the Act and the Indenture.

3. The Authority has the power to enter into and perform its obligations under the Indenture. The Bond Resolution has been duly adopted by the Authority, and the Indenture (including the Third Supplemental Indenture) has been duly and lawfully authorized, executed and delivered by the Authority. The Bond Resolution and the Indenture (including the Third Supplemental Indenture) are each valid and binding upon and enforceable against the Authority in accordance with their respective terms. The Indenture (including the Third Supplemental Indenture) creates the valid pledge and assignment which it purports to create of, and valid lien which it purports to create on, the Trust Estate and all of the Authority's right, title and interest in and to the foregoing, and all other moneys, securities or funds pledged for the payment of principal or redemption price of and interest on the Series 2024 Bonds in accordance with the terms and provisions of the Indenture.

4. The applicable provisions of the Code establish certain requirements which must be met subsequent to the issuance and delivery of the Series 2024 Bonds in order that interest on the Series 2024 Bonds be and remain excludable from the gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, the Indenture and the Tax Certificate establish procedures under which, if followed, such requirements will be met. In rendering the opinions described in this paragraph 4, Bond Counsel has assumed compliance with such procedures contained in the Tax Certificate.

Pursuant to the applicable provisions of the Code, interest on the Series 2024 Bonds is excludable from gross income of the owners of the Series 2024 Bonds for federal income tax purposes. Interest on the Series 2024 Bonds is an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax on individuals and interest on the Series 2024 Bonds is included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the alternative minimum tax under Section 55 of the Code.

Certain maturities of the Series 2024 Bonds consisting of the Senior Series 2024B Bonds maturing in 2045 and the Subordinate Series 2024 Bonds were sold at an initial offering price less than the principal amount payable on such Series 2024 Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as

stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the owner's basis in such bond to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code.

No opinion is expressed, however, as to the extent the accrual or receipt of interest on the Series 2024 Bonds may otherwise affect the federal income tax liability of or other consequences to the recipients thereof, which will depend on each recipient's particular tax status and other items of income or deduction.

5. Interest on and any gain realized on the sale of the Series 2024 Bonds is not includable in gross income under the existing New Jersey Gross Income Tax Act.

Our opinions set forth above are subject, as to the enforceability of the Series 2024 Bonds, the Bond Resolution and the Indenture, to applicable bankruptcy, reorganization, moratorium, insolvency and other laws affecting creditors' rights or remedies generally (including, without limitation, laws relating to fraudulent conveyances or transfers) and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and to the valid exercise of the sovereign police powers of the State and of the constitutional power of the United States of America.

From and after the date hereof, certain requirements and procedures contained or referred to in the Indenture or the Tax Certificate and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of other counsel. We express no opinion as to any Series 2024 Bond if any such change occurs or action is taken upon the advice or approval of such other counsel.

The opinions in Sections 4 and 5 above are made on the basis of federal tax law and the New Jersey Gross Income Tax Act, all as enacted and construed on the date hereof, and we assume no duty to update this opinion due to a change subsequent to the date hereof in the law or the facts as presented to us.

Attention is called to the fact that the Authority has no taxing power. Neither the State nor any political subdivision thereof is obligated to pay the principal, redemption price, if any, or interest on the Series 2024 Bonds. The Series 2024 Bonds are special limited obligations of the Authority, and the principal, redemption price, if any, and interest on the Series 2024 Bonds is

payable solely from the assets pledged under the Indenture, and neither the faith and credit nor the taxing power of the State nor any political subdivision thereof is pledged to the payment of the principal, redemption price, if any, or interest on the Series 2024 Bonds.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention after the date of this opinion, or any changes in law or interpretations thereof that may occur after the date of this opinion, or for any reason whatsoever.

Very truly yours,

Obermayer Rebmann Maxwell & Hoppel LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (this “Agreement”), dated as of May 30, 2024, between the HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (“Authority”), a public body corporate and politic and an instrumentality of the State of New Jersey (“State”), and COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION (“Computershare”), in its capacity as Dissemination Agent (as hereinafter defined) hereunder, is executed and delivered in connection with the issuance of the Authority’s \$228,190,000 aggregate principal amount of Student Loan Revenue and Refunding Bonds, Series 2024 (“Bonds”) consisting of \$25,750,000 aggregate principal amount of Senior Student Loan Revenue Refunding Bonds, Series 2024A, \$174,100,000 aggregate principal amount of Senior Student Loan Revenue Bonds, Series 2024B and \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C. The Bonds are being issued pursuant to an Indenture of Trust dated as of May 1, 2021 between the Authority and Computershare, as successor trustee to Wells Fargo Bank, National Association, in its capacity as bond trustee (“Trustee”), as heretofore amended and supplemented (collectively, the “2021 Indenture”), and as further amended and supplemented by the Third Supplemental Indenture dated as of May 1, 2024 between the Authority and the Trustee (the “Third Supplemental Indenture,” together with the 2021 Indenture, the “Indenture”) and the resolution of the Authority adopted March 27, 2024. The Authority and the Dissemination Agent covenant and agree as follows for the benefit of the Bondholders (as defined below):

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the Bondholders and in order to assist the Underwriter (defined below) in complying with the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the meanings indicated below.

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Agreement.

“Bondholders” shall mean the Holders of the Bonds.

“Calendar Quarter” shall mean each three-month period ending on March 31, June 30, September 30 or December 31, as the case may require.

“Dissemination Agent” shall mean, initially, the Trustee, acting in its capacity as dissemination agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii). Notwithstanding the foregoing, the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the fiscal year of the Authority. As of the date of this Agreement, the Fiscal Year of the Authority begins on July 1 of each calendar year and ends on June 30 of the following calendar year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Opinion of Counsel” shall mean a written opinion of counsel (which may include Bond Counsel to the Authority) expert in federal securities law acceptable to the Authority.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same has been heretofore amended, including, but not limited to, by SEC Release No. 34-59062 and SEC Release No. 34-62184 and as the same may hereafter be further amended.

“SEC Release No. 34-59062” shall mean Release No. 34-59062 of the Securities and Exchange Commission dated December 5, 2008.

“SEC Release No. 34-62184” shall mean Release No. 34-62184 of the Securities and Exchange Commission dated May 26, 2010.

“Servicing Report” shall mean any Servicing Report provided by the Authority as required by Section 4.4 of the Third Supplemental Indenture.

“Underwriter” shall mean, collectively, the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. CONTENT OF ANNUAL REPORTS AND SERVICING REPORTS.

(a) The Authority’s Annual Report shall contain:

(i) a copy of its annual financial statements for the NJCLASS Loan Program and FFELP Loan Program prepared in accordance with generally accepted accounting principles and audited by an Accountant; and

(ii) information with respect to the Authority, the NJCLASS Loan Program of the type contained in the Preliminary Official Statement of the Authority dated April 22, 2024 and the final Official Statement of the Authority dated May 3, 2024 under the following captions:

“CERTAIN INVESTMENT CONSIDERATIONS” – the information under the subheading “Cash Flow and Other Assumptions;”

“THE AUTHORITY” - the information under the subheadings “Authority’s Experience With the NJCLASS Loan Program” and “Outstanding Indebtedness of the Authority;” and

“THE LOAN FINANCE PROGRAM” - the information under the subheadings “Student Loan Terms,” “Loan Servicing and Collections,” in each case, only to the extent of any changes therein.

(b) The Authority's Servicing Report shall contain such information as is required by Section 4.4 of the Third Supplemental Indenture.

SECTION 4. PROVISION OF ANNUAL REPORTS AND SERVICING REPORTS.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2024, provide to the MSRB as required or permitted by the Rule, an Annual Report. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). The Authority shall provide the Annual Report to the Dissemination Agent and the Trustee in electronic format. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package. The Annual Report may cross-reference other documents, including official statements of other debt issues of the Authority, which have been submitted to the MSRB as required or permitted by the Rule. Each Annual Report may cross-reference other information which is available to the public on the MSRB's internet website or which has been filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so cross-referenced. Notwithstanding the foregoing, the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report when such audited financial statements become available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Authority shall include unaudited financial information in the Annual Report and shall disclose the date on which the audited financial statements are expected to be submitted.

(b) The Authority shall, or shall cause the Dissemination Agent to, not later than the quarterly Report Date with respect to each Calendar Quarter, commencing with the Calendar Quarter ending September 30, 2024, provide to the MSRB as permitted by the Rule, a Servicing Report. Not later than two (2) Business Days prior to each submission date, the Authority shall provide the quarterly Servicing Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). The Authority shall provide the quarterly Servicing Report to the Dissemination Agent and the Trustee in electronic format. In each case, the quarterly Servicing Report may be submitted as a single document or as separate documents comprising a package. The quarterly Servicing Report may cross-reference other documents or other information which is available to the public on the MSRB's internet website or which has been filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so cross-referenced.

(c) If by fifteen (15) Business Days prior to the date specified in subsection (a) or by two (2) Business Days prior to the date specified in subsection (b) of this Section 4 for providing, respectively, the Annual Report or the quarterly Servicing Report to the MSRB as required or permitted by the Rule, the Trustee has not received a copy of the Annual Report or quarterly Servicing Report, as applicable, the Trustee shall contact the Authority and the Dissemination Agent (if the Trustee is not the Dissemination Agent) to notify the Authority and the Dissemination Agent (if the Trustee is not the Dissemination Agent) that the Annual Report or quarterly Servicing Report, as applicable, has not been received.

(d) If the Dissemination Agent has not received the Annual Report or quarterly Servicing Report, as applicable, by the dates specified in subsection (c) above, and has therefore not filed the Annual Report or quarterly Servicing Report with the MSRB as required or permitted

by the Rule, by the respective date required in subsections (a) or (b) of this Section 4, as the case may be, the Dissemination Agent shall send a notice to the MSRB in substantially the form attached hereto as EXHIBIT A.

SECTION 5. REPORTING OF LISTED EVENTS.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following Listed Events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the Authority;
13. Consummation of a merger, consolidation, acquisition, or sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds, or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect Bondholders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

In determining the materiality of any of the Listed Events specified in subsections (a)(2), (6), (7), (8), (10), (13), (14) and (15) of this Section 5, the Authority may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(b) The Authority shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event, notify the Dissemination Agent, in writing, to report the Listed Event pursuant to subsection (c) of this Section 5.

(c) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Securities and Exchange Commission as a repository for purposes of the Rule, as specified by the Authority in written instructions to the Dissemination Agent, within three (3) Business Days of the receipt of such instruction (but in no event later than ten (10) Business Days after the occurrence of a Listed Event), with a copy of such notice provided by the Dissemination Agent to the Authority and the Trustee. In addition, notice of Listed Events described in subsections (a)(8) and (9) of this Section 5 shall be given by the Dissemination Agent under this subsection (c) simultaneously with the giving of the notice of the underlying event to Bondholders of affected Bonds without any required notice from the Authority.

SECTION 6. TERMINATION OF AGREEMENT. The Authority's obligations under this Agreement shall terminate upon the defeasance, prior redemption, or payment in full of all of the Bonds.

SECTION 7. RESIGNATION OF DISSEMINATION AGENT. In the event that the Trustee and the Dissemination Agent are the same entity and the Trustee resigns or is removed as Trustee under the Indenture, the Dissemination Agent may resign and be discharged of its duties and obligations created hereunder in the same manner as is required for resignation of the Trustee under Section 11.7 of the Indenture.

SECTION 8. DISSEMINATION AGENT. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee and the Dissemination Agent shall be entitled to the rights, privileges and protections afforded to the Trustee under the Indenture.

SECTION 9. AMENDMENT. The Authority's obligations under this Agreement may be amended to the extent required or permitted by the Rule, or in connection with a change in the identity, nature or status of the Authority, or the type of business conducted by it; provided that any such amendment either (i) does not materially impair the interests of Bondholders, in the determination of the Trustee (which may be based on an Opinion of Counsel); or (ii) is approved by the Bondholders of a majority in aggregate principal amount of the Bonds.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of

dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or quarterly Servicing Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any Annual Report or quarterly Servicing Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or to include it in any future Annual Report or quarterly Servicing Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. In the event of a failure of the Authority or the Dissemination Agent to comply with any provision of this Agreement, the Underwriter or any Bondholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Authority or the Dissemination Agent, as the case may be, to comply with its respective obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of any party to comply with this Agreement shall be an action to compel specific performance.

SECTION 12. BENEFICIARIES. This Agreement shall inure solely to the benefit of the Dissemination Agent, the Underwriter and the Bondholders, and the Underwriter and each Bondholder is hereby declared to be a third-party beneficiary of this Agreement. Except as provided in the immediately preceding sentence, this Agreement shall create no rights in any other person or entity.

SECTION 13. SUBMISSION OF INFORMATION TO MSRB. Any information filed with the MSRB as described herein shall be in an electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 14. NOTICES. All notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Authority:

New Jersey Higher Education Student Assistance Authority
4 Quakerbridge Plaza
P.O. Box 545
Trenton, New Jersey 08625
Attn: Executive Director

(ii) If to the Dissemination Agent:

Computershare Trust Company, National Association,
1505 Energy Park Drive
St. Paul, Minnesota 55108
Attn: Computershare Corporate Trust– Asset-Back Administration

Either party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 14 for the giving of notice.

SECTION 15. SUCCESSIONS AND ASSIGNS. All of the covenants, promises and agreements contained in this Agreement by or on behalf of the Authority or the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 16. HEADINGS FOR CONVENIENCE ONLY. The descriptive headings in this Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 17. COUNTERPARTS; ELECTRONIC SIGNATURE. This Agreement shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings and authentication of Bonds when required under the UCC or other Signature Law due to the character or intended character of the writings.

SECTION 18. SEVERABILITY. If any provision of this Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 19. GOVERNING LAW; JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the State. The parties hereto agree to the non-exclusive jurisdiction of the State.

SECTION 20. WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 21. AML LAW. The parties hereto acknowledge that in accordance with laws, regulations and executive orders of the United States or any state or political subdivision thereof

as are in effect from time to time applicable to financial institutions relating to the funding of terrorist activities and money laundering, including without limitation the USA Patriot Act (Pub. L. 107-56) and regulations promulgated by the Office of Foreign Asset Control (collectively, "AML Law"), the Trustee or the Dissemination Agent, is required to obtain, verify, and record information relating to individuals and entities that establish a business relationship or open an account with the Trustee or the Dissemination Agent. Each party hereby agrees that it shall provide the Trustee or the Dissemination Agent, with such identifying information and documentation as the Trustee or the Dissemination Agent, may request from time to time in order to enable the Trustee or the Dissemination Agent, to comply with all applicable requirements of AML Law.

SECTION 22. COMPLIANCE WITH L. 2005, C. 271. The Dissemination Agent hereby acknowledges that it has been advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A. 19:44A-20.13* (L. 2005, c. 271, section 3) if the Dissemination Agent enters into agreements or contracts, such as this Agreement, with a public entity, such as the Authority, and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the Authority, in a calendar year. It is the Dissemination Agent's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

SECTION 23. COMPLIANCE WITH L. 2005, C. 92. In accordance with L. 2005, c. 92, the Dissemination Agent agrees that all services performed under this Agreement or any subcontract awarded under this Agreement shall be performed within the United States of America.

IN WITNESS WHEREOF, the Authority and the Dissemination Agent have set their hands as of the date first above written.

AUTHORITY:

HIGHER EDUCATION STUDENT
ASSISTANCE AUTHORITY

By: _____
Gerald V. Traino
Chief Financial Officer

DISSEMINATION AGENT:

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION

By _____
Scott Olmsted
Vice President

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT OR SERVICING REPORT

Name of Authority: Higher Education Student Assistance Authority (State of New Jersey)

Name of Bond Issue: \$228,190,000 Student Loan Revenue and Refunding Bonds, Series 2024 consisting of \$25,750,000 aggregate principal amount of Senior Student Loan Revenue Refunding Bonds, Series 2024A, \$174,100,000 aggregate principal amount of Senior Student Loan Revenue Bonds, Series 2024B and \$28,340,000 Subordinate Student Loan Revenue Bonds, Series 2024C

Date of Issuance: May 30, 2024

NOTICE IS HEREBY GIVEN that the Authority has not provided an [Annual Report][quarterly Servicing Report] with respect to the above-named Bonds as required by the Indenture. The Authority anticipates that the [Annual Report][quarterly Servicing Report] will be filed by _____.

Dated: _____

APPENDIX D

**AUDITED FINANCIAL STATEMENTS FOR THE NJCLASS/FFELP
LOAN PROGRAMS AS OF AND FOR THE FISCAL YEARS
ENDED JUNE 30, 2023 AND JUNE 30, 2022**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**NEW JERSEY HIGHER EDUCATION
STUDENT ASSISTANCE AUTHORITY**

NJCLASS/FFELP LOAN PROGRAMS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAAconnect.com

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	11
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	12
STATEMENTS OF CASH FLOWS	13
NOTES TO FINANCIAL STATEMENTS	15
SUPPLEMENTARY INFORMATION	
COMBINING SCHEDULES OF NET POSITION	35
COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	37
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	39



INDEPENDENT AUDITORS' REPORT

Board Members
New Jersey Higher Education Student Assistance Authority
Trenton, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the New Jersey College Loans to Assist State Students (NJCLASS) and Federal Family Education Loan Programs (FFELP) (collectively, the Programs) of the New Jersey Higher Education Student Assistance Authority (the Authority), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Programs as of June 30, 2023 and 2022, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As more fully disclosed in Note 1, the financial statements present only the business-type activities of the NJCLASS and FFELP Loan Programs of the Authority and do not purport to and do not present the financial position of the Authority as a whole as of June 30, 2023 and 2022, and changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Programs' financial statements. The combining schedules of net position and combining schedules of revenues, expenses, and changes in net position are the responsibility of management and were derived from and related to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules of net position and combining schedules of revenues, expenses, and changes in net position are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of the Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Programs' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 20, 2023

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

As financial management of the New Jersey Higher Education Student Assistance Authority's (the Authority) New Jersey College Loans to Assist State Students (NJCLASS) Loan Program, and the Federal Family Education Loan Program (FFELP) (collectively, the Programs), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Programs for the Fiscal Year ended June 30, 2023, 2022, and 2021. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented herein in conjunction with the financial statements taken as a whole. A comparative analysis of key elements of the financial statements is provided in this overview.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Programs' financial statements, which are comprised of the financial statements and the notes to financial statements. Since the Programs are comprised of a single enterprise fund, no fund-level financial statements are shown. This report also contains other supplementary information concerning the financial position and results of operations broken down by bond issues included in the Programs.

Financial Statements

The financial statements provide readers with a broad overview of the Programs' finances, in a manner similar to a private-sector business.

The statements of net position present information on all of the Programs' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the Programs is improving or deteriorating. Net position increases when revenues exceed expenses or increases to assets occur without corresponding increases to liabilities. Increases in net position indicate an improved financial position.

The statements of revenues, expenses, and changes in net position present information showing how net position changed during the Fiscal Year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future Fiscal Year periods.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the financial position and results of operations of each bond issue included in the Programs, as well as the auditors' report on internal control over financial reporting and on compliance and other matters.

For further detail, visit the Authority's website at www.hesaa.org for more information about Authority programs and activities and management contact information.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Financial Highlights and Analysis

The Programs' net position, referring to the difference between assets, deferred outflow of resources, liabilities, and deferred inflows of resources, decreased by \$8,762,499 from the prior Fiscal Year ended 2022, decreased by \$867,589 from Fiscal Year ended 2021 to 2022, and increased by \$10,767,154 from Fiscal Year ended 2020 to 2021. The term "Net Position" is used in accordance with rules promulgated under Governmental Accounting Standards Board (GASB) Statement No. 34, as amended.

As of June 30, 2023, 2022, and 2021, the assets and deferred outflows of the Programs exceeded liabilities and deferred inflows of resources by \$330,435,824, \$339,198,323, and \$340,065,912, respectively.

Changes in Student Loans Receivable Balances

The largest portion of the Programs' assets consisted of loans receivable from participating borrowers. Total student loans receivable under both the NJCLASS and FFELP loan programs amounted to \$1,188,049,444, \$1,194,790,834, and \$1,299,910,534, at June 30, 2023, 2022, and 2021, respectively. This represents 2023 and 2022 decreases of \$6,741,390 and \$105,119,700, respectively, due to loan principal repayments during these years, partially offset by loan originations.

Changes in Cash and Investments Balances

The second major asset component was cash and investments, which together totaled \$491,984,175, \$525,164,045, and \$486,042,271 at June 30, 2023, 2022, and 2021, respectively. The cash and investment balances represent the amounts dedicated to student loan origination and acquisition, funding of reserves required by bond covenants, payment of future Program expenses, and future retirements of bonds.

The decrease in cash and investments for Fiscal Year 2023 was primarily due to the receipt of lower bond proceeds from the 2023-1 Bond Issue than the prior bond issue and lower principal and interest receipts from borrower's payments of their student loans partially offset by redeeming lower bonds than the prior year. The increase in cash and investments for Fiscal Year 2022 was primarily due to the receipt of higher bond proceeds from the 2022-1 Bond Issue than the prior bond issue partially offset by redeeming higher bonds than the prior year. The decrease in cash and investments for Fiscal Year 2021 was primarily due to the receipt of lower 2021-1 Bond Issue proceeds in June of 2021 than the prior year partially offset by redeeming less bonds than the prior year. Cash was further decreased in FY 2020 by an equity distribution from the 2010-1 bond issue, less interest income on investments from lower interest rates and less cash receipts for loans forgiven in FY 2020.

- Cash and investments balances were replenished from principal repayments and interest income from NJCLASS and FFELP borrowers, amounting to \$228,674,571, \$321,125,465, and \$352,208,796 during Fiscal Years 2023, 2022, and 2021, respectively. In addition, NJCLASS administration fee income was \$4,801,677, \$4,360,455, and \$3,602,047, and \$13,803,116, \$718,179, and \$78,624 in interest was earned on investments for 2023, 2022, and 2021, respectively.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Changes in Liabilities – Bonds Payable

The main liability of the Programs is the debt used to originate or acquire student loans.

Bonds payable decreased in Fiscal Year 2023 by \$34,285,000 due to \$277,935,000 in retirements, offset by the 2023-1 bond issuance of \$243,650,000.

Of the amount retired in Fiscal Year 2023:

- \$100,600,000 in retirements was due to scheduled bond maturities.
- \$112,900,000 was due to Special Optional Redemptions of portions of the fixed rate 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1 2019-1 and 2020-1 Issues, as a result of better than forecasted cash flows on these issues.
- \$57,740,000 was through a refunding of all of the Authority's remaining bond issue at par, as part of the 2022-1 Bond Issue.
- \$4,360,000 was due to quarterly Excess Revenue Redemptions of the 2010-FFELP Bonds, in accordance with the terms of that Indenture.
- \$2,335,000 was through unexpended proceeds redemption of the remaining portion of the 2014-1 Variable Rate Bonds, which had been issued to fund 2014-1 10-year variable rate loans.

The following is a summary of new bond issuance activity during the June 30, 2023, 2022, and 2021, Fiscal Years:

- The 2023-1 Bonds, with a par amount of \$184,250,000 in Senior Fixed Rate Bonds, \$38,300,000 in Senior Fixed Rate Refunding Bonds, and \$21,100,000 in Subordinate Bonds were issued in May 2023 under the 2021-1 Master Indenture. In addition, a net bond premium of \$10,031,508 and net cash of \$72,254,072 transferred from the retired 2012-1 and 2013-1 Bond Issues of the 2012-1 Indenture resulted in total proceeds of \$325,935,580. Of this amount, \$220,117,412 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2022-2023 academic year and the acquisition of existing NJCLASS loans transferred from the 2010-2 Indenture. The remaining \$4,873,000 was allocated to required reserves. The Underwriter's fee, amounting to \$1,623,014 and other closing costs, estimated to be approximately \$514,427 were paid from other HESAA reserves.
- The 2022-1 Bonds, with a par amount of \$204,365,000 in Senior Fixed Rate Bonds, \$19,480,000 in Senior Fixed Rate Refunding Bonds, and \$44,000,000 in Subordinate Bonds were issued in May 2022 under the 2019-1 Master Indenture. In addition, a net bond premium of \$7,195,082, and net cash of \$53,036,350 transferred from the retired 2010-2 Indenture resulted in total proceeds of \$328,076,432. Of this amount, \$269,683,182 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2021-2022 academic year and the acquisition of existing NJCLASS loans transferred from the 2010-2 Indenture. The remaining \$5,356,900 was allocated to required reserves. The Underwriter's fee, amounting to \$1,890,449 and other closing costs, estimated to be approximately \$789,109, were paid from other HESAA reserves.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Changes in Liabilities – Bonds Payable (Continued)

- The 2021-1 Bonds, with a par amount of \$83,335,000 in Senior Fixed Rate Bonds, \$11,410,000 in Senior Fixed Rate Refunding Bonds, and \$13,000,000 in Subordinate Bonds were issued in May 2021 under the 2021-1 Master Indenture. In addition, a net bond premium of \$10,409,479, and net cash of \$23,939,422 transferred from the retired 2010-2 Indenture resulted in total proceeds of \$141,281,504. Of this amount, \$113,499,579 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2021-2022 academic year and the acquisition of existing NJCLASS loans transferred from the 2010-2 Indenture. The remaining \$4,654,900 was allocated to required reserves. The Underwriter's fee, amounting to \$812,397 and other closing costs, estimated to be approximately \$486,703, were paid from other HESAA reserves.

The following table contains condensed comparative financial information derived from the June 30, 2023, 2022, and 2021 financial statements of the NJCLASS/FFELP Loan Programs:

	2023	2022	Change from 2023 to 2022	2021	Change from 2022 to 2021
NET POSITION					
Current Assets	\$ 631,793,874	\$ 651,682,619	\$ (19,888,745)	\$ 624,542,608	\$ 27,140,011
Noncurrent Assets	1,121,154,102	1,143,989,986	(22,835,884)	1,242,018,302	(98,028,316)
Total Assets	1,752,947,976	1,795,672,605	(42,724,629)	1,866,560,910	(70,888,305)
Current Liabilities	134,062,960	157,971,432	(23,908,472)	214,627,390	(56,655,958)
Noncurrent Liabilities	1,288,449,192	1,298,502,850	(10,053,658)	1,311,867,608	(13,364,758)
Total Liabilities	1,422,512,152	1,456,474,282	(33,962,130)	1,526,494,998	(70,020,716)
Net Position, Restricted	330,435,824	339,198,323	(8,762,499)	340,065,912	(867,589)
Total Liabilities and Net Position	<u>\$ 1,752,947,976</u>	<u>\$ 1,795,672,605</u>	<u>\$ (42,724,629)</u>	<u>\$ 1,866,560,910</u>	<u>\$ (70,888,305)</u>
CHANGES IN NET POSITION					
Operating Revenues	\$ 75,313,576	\$ 82,574,651	\$ (7,261,075)	\$ 97,127,202	\$ (14,552,551)
Operating Expenses	60,319,994	62,887,017	(2,567,023)	71,460,432	(8,573,415)
Operating Gain	14,993,582	19,687,634	(4,694,052)	25,666,770	(5,979,136)
Nonoperating Revenues (Expenses) and Other Changes:					
Income on Investments	13,803,116	718,179	13,084,937	78,624	639,555
Equity Distribution from Bond Refunding	(12,218,421)	(5,207,950)	(7,010,471)	(9,298,900)	4,090,950
Loan Forgiveness	(12,781,839)	(16,065,452)	3,283,613	(5,679,340)	(10,386,112)
Transfer to Non-NJCLASS Funds	(12,558,937)	-	(12,558,937)	-	-
Net Nonoperating Expenses	(23,756,081)	(20,555,223)	(3,200,858)	(14,899,616)	(5,655,607)
CHANGE IN NET POSITION	(8,762,499)	(867,589)	(7,894,910)	10,767,154	(11,634,743)
Net Position – Beginning of Year	339,198,323	340,065,912	(867,589)	329,298,758	10,767,154
NET POSITION – END OF YEAR	<u>\$ 330,435,824</u>	<u>\$ 339,198,323</u>	<u>\$ (8,762,499)</u>	<u>\$ 340,065,912</u>	<u>\$ (867,589)</u>

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Explanation of Changes in Financial Performance

Changes in the financial results of the Programs were due to the following major factors:

Operating Revenues

- Interest income on NJCLASS student loans decreased by \$7,995,431 or 10.4%, \$15,174,575 or 16.4%, and \$8,521,298 or 8.5% in 2023, 2022, and 2021, respectively. The 2023 decline was largely due to a decrease in NJCLASS loans outstanding of \$6,741,391 from the prior year and refinancing of loans at lower interest rates by existing borrowers within NJCLASS. Net disbursements during the 2023, 2022, and 2021 Fiscal Years were approximately \$157.8 million, \$144.5 million, and \$118.9 million, respectively.
- Beginning with Bonds issued under the 2012-1 Indenture, the payment of 1% of a 3% administrative fee on newly disbursed loans into a Loan Reserve Fund was discontinued and instead 2% of the administrative fee is deposited into the Student Loan account as overcollateralization for the Trust Estate. Beginning with new Standard NJCLASS loans originated after June 2023, HESAA is no longer charging an administrative fee. A 1% administrative fee will be applied after June 2023 to all newly originated consolidation loans. 2023 loan disbursements were higher than the prior year as students' tuitions continue to increase and demand for HESAA refinanced loans was higher than 2022. 2022 loan disbursements were higher than the prior year as students started returning to school following the coronavirus (COVID-19) pandemic and demand for HESAA refinanced loans was higher than 2021. Corresponding with higher loan disbursements, 2023 and 2022 administrative income was higher than 2022 and 2021, respectively.
- Interest income on FFELP loans increased by \$293,134 during the 2023 Fiscal Year while decreasing during the 2022 and 2021 Fiscal Years by \$136,380 and \$553,989, respectively. Interest income increase in 2023 due to the U.S. federal government paying interest to the 2010 FFELP portfolio relating to the 'Lender's Request for Payment of Interest and Special Allowance' (LARS) while in past years due to lower interest rates, the 2010 FFELP portfolio paid interest to the U.S. federal government. The impact of LARS is offset by the decline in interest income on payments from borrowers due to the continuing reduction in FFELP portfolio assets. FFELP assets declined to \$19,546,469 at June 30, 2023, from \$23,954,741 at June 30, 2022, and \$28,864,415 at June 30, 2021.

Operating Expenses

- Bond interest expense for Fiscal Years 2023, 2022, and 2021 was \$46,994,571, \$45,221,590, and \$52,215,129, respectively. Fiscal Year 2023 increased \$1,772,981 or 3.9% over 2022. For years prior, bond interest expense decreased \$6,993,539 or 13.4%, and \$8,472,536 or 14.0% in 2022 and 2021, respectively. While the amount of bonds outstanding is decreasing each year, bonds being retired from earlier years had lower interest rates than more recent bond issues resulting in lower interest expense.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Bad Debt Expense

- In Fiscal Year 2023, an additional \$936,897 in bad debt expense was recognized, a decrease of \$4,894,874 from Fiscal Year 2022, during which \$5,831,771 in bad debt expense was recognized. Bad Debt expense in Fiscal Year 2021 was \$7,254,186. COVID-19 provided economic challenges to many of the borrowers resulting in more severely delinquent and subsequently defaulted loans in Fiscal Years 2022 and 2021. Fiscal Year 2023 returned to the level of bad debt expense experienced in Fiscal Years 2020 and 2019 prior to the pandemic.
- Bad debt expense is recorded when increases to the allowance for doubtful accounts recorded against amounts due from the Loan Reserve Funds to pay default claims become necessary. For a full description of the allowance for doubtful accounts and defaulted loans, see **NOTES TO FINANCIAL STATEMENTS – NOTE 3, STUDENT LOANS RECEIVABLE – Loan Defaults/Loan Reserve Fund.**

Nonoperating Revenues (Expenses) and Other Changes

- At the end of Fiscal Year 2023 and 2022, there was an equity distribution of \$12,218,421 and \$5,207,950 from the 2021-1 and 2013-1 bond issues for Fiscal Year 2023 and 2011-1 bond issues for Fiscal Year 2022, respectively, to HESAA as part of a refunding of the bonds for those bond issues.
- In part of HESAA's compliance with its formal loan yield reduction policy, \$12,781,839 and \$16,065,452 in loans and interest was forgiven in FY2023 and FY2022, respectively for the 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1 and 2019-1 bond issues. See **NOTES TO FINANCIAL STATEMENTS – NOTE 5, ARBITRAGE REBATES AND ACQUIRED PURPOSE INVESTMENT LIABILITY.**

Significant Events

- At Fiscal Year-end 2023, the Programs had \$1,382,780,000 in bonds outstanding, compared to \$1,417,065,000 in the prior Fiscal Year – a decrease of 2.4%. This is due to a total issuance during the year of \$243,650,000 in 2023-1 Bonds, which closed on May 11, 2023, offset by retirements of \$277,935,000. In the prior Fiscal Year, HESAA issued \$267,845,000 in 2022-1 Bonds, offset by retirements of \$334,870,000.
- During Fiscal Year 2022, there was an increase in NJCLASS student loan origination volume, with cash disbursements of \$155,767,792 for new loans, compared to \$144,466,307 during Fiscal Year 2022, an increase of 7.8%.
- HESAA experienced higher demand for NJCLASS loans in Academic Years 2022-23 and 2021-2022 following Academic Year 2020-21 when loan volume declined due to State and national pandemic mitigation policies which impacted enrollment at institutions of Higher Education. In Academic Year 2021, loan demand was lower due to parent and student borrowers not incurring costs traditionally associated with housing and a physical presence on campus as many colleges and universities provided only remote learning to their students. During Fiscal Year 2023, there was an increase of 7.8% in NJCLASS origination volume from the prior year not only due to standard loans for college loans but due to higher demand for HESAA refinance loans. These refinance loans helped prior student college borrowers lower their debt cost.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Cash Flows Summary

	2023	2022	2021
Net Cash Provided by Operating Activities	\$ 60,424,657	\$ 173,258,740	\$ 231,981,937
Net Cash Used by Financing Activities	(105,949,505)	(134,509,625)	(231,610,118)
Net Cash Provided (Used) by Investing Activities	10,389,727	(4,542,999)	(10,019,193)
Net (Decrease) Increase in Cash and Cash Equivalents	<u>\$ (35,135,121)</u>	<u>\$ 34,206,116</u>	<u>\$ (9,647,374)</u>

Current Conditions

In response to the continuing demand for NJCLASS loans, HESAA issued its Series 2023-1 Bonds on May 11, 2023, to fund anticipated NJCLASS loan volume for the 2023-24 academic year. During the previous year, HESAA issued its Series 2022-1 Bonds on May 5, 2022.

HESAA's current minimum credit score and income requirements, as well as its loan type funding availability has helped ensure that families can afford to repay the NJCLASS loans they obtain to cover the portion of the expected family contribution not funded from other sources. Since the 2012-13 academic year, the minimum credit score to obtain an NJCLASS loan has been 670 and the minimum income to obtain an NJCLASS Loan has been \$40,000. COVID-19 provided economic challenges to many of the borrowers resulting in more severely delinquent and subsequently defaulted loans than the last several years. The prior two Fiscal Years have experienced slower growth in the number of defaulted loans probably attributable to stricter underwriting standards that have been adopted by the NJCLASS Program in recent years and better economic conditions than in Fiscal Year 2022. Total new defaults in Fiscal Year 2023 were \$10.7 Million or 20% lower than Fiscal Year 2022 while Fiscal Year 2022 had 23% lower defaults than Fiscal Year 2021.

For specific statistical information regarding default experience during Fiscal Years 2023 and 2022, refer to **NOTES TO FINANCIAL STATEMENTS – NOTE 3, STUDENT LOANS RECEIVABLE – Loan Defaults/Loan Reserve Fund.**

In response to consumer demand for loan products that meet the needs of a wider range of borrower profiles, the NJCLASS program currently offers borrower families fixed rated loans with three repayment options (10-, 15-, or 20-year terms) that can be used for undergraduate or graduate students; and the NJCLASS loans Consolidation Loan (25- or 30-year terms). In 2016 the Authority initiated its NJCLASS pilot loan refinance program, ReFi+, for borrowers who wish to refinance their outstanding NJCLASS loans and/or federal Parent PLUS loans. Under the Refi+ program, there are two loan terms (10 and 15 year terms) each of which has two rates per term, based on borrower credit score at the time of application.

For a complete description of HESAA loan product offerings and terms during the academic years 2022-23, 2021-22, and 2020-21, refer to **NOTES TO FINANCIAL STATEMENTS – NOTE 3, STUDENT LOANS RECEIVABLE.**

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 453,170,844	\$ 488,305,965
Investments	38,813,331	36,858,080
NJCLASS Student Loans Receivable, Net	63,035,127	46,891,914
FFELP Student Loans Receivable, Net	3,860,215	3,908,934
Interest Receivable:		
Investments	1,808,157	350,019
NJCLASS Student Loans	8,355,559	8,675,715
FFELP Student Loans	1,001,262	851,557
NJCLASS Defaulted Student Loan Principal and Interest in 2009 and 2010		
Indenture Loan Reserve Funds, Net of Allowance for Doubtful		
Accounts of \$162,005,642 in 2023 and \$161,068,744 in 2022	61,633,208	61,204,818
Due from NJCLASS Life of Loan	-	4,558,936
Default Collections Receivable	28,426	20,025
Due from Loan Servicing Agents	87,745	56,656
Total Current Assets	<u>631,793,874</u>	<u>651,682,619</u>
NONCURRENT ASSETS		
NJCLASS Student Loans Receivable, Less Current Portion	1,106,469,110	1,124,795,736
FFELP Student Loans Receivable, Less Current Portion	14,684,992	19,194,250
Total Noncurrent Assets	<u>1,121,154,102</u>	<u>1,143,989,986</u>
Total Assets	<u>\$ 1,752,947,976</u>	<u>\$ 1,795,672,605</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Bonds Payable	\$ 127,045,000	\$ 151,110,000
Accrued Interest Payable – Bonds	5,980,575	5,816,571
Fees Payable	1,037,385	1,044,861
Total Current Liabilities	<u>134,062,960</u>	<u>157,971,432</u>
NONCURRENT LIABILITIES		
Bonds Payable, Less Current Portion	1,255,735,000	1,265,955,000
Premium on Bonds Payable, Net	32,714,192	32,547,850
Total Noncurrent Liabilities	<u>1,288,449,192</u>	<u>1,298,502,850</u>
Total Liabilities	1,422,512,152	1,456,474,282
NET POSITION		
Restricted	<u>330,435,824</u>	<u>339,198,323</u>
Total Liabilities and Net Position	<u>\$ 1,752,947,976</u>	<u>\$ 1,795,672,605</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Interest Income:		
NJCLASS Student Loans	\$ 69,118,796	\$ 77,114,227
FFELP Student Loans	1,393,103	1,099,969
Administrative Fee Income	<u>4,801,677</u>	<u>4,360,455</u>
Total Operating Revenues	75,313,576	82,574,651
OPERATING EXPENSES		
Loan Servicing Fees:		
NJCLASS Student Loans	11,247,444	10,687,399
FFELP Student Loans	<u>364,255</u>	<u>441,360</u>
Total Loan Servicing Fees	11,611,699	11,128,759
Program Expenses:		
Annual Insurance Expense and Transaction Fees	448,221	572,897
Bad Debt Expense	936,897	5,831,771
RAP Debt Expense	<u>328,606</u>	<u>132,000</u>
Total Program Expenses	1,713,724	6,536,668
Bond Interest Expense	<u>46,994,571</u>	<u>45,221,590</u>
Total Operating Expenses	60,319,994	62,887,017
OPERATING INCOME, NET	14,993,582	19,687,634
NONOPERATING REVENUES (EXPENSES)		
AND OTHER CHANGES		
Income on Investments	13,803,116	718,179
Equity Distribution from Bond Refunding	(12,218,421)	(5,207,950)
Loan Forgiveness	(12,781,839)	(16,065,452)
Transfer to Non-NJCLASS Funds	<u>(12,558,937)</u>	<u>-</u>
Net Nonoperating Expenses	(23,756,081)	(20,555,223)
CHANGE IN NET POSITION	(8,762,499)	(867,589)
Net Position – Beginning of Year	<u>339,198,323</u>	<u>340,065,912</u>
NET POSITION – END OF YEAR	<u>\$ 330,435,824</u>	<u>\$ 339,198,323</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Receipts:		
NJCLASS Student Loans	\$ 62,199,156	\$ 70,774,444
FFELP Student Loans	1,347,807	567,324
Principal Receipts:		
NJCLASS Student Loans	160,989,032	244,561,425
FFELP Student Loans	4,138,576	5,222,272
Collections on Defaulted Loans	9,584,178	8,355,086
NJCLASS Student Loan Disbursements	(157,767,792)	(144,466,307)
FFELP Student Loan Purchases	648,554	21,294
Annual Insurance, Surveillance and Transaction Fees	(448,222)	(572,895)
Due from NJCLASS Life of Loan	(8,000,000)	-
RAP Expense	(328,607)	(132,001)
Loan Servicing Fees	(11,611,519)	(11,277,587)
Repayment of Government Interest Related to FFELP Loans	(326,506)	205,685
Net Cash Provided by Operating Activities	<u>60,424,657</u>	<u>173,258,740</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Paid on Bonds	(219,009,081)	(287,041,599)
Bond Proceeds	184,724,081	220,016,599
Interest Paid on Bonds	(46,664,245)	(48,037,347)
Equity Distribution from Bond Refunding	(12,218,421)	(5,207,950)
Loan Forgiveness	(12,781,839)	(16,065,452)
Loan Reserve Fund closure - 2010-2 Indenture	-	1,826,124
Net Cash Used by Financing Activities	<u>(105,949,505)</u>	<u>(134,509,625)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases, Sales Proceeds, and Maturities, Net	(1,955,251)	(4,915,655)
Interest on Investments	12,344,978	372,656
Net Cash Provided (Used) by Investing Activities	<u>10,389,727</u>	<u>(4,542,999)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(35,135,121)	34,206,116
Cash and Cash Equivalents – Beginning of Year	<u>488,305,965</u>	<u>454,099,849</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u><u>\$ 453,170,844</u></u>	<u><u>\$ 488,305,965</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 14,993,582	\$ 19,687,634
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Bad Debt Expense	936,897	5,831,771
Interest Paid on Debt	56,695,753	55,232,429
Effect of Net Change in Operating Assets and Liabilities:		
NJCLASS Student Loans Receivable	2,183,415	100,192,681
FFELP Student Loans Receivable	4,557,976	4,927,022
NJCLASS Defaulted Student Loans	(1,365,290)	(5,019,343)
Interest Receivable:		
NJCLASS Student Loans	320,157	2,596,825
FFELP Student Loans	(149,705)	(17,348)
Due from NJCLASS Life of Loan	(8,000,000)	-
Default Collections Receivable	(8,402)	(18,515)
Due from Loan Servicing Agents	(31,089)	36,385
Accrued Interest Payable – Bonds	(9,701,163)	(10,010,840)
Fees Payable	<u>(7,474)</u>	<u>(179,961)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 60,424,657</u></u>	<u><u>\$ 173,258,740</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Amortization – Net Premium on Bonds Payable	\$ (9,865,166)	\$ (10,849,840)
Discount on Acquisition of Bonds	(328,607)	(132,001)
Bond Retirement - Refunding	(58,925,919)	(47,828,401)
Due from NJCLASS Life of Loan	<u>(4,558,937)</u>	<u>-</u>
Total Noncash Financing Activities	<u><u>\$ (73,678,629)</u></u>	<u><u>\$ (58,810,242)</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Authority

The New Jersey Higher Education Student Assistance Authority (the Authority or HESAA) is a public body corporate and politic that is in, but not of, the Department of State of the state of New Jersey (the State) and is an instrumentality of the State.

The Authority was established by state legislation in 1999 to provide students and families with the financial and informational resources for students to pursue their education beyond high school. Prior to the act, the New Jersey Higher Education Assistance Authority, created by legislation in 1959, served as lender and guarantor of federally guaranteed student loans for New Jersey students. References herein to the Authority include the predecessor Authority where the context so requires.

Reporting Entity

The reporting entity is comprised of the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program and the Federal Family Education Loan Program (FFELP) (collectively, the Programs) which are governed by various trust indentures. These financial statements present only the business-type activities of the NJCLASS and FFELP Loan Programs of the Authority, and do not purport to, and do not present the financial position of the Authority as of June 30, 2023 and 2022, and its changes in net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

NJCLASS Program

The NJCLASS Loan Program is a supplemental loan program initiated by the Authority in September 1991. The NJCLASS Loan Program offers an alternative source of financial support to students and their parents, spouses, legal guardians, or other relatives in meeting the costs of the student's education at a degree-granting college or university. Since 1991, the Authority has issued bonds to fund student loans through this Program.

FFELP Loan Program

In 2001, the Authority expanded its use of debt financing by issuing bonds, with a portion of the proceeds allocated to purchase a portfolio of existing loans with a New Jersey nexus issued through the Federal Family Education Loan Program (FFELP). Using a portion of the proceeds of its 2001 through 2004 Bond Issues, the Authority purchased portfolios of New Jersey nexus FFELP loans or FFELP Consolidation loans from other FFELP loan origination/servicing entities. The Authority is not the servicer on any of the FFELP loans acquired with NJCLASS/FFELP Bond proceeds but is the guarantor on a portion of its FFELP portfolio. The NJCLASS/FFELP Loan Program has also used bond proceeds to purchase portfolios of rehabilitated FFELP student loans from the portfolio of previously defaulted FFELP student loans held by the Authority as the New Jersey state guaranty agency, and to originate a small portfolio of FFELP loans for low-income borrowers using a portion of the 2005 Bond proceeds.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FFELP Loan Program (Continued)

Title II of the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152) signed into law by President Barack Obama on March 30, 2010, contains various student loan amendments, including the termination of the process of the federal government paying set yields to private banks to originate federally insured loans and, instead, the loans are administered directly by the U.S. Department of Education, effective July 1, 2010. As a result, the Authority no longer originates or acquires FFELP Loans.

On May 7, 2010, the Authority transferred its entire portfolio of FFELP loans from the 2001, 2002, 2003, 2004, and 2005 issues to the 2010-FFELP issue, as part of a bond refunding process.

Basis of Accounting

The Programs prepare their financial statements using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing government accounting and financial reporting principles. The Programs are required to follow all statements of the GASB.

Operating Revenues and Expenses

The Programs' operating revenues consist of administrative fees for student loan originations as well as interest income earned on student loans. Operating expenses consist of loan service and transaction fees, bond interest, bad debt expense, and other expenses related to NJCLASS and FFELP loans. All other revenues and expenses are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits, certificates of deposit, and highly liquid debt instruments with original maturities of three months or less at the time of purchase.

Investments

Investments are reflected at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. In addition, the fair value of certain investments that do not have a readily determinable fair value is classified as NAV, meaning Net Asset Value per share, when the fair value is calculated in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. In accordance with the provisions of the bond indentures, the Authority is generally required to invest available monies in qualified investments. The bond indentures define qualified investments as:

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

- (1) Government obligations and any obligations of any state or political subdivision of a state (collectively, the Municipal Bonds).
- (2) U.S. Government and certain other governmental agencies' obligations.
- (3) Insured certificates of deposit.
- (4) Other investments acceptable by the State and rated accordingly by either Standard or Poor's (S&P), Moody's, or A.M. Best, including annuity contracts and repurchase agreements.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and are factored into reporting for subsequent accounting periods.

Federal Income Taxes

The Authority is deemed to be an essential governmental function of the state and, as such, is exempt from federal income taxes. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

Bond Issuance Costs

The costs of issuance of bonds that are paid with bond funds or other resources available under the bond indentures are expensed in the year incurred. Bond issuance costs paid with other Authority funds are not recognized in these financial statements.

Bond Premiums and Discounts

Bond premiums and discounts are amortized over the life of the related debt using the straight-line method of amortization. Because net bond premiums exceed net bond discounts, the unamortized amount of premium and discount is shown as a net amount in the liabilities section on the statements of net position. Amortization revenue and expense is recorded as bond interest expense in the statements of revenues, expenses, and changes in net position.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position

In accordance with the terms of the various bond resolutions, the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources under such bond resolutions is classified as restricted net position, to be used for the purpose specified in the bond resolutions.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The NJCLASS/FFELP Loan Programs maintain their cash and cash equivalents balances primarily in trust accounts at one financial institution. As trust account balances, these funds are not available to the institution to meet its general financial obligations and are restricted under the terms of the Authority's bond resolutions for the payment of bond principal and interest expense, student loan disbursements, and Program expenses. These funds are invested in an AAA-rated money market fund secured by U.S. government obligations which maintains a stable net asset value of one dollar per share valued at amortized cost.

Additionally, the Programs utilize lockbox accounts to clear cash receipts. Amounts on deposit in the NJCLASS lockbox accounts at Wells Fargo Bank are collateralized by direct obligations of or obligations guaranteed by the United States or the state of New Jersey in accordance with New Jersey Statute 52:18-16 and New Jersey Department of Treasury policy.

The amounts on deposit in these cash accounts were as follows:

	<u>2023</u>	<u>2022</u>
Lockbox Cash (Wells Fargo Bank)	\$ 2,278,004	\$ 3,458,356
Trust Accounts Invested in Wells Fargo		
Secured Institutional Money Market Fund	<u>450,892,840</u>	<u>484,847,609</u>
Total	<u>\$ 453,170,844</u>	<u>\$ 488,305,965</u>

The carrying amount in these accounts at June 30, 2023 and 2022 were \$453,170,884 and \$488,305,965, respectively.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents (Continued)

The debt service reserve accounts are restricted by the bond indentures for the payment of principal and/or interest on the bonds, to the extent other available monies held under the indentures are insufficient to pay the interest on the bonds or to meet any sinking fund requirements. The amounts in the debt service reserve accounts for the various bond issues, which are included in cash and cash equivalents at June 30, 2023 and 2022 were \$28,168,136 and \$28,740,765, respectively.

Investments

The Programs' investments consist of annuity contracts and pooled cash management funds.

The amounts held in the New Jersey Cash Management Fund, a pooled cash management fund administered by New Jersey State's Treasury, at June 30, 2023 and 2022, were \$38,813,331 and \$36,858,080, respectively, which is measured at net asset value.

Investments — Interest Rate Risk

- NJCLASS/FFELP investment policies, as described in **NOTES TO FINANCIAL STATEMENTS – NOTE 1, INVESTMENTS**, require balances to be maintained in high quality, low-risk investment options. All investment vehicles used by the Authority seek to maintain a stable price of \$1.00 per share. In these types of investments, it is highly unlikely that normal fluctuations in interest earnings on the underlying securities would cause a loss of principal. Consequently, NJCLASS/FFELP investments are not subject to interest rate risk.

Fair Value

- In accordance with State Investment Council Regulations, units of ownership in the NJCMF may be purchased or redeemed on any business day (excluding State holidays) at the unit cost or value of \$1.00. Investment income and net realized gains and losses on investments are distributed daily in the form of additional whole units at the current day's net asset value. Fractional units are included in the succeeding day's distribution.
- The NJCMF values participants' shares on a fair value basis. Specifically, the NJCMF distributes income to participants on a daily basis based on (1) realized investment gains and losses calculated at market (and added to the Reserve Fund for the pro-rata portion of such gains attributable to "Other-than-State" participants), (2) interest income based on stated rates, (3) amortization of discounts and premiums on a straight-line basis, and (4) administrative and reserve fund fees charged only to "Other-than-State" participants.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 STUDENT LOANS RECEIVABLE

The terms and conditions of the FFELP loans held by the Authority are governed by the federal rules and regulations of FFELP and various benefit programs extended by the original lender of these purchased loans.

NJCLASS loans originated by the Authority to eligible borrowers, as defined in the bond indentures and NJCLASS Program regulations, have the following repayment options:

- (1) To pay principal and interest monthly, beginning within 60 days of disbursement;
- (2) To pay only interest while the student is in school and thereafter to pay principal and interest monthly; or
- (3) To defer principal and interest payments while the student is in school and thereafter to pay principal and interest monthly. Deferred interest on option 3 is periodically added to the loan principal balance.

Under options 1 and 2 as defined above, the NJCLASS loans originated since the inception of the Program in 1991 generally bear interest at initial rates ranging from 2.99% to 8.95%, and option 3 rates have ranged from 4.45% to 9.25%. All fixed rate NJCLASS loans for bond issues until the 2017-1 bond issue, with the exception of Consolidation loans, Medical/Dental loans, and the Refi+ loan which was introduced during the 2016-17 academic year, have a step-up rate that is 0.75% higher than the initial rate. The step-up rate was discontinued for the 2018-1 bond issue. For the applicable loans, the step-up rate becomes effective in the 49th month in repayment, with the exception of option 3.

Beginning in 1997, HESAA began offering a non-credit-based variable rate loan with an annual rate reset and initially a 23-year repayment term to qualifying graduate students. Any variable rate loans funded that were disbursed on June 1, 2001, or later are subject to an interest rate cap of 9%. This variable rate program was discontinued in 2006 and replaced by a new fixed rate Graduate/Professional NJCLASS Loan product with a 25-year term.

In June 2005, HESAA initiated an NJCLASS Consolidation Loan Program that allows existing NJCLASS borrowers who are out of school or withdrawn to consolidate their existing NJCLASS loans. The NJCLASS Consolidation Loan offers terms of either 25 or 30 years, depending on the outstanding balance of the loans to be consolidated. The interest rate is a blended rate derived from the rates on the underlying loans being consolidated. Loans consolidated between June 1, 2010, and May 31, 2019 have an additional 0.25% added to the blended rate. Loans consolidated after May 31, 2019, have 0.50% subtracted from the blended interest rate.

In 2009, the Authority introduced the Med/NJ program, an NJCLASS loan for students working toward a MD, DO, DDS, or DMD degree. At June 30, 2023, there still are Med/NJ loans outstanding in the portfolio. This program was discontinued in the 2012-13 academic year.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Concurrent with the issuance of the 2010-2 Bonds, the Authority introduced the 10-year fixed rate NJCLASS Student Loan. These student loans (known as Ten Year Option 1 Loans) offer only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options.

Concurrent with the issuance of the 2014-1 Bonds, the Authority introduced the 10-year variable rate NJCLASS Student Loan. These student loans (known as Ten Year Variable Rate Option 1 Loans) offer only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options. The interest rate on these loans is based on three-month LIBOR + 4.25%, resets quarterly, and is subject to a 9.5% maximum interest rate. No proceeds following the 2014-1 bond issue have been allocated to originate 10-year variable rate NJCLASS loans.

Concurrent with the issuance of the 2016-1 Bonds, the Authority allocated a portion of the proceeds to fund 10-year fixed rate loans to refinance and consolidate existing NJCLASS and Federal Plus student loans of borrowers with current New Jersey nexus who are out of school, at more favorable rates. This student loan (known as the NJCLASS Refi+ loan) offers only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options. The Refi+ loan has a tiered interest rate structure, with two rates, and no step up rate, based on credit score at time of application. For the 2022 academic year, the rates are 3.75% and 3.99% for 10-year loans and 4.85% and 5.30% for 15-year loans.

Concurrent with the issuance of the 2017-1 Bonds, the Authority established the Repayment Assistance Program (RAP), for newly originated loans beginning in the 2017-18 and 2018-19 academic years. RAP will allow borrowers (all income from all parties to the loan is evaluated as part of the qualification) to pay an amount equal to 10% of income over 150% of the federal poverty level based on household income of all parties, for up to two years. During the RAP period interest does not accrue on the loan, and the loan amortizes over the same period as the original term. The Trust will cover the interest portion of the payment during the two-year maximum period. Borrowers sign RAP documentation agreeing to make a reduced monthly payment on time each month. RAP is available on a first-come, first-served basis and is subject to available funds. All borrowers will see principal reductions during the RAP period as a minimum monthly payment is required.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Concurrent with the issuance of the 2018-1 Bonds, the Authority established the Household Income Affordable Repayment Plan (HIARP), for newly originated Standard NJCLASS loans beginning in the 2018-2019 academic year. NJCLASS Graduate/Professional Loans, Refinance Loans, and Consolidation Loans are not eligible for HIARP. Through the HIARP program, monthly payments on eligible Standard NJCLASS loans shall be reduced to 15% of the aggregate household income of all of parties to the loan that exceeds 150% of the Federal poverty guideline for their family size, with a minimum monthly payment of \$25.00 (Reduced Payments). The repayment term for loans in the HIARP program will be extended to 25 years from the date of origination of such loan and any remaining balance at the end of 25 years will be forgiven. During the HIARP period interest will continue to accrue on the loan. Borrowers can only enter HIARP after exhausting their two years of RAP eligibility. HIARP is available on a first-come, first-served basis and is subject to available funds.

Concurrent with the issuance of the 2019-1 Bonds, the Authority added the ability for the borrower to refinance eligible private loans. Further, the Authority eliminated the origination of graduate loans.

Over the life of the NJCLASS Program, the loan terms offered, credit policies, and underwriting criteria have been periodically adjusted to meet perceived borrower preferences and needs, as well as when such changes are deemed necessary for the best interests of the NJCLASS Loan Program. Recent changes in underwriting criteria are described in **Management Discussion and Analysis – Current Conditions**. The loan rates, borrower fees, and terms offered in the 2022-23, 2021-22, 2020-21, and 2019-20 academic years are shown in the chart below.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

NJCLASS Loan Rates, Fees, and Terms

2022-2023 Academic Year

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	3.75%	N/A	3%	10	N/A
Fixed Rate Option 2	5.30%	N/A	3%	15	N/A
Fixed Rate Option 3	6.75%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	3.75% or 3.99%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	7.85% or 5.30%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

2021-2022 Academic Year

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	2.99%	N/A	3%	10	N/A
Fixed Rate Option 2	3.50%	N/A	3%	15	N/A
Fixed Rate Option 3	4.75%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	2.99%, 3.45% or 4.45%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	3.30%, 3.99% or 4.99%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

2020-2021 Academic Year

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	3.70%	N/A	3%	10	N/A
Fixed Rate Option 2	4.25%	N/A	3%	15	N/A
Fixed Rate Option 3	5.10%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	4.15%, 4.89% or 5.99%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	4.45%, 5.91% or 6.49%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Loan Servicing

In conjunction with the Authority's servicing of the student loans, the NJCLASS Loan Program remits to the Authority certain fees for Program administration, that are paid from Program revenues. For the years ended June 30, 2023 and 2022, \$11,247,444 and \$10,687,399 of servicing fees, respectively, were included in loan servicing fees charged to the NJCLASS Loan Program. In connection with its portfolios of existing loans, FFELP pays certain fees for Program administration, which are payable from Program revenues. For the years ended June 30, 2023 and 2022, the fees included administrative expenses of \$47,222 and \$58,420, respectively, paid to the Authority and fees paid to servicing agents of \$115,669 and \$138,809, respectively. In addition, for the years ended June 30, 2023 and 2022, loan consolidation rebate fees of \$196,946 and \$240,962, respectively, were paid to the United States Department of Education.

Loan Defaults/Loan Reserve Fund

Under the NJCLASS Loan Program, when a student loan payable in monthly installments reaches 180 days of delinquency or when a student loan payable in installments less frequent than monthly reaches 240 days of delinquency, the Authority will declare the respective loan "in default."

For earlier year NJCLASS bond issues, the Authority had established loan default reserve funds to stabilize the impact of loan defaults in the NJCLASS Loan Program. These are funded from a percentage of original loan principal specified by the appropriate master indenture, and not from bond proceeds.

The Loan Reserve Fund is a separate fund established by the Authority to protect the interests of NJCLASS bondholders by reimbursing the various HESAA bond issues when loans default. Amounts subsequently received from collections of defaulted student loans are used to replenish the Loan Reserve Fund to the extent of 70% of recoveries. The Authority retains the remaining 30% as a collection fee.

There is a loan reserve fund for the 2010-1 Indenture which included the 2017 Bond Issue. Consequently, loan reserve activity for this bond issue is included in the accompanying financial statements and shown in the combining statements presented in the supplementary information section.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Loan Defaults/Loan Reserve Fund (Continued)

For the Fiscal Years 2023 and 2022, collections on defaulted loans within the internal loan reserve fund established for the 2009, 2010-1 and 2010-2 Indenture, which is included within the NJCLASS/FFELP Loan Programs Financial Statements, totaled \$-0-, and new defaulted loans for the same periods totaled \$1,259,149 and \$2,899,284, respectively. As of June 30, 2023 and 2022, defaulted loans totaled \$223,638,851 and \$222,273,562, respectively.

The 2009, 2010-1, and 2010-2 bond issues are no longer property of any Trust, therefore those default collections no longer are paid to the Loan Reserve Fund.

Amounts due to and from these internal loan reserve funds are netted in the statements of net position but are shown in the combining schedules of net position.

Allowances for doubtful accounts at June 30, 2023 and 2022 were \$162,005,642 and \$161,068,744, respectively.

Under the terms 2012-1 Indenture, which includes the 2012-1, 2013-1, 2014-1, 2015-1, and 2016-1 Bond Issues, the 2017-1 Indenture, the 2019-1 Indenture, and the 2021-1 Indenture, no loan reserve fund were established. During Fiscal Year 2023, the 2012-1 and 2013-1 bond issues were retired.

NOTE 4 BONDS PAYABLE

The Authority has issued bonds to support its loan programs. All bonds described herein are limited obligations of the Authority, payable solely from the assets of the NJCLASS/FFELP Trust Estate (Trust Estate), as described in the official statement of each bond issue. None of the Authority's assets or funds (other than the Trust Estate) are pledged as security for the bonds.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 BONDS PAYABLE (CONTINUED)

Bonds Outstanding

The following schedules present summarized information relating to the interest rates and future maturities of the bonds outstanding as of June 30:

Bonds Outstanding June 30, 2023

Student Loan Revenue Bond Title Issue Year/Series	Interest Rate Range as of June 30, 2022	Maturity Dates	Bonds Outstanding (in Thousands) June 30, 2022	Additions	Reductions	Bonds Outstanding (in thousands) June 30, 2023	Amounts Due within One Year ⁽³⁾
2010, Series FFELP ⁽¹⁾	2.151%	6/1/2036	\$ 23,060	\$ -	\$ 4,360	\$ 18,700	\$ 4,240
2012-1	4.00%-5.75%	12/1/2016-12/1/2039	38,220	-	38,220	-	-
2013-1	3.25%-5.00%	12/1/2016-12/1/2043	43,935	-	43,935	-	-
2014-1 Series A-1 & B	3.00%-5.00%	12/1/2016-12/1/2044	53,105	-	18,600	34,505	6,405
2014-1, Series A-2 ⁽²⁾	2.701%	12/1/2023	2,335	-	2,335	-	-
2015-1	4.00%-5.00%	12/1/2016-12/1/2044	73,605	-	18,890	54,715	12,295
2016-1	2.75%-5.00%	12/1/2017-12/1/2046	84,255	-	19,590	64,665	12,695
2017-1	2.95%-5.00%	12/1/2019-12/1/2047	129,435	-	30,305	99,130	18,605
2018-1	3.35%-5.00%	12/1/2020-12/1/2048	131,635	-	27,400	104,235	19,805
2019-1	2.375%-5.00%	12/1/2020-12/1/2049	214,450	-	38,600	175,850	23,600
2020-1	3.500%-5.00%	12/1/2022-12/1/2050	247,440	-	35,700	211,740	25,400
2021-1	2.500%-5.00%	12/1/2023-12/1/2051	107,745	-	-	107,745	4,000
2022-1	4.25%-5.00%	12/1/2024-12/1/2052	267,845	-	-	267,845	-
2023-1	4.11%-5.00%	12/1/2025-12/1/2053	-	243,650	-	243,650	-
Totals			<u>\$ 1,417,065</u>	<u>\$ 243,650</u>	<u>\$ 277,935</u>	<u>\$ 1,382,780</u>	<u>\$ 127,045</u>

(1) The 2010-FFELP Bonds are Tax Exempt LIBOR Floating Rate Bonds, originally consisting of Class A-1 & Class A-2 Bonds. The Class A-1 Bonds were fully retired at June 30, 2014. The rate on the Class A-2 Bonds is 100% of 3-Month LIBOR plus .95%. Interest is paid quarterly.

(2) The 2014-1A-2 Bonds are LIBOR Floating Rate Bonds, which have been purchased directly from the Authority by Banc of America Preferred Funding Corporation, pursuant to a Variable Rate Bond Purchase Agreement, dated April 28, 2014. The interest rate on the 2014-1 Series A-2 Bonds is 100% of 3 Month LIBOR plus 1.50%, but not to exceed 8.00%. Interest is paid quarterly.

(3) Amounts Due within One Year' includes \$47,005,000 of 'Special Option Redemptions' made in August 2023.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 BONDS PAYABLE (CONTINUED)

Bonds Outstanding (Continued)

BONDS OUTSTANDING JUNE 30, 2022

Student Loan Revenue Bond Title Issue Year/Series	Interest Rate Range as of June 30, 2021	Maturity Dates	Bonds Outstanding (in Thousands) June 30, 2021	Additions	Reductions	Bonds Outstanding (in thousands) June 30, 2022	Amounts Due within One Year ⁽³⁾
2010, Series FFELP ⁽¹⁾	2.151%	6/1/2036	\$ 27,960	\$ -	\$ 4,900	\$ 23,060	\$ -
2011-1	3.625%-5.875%	12/1/2016-12/1/2033	67,805	-	67,805	-	-
2012-1	4.00%-5.75%	12/1/2016-12/1/2039	61,430	-	23,210	38,220	12,910
2013-1	3.25%-5.00%	12/1/2016-12/1/2043	65,740	-	21,805	43,935	11,505
2014-1 Series A-1 & B	3.00%-5.00%	12/1/2016-12/1/2044	75,405	-	22,300	53,105	12,800
2014-1, Series A-2 ⁽²⁾	2.701%	12/1/2023	3,590	-	1,255	2,335	700
2015-1	4.00%-5.00%	12/1/2016-12/1/2044	98,400	-	24,795	73,605	14,795
2016-1	2.75%-5.00%	12/1/2017-12/1/2046	116,260	-	32,005	84,255	14,905
2017-1	2.95%-5.00%	12/1/2019-12/1/2047	172,540	-	43,105	129,435	21,000
2018-1	3.35%-5.00%	12/1/2020-12/1/2048	170,025	-	38,390	131,635	19,695
2019-1	2.375%-5.00%	12/1/2020-12/1/2049	269,750	-	55,300	214,450	23,200
2020-1	3.500%-5.00%	12/1/2022-12/1/2050	247,440	-	-	247,440	19,600
2021-1	2.500%-5.00%	12/1/2023-12/1/2051	107,745	-	-	107,745	-
2022-1	4.25%-5.00%	12/1/2024-12/1/2052	-	267,845	-	267,845	-
Totals			\$ 1,484,090	\$ 267,845	\$ 334,870	\$ 1,417,065	\$ 151,110

(1) The 2010-FFELP Bonds are Tax Exempt LIBOR Floating Rate Bonds, originally consisting of Class A-1 & Class A-2 Bonds. The Class A-1 Bonds were fully retired at June 30, 2014. The rate on the Class A-2 Bonds is 100% of 3-Month LIBOR plus .95%. Interest is paid quarterly.

(2) The 2014-1A-2 Bonds are LIBOR Floating Rate Bonds, which have been purchased directly from the Authority by Banc of America Preferred Funding Corporation, pursuant to a Variable Rate Bond Purchase Agreement, dated April 28, 2014. The interest rate on the 2014-1 Series A-2 Bonds is 100% of 3 Month LIBOR plus 1.50%, but not to exceed 8.00%. Interest is paid quarterly.

(3) Amounts Due within One Year' includes \$50,510,000 of 'Special Option Redemptions' made in August 2022.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 BONDS PAYABLE (CONTINUED)

Redemption Provisions

The supplemental indentures for each bond issue define the terms under which bond redemptions are to occur. Specific information and requirements governing each type of redemption are defined in the sections on redemption provisions below. These sections are followed by a cumulative schedule of bonds issued, bonds accreted, redemptions by type and bond issue since the inception of the NJCLASS Program in 1991, as well as bonds outstanding at June 30, 2023.

Extraordinary Redemptions

Provisions governing the extraordinary redemption of bonds prior to maturity were included in the redemption provisions sections of the indentures for all bonds issued during the years 1991 through 2019. Where applicable, these early redemptions were permitted under the Extraordinary Redemption from Unexpended Proceeds, the Special Redemption, Extraordinary Redemption from Excess Revenues, Special Optional Redemption from Excess Revenues, and Special Mandatory Redemption from Excess Revenues sections of the indentures or supplemental indentures. All bonds retired under the Extraordinary Redemption provisions were redeemable at par.

The 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1, 2020-1, 2021-1, 2022-1 and 2023-1 Bonds that are eligible for redemption prior to maturity are also eligible for special optional redemption from excess revenues at the option of the Authority, plus accrued interest. During the 2023 Fiscal Year, a total of \$115,235,000 of bonds within these respective issues were redeemed under this provision and are included in the Cumulative Schedule of Bond Redemptions at June 30, 2023.

Optional Redemptions

Each indenture also contains provisions for the optional redemptions of NJCLASS fixed rate bonds.

The following chart outlines the optional redemption provisions for the 2008 through 2021-1 bonds. Bonds maturing prior to these dates are not subject to optional redemption prior to maturity.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 BONDS PAYABLE (CONTINUED)

Optional Redemptions (Continued)

Bond	Maturity	Subject to Optional Redemption	First Eligible Call Date
2011-1	Prior to 12/1/22	No	
2011-1	On or After 12/1/22	Yes at Par Plus Accrued Interest	December 1, 2021
2012-1	Before 12/1/23	No	
2012-1	On or After 12/1/23	Yes at Par Plus Accrued Interest	December 1, 2022
2013-1	Before 12/1/23	No	
2013-1	On or After 12/1/23	Yes at Par Plus Accrued Interest	December 1, 2022
2014-1	Before 12/1/24	No	
2014-1	On or After 12/1/24	Yes at Par Plus Accrued Interest	December 1, 2023
2015-1	Before 12/1/25	No	
2015-1	On or After 12/1/25	Yes at Par Plus Accrued Interest	December 1, 2024
2016-1	Before 12/1/26	No	
2016-1	On or After 12/1/26	Yes at Par Plus Accrued Interest	December 1, 2025
2017-1	Before 12/1/27	No	
2017-1	On or After 12/1/27	Yes at Par Plus Accrued Interest	December 1, 2026
2018-1	Before 12/1/28	No	
2018-1	On or After 12/1/28	Yes at Par Plus Accrued Interest	June 1, 2028
2019-1	Before 12/1/28	No	
2019-1	On or After 12/1/28	Yes at Par Plus Accrued Interest	June 1, 2028
2020-1	On or Before 12/1/28	No	
2020-1	On or After 12/1/39	Yes at Par Plus Accrued Interest	December 1, 2028
2021-1	On or Before 12/1/29	No	
2021-1	On or After 12/1/40	Yes at Par Plus Accrued Interest	December 1, 2029
2022-1	On or Before 12/1/30	No	
2022-1	On or After 12/1/41	Yes at Par Plus Accrued Interest	December 1, 2030
2023-1	On or Before 12/1/33	No	
2023-1	On or After 12/1/44	Yes at Par Plus Accrued Interest	December 1, 2033

Scheduled Maturities

Since the inception of the NJCLASS/FFELP Programs in 1991, the supplemental indentures applicable to each bond issue have included schedules containing the maturity dates of the various CUSIPs within each bond issue.

As governed by the indenture for each issue and series for the years 2008 and 2009, mandatory sinking fund redemptions prior to maturity, in part, by lot are required. The amounts of sinking fund redemptions for the Fiscal Years 2019 through 2023 and thereafter, are included in the Schedule of Future Maturities and Sinking Fund Requirements shown on page 32.

Cumulative Redemptions

The following schedules present summarized information by bond issue relating to all types of bond redemptions from the inception of the NJCLASS/FFELP Program in 1991 to the financial statement date.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 BONDS PAYABLE (CONTINUED)

Cumulative Redemptions (Continued)

Cumulative Schedule of Bond Redemptions at June 30, 2023

Bond Issue	Original Principal	Semi-Annual Accretion	Scheduled Maturity	Excess Revenue Redemption	Unexpended Proceeds Redemption	Optional Redemption	Special Redemption	Special Optional Redemption	Bond Tender (1)	Refunded	Current Principal Outstanding at June 30, 2023
1991	\$ 24,996,064	\$ 3,562,871	\$ (5,910,000)	\$ (20,468,935)	\$ (2,180,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1992	35,000,000	-	(12,730,000)	(22,270,000)	-	-	-	-	-	-	-
1993	20,000,000	-	(6,105,000)	(13,475,000)	(420,000)	-	-	-	-	-	-
1995	15,000,000	-	(4,025,000)	(10,975,000)	-	-	-	-	-	-	-
1996	18,000,000	-	(4,450,000)	(11,015,000)	-	(2,535,000)	-	-	-	-	-
1997A	25,000,000	-	(4,500,000)	(17,350,000)	-	(3,150,000)	-	-	-	-	-
1997B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
1998	80,000,000	-	(9,445,000)	(53,045,000)	-	(17,510,000)	-	-	-	-	-
1999A	50,000,000	-	(6,625,000)	(25,830,000)	-	(12,445,000)	(5,100,000)	-	-	-	-
1999B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
2000	70,000,000	-	(15,675,000)	(29,530,000)	-	(17,030,000)	(7,765,000)	-	-	-	-
2001	190,000,000	-	-	-	-	(3,000,000)	(60,850,000)	-	(126,150,000)	-	-
2002	166,000,000	-	-	-	-	-	(62,250,000)	-	(103,550,000)	(200,000)	-
2003	212,000,000	-	-	-	-	-	(56,400,000)	-	(121,000,000)	(34,600,000)	-
2004	200,000,000	-	-	-	-	-	-	-	(165,950,000)	(34,050,000)	-
2005	225,000,000	-	-	-	-	-	(23,750,000)	-	(184,850,000)	(16,400,000)	-
2006	225,000,000	-	-	-	-	-	(30,800,000)	-	(192,725,000)	(1,475,000)	-
2007	275,000,000	-	-	-	-	-	(19,125,000)	-	(255,700,000)	(175,000)	-
2008	350,000,000	-	-	-	(19,405,000)	-	-	(212,150,000)	-	(118,445,000)	-
2009	450,000,000	-	(150,000,000)	-	-	-	-	(143,800,000)	-	(156,200,000)	-
2010-1	713,000,000	-	(312,630,000)	-	-	-	-	(280,560,000)	-	(119,810,000)	-
2010-FFELP	145,000,000	-	-	(126,300,000)	-	-	-	-	-	-	18,700,000
2010-2	280,000,000	-	(145,300,000)	-	-	-	-	(121,200,000)	-	(13,500,000)	-
2011-1	326,500,000	-	(169,200,000)	-	-	-	-	(110,595,000)	-	(46,705,000)	-
2012-1	259,300,000	-	(137,000,000)	-	-	-	-	(96,990,000)	-	(25,310,000)	-
2013-1	200,000,000	-	(90,100,000)	-	-	-	-	(77,470,000)	-	(32,430,000)	-
2014-1	220,000,000	-	(69,500,000)	-	(8,955,000)	-	-	(107,040,000)	-	-	34,505,000
2015-1	180,000,000	-	(53,500,000)	-	-	-	-	(71,785,000)	-	-	54,715,000
2016-1	190,000,000	-	(41,500,000)	-	-	-	-	(83,835,000)	-	-	64,665,000
2017-1	250,000,000	-	(39,900,000)	-	-	-	-	(110,970,000)	-	-	99,130,000
2018-1	215,850,000	-	(44,000,000)	-	-	-	-	(67,615,000)	-	-	104,235,000
2019-1	285,550,000	-	(20,000,000)	-	-	-	-	(89,700,000)	-	-	175,850,000
2020-1	247,440,000	-	(11,600,000)	-	-	-	-	(24,100,000)	-	-	211,740,000
2021-1	107,745,000	-	-	-	-	-	-	-	-	-	107,745,000
2022-1	267,845,000	-	-	-	-	-	-	-	-	-	267,845,000
2023-1	243,650,000	-	-	-	-	-	-	-	-	-	243,650,000
Totals	\$ 6,786,876,064	\$ 3,562,871	\$ (1,353,695,000)	\$ (330,258,935)	\$ (30,960,000)	\$ (55,670,000)	\$ (266,040,000)	\$ (1,597,810,000)	\$ (1,149,925,000)	\$ (623,300,000)	\$ 1,382,780,000

(1) Bond Tenders are purchases in Lieu of Redemption resulting in bond retirements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 BONDS PAYABLE (CONTINUED)

Cumulative Redemptions (Continued)

Cumulative Schedule of Bond Redemptions at June 30, 2022

Bond Issue	Original Principal	Semi-Annual Accretion	Scheduled Maturity	Excess Revenue Redemption	Unexpended Proceeds Redemption	Optional Redemption	Special Redemption	Special Optional Redemption	Bond Tender (1)	Refunded	Current Principal Outstanding at June 30, 2022
1991	\$ 24,996,064	\$ 3,562,871	\$ (5,910,000)	\$ (20,468,935)	\$ (2,180,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1992	35,000,000	-	(12,730,000)	(22,270,000)	-	-	-	-	-	-	-
1993	20,000,000	-	(6,105,000)	(13,475,000)	(420,000)	-	-	-	-	-	-
1995	15,000,000	-	(4,025,000)	(10,975,000)	-	-	-	-	-	-	-
1996	18,000,000	-	(4,450,000)	(11,015,000)	-	(2,535,000)	-	-	-	-	-
1997A	25,000,000	-	(4,500,000)	(17,350,000)	-	(3,150,000)	-	-	-	-	-
1997B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
1998	80,000,000	-	(9,445,000)	(53,045,000)	-	(17,510,000)	-	-	-	-	-
1999A	50,000,000	-	(6,625,000)	(25,830,000)	-	(12,445,000)	(5,100,000)	-	-	-	-
1999B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
2000	70,000,000	-	(15,675,000)	(29,530,000)	-	(17,030,000)	(7,765,000)	-	-	-	-
2001	190,000,000	-	-	-	-	(3,000,000)	(60,850,000)	-	(126,150,000)	-	-
2002	166,000,000	-	-	-	-	-	(62,250,000)	-	(103,550,000)	(200,000)	-
2003	212,000,000	-	-	-	-	-	(56,400,000)	-	(121,000,000)	(34,600,000)	-
2004	200,000,000	-	-	-	-	-	-	-	(165,950,000)	(34,050,000)	-
2005	225,000,000	-	-	-	-	-	(23,750,000)	-	(184,850,000)	(16,400,000)	-
2006	225,000,000	-	-	-	-	-	(30,800,000)	-	(192,725,000)	(1,475,000)	-
2007	275,000,000	-	-	-	-	-	(19,125,000)	-	(255,700,000)	(175,000)	-
2008	350,000,000	-	-	-	(19,405,000)	-	-	(212,150,000)	-	(118,445,000)	-
2009	450,000,000	-	(150,000,000)	-	-	-	-	(143,800,000)	-	(156,200,000)	-
2010-1	713,000,000	-	(312,630,000)	-	-	-	-	(280,560,000)	-	(119,810,000)	-
2010-FFELP	145,000,000	-	-	(121,940,000)	-	-	-	-	-	-	23,060,000
2010-2	280,000,000	-	(145,300,000)	-	-	-	-	(121,200,000)	-	(13,500,000)	-
2011-1	326,500,000	-	(169,200,000)	-	-	-	-	(110,595,000)	-	(46,705,000)	-
2012-1	259,300,000	-	(124,500,000)	-	-	-	-	(96,580,000)	-	-	38,220,000
2013-1	200,000,000	-	(79,100,000)	-	-	-	-	(76,965,000)	-	-	43,935,000
2014-1	220,000,000	-	(60,000,000)	-	(8,955,000)	-	-	(95,605,000)	-	-	55,440,000
2015-1	180,000,000	-	(43,000,000)	-	-	-	-	(63,395,000)	-	-	73,605,000
2016-1	190,000,000	-	(31,500,000)	-	-	-	-	(74,245,000)	-	-	84,255,000
2017-1	250,000,000	-	(26,900,000)	-	-	-	-	(93,665,000)	-	-	129,435,000
2018-1	215,850,000	-	(30,500,000)	-	-	-	-	(53,715,000)	-	-	131,635,000
2019-1	285,550,000	-	(11,000,000)	-	-	-	-	(60,100,000)	-	-	214,450,000
2020-1	247,440,000	-	-	-	-	-	-	-	-	-	247,440,000
2021-1	107,745,000	-	-	-	-	-	-	-	-	-	107,745,000
2022-1	267,845,000	-	-	-	-	-	-	-	-	-	267,845,000
Totals	\$ 6,543,226,064	\$ 3,562,871	\$ (1,253,095,000)	\$ (325,898,935)	\$ (30,960,000)	\$ (55,670,000)	\$ (266,040,000)	\$ (1,482,575,000)	\$ (1,149,925,000)	\$ (565,560,000)	\$ 1,417,065,000

(1) Bond Tenders are purchases in Lieu of Redemption resulting in bond retirements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 BONDS PAYABLE (CONTINUED)

Future Maturities and Sinking Fund Requirements

Future maturities of bonds payable, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 127,045,000	\$ 56,028,167	\$ 183,073,167
2025	93,605,000	51,863,215	145,468,215
2026	103,510,000	47,157,636	150,667,636
2027	101,015,000	42,330,378	143,345,378
2028	87,420,000	37,877,267	125,297,267
2029-2033	240,515,000	147,144,568	387,659,568
2034-2038	43,050,000	113,062,940	156,112,940
2039-2043	294,770,000	86,245,482	381,015,482
2044-2048	142,750,000	44,582,577	187,332,577
2049-2054	149,100,000	21,317,813	170,417,813
Total	<u>\$ 1,382,780,000</u>	<u>\$ 647,610,043</u>	<u>\$ 2,030,390,043</u>

Bond Premium and Discount

Bond premium and discount amounts have been recorded in connection with the issuance of the Authority's 2009 Series A Bonds, 2010-1, 2010-2, 2011-1, 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1, 2020-1, 2021-1, 2022-1, and 2023-1 Bonds. Bond premiums, net of discount are reported as liabilities. Bond premiums and discounts are amortized over the life of the related debt using the straight-line method of amortization. The unamortized amount of premium and discount is shown as a net amount in the liabilities section on the statements of net position, and amortization revenue and expense is credited or charged to bond interest expense in the statements of revenues, expenses, and changes in net position. Related amounts as of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Bond Premium	\$ 132,569,914	\$ 126,796,245
Accumulated Amortization	(89,328,788)	(83,639,492)
Total Unamortized Bond Premium	<u>\$ 43,241,126</u>	<u>\$ 43,156,753</u>
Annual Amortization Revenue	<u>\$ 11,613,923</u>	<u>\$ 11,901,318</u>
Bond Discount	\$ 16,775,004	\$ 16,311,266
Accumulated Amortization	(6,248,070)	(5,702,363)
Total Unamortized Bond Discount	<u>\$ 10,526,934</u>	<u>\$ 10,608,903</u>
Annual Amortization Expense	<u>\$ 1,748,757</u>	<u>\$ 1,051,478</u>
Net Unamortized Bond Premium	<u>\$ 32,714,192</u>	<u>\$ 32,547,850</u>
Net Amortization Revenue	<u>\$ 9,865,166</u>	<u>\$ 10,849,840</u>

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 ARBITRAGE REBATES AND ACQUIRED PURPOSE INVESTMENT LIABILITY

Arbitrage Rebates

Pursuant to current federal income tax law and in accordance with the bond indentures, certain income earned on nonpurpose investments (investments other than student loans) attributable to the Authority's outstanding tax-exempt bonds is subject to payment to the U.S. Treasury as arbitrage rebates.

The arbitrage rebates are determined and calculated annually based upon the percentage of yield realized on the nonpurpose investments compared to the percentage of yield on the tax-exempt bonds and is cumulative over the lives and terms of the applicable bond series. Accordingly, the determined amount for any one-year could be reduced in subsequent years based on changes in yield differentials. No arbitrage expense was accrued or paid during the 2023 and 2022 Fiscal Years.

Acquired Purpose Investment Liability

As required by the trust indenture, HESAA has calculated an "acquired purpose investment" (API) liability that results from the loan yields exceeding the bond yields by more than 2.0% for certain of its bond portfolios, namely those bond portfolios issued in years 2012-2017. HESAA has covenanted with bondholders to reduce or forgive the principal of and the interest on student loans in order to reduce the loan yield on such loans to meet the 2.0% limitation. To that end, HESAA has in place and has implemented a formal loan yield reduction policy, which includes, among other things, principal and/or interest forgiveness on loans. As a result of the implementation of this yield reduction policy, no liability is expected to ultimately be paid by HESAA. While the loss contingency can be reasonably estimated, it is not probable of payment as the Agency's loan yield reduction policy is expected to reduce the API amounts over the next several years. While the U.S. tax code requires that the API liability be calculated, it does not require any payment of this liability until the tenth year after the bond has been issued if there is no formal yield reduction policy in place. Thus, no accrual contingency is necessary.

The acquired purpose investment liability calculated as of June 30, 2023 and 2022 by bond portfolio year is as follows:

<u>Bond Issue</u>	<u>June 30, 2023</u> <u>API Liability</u>	<u>June 30, 2022</u> <u>API Liability</u>
2012-1	\$ -	\$ 1,103,644
2013-1	-	4,213,410
2014-1	1,261,105	2,893,078
2015-1	313,922	442,872
2016-1	1,391,622	2,139,283
2017-1	362,415	1,050,384
2018-1	-	1,081,165
2019-1	3,501,949	7,078,624
2020-1	-	-
2021-1	-	15,836
2022-1	-	-

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 CONCENTRATION OF CREDIT RISK

Student Loans Receivable

The Authority provides student loans to New Jersey residents and out-of-state residents attending college in New Jersey, who use the proceeds for the purpose of pursuing higher education. The Authority assesses eligibility of loan applicants using criteria equal to the established guidelines for comparable loans in the banking industry. HESAA management continually monitors the performance of the NJCLASS and FFELP loan portfolios and maintains loan reserve funds for the 2010-1 and 2010-2 Master Indentures, which were capitalized by a fee charged at disbursement and partially replenished by collections on defaulted loans, to reimburse the bond issues when defaults occur. This policy is in conformity with the reserve amount requirements of the trust indentures between the Authority and Wells Fargo Bank. As a means of ensuring that cash flows generated from NJCLASS Student Loans will be sufficient to cover and protect the interests of the bondholders, management considers the cash flows of the loan reserve fund in combination with those of the bond issues adequate in light of actual loan default experience.

NOTE 7 COMMITMENTS AND CONTINGENCIES

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic and Governor Murphy declared a State of Emergency in the State of New Jersey. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Authority, COVID-19 may impact various parts of its 2020 and 2021 operations and financial results including, but not limited to, decreases in incoming funds due to the inability of certain Student Loan borrowers to make full and timely loan repayment, decreases in fee income resulting from lower college saving investments, impact on the financial markets especially impacting interest rates and resulting income and a reduction in the number and amount of NJCLASS loans being borrowed as well as an increase in costs for emergency preparedness. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

NOTE 8 SUBSEQUENT EVENTS

On August 31, 2023, HESAA retired \$47,005,000 of its 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1 and 2020-1 Bonds, through special optional redemption from excess revenues. These redemptions are made possible by better than expected cash flows on the student loans associated with these bond issues.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series A&B*	2017-1	2010-1 Indenture Loan Reserve*	2010 FFELP	Retired 2010-2*	Retired 2012-1*	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	Total
ASSETS																			
CURRENT ASSETS																			
Cash and Cash Equivalents	\$ 220,306	\$ 25,081	\$ 213,555	\$ 14,002,205	\$ 26,003,078	\$ -	\$ 3,284,836	\$ -	\$ -	\$ 11,147,453	\$ 16,115,190	\$ 17,201,492	\$ 27,016,650	\$ 34,217,494	\$ 39,719,996	\$ 11,736,564	\$ 40,883,382	\$ 211,383,562	\$ 453,170,844
Investments	7,539,573	5,999,172	23,250,575	121,520	190,813	1,711,678	-	-	-	-	-	-	-	-	-	-	-	-	38,813,331
NJCLASS Student Loans Receivable	124,404	-	219,628	821,307	5,601,566	-	-	-	-	1,955,295	3,719,695	3,270,291	5,809,287	9,786,057	10,561,045	4,985,031	12,521,968	3,659,553	63,035,127
FFELP Student Loans Receivable	-	-	-	-	-	-	3,860,215	-	-	-	-	-	-	-	-	-	-	-	3,860,215
NJCLASS Defaulted Student Loan Principal and Interest, Net of Allowance for Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts of \$162,005,642	7,696,404	4,154,006	34,232,289	1,847,224	100,615	(455,321)	-	-	-	2,620,774	1,770,985	1,783,320	2,373,465	2,693,723	2,079,151	346,451	505,461	(16,724)	61,833,208
Interest Receivable - Investments	-	-	-	56,672	-	-	12,935	-	-	46,789	62,798	67,064	105,507	133,033	153,739	44,673	158,217	866,115	1,806,157
Interest Receivable - NJCLASS Student Loans	6,117	-	78,759	157,233	619,901	-	-	-	-	327,528	361,848	433,129	818,072	1,208,068	1,322,871	725,091	1,726,051	570,891	8,355,559
Interest Receivable - FFELP Student Loans	-	-	-	-	-	-	1,001,262	-	-	-	-	-	-	-	-	-	-	-	1,001,262
Due from Other Bond Issue Funds	-	-	-	(49,418)	187,551	-	-	18,638	30,780	12,468	49,412	91,153	112,830	178,055	321,200	141,111	236,378	(1,330,158)	-
Due from/to 2009 and 2010 Loan Reserve Funds	-	-	-	(48,212)	5,699,763	(5,651,551)	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Collections Receivable	-	-	-	-	-	28,426	-	-	-	-	-	-	-	-	-	-	-	-	28,426
Due from Loan Servicing Agents	-	-	-	-	-	-	87,745	-	-	-	-	-	-	-	-	-	-	-	87,745
Total Current Assets	15,586,804	10,178,259	57,994,806	16,908,531	38,403,287	(4,366,768)	6,246,993	18,638	30,780	16,110,307	22,079,928	22,846,449	36,235,611	48,216,430	54,158,002	17,980,921	56,031,457	215,133,239	631,793,874
NONCURRENT ASSETS																			
NJCLASS Student Loans Receivable	724,091	-	1,050,271	7,707,381	94,930,779	-	-	-	-	32,817,899	44,207,023	56,263,381	93,705,536	154,054,355	204,089,623	108,601,766	251,128,157	57,188,848	1,106,469,110
FFELP Student Loans Receivable	-	-	-	-	-	-	14,684,992	-	-	-	-	-	-	-	-	-	-	-	14,684,992
Total Noncurrent Assets	724,091	-	1,050,271	7,707,381	94,930,779	-	14,684,992	-	-	32,817,899	44,207,023	56,263,381	93,705,536	154,054,355	204,089,623	108,601,766	251,128,157	57,188,848	1,121,154,102
Total Assets	\$ 16,310,895	\$ 10,178,259	\$ 59,045,077	\$ 24,615,912	\$ 133,334,066	\$ (4,366,768)	\$ 22,931,985	\$ 18,638	\$ 30,780	\$ 48,928,206	\$ 66,286,951	\$ 79,109,830	\$ 129,941,347	\$ 202,270,785	\$ 258,247,625	\$ 126,582,687	\$ 307,159,614	\$ 272,322,087	\$ 1,752,947,976
LIABILITIES																			
CURRENT LIABILITIES																			
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ 18,605,000	\$ -	\$ 4,240,000	\$ -	\$ -	\$ 6,405,000	\$ 12,295,000	\$ 12,695,000	\$ 19,805,000	\$ 23,600,000	\$ 25,400,000	\$ 4,000,000	\$ -	\$ -	\$ 127,045,000
Accrued Interest Payable - Bonds	-	-	-	-	386,696	-	108,128	-	-	77,914	159,559	206,544	394,949	560,390	745,666	342,927	1,382,586	1,615,216	5,980,575
Fees Payable	192,132	(3,525)	(26,313)	(111)	45,846	-	40,003	-	-	24,702	35,136	39,583	52,349	128,869	158,872	76,539	189,049	84,252	1,037,385
Total Current Liabilities	192,132	(3,525)	(26,313)	(111)	19,037,542	-	4,388,131	-	-	6,507,616	12,489,697	12,941,127	20,252,298	24,289,259	26,304,538	4,419,466	1,571,635	1,699,468	134,062,960
NONCURRENT LIABILITIES																			
Bonds Payable	-	-	-	-	80,525,000	-	14,460,000	-	-	28,100,000	42,420,000	51,970,000	84,430,000	152,250,000	186,340,000	103,745,000	267,845,000	243,650,000	1,255,735,000
Premium on Bonds Payable	-	-	-	-	1,660,347	-	-	-	-	(406,559)	(468,185)	509,036	2,264,084	2,895,915	4,367,619	6,686,398	5,408,846	9,796,691	32,714,192
Total Noncurrent Liabilities	-	-	-	-	82,185,347	-	14,460,000	-	-	27,693,441	41,951,815	52,479,036	86,694,084	155,145,915	190,707,619	110,431,398	273,253,846	253,446,691	1,288,449,192
Total Liabilities	192,132	(3,525)	(26,313)	(111)	101,222,889	-	18,848,131	-	-	34,201,057	54,441,512	65,420,163	106,946,382	179,435,174	217,012,157	114,850,864	274,825,481	255,146,159	1,422,512,152
NET POSITION																			
Restricted	16,118,763	10,181,784	59,071,390	24,616,023	32,111,177	(4,366,768)	4,083,854	18,638	30,780	14,727,149	11,845,439	13,689,667	22,994,965	22,835,611	41,235,468	11,731,823	32,334,133	17,175,928	330,435,824
Total Liabilities and Net Position	\$ 16,310,895	\$ 10,178,259	\$ 59,045,077	\$ 24,615,912	\$ 133,334,066	\$ (4,366,768)	\$ 22,931,985	\$ 18,638	\$ 30,780	\$ 48,928,206	\$ 66,286,951	\$ 79,109,830	\$ 129,941,347	\$ 202,270,785	\$ 258,247,625	\$ 126,582,687	\$ 307,159,614	\$ 272,322,087	\$ 1,752,947,976

*Bonds have been retired

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Retired 1998 Indenture*	Retired 2008	Retired 2009 Series A	2010-1 Series A&B	2017-1	2010-1 Indenture Loan Reserve	2010 FFELP	2010-2	2010-2 Indenture Loan Reserve	2012-1	2013-1	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	Total
ASSETS																				
CURRENT ASSETS																				
Cash and Cash Equivalents	\$ 251,462	\$ 33,859	\$ 1,372,961	\$ 10,781,012	\$ 31,048,089	\$ -	\$ 3,126,500	\$ -	\$ -	\$ 18,592,153	\$ 16,820,274	\$ 19,785,418	\$ 20,264,719	\$ 21,195,944	\$ 29,908,279	\$ 37,275,168	\$ 42,289,195	\$ 7,802,837	\$ 228,158,095	\$ 488,305,965
Investments	13,884,655	4,966,365	16,280,819	-	-	1,645,870	-	-	80,371	-	-	-	-	-	-	-	-	-	-	36,858,080
NJCLASS Student Loans Receivable	99,111	10	36,813	707,399	4,891,988	-	-	-	-	1,979,883	1,492,116	1,991,213	3,306,123	3,024,229	4,929,984	8,064,911	8,465,211	3,694,579	4,208,344	46,891,914
FFELP Student Loans Receivable	-	-	-	-	-	-	3,908,934	-	-	-	-	-	-	-	-	-	-	-	-	3,908,934
NJCLASS Defaulted Student Loan Principal and Interest in 2009 and 2010 Indenture Loan Reserve Funds, Net of Allowance for Doubtful Accounts of \$161,068,744	8,019,173	4,366,976	31,652,002	1,471,581	-	(468,655)	-	-	-	2,745,687	2,249,332	2,249,580	1,570,097	1,527,334	2,101,063	2,173,054	1,412,377	92,827	42,390	61,204,818
Interest Receivable - Investments	-	-	1,474	7,655	20,964	-	2,073	-	-	12,793	11,469	13,594	13,801	14,345	20,277	29,860	28,685	5,799	167,230	350,019
Interest Receivable - NJCLASS Student Loans	3,738	6	94,596	182,207	725,937	-	-	-	-	325,143	376,187	432,986	442,844	556,548	1,023,580	1,503,792	1,547,024	799,343	661,784	8,675,715
Interest Receivable - FFELP Student Loans	-	-	-	-	-	-	851,557	-	-	-	-	-	-	-	-	-	-	-	-	851,557
Due from Other Bond Issue Funds Due from/to 2009 and 2010 Loan Reserve Funds	2,400,890	-	2,158,047	(25,321)	870,488	-	-	18,638	-	148,163	159,715	404,183	357,556	382,441	458,384	899,119	366,416	165,798	(4,205,581)	4,558,936
Default Collections Receivable	-	-	-	73,308	5,178,361	(5,251,669)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from Loan Servicing Agents	-	-	-	-	-	20,025	-	-	-	-	-	-	-	-	-	-	-	-	-	20,025
Total Current Assets	24,659,029	9,367,216	51,996,712	13,197,841	42,735,827	(4,054,429)	7,945,720	18,638	80,371	23,803,822	20,909,093	24,878,974	25,965,140	26,700,841	38,441,567	49,945,904	54,108,908	12,361,183	229,032,262	651,682,619
NONCURRENT ASSETS																				
NJCLASS Student Loans Receivable	1,018,491	103	729,968	10,142,229	119,385,867	-	-	-	-	35,933,222	37,338,197	46,239,377	58,837,514	72,793,490	119,113,139	192,847,669	239,133,231	113,869,180	77,414,059	1,124,795,736
FFELP Student Loans Receivable	-	-	-	-	-	-	19,194,250	-	-	-	-	-	-	-	-	-	-	-	-	19,194,250
Total Noncurrent Assets	1,018,491	103	729,968	10,142,229	119,385,867	-	19,194,250	-	-	35,933,222	37,338,197	46,239,377	58,837,514	72,793,490	119,113,139	192,847,669	239,133,231	113,869,180	77,414,059	1,143,989,986
Total Assets	<u>\$ 25,677,520</u>	<u>\$ 9,367,319</u>	<u>\$ 52,726,680</u>	<u>\$ 23,340,070</u>	<u>\$ 162,121,694</u>	<u>\$ (4,054,429)</u>	<u>\$ 27,139,970</u>	<u>\$ 18,638</u>	<u>\$ 80,371</u>	<u>\$ 59,737,044</u>	<u>\$ 58,247,290</u>	<u>\$ 71,118,351</u>	<u>\$ 84,792,654</u>	<u>\$ 99,494,331</u>	<u>\$ 157,554,708</u>	<u>\$ 242,793,573</u>	<u>\$ 293,242,139</u>	<u>\$ 126,230,363</u>	<u>\$ 306,446,321</u>	<u>\$ 1,795,672,605</u>
LIABILITIES																				
CURRENT LIABILITIES																				
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ 21,000,000	\$ -	\$ -	\$ -	\$ -	\$ 12,910,000	\$ 11,505,000	\$ 13,500,000	\$ 14,795,000	\$ 14,905,000	\$ 19,695,000	\$ 23,200,000	\$ 19,600,000	\$ -	\$ -	\$ 151,110,000
Accrued Interest Payable - Bonds	-	-	-	-	495,022	-	56,639	-	-	122,558	127,679	152,214	230,820	275,061	495,795	668,552	862,725	342,927	1,986,579	5,816,571
Fees Payable	181,836	1,171	10,602	391	54,698	-	48,962	-	-	21,552	32,050	35,288	45,172	47,959	62,237	152,340	179,298	83,882	87,423	1,044,861
Total Current Liabilities	181,836	1,171	10,602	391	21,549,720	-	105,601	-	-	13,054,110	11,664,729	13,587,502	15,070,992	15,228,020	20,253,032	24,020,692	20,642,023	426,809	2,074,002	157,971,432
NONCURRENT LIABILITIES																				
Bonds Payable	-	-	-	-	108,435,000	-	23,060,000	-	-	25,310,000	32,430,000	41,940,000	58,810,000	69,350,000	111,940,000	191,250,000	227,840,000	107,745,000	267,845,000	1,265,955,000
Premium on Bonds Payable	-	-	-	-	2,884,598	-	-	-	-	(269,752)	(622,467)	(433,115)	(195,593)	1,174,614	3,462,663	4,520,356	6,612,282	8,460,451	6,953,813	32,547,850
Total Noncurrent Liabilities	-	-	-	-	111,319,598	-	23,060,000	-	-	25,040,248	31,807,533	41,506,885	58,614,407	70,524,614	115,402,663	195,770,356	234,452,282	116,205,451	274,798,813	1,298,502,850
Total Liabilities	181,836	1,171	10,602	391	132,869,318	-	23,165,601	-	-	38,094,358	43,472,262	55,194,387	73,685,399	85,752,634	135,655,695	219,791,248	255,094,305	116,632,260	276,872,815	1,456,474,282
NET POSITION																				
Restricted	25,495,684	9,366,148	52,316,078	23,339,679	29,252,376	(4,054,429)	3,974,369	18,638	80,371	21,642,686	14,775,028	15,921,964	11,107,255	13,741,697	21,899,011	23,002,325	38,147,834	9,598,103	29,573,506	339,196,323
Total Liabilities and Net Position	<u>\$ 25,677,520</u>	<u>\$ 9,367,319</u>	<u>\$ 52,726,680</u>	<u>\$ 23,340,070</u>	<u>\$ 162,121,694</u>	<u>\$ (4,054,429)</u>	<u>\$ 27,139,970</u>	<u>\$ 18,638</u>	<u>\$ 80,371</u>	<u>\$ 59,737,044</u>	<u>\$ 58,247,290</u>	<u>\$ 71,118,351</u>	<u>\$ 84,792,654</u>	<u>\$ 99,494,331</u>	<u>\$ 157,554,708</u>	<u>\$ 242,793,573</u>	<u>\$ 293,242,139</u>	<u>\$ 126,230,363</u>	<u>\$ 306,446,321</u>	<u>\$ 1,795,672,605</u>

*Bonds have been retired

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series	2017-1	2010-1 Indenture Loan Reserve Fund	2010 FFELP	2010-2	2010-2 Indenture Loan Reserve Fund	2012-1	2013-1	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	Total
OPERATING REVENUES																					
Interest Income:																					
NJCLASS Student Loans	\$ 49,944	\$ 7	\$ (514,513)	\$ 837,380	\$ 6,537,068	\$ -	\$ -	\$ -	\$ -	\$ 2,186,416	\$ 2,096,664	\$ 3,341,056	\$ 3,616,064	\$ 4,380,828	\$ 7,166,663	\$ 11,038,645	\$ 11,781,455	\$ 5,044,483	\$ 10,902,085	\$ 654,551	\$ 69,118,796
FFELP Student Loans	-	-	-	-	-	-	1,393,103	-	-	-	-	-	-	-	-	-	-	-	-	-	1,393,103
Total Interest Income	49,944	7	(514,513)	837,380	6,537,068	-	1,393,103	-	-	2,186,416	2,096,664	3,341,056	3,616,064	4,380,828	7,166,663	11,038,645	11,781,455	5,044,483	10,902,085	654,551	70,511,899
Administrative Fee Income	-	-	9,508	-	-	-	-	-	-	-	-	-	-	-	-	(2,161)	207,672	4,558,775	27,883	4,801,677	
Total Operating Revenues	49,944	7	(505,005)	837,380	6,537,068	-	1,393,103	-	-	2,186,416	2,096,664	3,341,056	3,616,064	4,380,828	7,166,663	11,038,645	11,779,294	5,252,155	15,460,860	682,434	75,313,576
OPERATING EXPENSES																					
Loan Servicing Fees:																					
NJCLASS Student Loans	8	1	90	2,794	606,117	-	-	-	-	178,908	248,932	359,497	491,024	523,562	691,391	1,672,567	2,034,802	964,689	3,323,188	149,874	11,247,444
FFELP Student Loans	-	-	-	-	-	-	364,255	-	-	-	-	-	-	-	-	-	-	-	-	-	364,255
Total Loan Servicing Fees	8	1	90	2,794	606,117	-	364,255	-	-	178,908	248,932	359,497	491,024	523,562	691,391	1,672,567	2,034,802	964,689	3,323,188	149,874	11,611,699
Program Expenses:																					
Annual Insurance Expense	-	-	19,250	-	49,020	-	22,367	-	-	25,000	27,500	32,500	32,500	35,000	43,004	53,851	38,231	10,000	59,998	-	448,221
and Transaction Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	(590,376)	(615,173)	9,544,078	-	-	378,147	-	-	-	(6,381,756)	(5,573,161)	360,809	417,718	536,462	350,492	874,618	702,583	285,639	597,923	68,894	936,897
RAP Expense	-	-	-	7,184	38,662	-	-	-	-	4,339	6,597	25,765	25,765	15,568	64,396	63,708	32,387	10,071	29,903	4,261	328,606
Total Program Expenses	(590,376)	(615,173)	9,563,328	7,184	87,682	378,147	22,367	-	-	(6,352,417)	(5,539,064)	419,074	475,983	587,030	457,892	992,177	773,201	285,710	687,824	73,155	1,713,724
Bond Interest Expense	-	-	-	-	3,912,006	-	1,022,695	-	-	1,646,224	2,109,447	1,932,312	2,476,895	2,429,433	4,058,569	5,547,570	7,268,854	2,208,322	11,001,845	1,380,399	46,994,571
Total Operating Expenses	(590,368)	(615,172)	9,563,418	9,978	4,605,805	378,147	1,409,317	-	-	(4,527,285)	(3,180,685)	2,710,883	3,443,902	3,540,025	5,207,852	8,212,314	10,076,857	3,458,721	15,012,857	1,603,428	60,319,994
OPERATING INCOME (LOSS)	640,312	615,179	(10,068,423)	827,402	1,931,263	(378,147)	(16,214)	-	-	6,713,701	5,277,349	630,173	172,162	840,803	1,958,811	2,826,331	1,702,437	1,793,434	448,003	(920,994)	14,993,582
NONOPERATING REVENUES (EXPENSES)																					
Income on Investments	383,657	200,457	734,144	448,942	927,538	65,808	125,699	-	36	453,103	391,935	478,016	566,022	601,759	926,520	1,191,644	1,385,197	340,286	3,161,504	1,420,849	13,803,116
Equity Distribution from Bond Refunding	-	-	-	-	-	-	-	-	(80,407)	(10,445,093)	(1,692,921)	-	-	-	-	-	-	-	-	-	(12,218,421)
Gain (Loss) on Transfer	-	-	18,247,638	-	-	-	-	-	-	(18,333,617)	(15,544,270)	(196,944)	-	-	-	-	-	-	(848,880)	16,676,073	-
Loan Forgiveness	-	-	-	-	-	-	-	-	-	-	(3,207,121)	(2,106,060)	-	(1,494,592)	(1,789,377)	(4,184,689)	-	-	-	-	(12,781,839)
Transfer to Non-NJCLASS Funds	(10,400,890)	-	(2,158,047)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,558,937)
Total Nonoperating Revenues (Expenses)	(10,017,233)	200,457	16,823,735	448,942	927,538	65,808	125,699	-	(80,371)	(28,325,607)	(20,052,377)	(1,824,988)	566,022	(892,833)	(862,857)	(2,993,045)	1,385,197	340,286	2,312,624	18,095,922	(23,756,081)
CHANGE IN NET POSITION	(9,376,921)	815,636	6,755,312	1,276,344	2,858,801	(312,339)	109,485	-	(80,371)	(21,611,906)	(14,775,028)	(1,194,815)	738,184	(52,030)	1,095,954	(166,714)	3,087,634	2,133,720	2,760,627	17,175,928	(8,762,499)
Net Position (Deficit) - Beginning of Year	25,495,664	9,366,148	52,316,078	23,339,679	29,252,376	(4,054,429)	3,974,369	18,638	80,371	21,642,686	14,775,028	15,921,964	11,107,255	13,741,697	21,899,011	23,002,325	38,147,834	9,598,103	29,573,506	-	339,198,323
NET POSITION (DEFICIT) - END OF YEAR	\$ 16,118,763	\$ 10,181,784	\$ 59,071,390	\$ 24,616,023	\$ 32,111,177	\$ (4,368,768)	\$ 4,083,854	\$ 18,638	\$ -	\$ 30,780	\$ -	\$ 14,727,149	\$ 11,845,439	\$ 13,689,667	\$ 22,994,965	\$ 22,835,611	\$ 41,235,468	\$ 11,731,823	\$ 32,334,133	\$ 17,175,928	\$ 330,435,824

*Bonds have been retired

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series	2010-1 Indenture Loan Reserve Fund	2010-1 FFELP	2010-2	2011-1	2010-2 Indenture Loan Reserve Fund	2012-1	2013-1	2014-1	2015-1	2016-1	2016-1	2016-1	2016-1	2020-1	2021-1	2022-1	Total
OPERATING REVENUES																					
Interest Income																					
NJCLASS Student Loans	\$ 57,750	\$ 4,983	\$ 158,688	\$ 929,494	\$ 8,646,043	\$ -	\$ -	\$ 474,775	\$ 3,540,255	\$ -	\$ 3,464,837	\$ 3,699,208	\$ 4,310,819	\$ 4,793,595	\$ 5,495,172	\$ 9,290,614	\$ 13,886,772	\$ 13,395,307	\$ 4,016,474	\$ 949,441	\$ 77,114,227
FFELP Student Loans	-	-	-	-	-	-	1,099,969	-	-	-	-	-	-	-	-	-	-	-	-	-	1,099,969
Total Interest Income	57,750	4,983	158,688	929,494	8,646,043	-	1,099,969	474,775	3,540,255	-	3,464,837	3,699,208	4,310,819	4,793,595	5,495,172	9,290,614	13,886,772	13,395,307	4,016,474	949,441	78,214,196
Administrative Fee Income	-	-	308,017	-	-	-	-	-	-	-	-	-	-	-	-	(905)	(7,921)	1,696,105	2,326,384	37,775	4,360,455
Total Operating Revenues	57,750	4,983	466,705	929,494	8,646,043	-	1,099,969	474,775	3,540,255	-	3,464,837	3,699,208	4,310,819	4,793,595	5,495,172	9,289,709	13,878,851	15,091,412	6,342,858	987,216	82,574,651
OPERATING EXPENSES																					
Loan Servicing Fees:																					
NJCLASS Student Loans	1	-	2	32	716,253	-	-	(2,426)	216,275	-	289,898	441,072	484,021	605,731	642,061	813,147	1,979,239	2,789,645	1,566,519	145,929	10,687,399
FFELP Student Loans	-	-	-	-	-	-	441,360	-	-	-	-	-	-	-	-	-	-	-	-	-	441,360
Total Loan Servicing Fees	1	-	2	32	716,253	-	441,360	(2,426)	216,275	-	289,898	441,072	484,021	605,731	642,061	813,147	1,979,239	2,789,645	1,566,519	145,929	11,128,759
Program Expenses:																					
Annual Insurance Expense	-	-	19,475	-	42,786	-	25,032	22,000	13,249	-	50,000	55,000	40,380	57,040	61,536	58,833	44,893	57,592	25,084	-	572,897
Bad Debt Expense	(918,043)	(753,363)	10,377,128	-	-	-	674,261	-	-	(8,339,048)	187,099	180,022	655,831	417,256	540,621	656,291	895,666	986,980	115,183	111,687	5,831,771
RAP Expense	-	-	-	35	21,139	-	-	282	276	-	865	1,601	4,519	6,405	23,633	39,848	20,225	8,472	855	3,845	132,000
Total Program Expenses	(918,043)	(753,363)	10,396,603	35	63,925	674,261	25,032	22,282	13,522	(8,339,048)	237,964	236,623	700,730	480,701	625,790	796,972	960,984	1,063,044	141,122	115,532	6,536,688
Bond Interest Expense	-	-	-	-	5,038,856	-	334,779	-	3,020,943	-	2,254,565	2,224,942	2,579,230	3,196,968	3,140,046	5,050,842	6,518,094	7,908,693	2,208,322	1,745,310	45,221,590
Total Operating Expenses	(918,043)	(753,363)	10,396,603	67	5,819,034	674,261	601,171	19,856	3,250,740	(8,339,048)	2,782,427	2,902,637	3,783,981	4,263,400	4,407,897	6,660,961	9,458,317	11,751,362	3,915,963	2,006,771	62,887,017
OPERATING INCOME (LOSS)	973,792	758,346	(9,929,900)	929,427	2,827,009	(674,261)	298,798	454,919	289,515	8,339,048	682,410	796,571	546,838	510,195	1,087,275	2,628,748	4,420,534	3,340,030	2,426,895	(1,019,555)	19,687,634
NONOPERATING REVENUES (EXPENSES)																					
Income on Investments	12,410	4,906	36,217	15,804	43,695	3,354	4,730	4,438	6,518	3,038	26,787	24,026	28,115	28,575	29,853	42,379	65,132	60,816	23,171	254,215	718,179
Equity Distribution from Bond Refunding	-	-	-	-	-	-	-	(15,913)	(1,596,990)	(3,593,047)	-	-	-	-	-	-	-	-	-	-	(5,207,950)
Gain (Loss) on Transfer	-	-	18,684,581	-	-	-	-	(19,084,170)	(31,273,107)	1,333,840	-	-	-	-	-	-	-	-	-	30,338,846	-
Loan Forgiveness	-	-	-	-	(525,514)	-	-	-	-	-	(2,483,023)	(5,003,791)	(3,012,691)	-	(1,016,133)	(2,027,781)	(1,996,519)	-	-	-	(16,065,452)
Total Nonoperating Revenues (Expenses)	12,410	4,906	18,720,808	15,804	(481,819)	3,354	4,730	(19,095,645)	(32,865,579)	(2,256,169)	(2,456,236)	(4,979,765)	(2,984,576)	28,575	(986,280)	(1,985,402)	(1,931,387)	60,816	23,171	30,593,061	(20,555,223)
CHANGE IN NET POSITION	966,202	763,252	8,791,908	945,231	2,345,190	(670,907)	303,528	(18,640,726)	(32,576,064)	6,082,879	(1,773,826)	(4,183,194)	(2,437,738)	538,770	100,995	643,346	2,489,147	3,400,846	2,450,066	29,573,506	(867,589)
Net Position (Deficit) - Beginning of Year	24,509,482	8,602,896	43,524,170	22,384,448	26,907,186	(3,383,522)	3,670,641	18,659,364	32,576,064	(6,002,508)	23,416,512	18,958,222	18,359,702	10,568,485	13,640,702	21,255,665	20,513,178	34,746,888	7,148,037	-	340,065,912
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 25,495,684</u>	<u>\$ 9,366,148</u>	<u>\$ 52,316,078</u>	<u>\$ 23,329,679</u>	<u>\$ 29,252,376</u>	<u>\$ (4,054,429)</u>	<u>\$ 3,974,369</u>	<u>\$ 18,638</u>	<u>\$ -</u>	<u>\$ 80,371</u>	<u>\$ 21,642,686</u>	<u>\$ 14,775,028</u>	<u>\$ 15,921,964</u>	<u>\$ 11,107,255</u>	<u>\$ 13,741,697</u>	<u>\$ 21,899,011</u>	<u>\$ 23,002,325</u>	<u>\$ 38,147,834</u>	<u>\$ 9,598,103</u>	<u>\$ 29,573,506</u>	<u>\$ 339,198,323</u>

*Bonds have been retired



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board Members
New Jersey Higher Education Student Assistance Authority
Trenton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the NJCLASS/FFELP Loan Programs (the Programs) of the New Jersey Higher Education Student Assistance Authority, which comprise of the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Programs' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of the Programs' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Programs' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 20, 2023

APPENDIX E

SUMMARY OF BONDS TO BE REFUNDED

Student Loan Revenue Bonds, Series 2014-1

Series	Maturity Date (December 1)	CUSIP Number	Outstanding Amount
2014-1A-1	2024	646080 QM6	\$ 2,365,000
2014-1A-1	2025	646080 QN4	2,285,000
2014-1A-1	2026	646080 QP9	2,205,000
2014-1A-1	2027	646080 QQ7	2,120,000
2014-1A-1	2028	646080 QR5	1,965,000
2014-1A-1	2029	646080 QS3	1,790,000
2014-1A-1	2032	646080 QT1	1,140,000
2014-1A-1	2036	646080 QU8	1,230,000
2014-1B	2044	646080 QW4	13,000,000

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

WEIGHTED AVERAGE LIFE ANALYSIS OF THE SENIOR SERIES 2024B BONDS MATURING DECEMBER 1, 2045

The following information with respect to the Senior Series 2024B Bonds maturing December 1, 2045 has been prepared by the Authority and its agents. No representation is made by the Authority or any of its agents concerning the actual average life of the Senior Series 2024B Bonds maturing December 1, 2045, or the Student Loans and how each compares to the various forward-looking average life estimates herein.

Prospective purchasers of the Senior Series 2024B Bonds maturing December 1, 2045 are urged to base their decisions whether to purchase the Senior Series 2024B Bonds maturing December 1, 2045, upon the purchaser's own determinations about anticipated rates of prepayments with respect to the Student Loans and the estimated weighted average life of the Senior Series 2024B Bonds maturing December 1, 2045. There can be no assurance that actual results will not vary substantially from the assumptions presented in this Appendix F.

Prepayments of loans may be measured by a variety of prepayment standards or models. The primary model used herein is the constant prepayment rate and is referred to herein as the “CPR” model. The CPR Model is based on prepayments assumed to occur at a constant percentage rate. CPR represents a constant rate of prepayment on Student Loans each month relative to the then outstanding aggregate principal balance of Student Loans for the life of such Student Loans.

The CPR model does not purport to describe historical prepayment experience or to predict the prepayment rate of any actual student loan pool. The Student Loans pledged under the Indenture should not be expected to prepay according to the CPR, nor will all of the Student Loans pledged under the Indenture prepay at the same rate.

In addition to prepayments, there are several other factors that affect the weighted average life of the Senior Series 2024B Bonds maturing December 1, 2045. These factors include, but are not limited to:

- the amount and timing of the loans originated based on loan product type;
- for deferred loan products, the number of months for the loan to move from in-school status to repayment status;
- the percentage of the loans that may enter into forbearance status as well as the length of time such loans would remain in that status (See the caption “CERTAIN INVESTMENT CONSIDERATIONS—*“An Outbreak Similar to the COVID-19 Pandemic Could Adversely Affect the Value of the Series 2024 Bonds or Borrowers’ Ability to Repay Their Student Loans”* herein.);
- the utilization rate of RAP and HIARP benefits and ACH rate reductions; and
- the default rate (and timing thereof) experienced by the loans as well as the recovery rate (and timing thereof) on defaulted loans.

The table below indicates the Weighted Average Life (“WAL”) of the Senior Series 2024B Bonds maturing December 1, 2045, based on the assumption that Student Loans prepay at the respective indicated percentages of CPR (the “CPR Prepayment Assumption Rates”). It is unlikely that Student Loans will prepay at any of the CPR Prepayment Assumption Rates presented, and the timing of changes in the rate of

prepayments actually experienced on Student Loans is unlikely to follow the pattern described for the CPR Prepayment Assumption Rates presented.

The WAL is likely to vary, perhaps significantly, from that set forth in the table below due to the differences between the actual rate of prepayments on Student Loans and the assumptions described herein.

**Estimated Weighted Average Life of Senior Series 2024B Bonds Maturing December 1, 2045
at Various Percentages of the CPR**

Prepayment Speed/Cash Flow Scenario	Estimated WAL (Years)	First Bond Retirement Date	Last Bond Retirement Date	Average Maturity Date
0% CPR	10.6	June 1, 2026	December 1, 2038	December 25, 2034
2% CPR	8.9	June 1, 2026	December 1, 2037	April 23, 2033
4% CPR	7.6	June 1, 2026	June 1, 2037	January 20, 2032
6% CPR	6.5	June 1, 2026	December 1, 2036	November 23, 2030
8% CPR	5.5	June 1, 2026	June 1, 2036	November 27, 2029
10% CPR	4.6	June 1, 2026	June 1, 2035	January 13, 2029
12% CPR	3.6	June 1, 2026	December 1, 2034	December 24, 2027
16% CPR	2.5	June 1, 2026	June 1, 2028	November 27, 2026

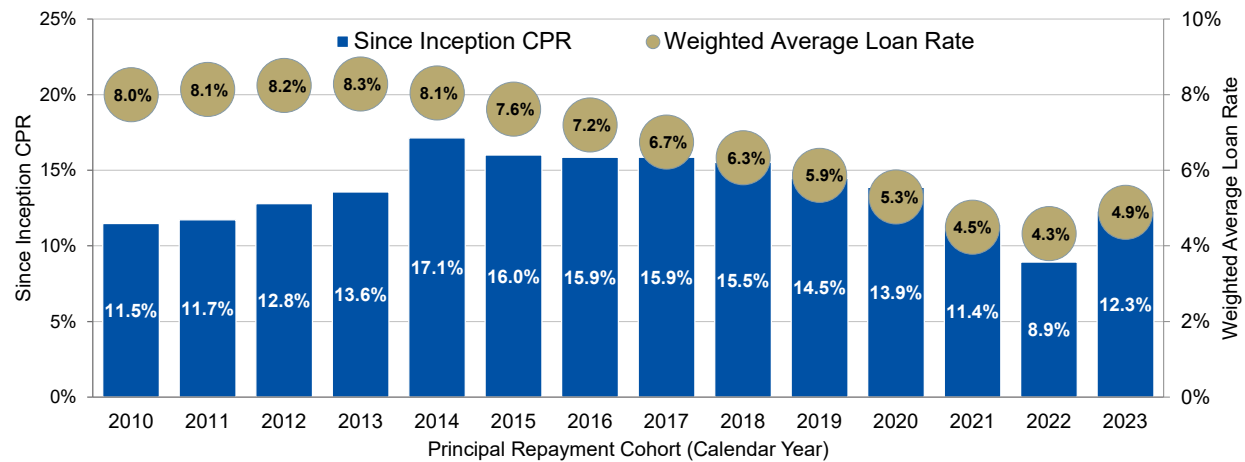
WAL is influenced by, among other things, the initial parity ratio, cash releases, actual prepayments, bond interest rates, bond redemptions, reinvestment income, the future path of interest rates, Authority loan interest rates and borrower repayment plans selected, the amount and timing of loans originated, including recycling (if any), borrower delinquencies and defaults, default recoveries, program expenses, compliance with IRS yield restrictions and the issuance of additional bonds in the future. Actual results may vary from assumptions made in the base case.

The following assumptions were used in estimating the WAL of the Senior Series 2024B Bonds maturing December 1, 2045:

- WAL is computed from the expected dated date for the Series 2024 Bonds.
- WAL assumes the Authority mandatorily redeems Series 2024 Bonds from Excess Revenue, releases cash in the amounts and at the times permitted under the Indenture and does not optionally redeem Series 2024 Bonds.
- WAL assumes the Authority uses Series 2024 Bond proceeds to originate loans through April 1, 2026 and recycles principal receipts.
- All CPR runs above assume a 5.0% default rate spread evenly over the first five years of repayment, no delinquencies, deferment or forbearance, and that the interest rate on cash reinvestment is assumed to be equal to (i) the approximate Series 2024 weighted average bond yield for the Student Loan Fund and (ii) 2.50% for all other funds.

See also the captions “THE SERIES 2024 BONDS—Redemption Provisions—*Special Optional Redemption from Excess Revenue*” and “—*Special Mandatory Redemption from Excess Revenue*” in the body of this Official Statement.

Historical Prepayment Information. The Authority has estimated the “since-inception CPR” of loans entering repayment status since 2010 using the following methodology. NJCLASS loans were separated into cohorts by loan type and calendar year entering repayment of principal and interest and defaulted loans were eliminated. For the remaining loans, a since-inception constant prepayment rate was imputed for each cohort on the basis of the dollar amount entering repayment, the weighted average loan rate and weighted average remaining term at the time of origination, and the performing principal balance as of December 31, 2023. The since-inception CPRs and weighted average loan rates reported for each calendar year below are the dollar-weighted average of the applicable cohorts of Standard NJCLASS Ten-Year Option 1, Option 2, and Option 3, Consolidation, and Refi+ Loans.



[THIS PAGE INTENTIONALLY LEFT BLANK]

