

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008 or

☐

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-13251

SLM Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

52-2013874

(I.R.S. Employer
Identification No.)

12061 Bluemont Way, Reston, Virginia

(Address of principal executive offices)

20190

(Zip Code)

(703) 810-3000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐
(Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class

Voting common stock, \$.20 par value

Outstanding at April 30, 2008

466,839,845 shares

GLOSSARY

Listed below are definitions of key terms that are used throughout this document. See also “Appendix A — FEDERAL FAMILY EDUCATION LOAN PROGRAM,” included in SLM Corporation’s (“the Company’s”) 2007 Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on February 29, 2008, for a further discussion of the FFELP and The College Cost Reduction and Access Act of 2007.

2008 Asset-Backed Financing Facilities — New financing facilities closed in the first quarter of 2008 comprised of: (i) a \$26.0 billion FFELP student loan asset-backed commercial paper (“ABCP”) conduit facility; (ii) a \$5.9 billion Private Education Loan ABCP conduit facility (collectively, the “2008 ABCP Facilities”); and (iii) a \$2.0 billion secured FFELP loan facility (the “2008 Asset-Backed Loan Facility”). The 2008 Asset-Backed Financing Facilities replaced the \$30.0 billion Interim ABCP Facility (defined below) and \$6.0 billion ABCP facility in the first quarter of 2008.

CCRAA — The College Cost Reduction and Access Act of 2007.

Consolidation Loan Rebate Fee — All holders of FFELP Consolidation Loans are required to pay to the U.S. Department of Education (“ED”) an annual 105 basis point Consolidation Loan Rebate Fee on all outstanding principal and accrued interest balances of FFELP Consolidation Loans purchased or originated after October 1, 1993, except for loans for which consolidation applications were received between October 1, 1998 and January 31, 1999, where the Consolidation Loan Rebate Fee is 62 basis points.

Constant Prepayment Rate (“CPR”) — A variable in life-of-loan estimates that measures the rate at which loans in the portfolio prepay before their stated maturity. The CPR is directly correlated to the average life of the portfolio. CPR equals the percentage of loans that prepay annually as a percentage of the beginning of period balance.

“Core Earnings” — In accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”), the Company prepares financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”). In addition to evaluating the Company’s GAAP-based financial information, management evaluates the Company’s business segments on a basis that, as allowed under the Financial Accounting Standards Board’s (“FASB”) Statement of Financial Accounting Standards (“SFAS”) No. 131, “Disclosures about Segments of an Enterprise and Related Information,” differs from GAAP. The Company refers to management’s basis of evaluating its segment results as “Core Earnings” presentations for each business segment and refers to these performance measures in its presentations with credit rating agencies and lenders. While “Core Earnings” results are not a substitute for reported results under GAAP, the Company relies on “Core Earnings” performance measures in operating each business segment because it believes these measures provide additional information regarding the operational and performance indicators that are most closely assessed by management.

“Core Earnings” performance measures are the primary financial performance measures used by management to evaluate performance and to allocate resources. Accordingly, financial information is reported to management on a “Core Earnings” basis by reportable segment, as these are the measures used regularly by the Company’s chief operating decision makers. “Core Earnings” performance measures are used in developing the Company’s financial plans, tracking results, and establishing corporate performance targets and incentive compensation. Management believes this information provides additional insight into the financial performance of the Company’s core business activities. “Core Earnings” performance measures are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. “Core Earnings” net income reflects only current period adjustments to GAAP net income. Accordingly, the Company’s “Core Earnings” presentation does not represent another comprehensive basis of accounting.

See Note 13, “Segment Reporting,” to the consolidated financial statements and “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — BUSINESS SEGMENTS — Limitations of ‘Core Earnings’” for further discussion of the differences between “Core Earnings” and GAAP, as well as reconciliations between “Core Earnings” and GAAP.

In prior filings with the SEC of SLM Corporation's Annual Report on Form 10-K and quarterly reports on Form 10-Q, "Core Earnings" has been labeled as "'Core' net income" or "Managed net income" in certain instances.

Direct Loans — Student loans originated directly by ED under the William D. Ford Federal Direct Student Loan Program ("FDLP").

ED — The U.S. Department of Education.

Embedded Fixed-Rate/Variable Rate Floor Income — Embedded Floor Income is Floor Income (see definition below) that is earned on off-balance sheet student loans that are in securitization trusts sponsored by the Company. At the time of the securitization, the value of Embedded Fixed-Rate Floor Income is included in the initial valuation of the Residual Interest (see definition below) and the gain or loss on sale of the student loans. Embedded Floor Income is also included in the quarterly fair value adjustments of the Residual Interest.

FFELP — The Federal Family Education Loan Program, formerly the Guaranteed Student Loan Program.

FFELP Consolidation Loans — Under the FFELP, borrowers with multiple eligible student loans may consolidate them into a single student loan with one lender at a fixed-rate for the life of the loan. The new loan is considered a FFELP Consolidation Loan. Typically a borrower may consolidate his student loans only once unless the borrower has another eligible loan to consolidate with the existing FFELP Consolidation Loan. The borrower rate on a FFELP Consolidation Loan is fixed for the term of the loan and is set by the weighted average interest rate of the loans being consolidated, rounded up to the nearest 1/8th of a percent, not to exceed 8.25 percent. In low interest rate environments, FFELP Consolidation Loans provide an attractive refinancing opportunity to certain borrowers because they allow borrowers to consolidate variable rate loans into a long-term fixed-rate loan. Holders of FFELP Consolidation Loans are eligible to earn interest under the Special Allowance Payment ("SAP") formula (see definition below). In April 2008, the Company suspended its participation in the FFELP Consolidation Loan program.

FFELP Stafford and Other Student Loans — Education loans to students or parents of students that are guaranteed or reinsured under the FFELP. The loans are primarily Stafford loans but also include PLUS and HEAL loans.

Fixed-Rate Floor Income — The Company refers to Floor Income (see definition below) associated with student loans with borrower rates that are fixed to term (primarily FFELP Consolidation Loans and Stafford Loans originated on or after July 1, 2006) as Fixed-Rate Floor Income.

Floor Income — FFELP loans generally earn interest at the higher of either the borrower rate, which is fixed over a period of time, or a floating rate based on the SAP formula (see definition below). We generally finance our student loan portfolio with floating rate debt whose interest is matched closely to the floating nature of the applicable SAP formula. If interest rates decline to a level at which the borrower rate exceeds the SAP formula rate, we continue to earn interest on the loan at the fixed borrower rate while the floating rate interest on our debt continues to decline. In these interest rate environments, we refer to the additional spread we earn between the fixed borrower rate and the SAP formula rate as Floor Income. Depending on the type of student loan and when it was originated, the borrower rate is either fixed to term or is reset to a market rate each July 1. As a result, for loans where the borrower rate is fixed to term, the Company may earn Floor Income for an extended period of time, and for those loans where the borrower interest rate is reset annually on July 1, the Company may earn Floor Income to the next reset date. In accordance with legislation enacted in 2006, lenders are required to rebate Floor Income to ED for all FFELP loans disbursed on or after April 1, 2006.

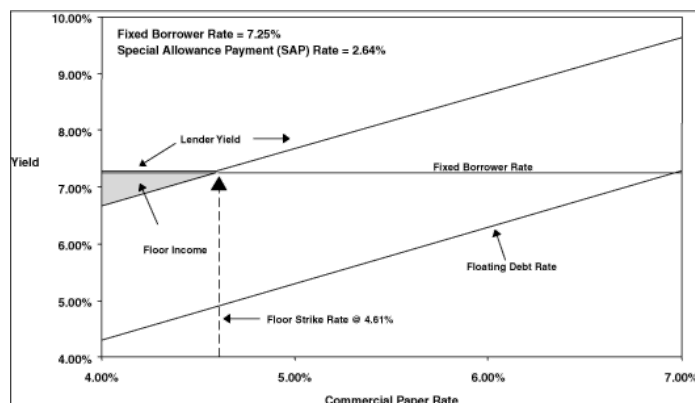
The following example shows the mechanics of Floor Income for a typical fixed-rate FFELP Consolidation Loan (with a commercial paper-based SAP spread of 2.64 percent):

Fixed Borrower Rate	7.25%
SAP Spread over Commercial Paper Rate	(2.64)%
Floor Strike Rate ⁽¹⁾	4.61%

(1) The interest rate at which the underlying index (Treasury bill or commercial paper) plus the fixed SAP spread equals the fixed borrower rate. Floor Income is earned anytime the interest rate of the underlying index declines below this rate.

Based on this example, if the quarterly average commercial paper rate is over 4.61 percent, the holder of the student loan will earn at a floating rate based on the SAP formula, which in this example is a fixed spread to commercial paper of 2.64 percent. On the other hand, if the quarterly average commercial paper rate is below 4.61 percent, the SAP formula will produce a rate below the fixed borrower rate of 7.25 percent and the loan holder earns at the borrower rate of 7.25 percent.

Graphic Depiction of Floor Income:



Floor Income Contracts — The Company enters into contracts with counterparties under which, in exchange for an upfront fee representing the present value of the Floor Income that the Company expects to earn on a notional amount of underlying student loans being economically hedged, the Company will pay the counterparties the Floor Income earned on that notional amount over the life of the Floor Income Contract. Specifically, the Company agrees to pay the counterparty the difference, if positive, between the fixed borrower rate less the SAP (see definition below) spread and the average of the applicable interest rate index on that notional amount, regardless of the actual balance of underlying student loans, over the life of the contract. The contracts generally do not extend over the life of the underlying student loans. This contract effectively locks in the amount of Floor Income the Company will earn over the period of the contract. Floor Income Contracts are not considered effective hedges under SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” and each quarter the Company must record the change in fair value of these contracts through income.

Front-End Borrower Benefits — Financial incentives offered to borrowers at origination. Front-End Borrower Benefits primarily represent the Company’s payment on behalf of borrowers for required FFELP fees, including the federal origination fee and federal default fee. The Company accounts for these Front-End Borrower Benefits as loan premiums amortized over the estimated life of the loans as an adjustment to the loan’s yield.

Gross Floor Income — Floor Income earned before payments on Floor Income Contracts.

Guarantors — State agencies or non-profit companies that guarantee (or insure) FFELP loans made by eligible lenders under The Higher Education Act of 1965 (“HEA”), as amended.

Interim ABCP Facility — An aggregate of \$30 billion asset-backed commercial paper conduit facilities that the Company entered into on April 30, 2007 in connection with the Merger (defined below under “Merger Agreement”).

Lender Partners — Lender Partners are lenders who originate loans under forward purchase commitments under which the Company owns the loans from inception or, in most cases, acquires the loans soon after origination.

Managed Basis — The Company generally analyzes the performance of its student loan portfolio on a Managed Basis. The Company views both on-balance sheet student loans and off-balance sheet student loans owned by the securitization trusts as a single portfolio, and the related on-balance sheet financings are combined with off-balance sheet debt. When the term Managed is capitalized in this document, it is referring to Managed Basis.

Merger Agreement — On April 16, 2007, the Company announced that a buyer group (“Buyer Group”) led by J.C. Flowers & Co. (“J.C. Flowers”), Bank of America, N.A. and JPMorgan Chase, N.A. (the “Merger”) signed a definitive agreement (“Merger Agreement”) to acquire the Company for approximately \$25.3 billion or \$60.00 per share of common stock. (See also “Merger Agreement” filed with the SEC on the Company’s Current Report on Form 8-K, dated April 18, 2007.) On January 25, 2008, the Company, Mustang Holding Company Inc. (“Mustang Holding”), Mustang Merger Sub, Inc. (“Mustang Sub”), J.C. Flowers, Bank of America, N.A. and JPMorgan Chase Bank, N.A. entered into a Settlement, Termination and Release Agreement (the “Agreement”). Under the Agreement, a lawsuit filed by the Company related to the Merger, as well as all counterclaims, was dismissed.

Preferred Channel Originations — Preferred Channel Originations are comprised of: 1) loans that are originated by internally marketed Sallie Mae brands, and 2) student loans that are originated by Lender Partners (defined above).

Private Education Consolidation Loans — Borrowers with multiple Private Education Loans (defined below) may consolidate them into a single loan with the Company (Private Consolidation Loans®). The interest rate on the new loan is variable rate with the spread set at the lower of the average weighted spread of the underlying loans or a new spread as a result of favorable underwriting criteria.

Private Education Loans — Education loans to students or parents of students that are not guaranteed under the FFELP. Private Education Loans include loans for higher education (undergraduate and graduate degrees) and for alternative education, such as career training, private kindergarten through secondary education schools and tutorial schools. Higher education loans have repayment terms similar to FFELP loans, whereby repayments begin after the borrower leaves school. The Company’s higher education Private Education Loans are not dischargeable in bankruptcy, except in certain limited circumstances. Repayment for alternative education generally begins immediately.

In the context of the Company’s Private Education Loan business, the Company uses the term “non-traditional loans” to describe education loans made to certain borrowers that have or are expected to have a high default rate as a result of a number of factors, including having a lower tier credit rating, low program completion and graduation rates or, where the borrower is expected to graduate, a low expected income relative to the borrower’s cost of attendance.

Repayment Borrower Benefits — Financial incentives offered to borrowers based on pre-determined qualifying factors, which are generally tied directly to making on-time monthly payments. The impact of Repayment Borrower Benefits is dependent on the estimate of the number of borrowers who will eventually qualify for these benefits and the amount of the financial benefit offered to the borrower. The Company occasionally changes Repayment Borrower Benefits programs in both amount and qualification factors. These programmatic changes must be reflected in the estimate of the Repayment Borrower Benefits discount when made.

Residual Interest — When the Company securitizes student loans, it retains the right to receive cash flows from the student loans sold to trusts that it sponsors in excess of amounts needed to pay servicing, derivative costs (if any), other fees, and the principal and interest on the bonds backed by the student loans. The Residual Interest, which may also include reserve and other cash accounts, is the present value of these future expected cash flows, which includes the present value of Embedded Fixed-Rate Floor Income described

above. The Company values the Residual Interest at the time of sale of the student loans to the trust and at the end of each subsequent quarter.

Retained Interest — The Retained Interest includes the Residual Interest (defined above) and servicing rights (as the Company retains the servicing responsibilities).

Risk Sharing — When a FFELP loan first disbursed on and after July 1, 2006 defaults, the federal government guarantees 97 percent of the principal balance plus accrued interest (98 percent on loans disbursed before July 1, 2006) and the holder of the loan is at risk for the remaining amount not guaranteed as a Risk Sharing loss on the loan. FFELP loans originated after October 1, 1993 are subject to Risk Sharing on loan default claim payments unless the default results from the borrower's death, disability or bankruptcy. FFELP loans serviced by a servicer that has Exceptional Performer designation from ED were subject to one-percent Risk Sharing for claims filed on or after July 1, 2006 and before October 1, 2007. The CCRAA reduces default insurance to 95 percent of the unpaid principal and accrued interest for loans first disbursed on or after October 1, 2012.

Special Allowance Payment ("SAP") — FFELP loans disbursed prior to April 1, 2006 (with the exception of certain PLUS and SLS loans discussed below) generally earn interest at the greater of the borrower rate or a floating rate determined by reference to the average of the applicable floating rates (91-day Treasury bill rate or commercial paper) in a calendar quarter, plus a fixed spread that is dependent upon when the loan was originated and the loan's repayment status. If the resulting floating rate exceeds the borrower rate, ED pays the difference directly to the Company. This payment is referred to as the Special Allowance Payment or SAP and the formula used to determine the floating rate is the SAP formula. The Company refers to the fixed spread to the underlying index as the SAP spread. For loans disbursed after April 1, 2006, FFELP loans effectively only earn at the SAP rate, as the excess interest earned when the borrower rate exceeds the SAP rate (Floor Income) must be refunded to ED.

Variable rate PLUS Loans and SLS Loans earn SAP only if the variable rate, which is reset annually, exceeds the applicable maximum borrower rate. For PLUS loans disbursed on or after January 1, 2000, this limitation on SAP was repealed effective April 1, 2006.

A schedule of SAP rates is set forth on page A-5 of the Company's 2007 Annual Report on Form 10-K.

Title IV Programs and Title IV Loans — Student loan programs created under Title IV of the HEA and student loans originated under those programs, respectively.

Variable Rate Floor Income — For FFELP Stafford loans whose borrower interest rate resets annually on July 1, the Company may earn Floor Income or Embedded Floor Income (see definitions above) based on a calculation of the difference between the borrower rate and the then current interest rate. The Company refers to this as Variable Rate Floor Income because Floor Income is earned only through the next reset date.

Wholesale Consolidation Loans — During 2006, the Company implemented a loan acquisition strategy under which it began purchasing a significant amount of FFELP Consolidation Loans, primarily via the spot market, which augmented its in-house FFELP Consolidation Loan origination process. Wholesale Consolidation Loans are considered incremental volume to the Company's core acquisition channels, which are focused on the retail marketplace with an emphasis on the Company's brand strategy. In 2008, the Company ceased acquiring Wholesale Consolidation Loans.

SLM CORPORATION

FORM 10-Q
INDEX
March 31, 2008

Part I. Financial Information

Item 1.	Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	41
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	92
Item 4.	Controls and Procedures	94

Part II. Other Information

Item 1.	Legal Proceedings	95
Item 1A.	Risk Factors	95
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	96
Item 3.	Defaults Upon Senior Securities	96
Item 4.	Submission of Matters to a Vote of Security Holders	97
Item 5.	Other Information	97
Item 6.	Exhibits	97

Signatures		98
-------------------	--	----

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SLM CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars and shares in thousands, except per share amounts)

	March 31, 2008 (Unaudited)	December 31, 2007
Assets		
FFELP Stafford and Other Student Loans (net of allowance for losses of \$52,238 and \$47,518, respectively)	\$ 40,168,284	\$ 35,726,062
FFELP Consolidation Loans (net of allowance for losses of \$41,759 and \$41,211, respectively)	73,867,639	73,609,187
Private Education Loans (net of allowance for losses of \$938,409 and \$885,931, respectively)	16,977,146	14,817,725
Other loans (net of allowance for losses of \$44,575 and \$43,558, respectively)	1,140,468	1,173,666
Investments		
Available-for-sale	1,412,302	2,871,340
Other	84,176	93,040
Total investments	1,496,478	2,964,380
Cash and cash equivalents	3,822,028	7,582,031
Restricted cash and investments	4,170,934	4,600,106
Retained Interest in off-balance sheet securitized loans	2,874,481	3,044,038
Goodwill and acquired intangible assets, net	1,319,723	1,300,689
Other assets	13,335,811	10,747,107
Total assets	<u>\$ 159,172,992</u>	<u>\$ 155,564,991</u>
Liabilities		
Short-term borrowings	\$ 38,095,928	\$ 35,947,407
Long-term borrowings	112,485,060	111,098,144
Other liabilities	3,377,229	3,284,545
Total liabilities	<u>153,958,217</u>	<u>150,330,096</u>
Commitments and contingencies		
Minority interest in subsidiaries	6,608	11,360
Stockholders' equity		
Preferred stock, par value \$.20 per share, 20,000 shares authorized		
Series A: 3,300 and 3,300 shares, respectively, issued at stated value of \$50 per share	165,000	165,000
Series B: 4,000 and 4,000 shares, respectively, issued at stated value of \$100 per share	400,000	400,000
Series C: 7.25% mandatory convertible preferred stock; 1,150 and 1,000 shares, respectively, issued at liquidation preference of \$1,000 per share	1,150,000	1,000,000
Common stock, par value \$.20 per share, 1,125,000 shares authorized: 533,678 and 532,493 shares issued, respectively	106,736	106,499
Additional paid-in capital	4,610,278	4,590,174
Accumulated other comprehensive income (loss) (net of tax of \$(1,101) and \$124,468, respectively)	(2,394)	236,364
Retained earnings	617,184	557,204
Stockholders' equity before treasury stock	7,046,804	7,055,241
Common stock held in treasury: 66,301 and 65,951 shares, respectively	1,838,637	1,831,706
Total stockholders' equity	5,208,167	5,223,535
Total liabilities and stockholders' equity	<u>\$ 159,172,992</u>	<u>\$ 155,564,991</u>

See accompanying notes to consolidated financial statements.

SLM CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars and shares in thousands, except per share amounts)

	Three Months Ended March 31,	
	2008	2007
	(Unaudited)	(Unaudited)
Interest income:		
FFELP Stafford and Other Student Loans	\$ 464,476	\$ 450,762
FFELP Consolidation Loans	836,656	1,014,846
Private Education Loans	443,522	338,421
Other loans	23,344	27,973
Cash and investments	123,816	113,904
Total interest income	1,891,814	1,945,906
Total interest expense	1,615,445	1,532,090
Net interest income	276,369	413,816
Less: provisions for loan losses	137,311	150,330
Net interest income after provisions for loan losses	139,058	263,486
Other income:		
Gains on student loan securitizations	—	367,300
Servicing and securitization revenue	107,642	251,938
Losses on loans and securities, net	(34,666)	(30,967)
Gains (losses) on derivative and hedging activities, net	(272,796)	(356,969)
Contingency fee revenue	85,306	87,322
Collections revenue	57,239	65,562
Guarantor servicing fees	34,653	39,241
Other	93,533	96,433
Total other income	70,911	519,860
Expenses:		
Salaries and benefits	179,729	186,350
Other operating expenses	175,919	169,824
Restructuring expenses	20,678	—
Total expenses	376,326	356,174
Income (loss) before income taxes and minority interest in net earnings of subsidiaries	(166,357)	427,172
Income tax expense (benefit)	(62,488)	310,014
Income (loss) before minority interest in net earnings of subsidiaries	(103,869)	117,158
Minority interest in net earnings of subsidiaries	(65)	1,005
Net income (loss)	(103,804)	116,153
Preferred stock dividends	29,025	9,093
Net income (loss) attributable to common stock	\$ (132,829)	\$ 107,060
Basic earnings (loss) per common share	\$ (.28)	\$.26
Average common shares outstanding	466,580	411,040
Diluted earnings (loss) per common share	\$ (.28)	\$.26
Average common and common equivalent shares outstanding	466,580	418,449
Dividends per common share	\$ —	\$.25

See accompanying notes to consolidated financial statements.

SLM CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars in thousands, except share and per share amounts)
(Unaudited)

	Preferred Stock Shares	Common Stock Shares			Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Stockholders' Equity
		Issued	Treasury	Outstanding							
Balance at December 31, 2006	7,300,000	433,112,982	(22,496,170)	410,616,812	\$ 565,000	\$ 86,623	\$ 2,565,211	\$ 349,111	\$ 1,834,718	\$ (1,040,621)	\$ 4,360,042
Comprehensive income:											
Net income									116,153		116,153
Other comprehensive income, net of tax:											
Change in unrealized gains (losses) on investments, net of tax								(48,188)			(48,188)
Change in unrealized gains (losses) on derivatives, net of tax								483			483
Defined benefit pension plans adjustment								(522)			(522)
Comprehensive income											67,926
Cash dividends:											
Common stock (\$.25 per share)									(102,658)		(102,658)
Preferred stock, series A (\$.87 per share)									(2,875)		(2,875)
Preferred stock, series B (\$1.52 per share)									(6,058)		(6,058)
Issuance of common shares		1,473,681	35,123	1,508,804		295	47,420			1,574	49,289
Preferred stock issuance costs and related amortization							160		(160)		
Tax benefit related to employee stock option and purchase plans							8,648				8,648
Stock-based compensation cost							16,895				16,895
Cumulative effect of accounting change									(5,761)		(5,761)
Repurchase of common shares:											
Benefit plans			(188,919)	(188,919)						(8,666)	(8,666)
Balance at March 31, 2007	<u>7,300,000</u>	<u>434,586,663</u>	<u>(22,649,966)</u>	<u>411,936,697</u>	<u>\$ 565,000</u>	<u>\$ 86,918</u>	<u>\$ 2,638,334</u>	<u>\$ 300,884</u>	<u>\$ 1,833,359</u>	<u>\$ (1,047,713)</u>	<u>\$ 4,376,782</u>
Balance at December 31, 2007	8,300,000	532,493,081	(65,951,394)	466,541,687	\$ 1,565,000	\$ 106,499	\$ 4,590,174	\$ 236,364	\$ 557,204	\$ (1,831,706)	\$ 5,223,535
Comprehensive income:											
Net income											
Other comprehensive income, net of tax:									(103,804)		(103,804)
Change in unrealized gains (losses) on investments, net of tax											
Change in unrealized gains (losses) on derivatives, net of tax								(12,529)			(12,529)
Comprehensive income								(31,574)			(31,574)
Cash dividends:											
Preferred stock, series A (\$.87 per share)									(2,875)		(2,875)
Preferred stock, series B (\$1.43 per share)									(5,386)		(5,386)
Preferred stock, series C (\$15.10 per share)									(20,602)		(20,602)
Restricted stock dividend									(1,846)		(1,846)
Issuance of common shares		1,184,947		1,184,947		237	11,943				12,180
Issuance of preferred shares	150,000				150,000		(4,493)		(162)		145,345
Tax benefit related to employee stock option and purchase plans							(6,150)				(6,150)
Stock-based compensation cost							18,804				18,804
Cumulative effect of accounting change related to adoption of SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115"								(194,655)	194,655		—
Repurchase of common shares:											
Benefit plans			(349,807)	(349,807)						(6,931)	(6,931)
Balance at March 31, 2008	<u>8,450,000</u>	<u>533,678,028</u>	<u>(66,301,201)</u>	<u>467,376,827</u>	<u>\$ 1,715,000</u>	<u>\$ 106,736</u>	<u>\$ 4,610,278</u>	<u>\$ (2,394)</u>	<u>\$ 617,184</u>	<u>\$ (1,838,637)</u>	<u>\$ 5,208,167</u>

See accompanying notes to consolidated financial statements.

SLM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Three Months Ended March 31,	
	2008 (Unaudited)	2007 (Unaudited)
Operating activities		
Net income (loss)	\$ (103,804)	\$ 116,153
Adjustments to reconcile net income to net cash used in operating activities:		
Gains on student loan securitizations	—	(367,300)
Losses on sales of loans and securities, net	34,666	30,967
Stock-based compensation cost	20,649	26,101
Unrealized (gains)/losses on derivative and hedging activities, excluding equity forwards	364,283	(80,240)
Unrealized (gains)/losses on derivative and hedging activities — equity forwards	—	412,206
Provisions for loan losses	137,311	150,330
Minority interest, net	(758)	(1,609)
Mortgage loans originated	(16,569)	(226,208)
Proceeds from sales of mortgage loans	19,800	250,156
Decrease (increase) in purchased paper — mortgage loans	29,070	(128,724)
(Increase) decrease in restricted cash— other	(182,304)	22,202
Decrease (increase) in accrued interest receivable	25,476	(350,454)
(Decrease) increase in accrued interest payable	(143,259)	107,183
Adjustment for non-cash (income)/loss related to Retained Interest	88,111	(67,836)
Decrease in other assets, goodwill and acquired intangible assets, net	13,406	99,433
(Decrease) increase in other liabilities	(63,415)	197,456
Total adjustments	326,467	73,662
Net cash provided by operating activities	222,663	189,816
Investing activities		
Student loans acquired	(9,521,405)	(12,278,480)
Loans purchased from securitized trusts (primarily loan consolidations)	(276,831)	(1,347,297)
Reduction of student loans:		
Installment payments	2,661,546	2,900,029
Proceeds from securitization of student loans treated as sales	—	1,976,599
Proceeds from sales of student loans	28,478	4,184
Other loans originated	(676,586)	(965,223)
Other loans repaid	692,954	897,602
Other investing activities, net	(38,930)	(58,236)
Purchases of available-for-sale securities	(34,649,820)	(15,448,651)
Proceeds from sales of available-for-sale securities	8	73,143
Proceeds from maturities of available-for-sale securities	36,121,393	15,567,592
Purchases of held-to-maturity and other securities	—	(540)
Proceeds from maturities of held-to-maturity securities and other securities	9,494	7,065
Decrease (increase) in restricted cash — on-balance sheet trusts	621,939	(379,218)
Return of investment from Retained Interest	79,542	62,455
Purchase of subsidiaries, net of cash acquired	(37,868)	—
Net cash (used in) investing activities	(4,986,086)	(8,988,976)
Financing activities		
Short-term borrowings issued	3,327,936	1,204,049
Short-term borrowings repaid	(1,746,695)	(939,131)
Long-term borrowings issued	—	1,567,602
Long-term borrowings repaid	(1,822,989)	(1,250,000)
Borrowings collateralized by loans in trust issued	4,720,526	11,203,950
Borrowings collateralized by loans in trust repaid	(1,880,478)	(1,013,671)
Asset-backed financing facilities — net activity	(1,715,757)	(705,507)
Other financing activities, net	(7,030)	(8,395)
Excess tax benefit from the exercise of stock-based awards	10,669	4,331
Common stock issued	756	35,423
Net settlements on equity forward contracts	—	(121,348)
Common stock repurchased	—	(8,666)
Common dividends paid	—	(102,658)
Preferred stock issued	145,345	—
Preferred dividends paid	(28,863)	(8,933)
Net cash provided by financing activities	1,003,420	9,857,046
Net (decrease) increase in cash and cash equivalents	(3,760,003)	1,057,886
Cash and cash equivalents at beginning of period	7,582,031	2,621,222
Cash and cash equivalents at end of period	\$ 3,822,028	\$ 3,679,108
Cash disbursements made for:		
Interest	\$ 1,869,006	\$ 1,477,775
Income taxes	\$ 101,564	\$ 159,962

See accompanying notes to consolidated financial statements.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited, consolidated financial statements of SLM Corporation (the "Company") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the interim periods have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three months ended March 31, 2008 are not necessarily indicative of the results for the year ending December 31, 2008. The consolidated balance sheet at December 31, 2007, as presented, was derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the period ended December 31, 2007. These unaudited financial statements should be read in conjunction with the audited financial statements and related notes included in the Company's 2007 Annual Report on Form 10-K.

Reclassifications

Certain reclassifications have been made to the balances as of and for the three months ended March 31, 2007 to be consistent with classifications adopted for 2008.

Restructuring Activities

The Company is currently restructuring its business in response to the impact of the College Cost Reduction and Access Act of 2007 ("CCRAA") and current challenges in the capital markets. One-time, involuntary benefit arrangements, disposal costs (including contract termination costs and other exit costs), as well as certain other costs that are incremental and incurred as a direct result of the Company's restructuring plans, are accounted for in accordance with the Financial Accounting Standards Board's ("FASB's") Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," and are classified as restructuring expenses in the accompanying consolidated statements of income.

In conjunction with its restructuring plans, the Company has entered into one-time benefit arrangements with employees, primarily senior executives, who have been involuntarily terminated. The Company recognizes a liability when all of the following conditions have been met and the benefit arrangement has been communicated to the employees:

- Management, having the authority to approve the action, commits to a plan of termination;
- The plan of termination identifies the number of employees to be terminated, their job classifications or functions and their locations and the expected completion date;
- The plan of termination establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination, in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated; and
- Actions required to complete the plan of termination indicate that it is unlikely that significant changes to the plan of termination will be made or that the plan of termination will be withdrawn.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

1. Significant Accounting Policies (Continued)

Severance costs under such one-time termination benefit arrangements may include all or some combination of severance pay, medical and dental benefits, outplacement services, and certain other costs.

Contract termination costs are expensed at the earlier of (1) the contract termination date or (2) the cease use date under the contract. Other exit costs are expensed as incurred and classified as restructuring expenses if (1) the cost is incremental to and incurred as a direct result of planned restructuring activities, and (2) the cost is not associated with or incurred to generate revenues subsequent to the Company's consummation of the related restructuring activities.

In addition to one-time involuntary benefit arrangements, the Company sponsors the SLM Corporation Employee Severance Plan, which provides severance benefits in the event of termination of the Company's and its subsidiaries' full-time employees (with the exception of certain specified levels of management and employees of the Company's Asset Performance Group ("APG") subsidiaries) and part-time employees who work at least 24 hours per week. The Company also sponsors the DMO Employee Severance Plan, which provides severance benefits to certain specified levels of full-time management and full-time employees in the Company's APG subsidiaries. The Employee Severance Plan and the DMO Employee Severance Plan (collectively, the "Severance Plan") establishes specified benefits based on base salary, job level immediately preceding termination and years of service upon termination of employment due to Involuntary Termination or a Job Abolishment, as defined in the Severance Plan. The benefits payable under the Severance Plan relate to past service and they accumulate and vest. Accordingly, the Company recognizes severance costs to be paid pursuant to the Severance Plan in accordance with SFAS No. 112, "Employer's Accounting for Post Employment Benefits," when payment of such benefits is probable and reasonably estimable. Such benefits including severance pay calculated based on the Severance Plan, medical and dental benefits, outplacement services and continuation pay, have been incurred during the first quarter of 2008 and the fourth quarter of 2007 as a direct result of the Company's restructuring initiatives. Accordingly, such costs are classified as restructuring expenses in the accompanying consolidated statements of income.

Recently Issued Accounting Pronouncements

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. This statement defines fair value, establishes a framework for measuring fair value within GAAP, and expands disclosures about fair value measurements. This statement applies to other accounting pronouncements that require or permit fair value measurements. Accordingly, this statement does not change which types of instruments are carried at fair value, but rather establishes the framework for measuring fair value. The adoption of SFAS No. 157 on January 1, 2008 did not have a material impact on the Company's financial statements.

On February 12, 2008, the FASB issued FASB Staff Position ("FSP") SFAS No. 157-2, "Effective Date of SFAS No. 157," which defers the effective date of SFAS No. 157 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This FSP will delay the implementation of SFAS No. 157 for the Company's accounting of goodwill, acquired intangibles, and other nonfinancial assets and liabilities that are measured at the lower of cost or market until January 1, 2009.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

1. Significant Accounting Policies (Continued)

The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115." This statement permits entities to choose to measure many financial instruments and certain other items at fair value (on an instrument by instrument basis). Most recognized financial assets and liabilities are eligible items for the measurement option established by the statement. There are a few exceptions, including an investment in a subsidiary or an interest in a variable interest entity that is required to be consolidated, certain obligations related to post-employment benefits, assets or liabilities recognized under leases, various deposits, and financial instruments classified as shareholder's equity. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each reporting date. The Company adopted SFAS No. 159 on January 1, 2008, and elected the fair value option on all of its Residual Interests effective January 1, 2008. The Company chose this election in order to simplify the accounting for Residual Interests by including all Residual Interests under one accounting model. Prior to this election, Residual Interests were accounted for either under SFAS No. 115 with changes in fair value recorded through other comprehensive income or under SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments," with changes in fair value recorded through income. At transition, the Company recorded a pre-tax gain to retained earnings as a cumulative-effect adjustment totaling \$301 million (\$195 million net of tax). This amount was in accumulated other comprehensive income as of December 31, 2007, and as a result equity was not impacted at transition on January 1, 2008. Changes in fair value of Residual Interests on and after January 1, 2008 are recorded through the income statement. The Company has not elected the fair value option for any other financial instruments at this time.

Business Combinations

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) requires the acquiring entity in a business combination to recognize the entire acquisition-date fair value of assets acquired and liabilities assumed in both full and partial acquisitions; changes the recognition of assets acquired and liabilities assumed related to contingencies; changes the recognition and measurement of contingent consideration; requires expensing of most transaction and restructuring costs; and requires additional disclosures to enable the users of the financial statements to evaluate and understand the nature and financial effect of the business combination. SFAS No. 141(R) applies to all transactions or other events in which the Company obtains control of one or more businesses. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the reporting period beginning on or after December 15, 2008, which for the Company is January 1, 2009. Early adoption is not permitted.

Noncontrolling Interests in Consolidated Financial Statements — an amendment of Accounting Research Bulletin No. 51

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51." SFAS No. 160 requires reporting entities to present noncontrolling (minority) interests as equity (as opposed to its current presentation as a liability or mezzanine equity) and provides guidance on the accounting for transactions between an entity and noncontrolling interests. SFAS No. 160 applies prospectively for reporting periods beginning on or after December 15, 2008, which for the Company is January 1, 2009, except for the presentation and disclosure requirements which will be applied retrospectively for all periods presented. Adoption of this standard will not be material to the Company.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

1. Significant Accounting Policies (Continued)

Disclosures about Derivative Investments and Hedging Activities — an amendment of FASB Statement No. 133

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Investments and Hedging Activities — an amendment of FASB Statement No. 133.” SFAS No. 161 requires enhanced disclosures about an entity’s derivative and hedging activities, including (1) how and why an entity uses derivative instruments, (2) how derivative instruments and related hedged items are accounted for under SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” and its related interpretations, and (3) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. To meet those objectives, SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, which for the Company is January 1, 2009.

Qualifying Special Purpose Entities (“QSPEs”) and Changes in the FIN No. 46 Consolidation Model

In recent meetings, the FASB tentatively decided to amend SFAS No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities — a replacement of FASB Statement No. 125,” impacting the accounting for QSPEs, and make certain changes to FASB’s Financial Interpretation (“FIN”) No. 46 (revised December 2003), “Consolidation of Variable Interest Entities — an interpretation of ARB No. 51.” An exposure draft of the proposed requirements is expected later this year. Based on the preliminary discussions and tentative decisions, and assuming no changes to the Company’s current business model, it is possible that these changes may lead to the consolidation of certain QSPEs and variable interest entities (“VIEs”). However, the impact on the Company cannot be determined until the FASB passes the final amendments to SFAS No. 140 and FIN No. 46R.

2. Allowance for Loan Losses

The Company’s provisions for loan losses represent the periodic expense of maintaining an allowance sufficient to absorb incurred losses, net of recoveries, in the loan portfolios. The evaluation of the provisions for loan losses is inherently subjective as it requires material estimates that may be susceptible to significant changes. The Company believes that the allowance for loan losses is appropriate to cover probable losses incurred in the loan portfolios.

The following tables summarize the total loan provisions for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
Private Education Loans	\$ 118,611	\$ 141,627
FFELP Stafford and Other Student Loans	16,103	5,568
Mortgage and consumer loans	2,597	3,135
Total provisions for loan losses	<u>\$ 137,311</u>	<u>\$ 150,330</u>

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

2. Allowance for Loan Losses (Continued)

Allowance for Private Education Loan Losses

The following table summarizes changes in the allowance for loan losses for Private Education Loans for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
Balance at beginning of period	\$ 885,931	\$ 308,346
Provision for Private Education Loan losses	118,611	141,627
Charge-offs	(84,159)	(81,911)
Recoveries	9,932	6,790
Net charge-offs	(74,227)	(75,121)
Reclassification of interest reserve ⁽¹⁾	8,094	—
Balance before securitization of Private Education Loans	938,409	374,852
Reduction for securitization of Private Education Loans	—	(5,780)
Balance at end of period	\$ 938,409	\$ 369,072
Net charge-offs as a percentage of average loans in repayment (annualized)	4.21%	6.27%
Net charge-offs as a percentage of average loans in repayment and forbearance (annualized)	3.59%	5.76%
Allowance as a percentage of the ending total loan balance	5.10%	3.49%
Allowance as a percentage of ending loans in repayment	12.70%	7.58%
Allowance coverage of net charge-offs (annualized)	3.14	1.21
Ending total loans, gross	\$ 18,411,866	\$ 10,581,275
Average loans in repayment	\$ 7,095,585	\$ 4,859,260
Ending loans in repayment	\$ 7,387,981	\$ 4,867,215

(1) Represents the amount of uncollectible interest, initially reserved within interest income, that is transferred in the period to the allowance for loan losses when interest is capitalized to a loan's principal balance. Prior to 2008, the interest reserve was reversed in interest income and then included in the provision within the allowance for loan losses. This amount was \$3 million for the three months ended March 31, 2007. This change in presentation results in no impact to net income.

Due to the seasoning of the Private Education Loan portfolio, shifts in its mix and certain economic factors, the Company expected and has seen charge-off rates increase from the historically low levels experienced prior to 2007. This increase was significantly impacted by other factors. Toward the end of 2006 and through mid-2007, the Company experienced lower pre-default collections. In the second half of 2006, the Company relocated responsibility for certain Private Education Loan collections from its Nevada call center to a new call center in Indiana. This transfer presented unexpected operational challenges that resulted in lower collections. In addition, in late 2006, the Company revised certain procedures, including its use of forbearance, to better optimize long-term collection strategies. These developments resulted in lower pre-default collections, higher later stage delinquency levels and higher charge-offs. Due to the remedial actions in place, the Company anticipates the negative trends caused by the operational difficulties will improve in 2008, evidence of which can be seen in the reduction in the net charge-offs as a percentage of average loans in repayment.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

2. Allowance for Loan Losses (Continued)

(and forbearance) in the current quarter as compared to the year-ago quarter. At the same time, as discussed further below, offsetting factors exist that are expected to result in increased levels of charge-offs beyond the first quarter of 2008.

In the fourth quarter of 2007, the Company recorded provision expense of \$503 million related to the Private Education Loan portfolio. This significant increase in provision compared to the first quarter of 2008 and to prior quarters primarily relates to the non-traditional portion of the Company's loan portfolio which the Company had been expanding over the past few years. The non-traditional portfolio is particularly impacted by the weakening U.S. economy, as evidenced by recently released economic indicators, certain credit-related trends in the Company's portfolio and a further tightening of forbearance practices. The Company has recently terminated these non-traditional loan programs because the performance of these loans is materially different from its original expectations and from the rest of the Company's Private Education Loan programs. The Company charges off loans after 212 days of delinquency. Accordingly, the Company believes that charge-offs occurring late in 2007 represented losses incurred at the onset of the current economic downturn and do not incorporate the full effect of the general economic downturn that became evident in the fourth quarter of 2007. In addition, the Company has historically been able to mitigate its losses during varying economic environments through the use of forbearance and other collection management strategies. With the continued weakening of the U.S. economy, and the projected continued recessionary conditions, the Company believes that those strategies as they relate to the non-traditional portion of the loan portfolio will not be as effective as they have been in the past. For these reasons, the Company recorded the additional provision in the fourth quarter of 2007, and this is the primary reason that the allowance as a percentage of the ending total loan balance and as a percentage of ending loans in repayment is significantly higher at March 31, 2008 versus March 31, 2007.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

2. Allowance for Loan Losses (Continued)

Private Education Loan Delinquencies

The table below presents the Company's Private Education Loan delinquency trends as of March 31, 2008, December 31, 2007, and March 31, 2007. Delinquencies have the potential to adversely impact earnings if the loan charges off and results in increased servicing and collection costs.

(Dollars in millions)	Private Education Loan Delinquencies					
	March 31, 2008		December 31, 2007		March 31, 2007	
	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 9,743		\$ 8,151		\$ 5,220	
Loans in forbearance ⁽²⁾	1,281		974		494	
Loans in repayment and percentage of each status:						
Loans current	6,649	90.0%	6,236	88.5%	4,260	87.5%
Loans delinquent 31-60 days ⁽³⁾	261	3.5	306	4.3	184	3.8
Loans delinquent 61-90 days ⁽³⁾	148	2.0	176	2.5	131	2.7
Loans delinquent greater than 90 days ⁽³⁾	330	4.5	329	4.7	292	6.0
Total Private Education Loans in repayment	7,388	100%	7,047	100%	4,867	100%
Total Private Education Loans, gross	18,412		16,172		10,581	
Private Education Loan unamortized discount	(496)		(468)		(363)	
Total Private Education Loans	17,916		15,704		10,218	
Private Education Loan allowance for losses	(939)		(886)		(369)	
Private Education Loans, net	\$ 16,977		\$ 14,818		\$ 9,849	
Percentage of Private Education Loans in repayment		40.1%		43.6%		46.0%
Delinquencies as a percentage of Private Education Loans in repayment		10.0%		11.5%		12.5%
Loans in forbearance as a percentage of loans in repayment and forbearance		14.8%		12.1%		9.2%

- (1) Loans for borrowers who may be attending school or engaging in other permitted educational activities and are not yet required to make payments on their loans, e.g., residency periods for medical students or a grace period for bar exam preparation.
- (2) Loans for borrowers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors consistent with the established loan program servicing procedures and policies.
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 (Information at March 31, 2008 and for the three months ended
 March 31, 2008 and 2007 is unaudited)
 (Dollars in thousands, except per share amounts, unless otherwise noted)

2. Allowance for Loan Losses (Continued)

Allowance for FFELP Loan Losses

The following table summarizes changes in the allowance for loan losses for the FFELP loan portfolio for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
Balance at beginning of period	\$ 88,729	\$ 20,315
Provisions for student loan losses	16,103	5,568
Net charge-offs	(10,835)	(3,901)
Increase/(decrease) for student loan sales and securitization activity	—	297
Balance at end of period	\$ 93,997	\$ 22,279

The Company maintains an allowance for Risk Sharing loan losses on its FFELP loan portfolio. The level of Risk Sharing has varied over the past few years primarily due to various legislative changes. As of March 31, 2008, 42 percent of the on-balance sheet FFELP loan portfolio was subject to 3 percent Risk Sharing, 57 percent was subject to 2 percent Risk Sharing and the remainder is not subject to any Risk Sharing.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

2. Allowance for Loan Losses (Continued)

FFELP Loan Delinquencies

The table below shows the Company's FFELP loan delinquency trends as of March 31, 2008, December 31, 2007 and March 31, 2007. Delinquencies have the potential to adversely impact earnings if the account charges off and results in increased servicing and collection costs.

(Dollars in millions)	FFELP Loan Delinquencies					
	March 31, 2008		December 31, 2007		March 31, 2007	
	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 34,997		\$ 31,200		\$ 27,149	
Loans in forbearance ⁽²⁾	11,932		10,675		9,082	
Loans in repayment and percentage of each status:						
Loans current	55,698	85.8%	55,128	84.4%	48,991	86.5%
Loans delinquent 31-60 days ⁽³⁾	3,176	4.9	3,650	5.6	2,608	4.6
Loans delinquent 61-90 days ⁽³⁾	1,643	2.5	1,841	2.8	1,497	2.6
Loans delinquent greater than 90 days ⁽³⁾	4,366	6.8	4,671	7.2	3,550	6.3
Total FFELP loans in repayment	64,883	100%	65,290	100%	56,646	100%
Total FFELP loans, gross	111,812		107,165		92,877	
FFELP loan unamortized premium	2,317		2,259		1,877	
Total FFELP loans	114,129		109,424		94,754	
FFELP loan allowance for losses	(93)		(89)		(22)	
FFELP loans, net	\$ 114,036		\$ 109,335		\$ 94,732	
Percentage of FFELP loans in repayment		58.0%		60.9%		61.0%
Delinquencies as a percentage of FFELP loans in repayment		14.2%		15.6%		13.5%
FFELP loans in forbearance as a percentage of loans in repayment and forbearance		15.5%		14.1%		13.8%

- (1) Loans for borrowers who may be attending school or engaging in other permitted educational activities and are not yet required to make payments on the loans, e.g., residency periods for medical students or a grace period for bar exam preparation.
- (2) Loans for borrowers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with the established loan program servicing policies and procedures.
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

3. Goodwill and Acquired Intangible Assets

Intangible assets include the following:

(Dollars in millions)	Average Amortization Period	As of March 31, 2008		
		Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:				
Customer, services, and lending relationships	12 years	\$ 371	\$ (171)	\$ 200
Software and technology	7 years	95	(81)	14
Non-compete agreements	2 years	11	(10)	1
Total		477	(262)	215
Intangible assets not subject to amortization:				
Trade name and trademark	Indefinite	119	—	119
Total acquired intangible assets		\$ 596	\$ (262)	\$ 334

(Dollars in millions)	Average Amortization Period	As of December 31, 2007		
		Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:				
Customer, services, and lending relationships	13 years	\$ 366	\$ (160)	\$ 206
Software and technology	7 years	95	(77)	18
Non-compete agreements	2 years	12	(10)	2
Total		473	(247)	226
Intangible assets not subject to amortization:				
Trade name and trademark	Indefinite	110	—	110
Total acquired intangible assets		\$ 583	\$ (247)	\$ 336

The Company recorded intangible impairment and amortization of acquired intangibles totaling \$15 million and \$24 million for the three months ended March 31, 2008 and 2007, respectively. In the first quarter of 2007, the Company recognized intangible impairments of \$9 million in connection with certain tax exempt bonds previously acquired through the purchase of certain subsidiaries. The Company will continue to amortize its intangible assets with definite useful lives over their remaining estimated useful lives.

A summary of changes in the Company's goodwill by reportable segment (see Note 13, "Segment Reporting") is as follows:

(Dollars in millions)	December 31, 2007	Adjustments	March 31, 2008
Lending	\$ 388	\$ —	\$ 388
APG	377	19	396
Corporate and Other	200	2	202
Total	\$ 965	\$ 21	\$ 986

On January 3, 2008, the Company acquired an additional 12 percent interest in AFS Holdings, LLC ("AFS") for a purchase price of approximately \$38 million, increasing the Company's total purchase price to

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

3. Goodwill and Acquired Intangible Assets (Continued)

approximately \$324 million including cash consideration and certain acquisition costs for its 100 percent controlling interest. The acquisition was accounted for under the purchase method of accounting as defined in SFAS No. 141, "Business Combinations." The Company finalized its purchase price allocation associated with the January 2008 acquisition, resulting in goodwill of approximately \$19 million, which increased the aggregate goodwill associated with the Company's acquisition of AFS to \$226 million. The remaining fair value of AFS's assets and liabilities at each respective acquisition date was primarily allocated to purchased loan portfolios and other identifiable intangible assets.

4. Student Loan Securitization

Securitization Activity

The Company securitizes its student loan assets and for transactions qualifying as sales, retains a Residual Interest and servicing rights (as the Company retains the servicing responsibilities), all of which are referred to as the Company's Retained Interest in off-balance sheet securitized loans. The Residual Interest is the right to receive cash flows from the student loans and reserve accounts in excess of the amounts needed to pay servicing, derivative costs (if any), other fees, and the principal and interest on the bonds backed by the student loans. The investors in the securitization trusts have no recourse to the Company's other assets should there be a failure of the trusts to pay when due.

The following table summarizes the Company's securitization activity for the three months ended March 31, 2008 and 2007. Those securitizations listed as sales are off-balance sheet transactions and those listed as financings remain on-balance sheet.

	Three Months Ended March 31,							
	2008				2007			
(Dollars in millions)	No. of Transactions	Loan Amount Securitized	Pre-Tax Gain	Gain %	No. of Transactions	Loan Amount Securitized	Pre-Tax Gain	Gain %
Securitizations sales:								
FFELP Stafford/PLUS loans	—	\$ —	\$ —	—%	—	\$ —	\$ —	—%
FFELP Consolidation Loans	—	—	—	—	—	—	—	—
Private Education Loans	—	—	—	—	1	2,000	367	18.4
Total securitizations sales	—	—	\$ —	—%	1	2,000	\$ 367	18.4%
Securitization financings:								
FFELP Stafford/PLUS Loans ⁽¹⁾	3	4,700	—	—	2	7,004	—	—
FFELP Consolidation Loans ⁽¹⁾	—	—	—	—	1	4,002	—	—
Total securitizations financings	3	4,700	—	—	3	11,006	—	—
Total securitizations	3	\$ 4,700	—	—	4	\$ 13,006	—	—

(1) In certain securitizations there are terms within the deal structure that result in such securitizations not qualifying for sale treatment and accordingly, they are accounted for on-balance sheet as VIEs. Terms that prevent sale treatment include: (1) allowing the Company to hold certain rights that can affect the remarketing of certain bonds, (2) allowing the trust to enter into interest rate cap agreements after the initial settlement of the securitization, which do not relate to the reissuance of third party beneficial interests or (3) allowing the Company to hold an unconditional call option related to a certain percentage of the securitized assets.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

4. Student Loan Securitization (Continued)

Key economic assumptions used in estimating the fair value of Residual Interests at the date of securitization resulting from the student loan securitization sale transactions completed during the three months ended March 31, 2008 and 2007 were as follows:

	2008			March 31,		
	FFELP Stafford and PLUS(1)	FFELP Consolidation Loans(1)	Private Education Loans(1)	FFELP Stafford and PLUS(1)	FFELP Consolidation Loans(1)	Private Education Loans
Interim status	—	—	—	—	—	0%
Repayment status	—	—	—	—	—	4-7%
Life of loan repayment status	—	—	—	—	—	6%
Weighted average life	—	—	—	—	—	9.4 yrs.
Expected credit losses (% of principal securitized)	—	—	—	—	—	4.69%
Residual cash flows discounted at (weighted average)	—	—	—	—	—	12.5%

(1) No securitizations qualified for sale treatment in the period.

Retained Interest in Securitized Receivables

The following tables summarize the fair value of the Company's Residual Interests, included in the Company's Retained Interest (and the assumptions used to value such Residual Interests), along with the underlying off-balance sheet student loans that relate to those securitizations in transactions that were treated as sales as of March 31, 2008 and December 31, 2007.

(Dollars in millions)	As of March 31, 2008			
	FFELP Stafford and PLUS	Consolidation Loan Trusts(1)	Private Education Loan Trusts	Total
Fair value of Residual Interests(2)	\$ 414	\$ 804	\$ 1,656	\$ 2,874
Underlying securitized loan balance(3)	8,907	15,777	13,901	38,585
Weighted average life	2.8 yrs.	7.3 yrs.	6.6 yrs.	
Prepayment speed (annual rate)(4)				
Interim status	0%	N/A	0%	
Repayment status	0-30%	3-8%	1-30%	
Life of loan — repayment status	17%	6%	9%	
Expected credit losses (% of outstanding student loan principal)	.11%	.21%	5.56%	
Residual cash flows discount rate	12.0%	9.6%	13.9%	

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

4. Student Loan Securitization (Continued)

(Dollars in millions)	As of December 31, 2007			
	FFELP Stafford and PLUS	Consolidation Loan Trusts(1)	Private Education Loan Trusts	Total
Fair value of Residual Interests(2)	\$ 390	\$ 730	\$ 1,924	\$ 3,044
Underlying securitized loan balance(3)	9,338	15,968	14,199	39,505
Weighted average life	2.7 yrs.	7.4 yrs.	7.0 yrs.	
Prepayment speed (annual rate)(4)				
Interim status	0%	N/A	0%	
Repayment status	0-37%	3-8%	1-30%	
Life of loan — repayment status	21%	6%	9%	
Expected credit losses (% of outstanding student loan principal)	.11%	.21%	5.28%	
Residual cash flows discount rate	12.0%	9.8%	12.9%	

- (1) Includes \$452 million and \$283 million related to the fair value of the Embedded Floor Income as of March 31, 2008 and December 31, 2007, respectively. Changes in the fair value of the Embedded Floor Income are primarily due to changes in the interest rates and the paydown of the underlying loans.
- (2) At March 31, 2008 and December 31, 2007, the Company had unrealized gains (pre-tax) in accumulated other comprehensive income of \$0 million and \$301 million, respectively, which related to the Retained Interests.
- (3) In addition to student loans in off-balance sheet trusts, the Company had \$69.1 billion and \$65.5 billion of securitized student loans outstanding (face amount) as of March 31, 2008 and December 31, 2007, respectively, in on-balance sheet securitization trusts.
- (4) The Company uses CPR curves for Residual Interest valuations that are based on seasoning (the number of months since entering repayment). Under this methodology, a different CPR is applied to each year of a loan's seasoning. Repayment status CPR used is based on the number of months since first entering repayment (seasoning). Life of loan CPR is related to repayment status only and does not include the impact of the loan while in interim status. The CPR assumption used for all periods includes the impact of projected defaults.

As previously discussed, the Company adopted SFAS No. 159 on January 1, 2008, and has elected the fair value option on all of the Residual Interests effective January 1, 2008. The Company chose this election in order to simplify the accounting for Residual Interests by including all Residual Interests under one accounting model. Prior to this election, Residual Interests were accounted for either under SFAS No. 115 with changes in fair value recorded through other comprehensive income, except if impaired in which case changes in fair value were recorded through income, or under SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments," with all changes in fair value recorded through income. Changes in the fair value of Residual Interests on and after January 1, 2008 are recorded through the income statement. The Company recorded a net unrealized mark-to-market loss of \$88 million in servicing and securitization revenue related to the Residual Interests during the first quarter of 2008. This loss was primarily due to an increase in the cost of funds assumption related to the underlying auction rate securities bonds (\$2.3 billion face amount of bonds) within the FFELP loan (\$1.7 billion face amount of bonds) and Private Education Loan (\$0.6 billion face amount of bonds) trusts (which was a \$98 million decrease in fair value) and the discount rate assumption related to the Private Education Loan Residual Interest (which was a \$74 million decrease in fair value). The Company assumed the underlying auction rate securities bonds would reset at their maximum allowable rate (generally LIBOR plus 150 basis points) through the end of 2008 and then LIBOR plus 75 basis points thereafter. The Company also increased the expected loss assumption related to the Private Education Loan Residuals which decreased the fair value by \$51 million. These unrealized losses were partially offset by an unrealized mark-to-market gain related to the Embedded Fixed-Rate Floor Income within the FFELP Consolidation Loan Residual Interests due to the significant decrease in interest rates during the quarter (which was a \$184 million increase in fair value).

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

4. Student Loan Securitization (Continued)

The Company assessed the appropriateness of the current risk premium, which is added to the risk free rate, for the purpose of arriving at a discount rate in light of the current economic and credit uncertainty that exists in the market as of March 31, 2008. This discount rate is applied to the projected cash flows to arrive at a fair value representative of the current economic conditions. The Company increased the risk premium by 175 basis points (from December 31, 2007) to better take into account the current level of cash flow uncertainty and lack of liquidity that exists within the Private Education Loan Residual Interests. This adjustment was primarily based on broker quotes the Company receives detailing changes in credit spreads on the outstanding ABS that are directly senior to the Company's Residual Interest.

The Company recorded impairments to the Retained Interests of \$11 million for the three months ended March 31, 2007. The impairment charges were the result of FFELP loans prepaying faster than projected due to loan consolidations.

The table below shows the Company's off-balance sheet Private Education Loan delinquency trends as of March 31, 2008, December 31, 2007 and March 31, 2007.

(Dollars in millions)	March 31, 2008		December 31, 2007		March 31, 2007	
	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 4,780		\$ 4,963		\$ 6,821	
Loans in forbearance ⁽²⁾	1,639		1,417		1,147	
Loans in repayment and percentage of each status:						
Loans current	7,128	95.3%	7,403	94.7%	6,475	94.7%
Loans delinquent 31-60 days ⁽³⁾	151	2.0	202	2.6	145	2.1
Loans delinquent 61-90 days ⁽³⁾	75	1.0	84	1.1	88	1.3
Loans delinquent greater than 90 days ⁽³⁾	128	1.7	130	1.6	131	1.9
Total off-balance sheet Private Education Loans in repayment	7,482	100%	7,819	100%	6,839	100%
Total off-balance sheet Private Education Loans, gross	\$ 13,901		\$ 14,199		\$ 14,807	

- (1) Loans for borrowers who may be attending school or engaging in other permitted educational activities and are not yet required to make payments on their loans, e.g., residency periods for medical students or a grace period for bar exam preparation.
- (2) Loans for borrowers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors consistent with the established loan program servicing procedures and programs.
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

5. Derivative Financial Instruments

Summary of Derivative Financial Statement Impact

The following tables summarize the fair values and notional amounts of all derivative instruments at March 31, 2008 and December 31, 2007 and their impact on other comprehensive income and earnings for the three months ended March 31, 2008 and 2007. At March 31, 2008 and December 31, 2007, \$300 million (\$3 million of which is in restricted cash and investments on the balance sheet) and \$196 million (none of which is in restricted cash and investments on the balance sheet) fair value, respectively, of available-for-sale investment securities and \$28 million and \$890 million, respectively, of cash were pledged as collateral against these derivative instruments. In addition, \$2.5 billion and \$1.3 billion of cash was held as collateral at March 31, 2008 and December 31, 2007, respectively, for derivative counterparties where the Company has exposure.

(Dollars in millions)	Cash Flow		Fair Value		Trading		Total	
	Mar. 31, 2008	December 31, 2007	Mar. 31, 2008	December 31, 2007	Mar. 31, 2008	December 31, 2007	Mar. 31, 2008	December 31, 2007
Fair Values⁽¹⁾								
Interest rate swaps	\$ (84)	\$ (34)	\$ 506	\$ 102	\$ 120	\$ 252	\$ 542	\$ 320
Floor/Cap contracts	—	—	—	—	(1,204)	(442)	(1,204)	(442)
Futures	—	—	—	—	—	—	—	—
Cross currency interest rate swaps	—	—	5,534	3,640	3	3	5,537	3,643
Total	\$ (84)	\$ (34)	\$ 6,040	\$ 3,742	\$ (1,081)	\$ (187)	\$ 4,875	\$ 3,521
(Dollars in billions)								
Notional Values								
Interest rate swaps	\$ 6.2	\$ 3.1	\$ 13.7	\$ 14.7	\$ 196.9	\$ 199.5	\$ 216.8	\$ 217.3
Floor/Cap contracts	—	—	—	—	56.5	38.9	56.5	38.9
Futures	—	—	—	—	.6	.6	.6	.6
Cross currency interest rate swaps	—	—	23.8	23.8	.1	.1	23.9	23.9
Other ⁽²⁾	—	—	—	—	.9	.7	.9	.7
Total	\$ 6.2	\$ 3.1	\$ 37.5	\$ 38.5	\$ 255.0	\$ 239.8	\$ 298.7	\$ 281.4

(1) Fair values reported are exclusive of collateral held and/or pledged.

(2) "Other" includes embedded derivatives bifurcated from newly issued on-balance sheet securitization debt, as a result of adopting SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments."

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

5. Derivative Financial Instruments (Continued)

(Dollars in millions)	Three Months Ended March 31,							
	Cash Flow		Fair Value		Trading		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Change in fair value to cash flow hedges	\$ (32)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (32)	\$ —
Amortization of effective hedges ⁽¹⁾	—	1	—	—	—	—	—	1
Change in accumulated other comprehensive income, net	<u>\$ (32)</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (32)</u>	<u>\$ 1</u>
Earnings Summary								
Amortization of closed futures contracts' gains/losses in interest expense ⁽²⁾	\$ —	\$ (2)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (2)
Gains (losses) on derivative and hedging activities — Realized ⁽³⁾	—	—	—	—	91	(25)	91	(25)
Gains (losses) on derivative and hedging activities — Unrealized ⁽⁴⁾	—	—	62	15	(426)	(347)	(364)	(332)
Total earnings impact	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ 62</u>	<u>\$ 15</u>	<u>\$ (335)</u>	<u>\$ (372)</u>	<u>\$ (273)</u>	<u>\$ (359)</u>

(1) The Company expects to amortize \$.2 million of after-tax net losses from accumulated other comprehensive income to earnings during the next 12 months related to closed futures contracts that were hedging the forecasted issuance of debt instruments outstanding as of March 31, 2008.

(2) For futures contracts that qualify as SFAS No. 133 hedges where the hedged transaction occurs.

(3) Includes net settlement income/expense related to trading derivatives and realized gains and losses related to derivative dispositions.

(4) The change in the fair value of cash flow and fair value hedges represents amounts related to ineffectiveness.

6. Other Assets

The following table provides the detail of the Company's other assets at March 31, 2008 and December 31, 2007.

	March 31, 2008		December 31, 2007	
	Ending Balance	% of Balance	Ending Balance	% of Balance
Derivatives at fair value	\$ 5,440,842	41%	\$ 3,744,611	35%
Accrued interest receivable	3,155,115	24	3,180,590	30
APG related receivables and Real Estate Owned	1,748,344	13	1,758,871	16
Accounts receivable — collateral posted	—	—	867,427	8
Federal, state and international net income tax asset	926,082	7	—	—
Benefit-related investments	471,301	4	467,379	4
Fixed assets, net	308,844	2	315,260	3
Accounts receivable — general	721,913	5	305,118	2
Other	563,370	4	107,851	2
Total	<u>\$ 13,335,811</u>	<u>100%</u>	<u>\$ 10,747,107</u>	<u>100%</u>

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

6. Other Assets (Continued)

The "Derivatives at fair value" line in the above table represents the fair value of the Company's derivatives in a gain position by counterparty. At March 31, 2008 and December 31, 2007, these balances primarily included cross-currency interest rate swaps designated as fair value hedges that were offset by an increase in interest-bearing liabilities related to the hedged foreign currency-denominated debt. As of March 31, 2008 and December 31, 2007, the cumulative mark-to-market adjustment to the hedged debt was \$(5.4) billion and \$(3.6) billion, respectively.

7. Stockholders' Equity

The following table summarizes the Company's common share repurchases and issuances for the three months ended March 31, 2008 and 2007. Equity forward activity for the three months ended March 31, 2007 is also reported.

(Shares in millions)	Three Months Ended March 31,	
	2008	2007
Common shares repurchased:		
Open market	—	—
Equity forwards	—	—
Benefit plans ⁽¹⁾	.3	.2
Total shares repurchased	.3	.2
Average purchase price per share	\$ 19.82	\$ 45.87
Common shares issued	1.2	1.5
Equity forward contracts:		
Outstanding at beginning of period	—	48.2
New contracts	—	—
Exercises	—	—
Outstanding at end of period	—	48.2
Authority remaining at end of period for repurchases	38.8	15.7

(1) Includes shares withheld from stock option exercises and vesting of performance stock for employees' tax withholding obligations and shares tendered by employees to satisfy option exercise costs.

The closing price of the Company's common stock on March 31, 2008 was \$15.35.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

7. Stockholders' Equity (Continued)

Accumulated Other Comprehensive Income

Accumulated other comprehensive income includes the after-tax change in unrealized gains and losses on available-for-sale investments (which includes the Retained Interest in off-balance sheet securitized loans as of December 31, 2007 and March 31, 2007), unrealized gains and losses on derivatives, and the defined benefit pension plans adjustment. The following table presents the cumulative balances of the components of other comprehensive income as of March 31, 2008, December 31, 2007 and March 31, 2007.

	March 31, 2008	December 31, 2007	March 31, 2007
Net unrealized gains (losses) on investments ⁽¹⁾	\$ 31,588	\$ 238,772	\$ 292,175
Net unrealized gains (losses) on derivatives ⁽²⁾	(54,148)	(22,574)	(7,087)
Defined benefit pension plans:			
Net prior service cost	—	—	(23)
Net gain	20,166	20,166	15,819
Total defined benefit pension plans ⁽³⁾	20,166	20,166	15,796
Total accumulated other comprehensive income	\$ (2,394)	\$ 236,364	\$ 300,884

(1) Net of tax expense of \$17,773, \$125,473 and \$153,159 as of March 31, 2008, December 31, 2007 and March 31, 2007, respectively.

(2) Net of tax benefit of \$30,551, \$12,682 and \$4,051 as of March 31, 2008, December 31, 2007 and March 31, 2007, respectively.

(3) Net of tax expense of \$11,677, \$11,677 and \$9,309 as of March 31, 2008, December 31, 2007 and March 31, 2007, respectively.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

8. Earnings (Loss) per Common Share

Basic earnings (loss) per common share ("EPS") are calculated using the weighted average number of shares of common stock outstanding during each period. A reconciliation of the numerators and denominators of the basic and diluted EPS calculations follows for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
Numerator:		
Net income (loss) attributable to common stock	\$ (132,829)	\$ 107,060
Adjusted for dividends of convertible preferred stock series C(1)	—	—
Net income (loss) attributable to common stock, adjusted	<u>\$ (132,829)</u>	<u>\$ 107,060</u>
Denominator (shares in thousands):		
Weighted average shares used to compute basic EPS	466,580	411,040
Effect of dilutive securities:		
Dilutive effect of convertible preferred stock series C(1)	—	—
Dilutive effect of stock options, nonvested deferred compensation, nonvested restricted stock, restricted stock units, Employee Stock Purchase Plan ("ESPP") and equity forwards(2)(3)	—	7,409
Dilutive potential common shares	—	7,409
Weighted average shares used to compute diluted EPS	<u>466,580</u>	<u>418,449</u>
Net earnings (loss) per share:		
Basic earnings (loss) per common share	\$ (.28)	\$.26
Dilutive effect of convertible preferred stock series C(1)	—	—
Dilutive effect of stock options, nonvested deferred compensation, nonvested restricted stock, restricted stock units, and ESPP(2)(3)	—	—
Diluted earnings (loss) per common share	<u>\$ (.28)</u>	<u>\$.26</u>

(1) The Company's 7.25 percent mandatory convertible preferred stock series C was issued on December 31, 2007. The mandatory convertible preferred stock will automatically convert on December 15, 2010, into between 48 million shares and 59 million shares of common stock, depending upon the Company's stock price at that time. These instruments were anti-dilutive for the three months ended March 31, 2008.

(2) Includes the potential dilutive effect of additional common shares that are issuable upon exercise of outstanding stock options, nonvested restricted stock, restricted stock units, and the outstanding commitment to issue shares under the ESPP, determined by the treasury stock method, and equity forward contracts determined by the reverse treasury stock method. The Company settled all of its outstanding equity forward contracts in January 2008.

(3) For the three months ended March 31, 2008, stock options covering approximately 48 million shares were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive. For the three months ended March 31, 2007, stock options and equity forward contracts covering approximately 65 million shares were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

9. Other Income

The following table summarizes the components of "Other income" in the consolidated statements of income for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
Late fees and forbearance fees	\$ 37,155	\$ 35,222
Asset servicing and other transaction fees	25,868	24,990
Loan servicing fees	6,652	7,775
Gains on sales of mortgages and other loan fees	1,108	3,468
Other	22,750	24,978
Total other income	\$ 93,533	\$ 96,433

Late Fees and Forbearance Fees

The Company recognizes late fees and forbearance fees on student loans when earned according to the contractual provisions of the promissory notes. Fees are recognized only to the extent they are deemed collectible.

Asset Servicing and Other Transaction Fees

The Company's Upromise subsidiary has a number of programs that encourage consumers to save for the cost of college education. Upromise has established an affinity marketing program which is designed to increase consumer purchases of merchant goods and services and to promote saving for college by consumers who are members of this program. Merchant partners generally pay Upromise transaction fees based on member purchase volume, either online or in stores depending on the contractual arrangement with the merchant partner. A percentage of the consumer members' purchases is set aside in an account maintained by Upromise on the members' behalf. The Company recognizes transaction fee revenue in accordance with Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition," as marketing services focused on increasing member purchase volume are rendered based on contractually determined rates and member purchase volumes.

Upromise, through its wholly-owned subsidiaries, Upromise Investments, Inc. ("UII"), a registered broker-dealer, and Upromise Investment Advisors, LLC ("UIA"), provides transfer and servicing agent services and program management associated with various 529 college-savings plans. The fees associated with the provision of these services are recognized in accordance with SAB No. 104 based on contractually determined rates and the net assets of the investments within the 529 college-savings plans (transfer and servicing agent/program management fees), and the number of accounts for which Upromise provides record-keeping and account servicing functions (an additional form of transfer and servicing agent fees).

10. Restructuring Activities

During the fourth quarter of 2007, the Company initiated a program to reduce costs and improve operating efficiencies in response to the impact of the CCRAA and current challenges in the capital markets. As part of the Company's cost reduction efforts, restructuring expenses of \$21 million and \$23 million were recognized in the three months ended March 31, 2008 and December 31, 2007, respectively. Restructuring expenses incurred during the three months ended March 31, 2008 included severance costs of \$15 million associated with the elimination or planned elimination of approximately 600 positions, and other costs of \$6 million primarily related to consulting costs incurred in conjunction with various cost reduction and exit

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

10. Restructuring Activities (Continued)

strategies. Restructuring expenses incurred in the three months ended December 31, 2007 included severance costs of \$23 million associated with the elimination or planned elimination of approximately 400 positions. In conjunction with employee terminations, severance costs were incurred across all of the Company's reportable segments with position eliminations ranging from senior executives to service center personnel.

Aggregate restructuring expenses incurred across the Company's reportable segments during the three months ended March 31, 2008 and December 31, 2007 totaled \$15 million and \$19 million, respectively, in the Company's Lending reportable segment, \$1 million and \$2 million, respectively, in the Company's APG reportable segment and \$5 million and \$2 million, respectively, in the Company's Corporate and Other reportable segment.

As of March 31, 2008, the Company is still in the preliminary stages of assessing all potential restructuring activities and as a result, the Company cannot estimate at this time the total expected restructuring expenses it will incur.

The following table summarizes the restructuring liability balance, which is included in other liabilities in the accompanying consolidated balance sheet at March 31, 2008, and related activity during the three months ended March 31, 2008:

(Dollars in millions)	Severance Costs	Lease and Other Contract Termination Costs	Exit and Other Costs	Total
Balance at December 31, 2007	\$ 18	\$ —	\$ —	\$ 18
Net accruals	14	—	6	20
Cash paid ⁽¹⁾	(19)	—	(6)	(25)
Balance at March 31, 2008	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13</u>

(1) Of the \$25 million cash paid, \$7 million was paid during January associated with employee terminations, \$12 million was paid in February associated with employee terminations and \$6 million was paid associated with exit and other costs that were direct and incremental to restructuring activities.

11. Fair Value Measurements

The Company uses estimates of fair value as defined by SFAS No. 157 in applying various accounting standards for its financial statements. Under GAAP, fair value measurements are used in one of four ways:

- In the consolidated balance sheet with changes in fair value recorded in the consolidated statement of income;
- In the consolidated balance sheet with changes in fair value recorded in the other comprehensive income section of stockholders' equity;
- In the notes to the financial statements as required by SFAS No. 107, "Disclosures About Fair Value of Financial Instruments"; and
- In the consolidated balance sheet for instruments carried at lower of cost or market with impairment charges recorded in the consolidated statement of income.

Fair value under SFAS No. 157 is defined as the price to sell an asset or transfer a liability in an orderly transaction between willing and able market participants. In general, the Company's policy in estimating fair values is to first look at observable market prices for identical assets and liabilities in active markets, where

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

11. Fair Value Measurements (Continued)

available. When these are not available, other inputs are used to model fair value such as prices of similar instruments, yield curves, volatilities, prepayment speeds, default rates and credit spreads (including the Company's for its liabilities), relying first on observable data from active markets. Additional adjustments may be made for factors including liquidity, bid/offer spreads, etc., depending on current market conditions. Transaction costs are not included in the determination of fair value. When possible, the Company seeks to validate the model's output to market transactions. Depending on the availability of observable inputs and prices, different valuation models could produce materially different fair value estimates. The values presented may not represent future fair values and may not be realizable.

Under SFAS No. 157, the Company categorizes its fair value estimates based on a hierarchal framework associated with three levels of price transparency utilized in measuring financial instruments at fair value. Classification is based on the lowest level of input that is significant to the fair value of the instrument. The three levels are as follows:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of financial instruments included in level 1 are highly liquid instruments with quoted prices.
- Level 2 — Inputs other than quoted prices for identical instruments in active markets are used to model fair value. Significant inputs are directly or indirectly observable for substantially the full term of the asset or liability being valued. Instruments included in the level 2 category include investment securities, short term liquidity investments and a majority of the Company's over-the-counter derivative contracts.
- Level 3 — Pricing inputs significant to the valuation are unobservable. Inputs are developed based on the best information available; however, significant judgment is required by management in developing the inputs. Instruments included in level 3 include residual interests in off-balance sheet securitized loans and derivatives indexed to interest rate indices that do not have active markets.

Investments (Including "Restricted")

Investments accounted for under SFAS No. 115 and classified as trading or available-for-sale, are carried at fair value in the financial statements. Investments in U.S. Treasury securities and securities issued by U.S. government agencies that are traded in active markets were valued using observable market prices. Other investments for which observable prices from active markets are not available (such as U.S. Treasury-backed securities) were valued through standard bond pricing models using observable market yield curves adjusted for credit and liquidity spreads. The fair value of investments in Commercial Paper, Asset Backed Commercial Paper, or Demand Deposits that have a remaining term of less than 90 days when purchased are estimated at cost. Adjustments for liquidity and credit spreads are made as appropriate.

Derivative Financial Instruments

All derivatives are accounted for at fair value in the financial statements. The fair values of a majority of derivative financial instruments, including swaps and floors, were determined by standard derivative pricing and option models using the stated terms of the contracts and observable yield curves, forward foreign currency exchange rates and volatilities from active markets. In some cases, management utilized internally developed amortization streams to model the fair value for swaps whose notional matched securitized asset balances. Complex structured derivatives or derivatives that trade in less liquid markets require significant adjustments and judgment in determining fair value that cannot be corroborated with market transactions. It is the Company's policy to compare its derivative fair values to those received by its counterparties in order to validate the model's

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

11. Fair Value Measurements (Continued)

outputs. The carrying value of borrowings designated as the hedged item in a SFAS No. 133 fair value hedge are adjusted for changes in fair value due to benchmark interest rates and foreign-currency exchange rates. These valuations are determined through standard bond pricing models and option models (when applicable) using the stated terms of the borrowings, and observable yield curves, foreign currency exchange rates, and volatilities.

Residual Interests

The Residual Interests are carried at fair value in the financial statements. The fair value is calculated using discounted cash flow models and option models. Observable inputs from active markets are used where available, including yield curves and volatilities. Significant unobservable inputs such as prepayment speeds, default rates, certain bonds' costs of funds and discount rates, are used in determining the fair value and require significant judgment. These unobservable inputs are internally determined based upon analysis of historical data and expected industry trends. On a quarterly basis the Company back tests its prepayment speed, default rates and costs of funds assumptions by comparing those assumptions to actuals experienced. Material changes in these significant unobservable inputs can directly affect income by impacting the amount of unrealized gain or loss recorded in servicing and securitization revenue as a result of the adoption of SFAS No. 159. An analysis of the impact of changes to significant inputs is addressed further in Note 9, "Student Loan Securitization," within the Company's 2007 Annual Report on Form 10-K. In addition, market transactions are not available to validate the models' results (see Note 4, "Student Loan Securitization," for further discussion regarding these assumptions).

The following table summarizes the valuation of the Company's financial instruments that are marked-to-market on a recurring basis in the financial statements as of March 31, 2008.

(Dollars in millions)	Fair Value Measurements on a Recurring Basis as of March 31, 2008			
	Level 1	Level 2	Level 3	Total
Assets				
Available for sale investments ⁽¹⁾	\$ —	\$ 1,415	\$ —	\$ 1,415
Retained Interest in off-balance sheet securitized loans	—	—	2,874	2,874
Derivative instruments ⁽²⁾	—	5,441	—	5,441
Total Assets	<u>\$ —</u>	<u>\$ 6,856</u>	<u>\$ 2,874</u>	<u>\$ 9,730</u>
Liabilities⁽³⁾				
Derivative instruments ⁽²⁾	\$ —	\$ (514)	\$ (52)	\$ (566)
Total Liabilities	<u>\$ —</u>	<u>\$ (514)</u>	<u>\$ (52)</u>	<u>\$ (566)</u>

(1) Includes the fair value of \$3 million of investments pledged as collateral, which are reported in restricted cash and investments on the consolidated balance sheet.

(2) Fair value of derivative instruments is comprised of market value less accrued interest and excludes collateral.

(3) Borrowings which are the hedged item in a fair value hedge relationship and which are adjusted for changes in value due to benchmark interest rates only, are not carried at full fair value and are not reflected in this table.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

11. Fair Value Measurements (Continued)

The following table summarizes the change in balance sheet carrying value associated with Level 3 financial instruments carried at fair value on a recurring basis during the three months ended March 31, 2008:

(Dollars in millions)	Residual Interests	Derivative Instruments	Total
Balance, beginning of period	\$ 3,044	\$ (71)	\$ 2,973
Total gains/(losses) (realized and unrealized):			
Included in earnings	60 ⁽¹⁾	10 ⁽²⁾	70
Included in other comprehensive income	—	—	—
Purchases, issuances and settlements	(230)	9	(221)
Transfers in and/or out of Level 3	—	—	—
Balance, end of period	<u>\$ 2,874</u>	<u>\$ (52)</u>	<u>\$ 2,822</u>
Change in unrealized gains/(losses) relating to instruments still held at the reporting date	<u>\$ (88)⁽¹⁾</u>	<u>\$ 19⁽²⁾</u>	<u>\$ (69)</u>

(1) Recorded in servicing and securitization revenue.

(2) Recorded in gains (losses) on derivative and hedging activities, net.

12. Contingencies

In the ordinary course of business, the Company and its subsidiaries are routinely defendants in or parties to pending and threatened legal actions and proceedings including actions brought on behalf of various classes of claimants. These actions and proceedings may be based on alleged violations of consumer protection, securities, employment and other laws. In certain of these actions and proceedings, claims for substantial monetary damage are asserted against the Company and its subsidiaries.

In the ordinary course of business, the Company and its subsidiaries are subject to regulatory examinations, information gathering requests, inquiries and investigations. In connection with formal and informal inquiries in these cases, the Company and its subsidiaries receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of the Company's regulated activities.

In view of the inherent difficulty of predicting the outcome of such litigation and regulatory matters, the Company cannot predict what the eventual outcome of the pending matters will be, what the timing or the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties related to each pending matter may be.

In accordance with SFAS No. 5, "Accounting for Contingencies," the Company is required to establish reserves for litigation and regulatory matters when those matters present loss contingencies that are both probable and estimable. When loss contingencies are not both probable and estimable, the Company does not establish reserves.

Based on current knowledge, reserves have not been established for any pending litigation or regulatory matters. Based on current knowledge, management does not believe that loss contingencies, if any, arising

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

12. Contingencies (Continued)

from pending litigation or regulatory matters will have a material adverse effect on the consolidated financial position or liquidity of the Company.

13. Segment Reporting

The Company has two primary operating segments as defined in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" — the Lending operating segment and the APG, formerly known as DMO, operating segment. The Lending and APG operating segments meet the quantitative thresholds for reportable segments identified in SFAS No. 131. Accordingly, the results of operations of the Company's Lending and APG segments are presented below. The Company has smaller operating segments including the Guarantor Servicing, Loan Servicing, and Upromise operating segments, as well as certain other products and services provided to colleges and universities which do not meet the quantitative thresholds identified in SFAS No. 131. Therefore, the results of operations for these operating segments and the revenues and expenses associated with these other products and services are combined with corporate overhead and other corporate activities within the Corporate and Other reportable segment.

The management reporting process measures the performance of the Company's operating segments based on the management structure of the Company as well as the methodology used by management to evaluate performance and allocate resources. Management, including the Company's chief operating decision makers, evaluates the performance of the Company's operating segments based on their profitability. As discussed further below, management measures the profitability of the Company's operating segments based on "Core Earnings" net income. Accordingly, information regarding the Company's reportable segments is provided based on a "Core Earnings" basis. The Company's "Core Earnings" performance measures are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. "Core Earnings" net income reflects only current period adjustments to GAAP net income as described below. Unlike financial accounting, there is no comprehensive, authoritative guidance for management reporting. The management reporting process measures the performance of the operating segments based on the management structure of the Company and is not necessarily comparable with similar information for any other financial institution. The Company's operating segments are defined by the products and services they offer or the types of customers they serve, and they reflect the manner in which financial information is currently evaluated by management. Intersegment revenues and expenses are netted within the appropriate financial statement line items consistent with the income statement presentation provided to management. Changes in management structure or allocation methodologies and procedures may result in changes in reported segment financial information.

The Company's principal operations are located in the United States, and its results of operations and long-lived assets in geographic regions outside of the United States are not significant. In the Lending segment, no individual customer accounted for more than 10 percent of its total revenue during the three months ended March 31, 2008 and 2007. USA Funds is the Company's largest customer in both the APG and Corporate and Other segments. During the three months ended March 31, 2008 and 2007, USA Funds accounted for 26 percent and 25 percent, respectively, of the aggregate revenues generated by the Company's APG and Corporate and Other segments. No other customers accounted for more than 10 percent of total revenues in those segments for the years mentioned.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

13. Segment Reporting (Continued)

Lending

In the Company's Lending operating segment, the Company originates and acquires both FFELP loans and Private Education Loans. As of March 31, 2008, the Company managed \$169.5 billion of student loans, of which \$139.3 billion or 82 percent are federally insured, and serves over 10 million student and parent customers. In addition to education lending, the Company also originates mortgage and consumer loans with the intent of selling the majority of such loans. In the three months ended March 31, 2008, the Company originated \$63 million in mortgage and consumer loans and its mortgage and consumer loan portfolio totaled \$547 million at March 31, 2008, of which \$16 million pertains to mortgages in the held for sale portfolio.

Private Education Loans consist of two general types: (1) those that are designed to bridge the gap between the cost of higher education and the amount financed through either capped federally insured loans or the borrowers' resources, and (2) those that are used to meet the needs of students in alternative learning programs such as career training, distance learning and lifelong learning programs. Most higher education Private Education Loans are made in conjunction with a FFELP loan and as such are marketed through the same channel as FFELP loans by the same sales force. Unlike FFELP loans, Private Education Loans are subject to the full credit risk of the borrower. The Company manages this additional risk through industry-tested loan underwriting standards and a combination of higher interest rates and loan origination fees that compensate the Company for the higher risk.

APG

The Company's APG operating segment provides a wide range of accounts receivable and collections services including student loan default aversion services, defaulted student loan portfolio management services, contingency collections services for student loans and other asset classes, and accounts receivable management and collection for purchased portfolios of receivables that are delinquent or have been charged off by their original creditors, and sub-performing and non-performing mortgage loans. The Company's APG operating segment serves the student loan marketplace through a broad array of default management services on a contingency fee or other pay-for-performance basis to 14 FFELP guarantors and for campus-based programs.

In addition to collecting on its own purchased receivables and mortgage loans, the APG operating segment provides receivable management and collection services for federal agencies, credit card clients and other holders of consumer debt.

Corporate and Other

The Company's Corporate and Other segment includes the aggregate activity of its smaller operating segments primarily its Guarantor Servicing, Loan Servicing, and Upromise operating segments. Corporate and Other also includes several smaller products and services, as well as corporate overhead.

In the Guarantor Servicing operating segment, the Company provides a full complement of administrative services to FFELP guarantors including guarantee issuance, account maintenance, and guarantee fulfillment. In the Loan Servicing operating segment, the Company provides a full complement of activities required to service student loans on behalf of lenders who are unrelated to the Company. Such servicing activities generally commence once a loan has been fully disbursed and include sending out payment coupons to borrowers, processing borrower payments, originating and disbursing FFELP Consolidation Loans on behalf of the lender, and other administrative activities required by ED.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

13. Segment Reporting (Continued)

Upromise markets and administers an affinity marketing program and also provides administration services for 529 college-savings plans. The Company's other products and services include comprehensive financing and loan delivery solutions that it provides to college financial aid offices and students to streamline the financial aid process. Corporate overhead includes all of the typical headquarter functions such as executive management, accounting and finance, human resources and marketing.

Measure of Profitability

The tables below include the condensed operating results for each of the Company's reportable segments. Management, including the chief operating decision makers, evaluates the Company on certain performance measures that the Company refers to as "Core Earnings" performance measures for each operating segment. While "Core Earnings" results are not a substitute for reported results under GAAP, the Company relies on "Core Earnings" performance measures to manage each operating segment because it believes these measures provide additional information regarding the operational and performance indicators that are most closely assessed by management.

"Core Earnings" performance measures are the primary financial performance measures used by management to develop the Company's financial plans, track results, and establish corporate performance targets and incentive compensation. Management believes this information provides additional insight into the financial performance of the core business activities of its operating segments. Accordingly, the tables presented below reflect "Core Earnings" operating measures reviewed and utilized by management to manage the business. Reconciliation of the "Core Earnings" segment totals to the Company's consolidated operating results in accordance with GAAP is also included in the tables below.

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

13. Segment Reporting (Continued)

Segment Results and Reconciliations to GAAP

(Dollars in millions)	Three Months Ended March 31, 2008					Total GAAP
	Lending	APG	Corporate and Other	Total "Core Earnings"	Adjustments(2)	
Interest income:						
FFELP Stafford and Other Student Loans	\$ 494	\$ —	\$ —	\$ 494	\$ (30)	\$ 464
FFELP Consolidation Loans	989	—	—	989	(152)	837
Private Education Loans	749	—	—	749	(305)	444
Other loans	23	—	—	23	—	23
Cash and investments	142	—	6	148	(24)	124
Total interest income	2,397	—	6	2,403	(511)	1,892
Total interest expense	1,824	7	5	1,836	(220)	1,616
Net interest income (loss)	573	(7)	1	567	(291)	276
Less: provisions for loan losses	181	—	—	181	(44)	137
Net interest income (loss) after provisions for loan losses	392	(7)	1	386	(247)	139
Contingency fee revenue	—	85	—	85	—	85
Collections revenue	—	56	—	56	1	57
Guarantor servicing fees	—	—	35	35	—	35
Other income	44	—	51	95	(201)	(106)
Total other income	44	141	86	271	(200)	71
Restructuring expenses	15	1	5	21	—	21
Operating expenses	164	105	70	339	16	355
Total expenses	179	106	75	360	16	376
Income (loss) before income taxes and minority interest in net earnings of subsidiaries	257	28	12	297	(463)	(166)
Income tax expense (benefit)(1)	94	10	5	109	(171)	(62)
Minority interest in net earnings of subsidiaries	—	—	—	—	—	—
Net income (loss)	\$ 163	\$ 18	\$ 7	\$ 188	\$ (292)	\$ (104)

(1) Income taxes are based on a percentage of net income before tax for each individual reportable segment.

(2) "Core Earnings" adjustments to GAAP:

(Dollars in millions)	Three Months Ended March 31, 2008				
	Net Impact of Securitization Accounting	Net Impact of Derivative Accounting	Net Impact of Floor Income	Net Impact of Acquired Intangibles	Total
Net interest income (loss)	\$(195)	\$ (90)	\$ (6)	\$ —	\$(291)
Less: provisions for loan losses	(44)	—	—	—	(44)
Net interest income (loss) after provisions for loan losses	(151)	(90)	(6)	—	(247)
Fee income	—	—	—	—	—
Collections revenue	1	—	—	—	1
Other income (loss)	72	(273)	—	—	(201)
Total other income (loss)	73	(273)	—	—	(200)
Operating expenses	1	—	—	15	16
Total pre-tax "Core Earnings" adjustments to GAAP	\$ (79)	\$(363)	\$ (6)	\$ (15)	(463)
Income tax benefit	—	—	—	—	(171)
Minority interest in net earnings of subsidiaries	—	—	—	—	—
Total "Core Earnings" adjustments to GAAP	—	—	—	—	\$(292)

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

13. Segment Reporting (Continued)

(Dollars in millions)	Three Months Ended March 31, 2007					Total GAAP
	Lending	APG	Corporate and Other	Total "Core Earnings"	Adjustments ⁽²⁾	
Interest income:						
FFELP Stafford and Other Student Loans	\$ 695	\$ —	\$ —	\$ 695	\$ (244)	\$ 451
FFELP Consolidation Loans	1,331	—	—	1,331	(316)	1,015
Private Education Loans	658	—	—	658	(320)	338
Other loans	28	—	—	28	—	28
Cash and investments	162	—	2	164	(50)	114
Total interest income	2,874	—	2	2,876	(930)	1,946
Total interest expense	2,220	7	5	2,232	(700)	1,532
Net interest income (loss)	654	(7)	(3)	644	(230)	414
Less: provisions for loan losses	198	—	1	199	(49)	150
Net interest income (loss) after provisions for loan losses	456	(7)	(4)	445	(181)	264
Contingency fee revenue	—	87	—	87	—	87
Collections revenue	—	65	—	65	1	66
Guarantor servicing fees	—	—	39	39	—	39
Other income	44	—	52	96	231	327
Total other income	44	152	91	287	232	519
Operating expenses	171	93	68	332	24	356
Income before income taxes and minority interest in net earnings of subsidiaries	329	52	19	400	27	427
Income tax expense ⁽¹⁾	122	19	7	148	162	310
Minority interest in net earnings of subsidiaries	—	1	—	1	—	1
Net income	\$ 207	\$ 32	\$ 12	\$ 251	\$ (135)	\$ 116

(1) Income taxes are based on a percentage of net income before tax for each individual reportable segment.

(2) "Core Earnings" adjustments to GAAP:

(Dollars in millions)	Three Months Ended March 31, 2007					Total
	Net Impact of Securitization Accounting	Net Impact of Derivative Accounting	Net Impact of Floor Income	Net Impact of Acquired Intangibles		
Net interest income (loss)	\$ (216)	\$ 25	\$ (39)	\$ —		\$ (230)
Less: provisions for loan losses	(49)	—	—	—		(49)
Net interest income (loss) after provisions for loan losses	(167)	25	(39)	—		(181)
Fee income	—	—	—	—		—
Collections revenue	1	—	—	—		1
Other income (loss)	588	(357)	—	—		231
Total other income (loss)	589	(357)	—	—		232
Operating expenses	—	—	—	24		24
Total pre-tax "Core Earnings" adjustments to GAAP	\$ 422	\$ (332)	\$ (39)	\$ (24)		162
Income tax expense	—	—	—	—		—
Minority interest in net earnings of subsidiaries	—	—	—	—		—
Total "Core Earnings" adjustments to GAAP						\$ (135)

SLM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at March 31, 2008 and for the three months ended
March 31, 2008 and 2007 is unaudited)
(Dollars in thousands, except per share amounts, unless otherwise noted)

13. Segment Reporting (Continued)

Summary of "Core Earnings" Adjustments to GAAP

The adjustments required to reconcile from the Company's "Core Earnings" results to its GAAP results of operations relate to differing treatments for securitization transactions, derivatives, Floor Income, and certain other items that management does not consider in evaluating the Company's operating results. The following table reflects aggregate adjustments associated with these areas for the three months ended March 31, 2008 and 2007.

(Dollars in millions)	Three Months Ended March 31,	
	2008	2007
"Core Earnings" adjustments to GAAP:		
Net impact of securitization accounting ⁽¹⁾	\$ (79)	\$ 422
Net impact of derivative accounting ⁽²⁾	(363)	(332)
Net impact of Floor Income ⁽³⁾	(6)	(39)
Net impact of acquired intangibles ⁽⁴⁾	(15)	(24)
Net tax effect ⁽⁵⁾	171	(162)
Total "Core Earnings" adjustments to GAAP	\$ (292)	\$ (135)

- (1) **Securitization:** Under GAAP, certain securitization transactions in the Company's Lending operating segment are accounted for as sales of assets. Under the Company's "Core Earnings" presentation for the Lending operating segment, the Company presents all securitization transactions on a "Core Earnings" basis as long-term non-recourse financings. The upfront "gains" on sale from securitization transactions as well as ongoing "servicing and securitization revenue" presented in accordance with GAAP are excluded from "Core Earnings" net income and replaced by the interest income, provisions for loan losses, and interest expense as they are earned or incurred on the securitization loans. The Company also excludes transactions with its off-balance sheet trusts from "Core Earnings" net income as they are considered intercompany transactions on a "Core Earnings" basis.
- (2) **Derivative accounting:** "Core Earnings" net income excludes periodic unrealized gains and losses arising primarily in the Company's Lending operating segment, and to a lesser degree in the Company's Corporate and Other reportable segment, that are caused primarily by the one-sided mark-to-market derivative valuations prescribed by SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," on derivatives that do not qualify for "hedge treatment" under GAAP. Under the Company's "Core Earnings" presentation, the Company recognizes the economic effect of these hedges, which generally results in any cash paid or received being recognized ratably as an expense or revenue over the hedged item's life. "Core Earnings" net income also excludes the gain or loss on equity forward contracts that under SFAS No. 133, are required to be accounted for as derivatives and are marked-to-market through GAAP net income.
- (3) **Floor Income:** The timing and amount (if any) of Floor Income earned in the Company's Lending operating segment is uncertain and in excess of expected spreads. Therefore, the Company excludes such income from "Core Earnings" net income when it is not economically hedged. The Company employs derivatives, primarily Floor Income Contracts and futures, to economically hedge Floor Income. As discussed above in "Derivative Accounting," these derivatives do not qualify as effective accounting hedges and therefore, under GAAP, are marked-to-market through the "gains (losses) on derivative and hedging activities, net" line on the income statement with no offsetting gain or loss recorded for the economically hedged items. For "Core Earnings" net income, the Company reverses the fair value adjustments on the Floor Income Contracts and futures economically hedging Floor Income and includes the amortization of net premiums received (net of Eurodollar futures contracts' realized gains or losses) in income.
- (4) **Acquired Intangibles:** The Company excludes goodwill and intangible impairment and amortization of acquired intangibles.
- (5) **Net Tax Effect:** Such tax effect is based upon the Company's "Core Earnings" effective tax rate for the year. The net tax effect for the three months ended March 31, 2007 includes the impact of the exclusion of the permanent income tax impact of the equity forward contracts.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**
Three months ended March 31, 2008 and 2007
(Dollars in millions, except per share amounts, unless otherwise noted)

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This quarterly report contains forward-looking statements and information based on management's current expectations as of the date of this document. Statements that are not historical facts, including statements about our beliefs or expectations and statements that assume or are dependent upon future events, are forward-looking statements. Forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, the occurrence of any event, change or other circumstances that could give rise to our ability to cost-effectively refinance the 2008 Asset-Backed Financing Facilities, including any potential foreclosure on the student loans under those facilities following their termination; increased financing costs; limited liquidity; any adverse outcomes in any significant litigation to which we are a party; our derivative counterparties terminating their positions with the Company if permitted by their contracts and the Company incurring substantial additional costs to replace any terminated positions; changes in the terms of student loans and the educational credit marketplace (including changes resulting from new laws and regulations and from the implementation of applicable laws and regulations) which, among other things, may reduce the volume, average term and yields on student loans under the FFELP, may result in loans being originated or refinanced under non-FFELP programs, or may affect the terms upon which banks and others agree to sell FFELP loans to the Company. The Company could also be affected by: changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; incorrect estimates or assumptions by management in connection with the preparation of our consolidated financial statements; changes in the composition of our Managed loan portfolios; changes in the general interest rate environment and in the securitization markets for education loans, which may increase the costs or limit the availability of financings necessary to initiate, purchase or carry education loans; changes in projections of losses from loan defaults; changes in general economic conditions; changes in prepayment rates and credit spreads; and changes in the demand for debt management services and new laws or changes in existing laws that govern debt management services. All forward-looking statements contained in this document are qualified by these cautionary statements and are made only as of the date this document is filed. The Company does not undertake any obligation to update or revise these forward-looking statements to conform the statement to actual results or changes in the Company's expectations.

RECENT DEVELOPMENTS

The impacts of the CCRAA and the challenges we are facing in the capital markets require us to rationalize our business operations and reduce our costs. We are undertaking a review of our business units with a goal of achieving appropriate risk-adjusted returns and providing cost-effective services. As a part of this, we aim to reduce our operating expenses by up to 20 percent as compared to 2007 operating expenses by year-end 2009, before adjusting for growth and other investments. Since December 2007, we have reduced our work force by approximately nine percent.

In April 2008, the Company suspended participation in the federal consolidation loan program and discontinued subsidizing on behalf of borrowers the federally mandated Stafford loan origination fee for loans guaranteed after May 2, 2008. These steps were taken to direct our resources to maximize college access for students and families.

Legislative and Regulatory Developments

On May 7, 2008, the President signed into law The Ensuring Continued Access to Student Loans Act of 2008 (the "Act"), which will expand the federal government's support of financing the cost of higher

education. The Act's provisions that could impact the Company include: an increase in statutory limits on annual borrowing for FFELP loans, an enhanced benefit for parents who borrow PLUS loans and temporary authority of ED to purchase FFELP loans. ED and the U.S. Treasury Department are reviewing the Act to determine the most appropriate action to provide liquidity to holders and lenders of FFELP loans, as the Act does not provide for specific terms as to how ED will implement this temporary authority. Until the specific terms of the implementing regulations for the Act are clarified, our ability to continue to make loans under the FFELP is uncertain.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A discussion of the Company's critical accounting policies, which include premiums, discounts and Borrower Benefits, related to our loan portfolio, securitization accounting and Retained Interests, provisions for loan losses, derivative accounting and the effects of Consolidation Loan activity on estimates, can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

In addition, on January 1, 2008, the Company adopted the Financial Accounting Standards Board's ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value within generally accepted accounting principles in the United States of America ("GAAP"), and expands disclosures about fair value measurements. Accordingly, this statement does not change which types of instruments are carried at fair value, but rather establishes the framework for measuring fair value.

On February 12, 2008, the FASB issued FASB Staff Position ("FSP") SFAS No. 157-2, "Effective Date of SFAS No. 157," which defers the effective date of SFAS No. 157 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This FSP will delay the implementation of SFAS No. 157 for the Company's accounting of goodwill, acquired intangibles, and other nonfinancial assets and liabilities that are measured at the lower of cost or market until January 1, 2009.

As such, SFAS No. 157 currently applies to our investment portfolio accounted for under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities;" our derivative portfolio and designated hedged assets or liabilities accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities;" and our Residual Interest in off-balance sheet securitization trusts accounted for under SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115." In general, changes in the fair value of these items will affect the consolidated statement of income and capital. Liquidity is impacted to the extent that changes in capital and net income affect compliance with principal financial covenants in our unsecured revolving credit facilities. Noncompliance with these covenants also impacts our ability to use our 2008 ABCP Facilities (see "LIQUIDITY AND CAPITAL RESOURCES"). Additionally, liquidity is impacted to the extent that changes in fair value results in the movement of collateral between the Company and its counterparties. Collateral agreements are bilateral and are based on the derivative fair values used to determine the net exposure between the Company and individual counterparties. For a general description of valuation techniques and models used for the above items, see Note 11 to the consolidated financial statements, "Fair Value Measurements." For a discussion of the sensitivity of fair value estimates, see "Item 3. Quantitative and Qualitative Disclosures about Market Risk."

As it relates to Residual Interests, additional discussion of significant unobservable inputs, how they are determined, how they impact realized and unrealized gains and the nature of material changes in Residual Interest fair values can be found in Note 9, "Student Loan Securitization," within the Company's 2007 Annual Report on Form 10-K.

SELECTED FINANCIAL DATA
Condensed Statements of Income

	Three Months Ended March 31,		Increase (Decrease)	
	2008	2007	\$	%
Net interest income	\$ 276	\$ 414	\$ (138)	(33)%
Less: provisions for loan losses	137	150	(13)	(9)
Net interest income after provisions for loan losses	139	264	(125)	(47)
Gains on student loan securitizations	—	367	(367)	(100)
Servicing and securitization revenue	108	252	(144)	(57)
Losses on loans and securities, net	(35)	(31)	(4)	(13)
Gains (losses) on derivative and hedging activities, net	(273)	(357)	84	24
Contingency fee revenue	85	87	(2)	(2)
Collections revenue	57	66	(9)	(14)
Guarantor servicing fees	35	39	(4)	(10)
Other income	94	96	(2)	(2)
Restructuring expenses	21	—	21	100
Operating expenses	355	356	(1)	—
Pre-tax income (loss)	(166)	427	(593)	(139)
Income taxes	(62)	310	(372)	(120)
Minority interest in net earnings of subsidiaries	—	1	(1)	(100)
Net income (loss)	(104)	116	(220)	(190)
Preferred stock dividends	29	9	20	222
Net income (loss) attributable to common stock	\$ (133)	\$ 107	\$ (240)	(224)%
Basic earnings (loss) per common share	\$ (.28)	\$.26	\$ (.54)	(208)%
Diluted earnings (loss) per common share	\$ (.28)	\$.26	\$ (.54)	(208)%
Dividends per common share	\$ —	\$.25	\$ (.25)	(100)%

Condensed Balance Sheets

	March 31, 2008	December 31, 2007	Increase (Decrease)	
			\$	%
Assets				
FFELP Stafford and Other Student Loans, net	\$ 40,168	\$ 35,726	\$ 4,442	12%
FFELP Consolidation Loans, net	73,868	73,609	259	—
Private Education Loans, net	16,977	14,818	2,159	15
Other loans, net	1,140	1,174	(34)	(3)
Cash and investments	5,319	10,546	(5,227)	(50)
Restricted cash and investments	4,171	4,600	(429)	(9)
Retained Interest in off-balance sheet securitized loans	2,874	3,044	(170)	(6)
Goodwill and acquired intangible assets, net	1,320	1,301	19	1
Other assets	13,336	10,747	2,589	24
Total assets	\$ 159,173	\$ 155,565	\$ 3,608	2%
Liabilities and Stockholders' Equity				
Short-term borrowings	\$ 38,096	\$ 35,947	\$ 2,149	6%
Long-term borrowings	112,485	111,098	1,387	1
Other liabilities	3,377	3,285	92	3
Total liabilities	153,958	150,330	3,628	2
Minority interest in subsidiaries	7	11	(4)	(36)
Stockholders' equity before treasury stock	7,047	7,055	(8)	—
Common stock held in treasury	1,839	1,831	8	—
Total stockholders' equity	5,208	5,224	(16)	—
Total liabilities and stockholders' equity	\$ 159,173	\$ 155,565	\$ 3,608	2%

RESULTS OF OPERATIONS

Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

For the three months ended March 31, 2008, our net loss was \$104 million or \$.28 diluted loss per share, compared to net income of \$116 million, or \$.26 diluted earnings per share, for the three months ended March 31, 2007. The effective tax rate for those periods was 38 percent and 73 percent, respectively. The movement in the effective tax rate was primarily driven by the permanent tax impact of excluding non-taxable gains and losses on the equity forward contracts which are marked to market through earnings under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." Losses on derivative and hedging activities were \$273 million in the first quarter of 2008 compared to \$357 million in the year-ago quarter. The Company settled all of its outstanding equity forward contracts in January 2008.

Pre-tax income decreased by \$593 million versus the year-ago quarter primarily due to no gains on student loan securitizations in the first quarter of 2008 (the Company did not complete any off-balance sheet securitizations in the current quarter), compared to \$367 million of securitization gains related to one Private Education Loan securitization in the year-ago quarter. The Company adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115," on January 1, 2008, and elected the fair value option on all of the Residual Interests effective January 1, 2008. The Company made this election in order to simplify the accounting for Residual Interests by including all Residual Interests under one accounting model. Prior to this election, Residual Interests were accounted for either under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities,"

with changes in fair value recorded through other comprehensive income or under SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments," with changes in fair value recorded through income. The Company reclassified the related accumulated other comprehensive income of \$195 million into retained earnings, and as a result, equity was not impacted at transition on January 1, 2008. Changes in the fair value of Residual Interests on and after January 1, 2008 are recorded through the income statement. The Company has not elected the fair value option for any other financial instruments at this time. Servicing and securitization revenue decreased by \$144 million from \$252 million in the first quarter of 2007 to \$108 million in the first quarter of 2008. This decrease was primarily due to a current-quarter \$88 million unrealized mark-to-market loss recorded under SFAS No. 159 compared to a year-ago quarter \$68 million unrealized mark-to-market gain, which included both impairment and an unrealized mark-to-market gain recorded under SFAS No. 155. Partially offsetting the decrease in servicing and securitization revenue was an increase in Embedded Floor Income due to the decrease in interest rates during the current quarter. Embedded Floor Income was \$46 million in the first quarter of 2008 compared to \$1 million in the first quarter of 2007.

Net interest income after provisions for loan losses decreased by \$124 million in the first quarter from the year-ago quarter. This decrease was due to a \$137 million decrease in net interest income, offset by a \$13 million decrease in provisions for loan losses. The decrease in net interest income was primarily due to a decrease in the student loan spread (see "LENDING BUSINESS SEGMENT — Net Interest Income — *Net Interest Margin — On-Balance Sheet*").

In the first quarter of 2008, fee and other income and collections revenue totaled \$271 million, an \$18 million decrease from \$289 million in the year-ago quarter. Operating expenses remained unchanged at \$356 million in the first quarter of 2008 compared to the first quarter of 2007.

The Company is currently restructuring its business in a response to the impact of the CCRAA, and current challenges in the capital markets. As part of the Company's cost reduction efforts, restructuring expenses of \$21 million and \$23 million were recognized in the first quarter of 2008 and the fourth quarter of 2007, respectively. The majority of these restructuring expenses were severance costs related to the elimination of approximately one thousand positions (representing approximately nine percent of the overall employee population) across all areas of the Company. The Company is still in the preliminary phase of assessing all potential restructuring activities and as a result, the Company cannot estimate the total expected restructuring expenses at this time.

The Company adopted SFAS No. 157, "Fair Value Measurements," on January 1, 2008, with no resulting impact to the financial statements.

BUSINESS SEGMENTS

The results of operations of the Company's Lending and APG operating segments are presented below. These defined business segments operate in distinct business environments and are considered reportable segments under SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," based on quantitative thresholds applied to the Company's consolidated financial statements. In addition, we provide other complementary products and services, including guarantor and student loan servicing, through smaller operating segments that do not meet such thresholds and are aggregated in the Corporate and Other reportable segment for financial reporting purposes.

The management reporting process measures the performance of the Company's operating segments based on the management structure of the Company as well as the methodology used by management to evaluate performance and allocate resources. In accordance with the Rules and Regulations of the Securities and Exchange Commission ("SEC"), we prepare financial statements in accordance with GAAP. In addition to evaluating the Company's GAAP-based financial information, management, including the Company's chief operation decision maker, evaluates the performance of the Company's operating segments based on their profitability on a basis that, as allowed under SFAS No. 131, differs from GAAP. We refer to management's basis of evaluating our segment results as "Core Earnings" presentations for each business segment and we refer to these performance measures in our presentations with credit rating agencies and lenders. Accordingly,

information regarding the Company's reportable segments is provided herein based on "Core Earnings," which are discussed in detail below.

Our "Core Earnings" are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. "Core Earnings" net income reflects only current period adjustments to GAAP net income as described below. Unlike financial accounting, there is no comprehensive, authoritative guidance for management reporting and as a result, our management reporting is not necessarily comparable with similar information for any other financial institution. The Company's operating segments are defined by the products and services they offer or the types of customers they serve, and they reflect the manner in which financial information is currently evaluated by management. Intersegment revenues and expenses are netted within the appropriate financial statement line items consistent with the income statement presentation provided to management. Changes in management structure or allocation methodologies and procedures may result in changes in reported segment financial information.

"Core Earnings" are the primary financial performance measures used by management to develop the Company's financial plans, track results, and establish corporate performance targets. While "Core Earnings" are not a substitute for reported results under GAAP, the Company relies on "Core Earnings" in operating its business because "Core Earnings" permit management to make meaningful period-to-period comparisons of the operational and performance indicators that are most closely assessed by management. Management believes this information provides additional insight into the financial performance of the core business activities of our operating segments. Accordingly, the tables presented below reflect "Core Earnings" which is reviewed and utilized by management to manage the business for each of the Company's reportable segments. A further discussion regarding "Core Earnings" is included under "Limitations of 'Core Earnings'" and "Pre-tax Differences between 'Core Earnings' and GAAP by Business Segment."

The "LENDING BUSINESS SEGMENT" section includes all discussion of income and related expenses associated with the net interest margin, the student loan spread and its components, the provisions for loan losses, and other fees earned on our Managed portfolio of student loans. The "APG BUSINESS SEGMENT" section reflects the fees earned and expenses incurred in providing accounts receivable management and collection services. Our "CORPORATE AND OTHER BUSINESS SEGMENT" section includes our remaining fee businesses and other corporate expenses that do not pertain directly to the primary operating segments identified above.

	Three Months Ended March 31, 2008		
	Lending	APG	Corporate and Other
Interest income:			
FFELP Stafford and Other Student Loans	\$ 494	\$ —	\$ —
FFELP Consolidation Loans	989	—	—
Private Education Loans	749	—	—
Other loans	23	—	—
Cash and investments	142	—	6
Total interest income	2,397	—	6
Total interest expense	1,824	7	5
Net interest income (loss)	573	(7)	1
Less: provisions for loan losses	181	—	—
Net interest income (loss) after provisions for loan losses	392	(7)	1
Contingency fee revenue	—	85	—
Collections revenue	—	56	—
Guarantor servicing fees	—	—	35
Other income	44	—	51
Total other income	44	141	86
Restructuring expenses	15	1	5
Operating expenses	164	105	70
Total operating expenses	179	106	75
Income before income taxes and minority interest in net earnings of subsidiaries	257	28	12
Income tax expense ⁽¹⁾	94	10	5
Minority interest in net earnings of subsidiaries	—	—	—
"Core Earnings" net income	\$ 163	\$ 18	\$ 7

(1) Income taxes are based on a percentage of net income before tax for each individual reportable segment.

	Three Months Ended March 31, 2007		
	Lending	APG	Corporate and Other
Interest income:			
FFELP Stafford and Other Student Loans	\$ 695	\$ —	\$ —
FFELP Consolidation Loans	1,331	—	—
Private Education Loans	658	—	—
Other loans	28	—	—
Cash and investments	162	—	2
Total interest income	2,874	—	2
Total interest expense	2,220	7	5
Net interest income (loss)	654	(7)	(3)
Less: provisions for loan losses	198	—	1
Net interest income (loss) after provisions for loan losses	456	(7)	(4)
Contingency fee revenue	—	87	—
Collections revenue	—	65	—
Guarantor servicing fees	—	—	39
Other income	44	—	52
Total other income	44	152	91
Operating expenses	171	93	68
Income before income taxes and minority interest in net earnings of subsidiaries	329	52	19
Income tax expense ⁽¹⁾	122	19	7
Minority interest in net earnings of subsidiaries	—	1	—
“Core Earnings” net income	\$ 207	\$ 32	\$ 12

(1) Income taxes are based on a percentage of net income before tax for each individual reportable segment.

Limitations of “Core Earnings”

While GAAP provides a uniform, comprehensive basis of accounting, for the reasons described above, management believes that “Core Earnings” are an important additional tool for providing a more complete understanding of the Company’s results of operations. Nevertheless, “Core Earnings” are subject to certain general and specific limitations that investors should carefully consider. For example, as stated above, unlike financial accounting, there is no comprehensive, authoritative guidance for management reporting. Our “Core Earnings” are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. Unlike GAAP, “Core Earnings” reflect only current period adjustments to GAAP. Accordingly, the Company’s “Core Earnings” presentation does not represent a comprehensive basis of accounting. Investors, therefore, may not compare our Company’s performance with that of other financial services companies based upon “Core Earnings.” “Core Earnings” results are only meant to supplement GAAP results by providing additional information regarding the operational and performance indicators that are most closely used by management, the Company’s board of directors, rating agencies and lenders to assess performance.

Other limitations arise from the specific adjustments that management makes to GAAP results to derive “Core Earnings” results. For example, in reversing the unrealized gains and losses that result from SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” on derivatives that do not qualify for “hedge treatment,” as well as on derivatives that do qualify but are in part ineffective because they

are not perfect hedges, we focus on the long-term economic effectiveness of those instruments relative to the underlying hedged item and isolate the effects of interest rate volatility, changing credit spreads and changes in our stock price on the fair value of such instruments during the period. Under GAAP, the effects of these factors on the fair value of the derivative instruments (but not on the underlying hedged item) tend to show more volatility in the short term. While our presentation of our results on a “Core Earnings” basis provides important information regarding the performance of our Managed portfolio, a limitation of this presentation is that we are presenting the ongoing spread income on loans that have been sold to a trust managed by us. While we believe that our “Core Earnings” presentation presents the economic substance of our Managed loan portfolio, it understates earnings volatility from securitization gains. Our “Core Earnings” results exclude certain Floor Income, which is real cash income, from our reported results and therefore may understate earnings in certain periods. Management’s financial planning and valuation of operating results, however, does not take into account Floor Income because of its inherent uncertainty, except when it is economically hedged through Floor Income Contracts.

As previously discussed, on January 1, 2008, the Company adopted SFAS No. 157, “Fair Value Measurements” and SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115.” The fair value adjustments of the items impacted by SFAS No. 157 and SFAS No. 159 under GAAP are not included in “Core Earnings” net income and therefore the adoption of SFAS No. 157 and SFAS No. 159 did not impact the “Core Earnings” presentation for the three months ended March 31, 2008.

Pre-tax differences between “Core Earnings” and GAAP by Business Segment

Our “Core Earnings” are the primary financial performance measures used by management to evaluate performance and to allocate resources. Accordingly, financial information is reported to management on a “Core Earnings” basis by reportable segment, as these are the measures used regularly by our chief operating decision makers. Our “Core Earnings” are used in developing our financial plans and tracking results, and also in establishing corporate performance targets. Management believes this information provides additional insight into the financial performance of the Company’s core business activities. “Core Earnings” net income reflects only current period adjustments to GAAP net income, as described in the more detailed discussion of the differences between “Core Earnings” and GAAP that follows, which includes further detail on each specific adjustment required to reconcile our “Core Earnings” segment presentation to our GAAP earnings.

	Three Months Ended March 31,					
	2008			2007		
	Lending	APG	Corporate and Other	Lending	APG	Corporate and Other
“Core Earnings” adjustments to GAAP:						
Net impact of securitization accounting	\$ (79)	\$ —	\$ —	\$ 422	\$ —	\$ —
Net impact of derivative accounting	(363)	—	—	80	—	(412)
Net impact of Floor Income	(6)	—	—	(39)	—	—
Amortization of acquired intangibles	(5)	(4)	(6)	(14)	(5)	(5)
Total “Core Earnings” adjustments to GAAP	<u>\$ (453)</u>	<u>\$ (4)</u>	<u>\$ (6)</u>	<u>\$ 449</u>	<u>\$ (5)</u>	<u>\$ (417)</u>

1) **Securitization:** Under GAAP, certain securitization transactions in our Lending operating segment are accounted for as sales of assets. Under “Core Earnings” for the Lending operating segment, we present all securitization transactions on a “Core Earnings” basis as long-term non-recourse financings. The upfront “gains” on sale from securitization transactions, as well as ongoing “servicing and securitization revenue” presented in accordance with GAAP, are excluded from “Core Earnings” and are replaced by interest income, provisions for loan losses, and interest expense as earned or incurred on the securitization loans. We also exclude transactions with our off-balance sheet trusts from “Core Earnings” as they are considered intercompany transactions on a “Core Earnings” basis.

The following table summarizes the securitization adjustments in our Lending operating segment for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
“Core Earnings” securitization adjustments:		
Net interest income on securitized loans, before provisions for loan losses and before intercompany transactions	\$ (194)	\$ (216)
Provisions for loan losses	44	49
Net interest income on securitized loans, after provisions for loan losses, before intercompany transactions	(150)	(167)
Intercompany transactions with off-balance sheet trusts	(37)	(30)
Net interest income on securitized loans, after provisions for loan losses	(187)	(197)
Gains on student loan securitizations	—	367
Servicing and securitization revenue	108	252
Total “Core Earnings” securitization adjustments	\$ (79)	\$ 422

“Intercompany transactions with off-balance sheet trusts” in the above table relate primarily to losses incurred through the repurchase of delinquent loans from our off-balance sheet securitization trusts. When Private Education Loans in our securitization trusts settling before September 30, 2005, become 180 days delinquent, we typically exercise our contingent call option to repurchase these loans at par value out of the trust and record a loss for the difference in the par value paid and the fair market value of the loan at the time of purchase. We do not hold the contingent call option for any trusts settled after September 30, 2005.

2) **Derivative Accounting:** “Core Earnings” exclude periodic unrealized gains and losses that are caused primarily by the one-sided mark-to-market derivative valuations prescribed by SFAS No. 133 on derivatives that do not qualify for “hedge treatment” under GAAP. These unrealized gains and losses occur in our Lending operating segment, and occurred in our Corporate and Other reportable segment related to equity forward contracts prior to 2008. In our “Core Earnings” presentation, we recognize the economic effect of these hedges, which generally results in any cash paid or received being recognized ratably as an expense or revenue over the hedged item’s life. “Core Earnings” also exclude the gain or loss on equity forward contracts that under SFAS No. 133, are required to be accounted for as derivatives and are marked-to-market through earnings.

SFAS No. 133 requires that changes in the fair value of derivative instruments be recognized currently in earnings unless specific hedge accounting criteria, as specified by SFAS No. 133, are met. We believe that our derivatives are effective economic hedges, and as such, are a critical element of our interest rate risk management strategy. However, some of our derivatives, primarily Floor Income Contracts, certain basis swaps and equity forward contracts (discussed in detail below), do not qualify for “hedge treatment” as defined by SFAS No. 133, and the stand-alone derivative must be marked-to-market in the income statement with no consideration for the corresponding change in fair value of the hedged item. The gains and losses described in “Gains (losses) on derivative and hedging activities, net” are primarily caused by interest rate and foreign currency exchange rate volatility, changing credit spreads and changes in our stock price during the period as well as the volume and term of derivatives not receiving hedge treatment.

Our Floor Income Contracts are written options that must meet more stringent requirements than other hedging relationships to achieve hedge effectiveness under SFAS No. 133. Specifically, our Floor Income Contracts do not qualify for hedge accounting treatment because the paydown of principal of the student loans underlying the Floor Income embedded in those student loans does not exactly match the change in the notional amount of our written Floor Income Contracts. Under SFAS No. 133, the upfront payment is deemed a liability and changes in fair value are recorded through income throughout the life of the contract. The change in the value of Floor Income Contracts is primarily caused by changing interest rates that cause the

amount of Floor Income earned on the underlying student loans and paid to the counterparties to vary. This is economically offset by the change in value of the student loan portfolio, including our Retained Interests, earning Floor Income but that offsetting change in value is not recognized under SFAS No. 133. We believe the Floor Income Contracts are economic hedges because they effectively fix the amount of Floor Income earned over the contract period, thus eliminating the timing and uncertainty that changes in interest rates can have on Floor Income for that period. Prior to SFAS No. 133, we accounted for Floor Income Contracts as hedges and amortized the upfront cash compensation ratably over the lives of the contracts.

Basis swaps are used to convert floating rate debt from one floating interest rate index to another to better match the interest rate characteristics of the assets financed by that debt. We primarily use basis swaps to change the index of our floating rate debt to better match the cash flows of our student loan assets that are primarily indexed to a commercial paper, Prime or Treasury bill index. In addition, we use basis swaps to convert debt indexed to the Consumer Price Index to 3 month LIBOR debt. SFAS No. 133 requires that when using basis swaps, the change in the cash flows of the hedge effectively offset both the change in the cash flows of the asset and the change in the cash flows of the liability. Our basis swaps hedge variable interest rate risk, however they generally do not meet this effectiveness test because most of our FFELP loans can earn at either a variable or a fixed interest rate depending on market interest rates. We also have basis swaps that do not meet the SFAS No. 133 effectiveness test that economically hedge off-balance sheet instruments. As a result, under GAAP these swaps are recorded at fair value with changes in fair value reflected currently in the income statement.

Under SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," equity forward contracts that allow a net settlement option either in cash or the Company's stock are required to be accounted for as derivatives in accordance with SFAS No. 133. As a result, we account for our equity forward contracts as derivatives in accordance with SFAS No. 133 and mark them to market through earnings. They do not qualify as effective SFAS No. 133 hedges, as a requirement to achieve hedge accounting is the hedged item must impact net income and the settlement of these contracts through the purchase of our own stock does not impact net income. The Company settled all of its equity forward contracts in January 2008.

The table below quantifies the adjustments for derivative accounting under SFAS No. 133 on our net income for the three months ended March 31, 2008 and 2007 when compared with the accounting principles employed in all years prior to the SFAS No. 133 implementation.

	Three Months Ended March 31,	
	2008	2007
"Core Earnings" derivative adjustments:		
Gains (losses) on derivative and hedging activities, net, included in other income ⁽¹⁾	\$ (273)	\$ (357)
Less: Realized losses on derivative and hedging activities, net ⁽¹⁾	(91)	25
Unrealized gains (losses) on derivative and hedging activities, net ⁽¹⁾	(364)	(332)
Other pre-SFAS No. 133 accounting adjustments	1	—
Total net impact of SFAS No. 133 derivative accounting	<u>\$ (363)</u>	<u>\$ (332)</u>

(1) See "Reclassification of Realized Gains (Losses) on Derivative and Hedging Activities" below for a detailed breakdown of the components of both the realized and unrealized losses on derivative and hedging activities.

Reclassification of Realized Gains (Losses) on Derivative and Hedging Activities

SFAS No. 133 requires net settlement income/expense on derivatives and realized gains/losses related to derivative dispositions (collectively referred to as "realized gains (losses) on derivative and hedging activities") that do not qualify as hedges under SFAS No. 133 to be recorded in a separate income statement line item below net interest income. The table below summarizes the realized losses on derivative and hedging

activities, and the associated reclassification on a “Core Earnings” basis for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	March 31, 2008	March 31, 2007
Reclassification of realized gains (losses) on derivative and hedging activities:		
Net settlement expense on Floor Income Contracts reclassified to net interest income	\$ (140)	\$ (7)
Net settlement income (expense) on interest rate swaps reclassified to net interest income	231	(18)
Net realized gains (losses) on terminated derivative contracts reclassified to other income	—	—
Total reclassifications of realized (gains) losses on derivative and hedging activities	91	(25)
Add: Unrealized gains (losses) on derivative and hedging activities, net ⁽¹⁾	(364)	(332)
Gains (losses) on derivative and hedging activities, net	\$ (273)	\$ (357)

(1) “Unrealized gains (losses) on derivative and hedging activities, net” is comprised of the following unrealized mark-to-market gains (losses):

	Three Months Ended March 31,	
	2008	2007
Floor Income Contracts	\$(295)	\$ 5
Equity forward contracts	—	(412)
Basis swaps	(132)	60
Other	63	15
Total unrealized gains (losses) on derivative and hedging activities, net	\$(364)	\$(332)

Unrealized gains and losses on Floor Income Contracts are primarily caused by changes in interest rates. In general, an increase in interest rates results in an unrealized gain and vice versa. Unrealized gains and losses on equity forward contracts fluctuate with changes in the Company’s stock price. Unrealized gains and losses on basis swaps result from changes in the spread between indices, primarily as it relates to Consumer Price Index (“CPI”) swaps economically hedging debt issuances indexed to CPI and on changes in the forward interest rate curves that impact basis swaps hedging repricing risk between quarterly reset debt and daily reset assets.

3) **Floor Income:** The timing and amount (if any) of Floor Income earned in our Lending operating segment is uncertain and in excess of expected spreads. Therefore, we exclude such income from “Core Earnings” when it is not economically hedged. We employ derivatives, primarily Floor Income Contracts and futures, to economically hedge Floor Income. As discussed above in “Derivative Accounting,” these derivatives do not qualify as effective accounting hedges, and therefore, under GAAP, they are marked-to-market through the “gains (losses) on derivative and hedging activities, net” line in the consolidated statement of income with no offsetting gain or loss recorded for the economically hedged items. For “Core Earnings,” we reverse the fair value adjustments on the Floor Income Contracts and futures economically hedging Floor Income and include the amortization of net premiums received in income.

The following table summarizes the Floor Income adjustments in our Lending operating segment for the three months ended March 31, 2008 and 2007.

	Three Months Ended	
	March 31,	
	2008	2007
“Core Earnings” Floor Income adjustments:		
Floor Income earned on Managed loans, net of payments on Floor Income Contracts	\$ 32	\$ —
Amortization of net premiums on Floor Income Contracts and futures in net interest income	(38)	(39)
Total “Core Earnings” Floor Income adjustments	<u>\$ (6)</u>	<u>\$ (39)</u>

4) **Acquired Intangibles:** Our “Core Earnings” exclude goodwill and intangible impairment and the amortization of acquired intangibles. For the three months ended March 31, 2008 and 2007, goodwill and intangible impairment and the amortization of acquired intangibles totaled \$15 million and \$24 million, respectively. The change from the year-ago period is mostly due to impairments recognized. In the first quarter of 2007, we recognized intangible impairments of \$9 million in connection with certain tax exempt bonds previously acquired through the purchase of certain subsidiaries. We did not recognize any impairment in the first quarter of 2008.

LENDING BUSINESS SEGMENT

In our Lending business segment, we originate and acquire FFELP loans and Private Education Loans. Most of our Private Education Loans are made in conjunction with a FFELP loan and as a result are marketed through the same marketing channels as FFELP loans. While FFELP loans and Private Education Loans have different overall risk profiles due to the federal guarantee of the FFELP loans, they share many of the same characteristics such as similar repayment terms, the same marketing channel and sales force, and are originated and serviced on the same servicing platform. Finally, where possible, the borrower receives a single bill for both the FFELP loans and Private Education Loans.

The following table summarizes the “Core Earnings” results of operations for our Lending business segment.

	Three Months Ended March 31,		Increase (Decrease)
	2008	2007	2008 vs. 2007
“Core Earnings” interest income:			
FFELP Stafford and Other Student Loans	\$ 494	\$ 695	(29)%
FFELP Consolidation Loans	989	1,331	(26)
Private Education Loans	749	658	14
Other loans	23	28	(18)
Cash and investments	142	162	(12)
Total “Core Earnings” interest income	2,397	2,874	(17)
Total “Core Earnings” interest expense	1,824	2,220	(18)
Net “Core Earnings” interest income	573	654	(12)
Less: provisions for loan losses	181	198	(9)
Net “Core Earnings” interest income after provisions for loan losses	392	456	(14)
Other income	44	44	—
Restructuring expenses	15	—	100
Operating expenses	164	171	(4)
Total expenses	179	171	5
Income before income taxes and minority interest in net earnings of subsidiaries	257	329	(22)
Income tax expense	94	122	(23)
“Core Earnings” net income	\$ 163	\$ 207	(21)%

Net Interest Income

Changes in net interest income are primarily due to fluctuations in the student loan and other asset spread discussed below, the growth of our student loan portfolio, and changes in the level of cash and investments we hold on our balance sheet for liquidity purposes.

Average Balance Sheets — On-Balance Sheet

The following table reflects the rates earned on interest-earning assets and paid on interest-bearing liabilities for the three months ended March 31, 2008 and 2007. This table reflects the net interest margin for all on-balance sheet assets. It is included in the Lending business segment discussion because this segment includes substantially all interest-earning assets and interest-bearing liabilities.

	Three Months Ended March 31,			
	2008 Balance	Rate	2007 Balance	Rate
Average Assets				
FFELP Stafford and Other Student Loans	\$ 38,349	4.87%	\$ 26,885	6.80%
FFELP Consolidation Loans	73,800	4.56	63,260	6.51
Private Education Loans	17,192	10.38	11,354	12.09
Other loans	1,194	7.87	1,365	8.31
Cash and investments	12,264	4.06	7,958	5.81
Total interest-earning assets	142,799	5.33%	110,822	7.12%
Non-interest-earning assets	9,546		9,095	
Total assets	\$ 152,345		\$ 119,917	
Average Liabilities and Stockholders' Equity				
Short-term borrowings	\$ 35,975	4.77%	\$ 3,220	5.89%
Long-term borrowings	107,666	4.44	107,950	5.58
Total interest-bearing liabilities	143,641	4.52%	111,170	5.59%
Non-interest-bearing liabilities	3,462		4,483	
Stockholders' equity	5,242		4,264	
Total liabilities and stockholders' equity	\$ 152,345		\$ 119,917	
Net interest margin		.78%		1.51%

Rate/Volume Analysis — On-Balance Sheet

The following rate/volume analysis illustrates the relative contribution of changes in interest rates and asset volumes.

|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Net Interest Margin — On-Balance Sheet

The following table reflects the net interest margin of on-balance sheet interest-earning assets, before provisions for loan losses.

	Three Months Ended March 31,	
	2008	2007
Student loan spread ⁽¹⁾⁽²⁾	.96%	1.64%
Other asset spread ⁽¹⁾⁽³⁾	.02	.18
Net interest margin, before the impact of 2008 Asset-Backed Financing Facilities fees ⁽¹⁾	.87	1.51
Less: 2008 Asset-Backed Financing Facilities fees	(.09)	—
Net interest margin	.78%	1.51%

(1) Before certain commitment and liquidity fees associated with the 2008 Asset-Backed Financing Facilities, which are referred to as the “2008 Asset-Backed Financing Facilities Fees.” (see “LIQUIDITY AND CAPITAL RESOURCES” for a further discussion).

(2) Composition of student loan spread:

Student loan yield, before Floor Income	6.13%	8.15%
Gross Floor Income	.36	.02
Consolidation Loan Rebate Fees	(.59)	(.66)
Repayment Borrower Benefits	(.12)	(.13)
Premium and discount amortization	(.35)	(.17)
Student loan net yield	5.43	7.21
Student loan cost of funds	(4.47)	(5.57)
Student loan spread, before 2008 Asset-Backed Financing Facilities fees	.96%	1.64%

(3) Comprised of investments, cash and other loans.

Net interest margin, before 2008 Asset-Backed Financing Facilities fees, for the first quarter of 2008 decreased 64 basis points from the first quarter of 2007. This decrease primarily relates to the following discussions of changes in the on-balance sheet student loan and other asset spreads. The student loan portfolio as a percentage of the overall interest-earning asset portfolio did not change substantially between the two periods.

Student Loan Spread — On-Balance Sheet

An important performance measure closely monitored by management is the student loan spread. The student loan spread is the difference between the income earned on the student loan assets and the interest paid on the debt funding those assets. The student loan spread is impacted by changes in its various components, as reflected in footnote (2) to the “Net Interest Margin — On-Balance Sheet” table above. Gross Floor Income is impacted by interest rates and the percentage of the FFELP loan portfolio eligible to earn Floor Income. The spread impact from Consolidation Loan Rebate Fees fluctuates as a function of the percentage of FFELP Consolidation Loans on our balance sheet. Repayment Borrower Benefits are generally impacted by the terms of the Repayment Borrower Benefits being offered as well as the payment behavior of the underlying loans. Premium and discount amortization is generally impacted by the prices previously paid for loans and amounts capitalized related to such purchases or originations. Premium and discount amortization is also impacted by prepayment behavior of the underlying loans.

The student loan spread, before 2008 Asset-Backed Financing Facilities fees, for the first quarter of 2008 decreased 68 basis points from the first quarter of 2007, primarily due to the increase in premium amortization (see “Core Earnings’ Basis Student Loan Spread” below for a further discussion) and an increase in our cost

of funds. Our cost of funds for on-balance sheet student loans excludes the impact of basis swaps that economically hedge the re-pricing and basis mismatch between our funding and student loan asset indices, but do not receive hedge accounting treatment under SFAS No. 133. We extensively use basis swaps to manage our basis risk associated with our interest rate sensitive assets and liabilities. These swaps generally do not qualify as accounting hedges, and as a result, are required to be accounted for in the “gains (losses) on derivatives and hedging activities, net” line on the income statement, as opposed to being accounted for in interest expense. As a result, these basis swaps are not considered in the calculation of the cost of funds in the table above and therefore, in times of volatile movements of interest rates like those experienced in the first quarter of 2008, the student loan spread can significantly change. See “‘Core Earnings’ Net Interest Margin” in the following table, which reflects these basis swaps in interest expense, and demonstrates the economic hedge effectiveness of these basis swaps.

Partially offsetting these decreases to the student loan spread was an increase in Gross Floor Income due to the significant decrease in interest rates during the first quarter of 2008.

Other Asset Spread — On-Balance Sheet

The other asset spread is comprised of cash and investments (both restricted and unrestricted) primarily in our liquidity portfolio, and other loans. The Company invests its liquidity portfolio primarily in short-term securities with maturities of one week or less in order to manage credit risk and maintain available cash balances. The other asset spread for the first quarter of 2008 decreased 16 basis points from the year-ago quarter. Changes in the other asset spread primarily relate to differences in the index basis and reset frequency between the asset indices and funding indices. A portion of this risk is hedged with derivatives that do not receive hedge accounting treatment under SFAS No. 133 and will impact the other asset spread in a similar fashion as the impact to the on-balance sheet student loan spread as discussed above. In volatile interest rate environments, these spreads may move significantly from period to period and differ from the “Core Earnings” basis other asset spread discussed below.

“Core Earnings” Net Interest Margin

The following table analyzes the earnings from our portfolio of Managed interest-earning assets on a “Core Earnings” basis (see “BUSINESS SEGMENTS — Pre-tax Differences between ‘Core Earnings’ and GAAP by Business Segment”). The “‘Core Earnings’ Net Interest Margin” presentation and certain components used in the calculation differ from the “Net Interest Margin — On-Balance Sheet” presentation. The “Core Earnings” presentation, when compared to our on-balance sheet presentation, is different in that it:

- includes the net interest margin related to our off-balance sheet student loan securitization trusts. This includes any related fees or costs such as the Consolidation Loan Rebate Fees, premium/discount amortization and Borrower Benefits yield adjustments;
- includes the reclassification of certain derivative net settlement amounts. The net settlements on certain derivatives that do not qualify as SFAS No. 133 hedges are recorded as part of the “gain (loss) on derivative and hedging activities, net” line item on the income statement and are therefore not recognized in the on-balance sheet student loan spread. Under this presentation, these gains and losses are reclassified to the income statement line item of the economically hedged item. For our “Core Earnings” net interest margin, this would primarily include: (a) reclassifying the net settlement amounts related to our written Floor Income Contracts to student loan interest income and (b) reclassifying the net settlement amounts related to certain of our basis swaps to debt interest expense;
- excludes unhedged Floor Income earned on the Managed student loan portfolio; and
- includes the amortization of upfront payments on Floor Income Contracts in student loan income that we believe are economically hedging the Floor Income.

The following table reflects the “Core Earnings” net interest margin, before provisions for loan losses.

	Three Months Ended March 31,	
	2008	2007
“Core Earnings” basis student loan spread ⁽¹⁾ :		
FFELP loan spread	.59%	1.08%
Private Education Loan spread ⁽²⁾	5.35	5.28
Total “Core Earnings” basis student loan spread ⁽³⁾	1.46	1.77
“Core Earnings” basis other asset spread ⁽¹⁾⁽⁴⁾	(.27)	.20
“Core Earnings” net interest margin, before 2008 Asset-Backed Financing Facilities fees ⁽¹⁾	1.31	1.64
Less: 2008 Asset-Backed Financing Facilities fees	(.07)	—
“Core Earnings” net interest margin	1.24%	1.64%

(1)	Before certain commitment and liquidity fees associated with the 2008 Asset-Backed Financing Facilities, which are referred to as the “2008 Asset-Backed Financing Facilities Fees” (see “LIQUIDITY AND CAPITAL RESOURCES” for a further discussion).		
(2)	“Core Earnings” basis Private Education Loan Spread, before 2008 Asset-Backed Financing Facilities fees and after provisions for loan losses	3.26%	2.10%
(3)	Composition of “Core Earnings” basis student loan spread:	6.35%	8.31%
	“Core Earnings” basis student loan spread yield	(.11)	(.11)
	Consolidation Loan Rebate Fees	(.55)	(.58)
	Borrower Benefits	(.36)	(.17)
	Premium and discount amortization	5.33	7.45
	“Core Earnings” basis student loan net yield	(3.87)	(5.68)
	“Core Earnings” basis student loan cost of funds	1.46%	1.77%
	“Core Earnings” basis student loan spread, before 2008 Asset-Backed Financing Facilities fees		
(4)	Comprised of investments, cash and other loans.		

The “Core Earnings” net interest margin, before 2008 Asset-Backed Financing Facilities fees, for the first quarter of 2008 decreased 33 basis points from the year-ago quarter. This decrease primarily relates to the following discussions of changes in the “Core Earnings” basis student loan and other asset spreads. The Managed student loan portfolio as a percentage of the overall interest-earning asset portfolio did not change substantially between the two periods.

“Core Earnings” Basis Student Loan Spread

An important performance measure closely monitored by management is the student loan spread. The student loan spread is the difference between the income earned on the student loan assets and the interest paid on the debt funding those assets. The “Core Earnings” basis student loan spread before the 2008 Asset-Backed Financing Facilities fees for the first quarter of 2008 decreased 31 basis points from the year-ago quarter, primarily due to the 19 basis point increase in premium amortization as a result of the Company’s decision to cease consolidating FFELP loans for the foreseeable future, which resulted in a one-time, cumulative catch-up adjustment in premium amortization expense, due to shortening the assumed average lives of Stafford loans, which previously had an assumption that a portion of the underlying Stafford loans would consolidate internally which extends the average life of such loans. Consolidation Loans generally have longer terms to maturity than Stafford loans. The “Core Earnings” basis student loan spread has also been negatively impacted by an increase in our cost of funds (an increase in the credit spread on our debt) during the last year due to the current credit environment.

The “Core Earnings” basis FFELP loan spread declined in the first quarter of 2008 compared to the year-ago quarter, primarily as the mix of the FFELP loan portfolio shifted toward lower yielding FFELP Consolidation Loans and toward loans originated subsequent to October 1, 2007 which have lower legislated

yields as a result of the CCRAA. The “Core Earnings” basis FFELP loan spread also declined due to the premium amortization adjustment in the first quarter of 2008 discussed above. The “Core Earnings” basis Private Education Loan spread before provision remained stable. The changes in the “Core Earnings” basis Private Education Loan spread after provision for the current and year-ago quarters was primarily due to the timing and amount of provision associated with our allowance for Private Education Loan Losses as discussed below (see “*Allowance for Managed Private Education Loan Losses*”).

“Core Earnings” Basis Other Asset Spread

The “Core Earnings” basis other asset spread is comprised of cash and investments (both restricted and unrestricted) primarily in our liquidity portfolio, and other loans. The Company invests its liquidity portfolio primarily in short-term securities with maturities of one week or less in order to manage credit risk and maintain available cash balances. The “Core Earnings” basis other asset spread for the first quarter of 2008 decreased 47 basis points from the year-ago quarter. Changes in this spread primarily relate to differences between the index basis and reset frequency of the asset indices and funding indices. The significant decrease from the year-ago quarter is mostly due to the other assets’ indices resetting more frequently than the debt funding those assets. In volatile interest rate environments, the asset and debt reset frequencies will lag each other. Interest rates increased during the year-ago quarter and decreased during the current quarter.

Summary of our Managed Student Loan Portfolio

The following tables summarize the components of our Managed student loan portfolio and show the changing composition of our portfolio.

Ending Balances, net

	March 31, 2008				
	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Private Education Loans	Total
On-balance sheet:					
In-school	\$ 16,732	\$ —	\$ 16,732	\$ 8,079	\$ 24,811
Grace and repayment	22,498	72,582	95,080	10,333	105,413
Total on-balance sheet, gross	39,230	72,582	111,812	18,412	130,224
On-balance sheet unamortized premium/(discount)	989	1,328	2,317	(496)	1,821
On-balance sheet allowance for losses	(51)	(42)	(93)	(939)	(1,032)
Total on-balance sheet, net	40,168	73,868	114,036	16,977	131,013
Off-balance sheet:					
In-school	901	—	901	2,923	3,824
Grace and repayment	8,006	15,777	23,783	10,978	34,761
Total off-balance sheet, gross	8,907	15,777	24,684	13,901	38,585
Off-balance sheet unamortized premium/(discount)	123	468	591	(355)	236
Off-balance sheet allowance for losses	(19)	(8)	(27)	(332)	(359)
Total off-balance sheet, net	9,011	16,237	25,248	13,214	38,462
Total Managed	\$ 49,179	\$ 90,105	\$ 139,284	\$ 30,191	\$ 169,475
% of on-balance sheet FFELP	35%	65%	100%		
% of Managed FFELP	35%	65%	100%		
% of total	29%	53%	82%	18%	100%

(1) FFELP category is primarily Stafford loans, but also includes federally insured PLUS and HEAL loans.

	December 31, 2007				
	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Private Education Loans	Total
On-balance sheet:					
In-school	\$ 14,390	\$ —	\$ 14,390	\$ 6,735	\$ 21,125
Grace and repayment	20,469	72,306	92,775	9,437	102,212
Total on-balance sheet, gross	34,859	72,306	107,165	16,172	123,337
On-balance sheet unamortized premium/(discount)	915	1,344	2,259	(468)	1,791
On-balance sheet allowance for losses	(48)	(41)	(89)	(886)	(975)
Total on-balance sheet, net	35,726	73,609	109,335	14,818	124,153
Off-balance sheet:					
In-school	1,004	—	1,004	3,117	4,121
Grace and repayment	8,334	15,968	24,302	11,082	35,384
Total off-balance sheet, gross	9,338	15,968	25,306	14,199	39,505
Off-balance sheet unamortized premium/(discount)	154	482	636	(355)	281
Off-balance sheet allowance for losses	(20)	(9)	(29)	(334)	(363)
Total off-balance sheet, net	9,472	16,441	25,913	13,510	39,423
Total Managed	\$ 45,198	\$ 90,050	\$ 135,248	\$ 28,328	\$ 163,576
% of on-balance sheet FFELP	33%	67%	100%		
% of Managed FFELP	33%	67%	100%		
% of total	28%	55%	83%	17%	100%

(1) FFELP category is primarily Stafford loans, but also includes federally insured PLUS and HEAL loans.

Average Balances (net of unamortized premium/discount):

	Three Months Ended March 31, 2008				
	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Private Education Loans	Total
On-balance sheet	\$ 38,349	\$ 73,800	\$ 112,149	\$ 17,192	\$ 129,341
Off-balance sheet	9,260	16,339	25,599	13,564	39,163
Total Managed	\$ 47,609	\$ 90,139	\$ 137,748	\$ 30,756	\$ 168,504
% of on-balance sheet FFELP	34%	66%	100%		
% of Managed FFELP	35%	65%	100%		
% of Total	28%	54%	82%	18%	100%

(1) FFELP category is primarily Stafford loans, but also includes federally insured PLUS and HEAL loans.

	Three Months Ended March 31, 2007				
	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Private Education Loans	Total
On-balance sheet	\$ 26,885	\$ 63,260	\$ 90,145	\$ 11,354	\$ 101,499
Off-balance sheet	13,920	18,022	31,942	12,721	44,663
Total Managed	\$ 40,805	\$ 81,282	\$ 122,087	\$ 24,075	\$ 146,162
% of on-balance sheet FFELP	30%	70%	100%		
% of Managed FFELP	33%	67%	100%		
% of Total	28%	56%	84%	16%	100%

(1) FFELP category is primarily Stafford loans, but also includes federally insured PLUS and HEAL loans.

Floor Income — Managed Basis

The following table analyzes the ability of the FFELP loans in our Managed portfolio to earn Floor Income after March 31, 2008 and 2007, based on interest rates as of those dates.

	March 31, 2008			March 31, 2007		
	Fixed Borrower Rate	Variable Borrower Rate	Total	Fixed Borrower Rate	Variable Borrower Rate	Total
(Dollars in billions)						
Student loans eligible to earn Floor Income:						
On-balance sheet student loans	\$ 94.6	\$ 16.5	\$ 111.1	\$ 72.4	\$ 19.6	\$ 92.0
Off-balance sheet student loans	15.7	8.9	24.6	17.2	12.9	30.1
Managed student loans eligible to earn Floor Income	110.3	25.4	135.7	89.6	32.5	122.1
Less: Post March 31, 2006 disbursed loans required to rebate Floor Income	(52.5)	(1.5)	(54.0)	(29.4)	(1.5)	(30.9)
Less: economically hedged Floor Income Contracts	(25.7)	(17.1)	(42.8)	(16.3)	—	(16.3)
Net Managed student loans eligible to earn Floor Income	\$ 32.1	\$ 6.8	\$ 38.9	\$ 43.9	\$ 31.0	\$ 74.9
Net Managed student loans earning Floor Income as of March 31,	\$ 1.9	\$ 6.8	\$ 8.7	\$ 2.1	\$.2	\$ 2.3

We have sold Floor Income Contracts to hedge the potential Floor Income from specifically identified pools of FFELP Consolidation Loans that are eligible to earn Floor Income.

The following table presents a projection of the average Managed balance of FFELP Consolidation Loans whose Fixed-Rate Floor Income has already been economically hedged through Floor Income Contracts for the period April 1, 2008 to March 31, 2013. These loans are both on and off-balance sheet and the related hedges do not qualify under SFAS No. 133 accounting as effective hedges.

(Dollars in billions)	April 1, 2008 to December 31, 2008	2009	2010	2011	2012	2013
Average balance of FFELP Consolidation Loans whose Floor Income is economically hedged (Managed Basis)	\$26	\$21	\$19	\$16	\$16	\$ 4

Private Education Loans

Activity in the Allowance for Private Education Loan Losses

The provision for student loan losses represents the periodic expense of maintaining an allowance sufficient to absorb losses, net of recoveries, inherent in the portfolio of Private Education Loans.

The following table summarizes changes in the allowance for Private Education Loan losses for the three months ended March 31, 2008 and 2007.

	Activity in Allowance for Private Education Loan Losses					
	On-Balance Sheet		Off-Balance Sheet		Managed Basis	
	Three Months Ended		Three Months Ended		Three Months Ended	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Allowance at beginning of period	\$ 886	\$ 308	\$ 334	\$ 86	\$ 1,220	\$ 394
Provision for Private Education Loan losses	119	142	41	47	160	189
Charge-offs	(84)	(82)	(47)	(23)	(131)	(105)
Recoveries	10	7	2	—	12	7
Net charge-offs	(74)	(75)	(45)	(23)	(119)	(98)
Reclassification of interest reserve ⁽¹⁾	8	—	2	—	10	—
Balance before securitization of Private Education Loans	939	375	332	110	1,271	485
Reduction for securitization of Private Education Loans	—	(6)	—	6	—	—
Allowance at end of period	\$ 939	\$ 369	\$ 332	\$ 116	\$ 1,271	\$ 485
Net charge-offs as a percentage of average loans in repayment (annualized)	4.21%	6.27%	2.43%	1.35%	3.29%	3.40%
Net charge-offs as a percentage of average loans in repayment and forbearance (annualized)	3.59%	5.76%	1.99%	1.18%	2.75%	3.03%
Allowance as a percentage of the ending total loan balance	5.10%	3.49%	2.39%	.78%	3.93%	1.91%
Allowance as a percentage of ending loans in repayment	12.70%	7.58%	4.44%	1.69%	8.54%	4.14%
Average coverage of net charge-offs (annualized)	3.14	1.21	1.83	1.25	2.65	1.22
Ending total loans, gross	\$ 18,412	\$ 10,581	\$ 13,901	\$ 14,807	\$ 32,313	\$ 25,388
Average loans in repayment	\$ 7,096	\$ 4,859	\$ 7,466	\$ 6,815	\$ 14,562	\$ 11,674
Ending loans in repayment	\$ 7,388	\$ 4,867	\$ 7,482	\$ 6,839	\$ 14,870	\$ 11,706

(1) Represents the amount of uncollectible interest, initially reserved within interest income, that is transferred in the period to the allowance for loan losses when interest is capitalized to a loan's principal balance. Prior to 2008, the interest reserve was reversed in interest income and then included in the provision within the allowance for loan losses. This amount was \$3 million for the quarter ended March 31, 2007 on a Managed Basis. This change in presentation results in no impact to net income.

All Private Education Loans are initially acquired on-balance sheet. In securitizations of Private Education Loans that are treated as sales, the loans are no longer owned by us and are accounted for off-balance sheet. For our Managed Basis presentation in the table above, when Private Education Loans are sold to securitization trusts, we reduce the on-balance sheet allowance for loan losses for amounts previously provided and re-establish the allowance for these loans in the off-balance sheet section. The total allowance of both on-balance sheet and off-balance sheet loan losses results in the Managed Basis allowance for loan losses. The off-balance sheet allowance is lower than the on-balance sheet allowance when measured as a percentage of ending loans in repayment because of the different mix of loans on-balance sheet and off-balance sheet.

When Private Education Loans in our securitized trusts that settled before September 30, 2005, become 180 days delinquent, we typically exercise our contingent call option to repurchase these loans at par value out of the trust and record a loss (which is reflected in losses on loans and securities, net in the income statement) for the difference in the par value paid and the fair market value of the loan at the time of purchase. We account for these loans in accordance with the American Institute of Certified Public Accountants' ("AICPA") Statement of Position ("SOP") 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer." Revenue is recognized over the anticipated remaining life of the loan based upon the amount and timing of anticipated cash flows. On a Managed Basis, the losses recorded under GAAP for loans repurchased at day 180 are reversed and the full amount is charged off in the month in which the loan is 212 days delinquent. We do not hold the contingent call option for all trusts settled after September 30, 2005 and as such, the loans are charged off in these trusts.

When measured as a percentage of ending loans in repayment, the off-balance sheet allowance for loan losses is lower than the on-balance sheet percentage because of the different mix of loans on-balance sheet and off-balance sheet.

Allowance for Managed Private Education Loan Losses

Due to the seasoning of the Managed Private Education Loan portfolio, shifts in its mix and certain economic factors, we expected and have seen charge-off rates increase from the historically low levels experienced prior to 2007. This increase was significantly impacted by other factors. Toward the end of 2006 and through mid-2007, we experienced lower pre-default collections. In the second half of 2006, we relocated responsibility for certain Private Education Loan collections from our Nevada call center to a new call center in Indiana. This transfer presented unexpected operational challenges that resulted in lower collections. In addition, in late 2006, we revised certain procedures, including our use of forbearance, to better optimize long-term collection strategies. These developments resulted in lower pre-default collections, higher later stage delinquency levels and higher charge-offs. Due to the remedial actions in place, we anticipate the negative trends caused by the operational difficulties will improve in 2008, evidence of which can be seen in the reduction in the net charge-offs as a percentage of average loans in repayment (and forbearance) in the current quarter as compared to the year-ago quarter. At the same time, as discussed further below, offsetting factors exist that are expected to result in increased levels of charge-offs beyond the first quarter of 2008.

In the fourth quarter of 2007, the Company recorded provision expense of \$667 million related to the Managed Private Education Loan portfolio. This significant increase in provision compared to the first quarter of 2008 and to prior quarters primarily relates to the non-traditional portion of our loan portfolio which the Company had been expanding over the past few years. The non-traditional portfolio is particularly impacted by the weakening U.S. economy, as evidenced by recently released economic indicators, certain credit-related trends in the Company's portfolio and a further tightening of forbearance practices. The Company has recently terminated these non-traditional loan programs because the performance of these loans is materially different from its original expectations and from the rest of the Company's Private Education Loan programs. The Company charges off loans after 212 days of delinquency. Accordingly, the Company believes that charge-offs occurring late in 2007 represented losses incurred at the onset of the current economic downturn and do not incorporate the full effect of the general economic downturn that became evident in the fourth quarter of 2007. In addition, the Company has historically been able to mitigate its losses during varying economic environments through the use of forbearance and other collection management strategies. With the continued weakening of the U.S. economy, and the projected continued recessionary conditions, the Company believes that those strategies as they relate to the non-traditional portion of the loan portfolio will not be as effective as they have been in the past. For these reasons, the Company recorded the additional provision in the fourth quarter of 2007, and this is the primary reason that the allowance as a percentage of the ending total loan balance and as a percentage of ending loans in repayment is significantly higher at March 31, 2008 versus March 31, 2007.

The following table provides the detail for our traditional and non-traditional Managed Private Education Loans at March 31, 2008 and December 31, 2007.

	March 31, 2008			December 31, 2007		
	Traditional	Non-Traditional	Total	Traditional	Non-Traditional	Total
Ending total loans, gross	\$ 27,502	\$ 4,811	\$ 32,313	\$ 25,791	\$ 4,580	\$ 30,371
Ending loans in repayment	12,683	2,187	14,870	12,711	2,155	14,866
Private Education Loan allowance for losses	469	801	1,271	438	782	1,220
Net charge-offs as a percentage of average loans in repayment ⁽¹⁾	1.7%	12.9%	3.3%	1.5%	11.9%	3.1%
Allowance as a percentage of total ending loan balance	1.7%	16.7%	3.9%	1.7%	17.1%	4.0%
Allowance as a percentage of ending loans in repayment	3.7%	36.6%	8.5%	3.5%	36.3%	8.2%
Average coverage of net charge-offs ⁽¹⁾	2.2	3.0	2.7	2.6	3.3	3.0
Delinquencies as a percentage of Private Education Loans in repayment	4.6%	23.3%	7.4%	5.2%	26.3%	8.3%
Loans in forbearance as a percentage of loans in repayment and forbearance	15.5%	21.4%	16.4%	12.8%	19.4%	13.9%

(1) Annualized for the quarter ended March 31, 2008; full year actuals for the year ended December 31, 2007.

Private Education Loan Delinquencies

The tables below present our Private Education Loan delinquency trends as of March 31, 2008 and 2007. Delinquencies have the potential to adversely impact earnings as they are an initial indication of the borrower's potential to possibly default and as a result command a higher loan loss reserve than loans in current status. Delinquent loans also require increased servicing and collection efforts, resulting in higher operating costs.

	On-Balance Sheet Private Education Loan Delinquencies			
	March 31, 2008		March 31, 2007	
	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 9,743		\$ 5,220	
Loans in forbearance ⁽²⁾	1,281		494	
Loans in repayment and percentage of each status:				
Loans current	6,649	90.0%	4,260	87.5%
Loans delinquent 31-60 days ⁽³⁾	261	3.5	184	3.8
Loans delinquent 61-90 days ⁽³⁾	148	2.0	131	2.7
Loans delinquent greater than 90 days ⁽³⁾	330	4.5	292	6.0
Total Private Education Loans in repayment	7,388	100%	4,867	100%
Total Private Education Loans, gross	18,412		10,581	
Private Education Loan unamortized discount	(496)		(363)	
Total Private Education Loans	17,916		10,218	
Private Education Loan allowance for losses	(939)		(369)	
Private Education Loans, net	\$ 16,977		\$ 9,849	
Percentage of Private Education Loans in repayment		40.1%		46.0%
Delinquencies as a percentage of Private Education Loans in repayment		10.0%		12.5%
Loans in forbearance as a percentage of loans in repayment and forbearance		14.8%		9.2%

- (1) Loans for borrowers who may be attending school or engaging in other permitted educational activities and are not yet required to make payments on the loans, e.g., residency periods for medical students or a grace period for bar exam preparation.
- (2) Loans for borrowers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with the established loan program servicing policies and procedures.
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

**Off-Balance Sheet Private Education
Loan Delinquencies**

	March 31, 2008		March 31, 2007	
	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 4,780		\$ 6,821	
Loans in forbearance ⁽²⁾	1,639		1,147	
Loans in repayment and percentage of each status:				
Loans current	7,128	95.3%	6,475	94.7%
Loans delinquent 31-60 days ⁽³⁾	151	2.0	145	2.1
Loans delinquent 61-90 days ⁽³⁾	75	1.0	88	1.3
Loans delinquent greater than 90 days ⁽³⁾	128	1.7	131	1.9
Total Private Education Loans in repayment	<u>7,482</u>	<u>100%</u>	<u>6,839</u>	<u>100%</u>
Total Private Education Loans, gross	13,901		14,807	
Private Education Loan unamortized discount	(355)		(339)	
Total Private Education Loans	13,546		14,468	
Private Education Loan allowance for losses	(332)		(116)	
Private Education Loans, net	<u>\$ 13,214</u>		<u>\$ 14,352</u>	
Percentage of Private Education Loans in repayment		53.8%		46.2%
Delinquencies as a percentage of Private Education Loans in repayment		4.7%		5.3%
Loans in forbearance as a percentage of loans in repayment and forbearance		<u>18.0%</u>		<u>14.3%</u>

**Managed Basis Private Education
Loan Delinquencies**

	March 31, 2008		March 31, 2007	
	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 14,523		\$ 12,041	
Loans in forbearance ⁽²⁾	2,920		1,641	
Loans in repayment and percentage of each status:				
Loans current	13,777	92.6%	10,735	91.7%
Loans delinquent 31-60 days ⁽³⁾	412	2.8	329	2.8
Loans delinquent 61-90 days ⁽³⁾	223	1.5	219	1.9
Loans delinquent greater than 90 days ⁽³⁾	458	3.1	423	3.6
Total Private Education Loans in repayment	<u>14,870</u>	<u>100%</u>	<u>11,706</u>	<u>100%</u>
Total Private Education Loans, gross	32,313		25,388	
Private Education Loan unamortized discount	(851)		(702)	
Total Private Education Loans	31,462		24,686	
Private Education Loan allowance for losses	(1,271)		(485)	
Private Education Loans, net	<u>\$ 30,191</u>		<u>\$ 24,201</u>	
Percentage of Private Education Loans in repayment		46.0%		46.1%
Delinquencies as a percentage of Private Education Loans in repayment		7.4%		8.3%
Loans in forbearance as a percentage of loans in repayment and forbearance		<u>16.4%</u>		<u>12.3%</u>

- (1) Loans for borrowers who may be attending school or engaging in other permitted educational activities and are not yet required to make payments on the loans, e.g., residency periods for medical students or a grace period for bar exam preparation.
- (2) Loans for borrowers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with the established loan program servicing policies and procedures.
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

Forbearance — Managed Basis Private Education Loans

Borrowers use the proceeds of Private Education Loans to obtain higher education, which increases the likelihood of obtaining employment at higher income levels than would be available without the additional education. As a result, borrowers' repayment capability improves between the time the loan is made and the time they enter the post-education work force. We generally allow the loan repayment period on traditional higher education Private Education Loans to begin six months after the borrower leaves school (consistent with our FFELP loans). This provides the borrower time after graduation to obtain a job to service the debt. For borrowers that need more time or experience hardships, we permit additional delays in payment or partial payments (both referred to as forbearances) when we believe additional time will improve the borrower's ability to repay the loan. Forbearance is also granted to borrowers who may experience temporary hardship after entering repayment, when we believe that it will increase the likelihood of ultimate collection of the loan. Such forbearance is granted within established policies that include limits on the number of forbearance months granted consecutively and limits on the total number of forbearance months granted over the life of the loan. In some instances of forbearance, we require good-faith payments or continuing partial payments. Exceptions to forbearance policies are permitted in limited circumstances and only when such exceptions are judged to increase the likelihood of ultimate collection of the loan.

Forbearance does not grant any reduction in the total repayment obligation (principal or interest) but does allow for the temporary cessation of borrower payments (on a prospective and/or retroactive basis) or a reduction in monthly payments for an agreed period of time. The forbearance period extends the original term of the loan. While a loan is in forbearance, interest continues to accrue and is capitalized as principal upon the loan re-entering repayment status. Loans exiting forbearance into repayment status are considered current regardless of their previous delinquency status.

Forbearance is used most heavily immediately after the loan enters repayment. A significant portion of our borrower population enters repayment status late in the fourth quarter (six months after the typical graduation timeframe) and, as a result, forbearance levels are generally at higher levels in the first quarter. As indicated in the tables below that show the composition and status of the Managed Private Education Loan portfolio by number of months aged from the first date of repayment, the percentage of loans in forbearance decreases the longer the loans have been in repayment. At March 31, 2008, loans in forbearance as a percentage of loans in repayment and forbearance are 21.7 percent for loans that have been in repayment one to twenty-four months. The percentage drops to 5.8 percent for loans that have been in repayment more than 48 months. Approximately 77.7 percent of our Managed Private Education Loans in forbearance have been in repayment less than 24 months. These borrowers are essentially extending their grace period as they transition to the workforce.

Forbearance policies were tightened in late 2006 and again in late 2007 and remain under review. The increase in use of forbearance is attributed to both a weakening of the U.S. economy, as previously discussed, as well as improved borrower contact procedures. In the majority of situations forbearance continues to be a positive collection tool for Private Education Loans as we believe it can provide borrowers with sufficient time to obtain employment and income to support their obligations. Our experience has consistently shown that three years after being in forbearance status for the first time, over 75 percent of the loans are current, paid in full, or receiving an in-school grace or deferment, and less than eight percent have charged off. However, as discussed earlier, we believe that forbearance will be less effective for non-traditional loans during a weakened U.S. economy. Loans in forbearance are reserved commensurate with the default expectation of this specific loan status.

The tables below show the composition and status of the Private Education Loan portfolio by number of months aged from the first date of repayment:

	Months Since Entering Repayment				Total
	1 to 24 Months	25 to 48 Months	More than 48 Months	After Mar. 31, 2008(1)	
March 31, 2008					
Loans in-school/grace/deferment	\$ —	\$ —	\$ —	\$ 14,523	\$ 14,523
Loans in forbearance	2,268	482	170	—	2,920
Loans in repayment — current	7,636	3,573	2,568	—	13,777
Loans in repayment — delinquent 31-60 days	214	127	71	—	412
Loans in repayment — delinquent 61-90 days	127	63	33	—	223
Loans in repayment — delinquent greater than 90 days	233	147	78	—	458
Total	\$ 10,478	\$ 4,392	\$ 2,920	\$ 14,523	\$ 32,313
Unamortized discount	—	—	—	—	(851)
Allowance for loan losses	—	—	—	—	(1,271)
Total Managed Private Education Loans, net	—	—	—	—	\$ 30,191
Loans in forbearance as a percentage of loans in repayment and forbearance	21.7%	11.0%	5.8%	—%	16.4%

(1) Includes all loans in-school/grace/deferment.

	Months Since Entering Repayment				Total
	1 to 24 Months	25 to 48 Months	More than 48 Months	After Mar. 31, 2007(1)	
March 31, 2007					
Loans in-school/grace/deferment	\$ —	\$ —	\$ —	\$ 12,041	\$ 12,041
Loans in forbearance	1,314	242	85	—	1,641
Loans in repayment — current	6,154	2,614	1,967	—	10,735
Loans in repayment — delinquent 31-60 days	193	81	55	—	329
Loans in repayment — delinquent 61-90 days	144	47	28	—	219
Loans in repayment — delinquent greater than 90 days	212	130	81	—	423
Total	\$ 8,017	\$ 3,114	\$ 2,216	\$ 12,041	\$ 25,388
Unamortized discount	—	—	—	—	(702)
Allowance for loan losses	—	—	—	—	(485)
Total Managed Private Education Loans, net	—	—	—	—	\$ 24,201
Loans in forbearance as a percentage of loans in repayment and forbearance	16.4%	7.8%	3.8%	—%	12.3%

(1) Includes all loans in-school/grace/deferment.

The table below stratifies the portfolio of Managed Private Education Loans in forbearance by the cumulative number of months the borrower has used forbearance as of the dates indicated. As detailed in the table below, 4 percent of loans currently in forbearance have cumulative forbearance of more than 24 months.

Cumulative number of months borrower has used forbearance	March 31, 2008		March 31, 2007	
	Forbearance Balance	% of Total	Forbearance Balance	% of Total
Up to 12 months	\$ 2,059	71%	\$ 1,219	74%
13 to 24 months	738	25	374	23
More than 24 months	123	4	48	3
Total	\$ 2,920	100%	\$ 1,641	100%

FFELP Loans

Delinquencies

The tables below present our FFELP loan delinquency trends as of March 31, 2008 and 2007. Delinquencies have the potential to adversely impact earnings as they are an initial indication of the borrower's potential to possibly default and as a result command a higher loan loss reserve than loans in current status. Delinquent loans also require increased servicing and collection efforts, resulting in higher operating costs.

	On-Balance Sheet FFELP Loan Delinquencies			
	March 31, 2008		March 31, 2007	
	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 34,997		\$ 27,149	
Loans in forbearance ⁽²⁾	11,932		9,082	
Loans in repayment and percentage of each status:				
Loans current	55,698	85.8%	48,991	86.5%
Loans delinquent 31-60 days ⁽³⁾	3,176	4.9	2,608	4.6
Loans delinquent 61-90 days ⁽³⁾	1,643	2.5	1,497	2.6
Loans delinquent greater than 90 days ⁽³⁾	4,366	6.8	3,550	6.3
Total FFELP loans in repayment	64,883	100%	56,646	100%
Total FFELP loans, gross	111,812		92,877	
FFELP loan unamortized premium	2,317		1,877	
Total FFELP loans	114,129		94,754	
FFELP loan allowance for losses	(93)		(22)	
FFELP loans, net	\$ 114,036		\$ 94,732	
Percentage of FFELP loans in repayment		58.0%		61.0%
Delinquencies as a percentage of FFELP loans in repayment		14.2%		13.5%
FFELP loans in forbearance as a percentage of loans in repayment and forbearance		15.5%		13.8%

- (1) Loans for borrowers who may be attending school or engaging in other permitted educational activities and are not yet required to make payments on the loans, e.g., residency periods for medical students or a grace period for bar exam preparation.
- (2) Loans for borrowers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with the established loan program servicing policies and procedures.
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

Off-Balance Sheet FFELP Loan Delinquencies				
	March 31, 2008		March 31, 2007	
	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 4,966		\$ 6,955	
Loans in forbearance ⁽²⁾	3,173		3,493	
Loans in repayment and percentage of each status:				
Loans current	13,475	81.4%	15,714	79.1%
Loans delinquent 31-60 days ⁽³⁾	889	5.4	1,126	5.7
Loans delinquent 61-90 days ⁽³⁾	500	3.0	724	3.6
Loans delinquent greater than 90 days ⁽³⁾	1,682	10.2	2,314	11.6
Total FFELP loans in repayment	16,546	100%	19,878	100%
Total FFELP loans, gross	24,685		30,326	
FFELP loan unamortized premium	591		714	
Total FFELP loans	25,276		31,040	
FFELP loan allowance for losses	(28)		(12)	
FFELP loans, net	\$ 25,248		\$ 31,028	
Percentage of FFELP loans in repayment		67.0%		65.6%
Delinquencies as a percentage of FFELP loans in repayment		18.6%		20.9%
FFELP loans in forbearance as a percentage of loans in repayment and forbearance		16.1%		14.9%

Managed Basis FFELP Loan Delinquencies				
	March 31, 2008		March 31, 2007	
	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 39,963		\$ 34,104	
Loans in forbearance ⁽²⁾	15,105		12,575	
Loans in repayment and percentage of each status:				
Loans current	69,173	85.0%	64,705	84.5%
Loans delinquent 31-60 days ⁽³⁾	4,065	5.0	3,734	4.9
Loans delinquent 61-90 days ⁽³⁾	2,143	2.6	2,221	2.9
Loans delinquent greater than 90 days ⁽³⁾	6,048	7.4	5,864	7.7
Total FFELP loans in repayment	81,429	100%	76,524	100%
Total FFELP loans, gross	136,497		123,203	
FFELP loan unamortized premium	2,908		2,591	
Total FFELP loans	139,405		125,794	
FFELP loan allowance for losses	(121)		(34)	
FFELP loans, net	\$ 139,284		\$ 125,760	
Percentage of FFELP loans in repayment		59.7%		62.1%
Delinquencies as a percentage of FFELP loans in repayment		15.0%		15.5%
FFELP loans in forbearance as a percentage of loans in repayment and forbearance		15.7%		14.1%

- (1) Loans for borrowers who may be attending school or engaging in other permitted educational activities and are not yet required to make payments on the loans, e.g., residency periods for medical students or a grace period for bar exam preparation.
- (2) Loans for borrowers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with the established loan program servicing policies and procedures.
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

Total Provisions for Loan Losses

The following tables summarize the total provisions for loan losses on both an on-balance sheet basis and a Managed Basis for the three months ended March 31, 2008 and 2007.

Total on-balance sheet loan provisions

	Three Months Ended March 31,	
	2008	2007
Private Education Loans	\$ 119	\$ 142
FFELP Stafford and Other Student Loans	16	6
Mortgage and consumer loans	2	2
Total on-balance sheet provisions for loan losses	<u>\$ 137</u>	<u>\$ 150</u>

Total Managed Basis loan provisions

	Three Months Ended March 31,	
	2008	2007
Private Education Loans	\$ 160	\$ 189
FFELP Stafford and Other Student Loans	19	8
Mortgage and consumer loans	2	1
Total Managed Basis provisions for loan losses	<u>\$ 181</u>	<u>\$ 198</u>

Provision expense for Private Education Loans was previously discussed above (see “*Allowance for Managed Private Education Loan Losses*”).

Upon the passage of the CCRAA, the Exceptional Performer program (under which qualified lenders received reimbursement on default claims higher than the Risk Sharing) was repealed, which resulted in an increase in our Risk Sharing percentage. Accordingly, our FFELP loan provision increased over the year-ago period.

Total Loan Net Charge-offs

The following tables summarize the total loan net charge-offs on both an on-balance sheet basis and a Managed Basis for the three months ended March 31, 2008 and 2007.

Total on-balance sheet loan net charge-offs

	Three Months Ended March 31,	
	2008	2007
Private Education Loans	\$ 74	\$ 75
FFELP Stafford and Other Student Loans	11	4
Mortgage and consumer loans	5	2
Total on-balance sheet loan net charge-offs	<u>\$ 90</u>	<u>\$ 81</u>

	Three Months Ended March 31,	
	2008	2007
Private Education Loans	\$ 119	\$ 98
FFELP Stafford and Other Student Loans	16	8
Mortgage and consumer loans	5	2
Total Managed loan net charge-offs	<u>\$ 140</u>	<u>\$ 108</u>

The increase in net charge-offs on FFELP Stafford and Other Student Loans for the quarter ended March 31, 2008 versus March 31, 2007, was primarily the result of legislative changes occurring in 2007, which have ultimately lowered the federal guaranty on claims filed to either 97 percent or 98 percent (depending on date of disbursement). See “*Allowance for Managed Private Education Loan Losses*” for a discussion of net charge-offs related to our Private Education Loans.

Student Loan Premiums as a Percentage of Principal

The following table presents student loan premiums paid as a percentage of the principal balance of student loans acquired for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,			
	2008		2007	
	Volume	Rate	Volume	Rate
Student loan premiums paid:				
Sallie Mae brands	\$ 5,645	1.74%	\$ 4,598	1.41%
Lender partners	2,315	3.03	2,377	2.89
Total Preferred Channel	7,960	2.12	6,975	1.92
Other purchases ⁽¹⁾	207	.60	3,874	5.46
Subtotal base purchases	8,167	2.08	10,849	3.18
Consolidation originations	541	2.24	702	2.28
Total	<u>\$ 8,708</u>	<u>2.09%</u>	<u>\$ 11,551</u>	<u>3.13%</u>

(1) Primarily includes spot purchases (including Wholesale Consolidation Loans for the three months ended March 31, 2007), other commitment clients, and subsidiary acquisitions.

The increase in premiums paid as a percentage of principal balance for Sallie Mae brands over the prior year is primarily due to the increase in Front-End Borrower Benefits offered where we pay the origination fee and/or federal guaranty fee on behalf of borrowers. As previously discussed, the Company has discontinued paying this fee for loans guaranteed after May 2, 2008. Premiums paid on lender partners volume were similarly impacted by Front-End Borrower Benefits. The borrower origination fee will be gradually phased out through 2010.

Included in “Consolidation originations” is the 0.5 percent FFELP Consolidation Loan origination fee paid on the total balance of new FFELP Consolidation Loans made prior to October 1, 2007 (and 1.0 percent for FFELP Consolidation Loans made after October 1, 2007), including internally consolidated loans from our existing portfolio. The “consolidation originations” premium paid percentage is calculated on only consolidation volume that is incremental to our portfolio. This percentage is largely driven by the mix of internal consolidations. As previously discussed, the Company suspended participation in the federal consolidation loan program in April 2008.

Student Loan Acquisitions

The following tables summarize the components of our student loan acquisition activity for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31, 2008		
	FFELP	Private	Total
Preferred Channel	\$ 5,661	\$ 2,299	\$ 7,960
Other commitment clients	185	—	185
Spot purchases	22	—	22
Consolidations from third parties	450	91	541
Consolidations and clean-up calls of off-balance sheet securitized loans	108	169	277
Capitalized interest, premiums and discounts	542	164	706
Total on-balance sheet student loan acquisitions	6,968	2,723	9,691
Consolidations and clean-up calls of off-balance sheet securitized loans	(108)	(169)	(277)
Capitalized interest, premiums and discounts — off-balance sheet securitized trusts	98	157	255
Total Managed student loan acquisitions	<u>\$ 6,958</u>	<u>\$ 2,711</u>	<u>\$ 9,669</u>

	Three Months Ended March 31, 2007		
	FFELP	Private	Total
Preferred Channel	\$ 4,775	\$ 2,200	\$ 6,975
Wholesale Consolidations	3,076	—	3,076
Other commitment clients	49	3	52
Spot purchases	746	—	746
Consolidations from third parties	649	53	702
Consolidations and clean-up calls of off-balance sheet securitized loans	1,183	163	1,346
Capitalized interest, premiums and discounts	631	59	690
Total on-balance sheet student loan acquisitions	11,109	2,478	13,587
Consolidations and clean-up calls of off-balance sheet securitized loans	(1,183)	(163)	(1,346)
Capitalized interest, premiums and discounts — off-balance sheet securitized trusts	153	125	278
Total Managed student loan acquisitions	<u>\$ 10,079</u>	<u>\$ 2,440</u>	<u>\$ 12,519</u>

As shown in the above tables, off-balance sheet FFELP Stafford loans that consolidate with us become an on-balance sheet interest earning asset. This activity results in impairments of our Retained Interests in securitizations, but this is offset by an increase in on-balance sheet interest earning assets, for which we do not record an offsetting gain.

Lending Assets

The following table includes on-balance sheet asset information for our Lending business segment.

	March 31, 2008	December 31, 2007
FFELP Stafford and Other Student Loans, net	\$ 40,168	\$ 35,726
FFELP Consolidation Loans, net	73,868	73,609
Private Education Loans, net	16,977	14,818
Other loans, net	1,140	1,174
Investments ⁽¹⁾	9,264	14,870
Retained Interest in off-balance sheet securitized loans	2,875	3,044
Other ⁽²⁾	11,575	8,953
Total assets	<u>\$ 155,867</u>	<u>\$ 152,194</u>

(1) Investments include cash and cash equivalents, short and long-term investments, restricted cash and investments, leveraged leases, and municipal bonds.

(2) Other assets include accrued interest receivable, goodwill and acquired intangible assets, and other non-interest earning assets.

Preferred Channel Originations

We originated \$8.7 billion in student loan volume through our Preferred Channel in the quarter ended March 31, 2008 versus \$8.0 billion in the quarter ended March 31, 2007.

For the quarter ended March 31, 2008, our internal lending brands grew 21 percent over the year-ago quarter and comprised 67 percent of our Preferred Channel Originations, up from 60 percent in the year-ago quarter. Our internal lending brands combined with our other lender partners comprised 96 percent of our Preferred Channel Originations for the current quarter, versus 88 percent for the year-ago quarter; together these two segments of our Preferred Channel grew 19 percent over the year-ago quarter.

The following tables further break down our Preferred Channel Originations by type of loan and source.

	Three Months Ended March 31,	
	2008	2007
Preferred Channel Originations — Type of Loan		
Stafford	\$ 5,186	\$ 4,601
PLUS	840	920
GradPLUS	241	128
Total FFELP	6,267	5,649
Private Education Loans	2,478	2,362
Total	<u>\$ 8,745</u>	<u>\$ 8,011</u>

	Three Months Ended March 31,			
	2008 FFELP	2007 FFELP	Increase (Decrease)	
			\$	%
FFELP Preferred Channel Originations — Source				
Internal lending brands	\$ 3,599	\$ 2,719	\$ 880	32%
Other lender partners	2,352	2,050	302	15
Total before JPMorgan Chase	5,951	4,769	1,182	25
JPMorgan Chase	316	880	(564)	(64)
Total	\$ 6,267	\$ 5,649	\$ 618	11%

	Three Months Ended March 31,			
	2008	2007	Increase	
	Private	Private	(Decrease)	
	Education	Education	\$	%
Private Education Preferred Channel Originations — Source				
Internal lending brands	\$ 2,225	\$ 2,082	\$ 143	7%
Other lender partners	209	208	1	—
Total before JPMorgan Chase	2,434	2,290	144	6
JPMorgan Chase	44	72	(28)	(39)
Total	\$ 2,478	\$ 2,362	\$ 116	5%

	Three Months Ended March 31,			
	2008	2007	Increase (Decrease)	
	Total	Total	\$	%
Total Preferred Channel Originations — Source				
Internal lending brands	\$ 5,824	\$ 4,801	\$ 1,023	21%
Other lender partners	2,561	2,258	303	13
Total before JPMorgan Chase	8,385	7,059	1,326	19
JPMorgan Chase	360	952	(592)	(62)
Total	\$ 8,745	\$ 8,011	\$ 734	9%

Student Loan Activity

The following tables summarize the activity in our on-balance sheet, off-balance sheet and Managed portfolios of FFELP loans and Private Education Loans and highlight the effects of Consolidation Loan activity on our FFELP loan portfolios.

On-Balance Sheet Three Months Ended March 31, 2008					
	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Total Private Education Loans	Total On- Balance Sheet Portfolio
Beginning balance	\$ 35,726	\$ 73,609	\$ 109,335	\$ 14,818	\$ 124,153
Net consolidations:					
Incremental consolidations from third parties	—	450	450	91	541
Consolidations to third parties	(241)	(71)	(312)	(16)	(328)
Net consolidations	(241)	379	138	75	213
Acquisitions	6,058	352	6,410	2,463	8,873
Net acquisitions	5,817	731	6,548	2,538	9,086
Internal consolidations(2)	(377)	493	116	158	274
Off-balance sheet securitizations	—	—	—	—	—
Repayments/claims/resales/other	(998)	(965)	(1,963)	(537)	(2,500)
Ending balance	\$ 40,168	\$ 73,868	\$ 114,036	\$ 16,977	\$ 131,013
Off-Balance Sheet Three Months Ended March 31, 2008					
	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Total Private Education Loans	Total Off- Balance Sheet Portfolio
Beginning balance	\$ 9,472	\$ 16,441	\$ 25,913	\$ 13,510	\$ 39,423
Net consolidations:					
Incremental consolidations from third parties	—	—	—	—	—
Consolidations to third parties	(52)	(14)	(66)	(31)	(97)
Net consolidations	(52)	(14)	(66)	(31)	(97)
Acquisitions	49	49	98	157	255
Net acquisitions	(3)	35	32	126	158
Internal consolidations(2)	(82)	(34)	(116)	(158)	(274)
Off-balance sheet securitizations	—	—	—	—	—
Repayments/claims/resales/other	(376)	(205)	(581)	(264)	(845)
Ending balance	\$ 9,011	\$ 16,237	\$ 25,248	\$ 13,214	\$ 38,462
Managed Portfolio Three Months Ended March 31, 2008					
	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Total Private Education Loans	Total Managed Basis Portfolio
Beginning balance	\$ 45,198	\$ 90,050	\$ 135,248	\$ 28,328	\$ 163,576
Net consolidations:					
Incremental consolidations from third parties	—	450	450	91	541
Consolidations to third parties	(293)	(85)	(378)	(47)	(425)
Net consolidations	(293)	365	72	44	116
Acquisitions	6,107	401	6,508	2,620	9,128
Net acquisitions	5,814	766	6,580	2,664	9,244
Internal consolidations(2)	(459)	459	—	—	—
Off-balance sheet securitizations	—	—	—	—	—
Repayments/claims/resales/other	(1,374)	(1,170)	(2,544)	(801)	(3,345)
Ending balance(3)	\$ 49,179	\$ 90,105	\$ 139,284	\$ 30,191	\$ 169,475
Total Managed Acquisitions(4)	\$ 6,107	\$ 851	\$ 6,958	\$ 2,711	\$ 9,669

(1) FFELP category is primarily Stafford loans and also includes PLUS and HEAL loans.

(2) Represents loans that we either own on-balance sheet or loans that we consolidated from our off-balance sheet securitization trusts.

(3) As of March 31, 2008, the ending balance includes \$3.5 billion of FFELP Stafford and Other Loans and \$2.6 billion of FFELP Consolidation Loans disbursed on or after October 1, 2007, which are impacted by CCRAA legislation.

(4) The Total Managed Acquisitions line includes incremental consolidations from third parties and acquisitions.

On-Balance Sheet

Three Months Ended March 31, 2007

	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Total Private Education Loans	Total On- Balance Sheet Portfolio
Beginning balance	\$ 24,841	\$ 61,324	\$ 86,165	\$ 9,755	\$ 95,920
Net consolidations:					
Incremental consolidations from third parties	—	649	649	53	702
Consolidations to third parties	(607)	(233)	(840)	(9)	(849)
Net consolidations	(607)	416	(191)	44	(147)
Acquisitions	5,783	3,494	9,277	2,262	11,539
Net acquisitions	5,176	3,910	9,086	2,306	11,392
Internal consolidations(2)	(975)	1,755	780	149	929
Off-balance sheet securitizations	—	—	—	(1,871)	(1,871)
Repayments/claims/resales/other	(480)	(819)	(1,299)	(490)	(1,789)
Ending balance	\$ 28,562	\$ 66,170	\$ 94,732	\$ 9,849	\$ 104,581

Off-Balance Sheet

Three Months Ended March 31, 2007

	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Total Private Education Loans	Total Off- Balance Sheet Portfolio
Beginning balance	\$ 15,028	\$ 18,311	\$ 33,339	\$ 12,833	\$ 46,172
Net consolidations:					
Incremental consolidations from third parties	—	—	—	—	—
Consolidations to third parties	(373)	(71)	(444)	(19)	(463)
Net consolidations	(373)	(71)	(444)	(19)	(463)
Acquisitions	95	58	153	125	278
Net acquisitions	(278)	(13)	(291)	106	(185)
Internal consolidations(2)	(466)	(314)	(780)	(149)	(929)
Off-balance sheet securitizations	—	—	—	1,871	1,871
Repayments/claims/resales/other	(1,014)	(226)	(1,240)	(309)	(1,549)
Ending balance	\$ 13,270	\$ 17,758	\$ 31,028	\$ 14,352	\$ 45,380

Managed Portfolio

Three Months Ended March 31, 2007

	FFELP Stafford and Other(1)	FFELP Consolidation Loans	Total FFELP	Total Private Education Loans	Total Managed Basis Portfolio
Beginning balance	\$ 39,869	\$ 79,635	\$ 119,504	\$ 22,588	\$ 142,092
Net consolidations:					
Incremental consolidations from third parties	—	649	649	53	702
Consolidations to third parties	(980)	(304)	(1,284)	(28)	(1,312)
Net consolidations	(980)	345	(635)	25	(610)
Acquisitions	5,878	3,552	9,430	2,387	11,817
Net acquisitions	4,898	3,897	8,795	2,412	11,207
Internal consolidations(2)	(1,441)	1,441	—	—	—
Off-balance sheet securitizations	—	—	—	—	—
Repayments/claims/resales/other	(1,494)	(1,045)	(2,539)	(799)	(3,338)
Ending balance	\$ 41,832	\$ 83,928	\$ 125,760	\$ 24,201	\$ 149,961
Total Managed Acquisitions(3)	\$ 5,878	\$ 4,201	\$ 10,079	\$ 2,440	\$ 12,519

- (1) FFELP category is primarily Stafford loans and also includes PLUS and HEAL loans.
(2) Represents loans that we either own on-balance sheet or loans that we consolidated from our off-balance sheet securitization trusts.
(3) The Total Managed Acquisitions line includes incremental consolidations from third parties and acquisitions.

Other Income — Lending Business Segment

The following table summarizes the components of other income, net, for our Lending business segment for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
Late fees and forbearance fees	\$ 37	\$ 35
Gains on sales of mortgages and other loan fees	1	3
Gains on sales of student loans	1	—
Other	5	6
Total other income, net	<u>\$ 44</u>	<u>\$ 44</u>

The Company periodically sells student loans. The timing and amount of loan sales impacts the amount of recognized gains on sales of student loans.

Operating Expense — Lending Business Segment

The following table summarizes the components of operating expenses for our Lending business segment for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
Sales and originations	\$ 74	\$ 87
Servicing	64	54
Corporate overhead	26	30
Total operating expenses	<u>\$ 164</u>	<u>\$ 171</u>

Operating expenses for our Lending business segment include costs incurred to service our Managed student loan portfolio and acquire student loans, as well as other general and administrative expenses. For the three months ended March 31, 2008 and 2007, operating expenses for the Lending business segment totaled \$164 million and \$171 million, respectively. The decrease in operating expenses in the first quarter of 2008 versus the year-ago period was primarily due to lower consumer and mortgage loan expenses related to the dissolution of a mortgage subsidiary, lower origination and servicing expenses related to the impact of cost reduction initiatives, and lower sales expenses related to the Consolidation Loan and direct-to-consumer marketing channels, offset by increased collection expenses.

APG BUSINESS SEGMENT

The following table includes the “Core Earnings” results of operations for our APG business segment.

	Three Months Ended March 31,		% Increase (Decrease)
	2008	2007	2008 vs. 2007
Contingency fee income	\$ 74	\$ 74	—%
Collections revenue	56	65	(14)
Other fee income	11	13	(15)
Total income	141	152	(7)
Restructuring expenses	1	—	100
Operating expenses	105	93	13
Total expenses	106	93	14
Net interest expense	7	7	—
Income before income taxes and minority interest in net earnings of subsidiaries	28	52	(46)
Income tax expense	10	19	(47)
Income before minority interest in net earnings of subsidiaries	18	33	(45)
Minority interest in net earnings of subsidiaries	—	1	(100)
“Core Earnings” net income	\$ 18	\$ 32	(44)%

The decrease in collections revenue for the first quarter of 2008 versus the year-ago quarter was primarily due to impairments recognized during the current quarter related to purchased paper portfolios. Declines in real estate values, as well as lengthening the assumed lifetime collection period due to the weakening U.S. economy, have resulted in write-downs related to the mortgage purchased paper portfolios. Specifically, the mortgage purchased paper portfolio had impairments of \$20 million and \$4 million in the quarters ended March 31, 2008 and 2007, respectively. General economic uncertainty has also resulted in lengthening the assumed lifetime collection period related to our non-mortgage, purchased paper portfolios. Specifically, the non-mortgage purchased paper portfolios had impairments of \$9 million and \$2 million for the quarters ended March 31, 2008 and 2007, respectively.

Revenues from United Student Aid Funds, Inc. (“USA Funds”) represented 30 percent and 29 percent, respectively, of total APG revenue for the three months ended March 31, 2008 and 2007.

At March 31, 2008 and December 31, 2007, the APG business segment had total assets of \$2.6 billion.

Purchased Paper — Non-Mortgage

	Three Months Ended March 31,	
	2008	2007
Face value of purchases for the period	\$ 1,529	\$ 1,076
Purchase price for the period	143	102
% of face value purchased	9.4%	9.5%
Gross Cash Collections (“GCC”)	\$ 159	\$ 115
Collections revenue	52	56
Collections revenue as a % of GCC	32%	48%
Carrying value of purchases	\$ 623	\$ 316

The amount of face value of purchases in any quarter is a function of a combination of factors including the amount of receivables available for purchase in the marketplace, average age of each portfolio, the asset class of the receivables, and competition in the marketplace. As a result, the percentage of face value purchased will vary from quarter to quarter. The decrease in collections revenue as a percentage of GCC in the quarter ended March 31, 2008 compared to the year-ago quarter is primarily due to impairment recognized in the first quarter of 2008 as well as a significant increase in new portfolio purchases in the second half of 2007. Typically, revenue recognition based on a portfolio's effective interest rate is a lower percentage of cash collections in the early stages of servicing a portfolio.

Purchased Paper — Mortgage/Properties

	Three Months Ended March 31,	
	2008	2007
Face value of purchases for the period	\$ 39	\$ 239
Collections revenue	5	10
Collateral value of purchases	29	248
Purchase price for the period	19	196
Purchase price as a % of collateral fair value	66%	79%
Carrying value of purchases	\$ 1,130	\$ 649
Carrying value of purchases as a % of collateral fair value	77%	76%

The purchase price for sub-performing and non-performing mortgage loans is generally determined as a percentage of the underlying collateral's fair value, but we also consider a number of factors in pricing mortgage loan portfolios to attain a targeted yield. Therefore, the purchase price as a percentage of collateral fair value can fluctuate depending on the mix of sub-performing versus non-performing mortgages in the portfolio, the projected timeline to resolution of loans in the portfolio and the level of private mortgage insurance associated with particular assets. The purchase price as a percentage of collateral fair value for the quarter ended March 31, 2008, compared to the year-ago quarter, is generally reflective of the overall decrease in purchase prices for such loans. The carrying value of purchases (the basis we carry on our balance sheet) as a percentage of collateral fair value has remained consistent throughout the last year. As the collateral fair value has declined over the past year, the carrying value on our balance sheet has declined proportionately. The decline in actual purchases in the first quarter of 2008, compared to the year-ago quarter, is due to the Company's decision to be more selective, due to the current liquidity and credit environment that exists.

Contingency Inventory

The following table presents the outstanding inventory of receivables that are currently being serviced through our APG business segment.

	March 31, 2008	December 31, 2007
Contingency:		
Student loans	\$ 8,498	\$ 8,195
Other	1,752	1,509
Total	<u>\$ 10,250</u>	<u>\$ 9,704</u>

Operating Expenses — APG Business Segment

For the quarters ended March 31, 2008 and 2007, operating expenses for the APG business segment totaled \$105 million and \$93 million, respectively. The increase in operating expense from the year-ago quarter is primarily due to higher collection costs associated with successful collections and the increasing balance of both mortgage and non-mortgage purchased paper assets.

CORPORATE AND OTHER BUSINESS SEGMENT

The following table includes "Core Earnings" results of operations for our Corporate and Other business segment.

	Three Months Ended March 31,		% Increase (Decrease) 2008 vs. 2007
	2008	2007	
Net interest income (loss) after provisions for loan losses	\$ 1	\$ (4)	125%
Guarantor servicing fees	35	39	(10)
Loan servicing fees	6	7	(14)
Upromise	26	25	4
Other	19	20	(5)
Total fee and other income	86	91	(5)
Restructuring expenses	5	—	100
Operating expenses	70	68	3
Total expenses	75	68	10
Income before income taxes	12	19	(37)
Income tax expense	5	7	(29)
"Core Earnings" net income	<u>\$ 7</u>	<u>\$ 12</u>	<u>(42)%</u>

The decrease in guarantor servicing fees for the first quarter of 2008 versus the year-ago quarter was primarily due to a decrease in the account maintenance fees earned in the current quarter due to legislative changes effective October 1, 2007 as a result of CCRAA.

USA Funds, the nation's largest guarantee agency, accounted for 88 percent and 87 percent, respectively, of guarantor servicing fees and 16 percent and 16 percent, respectively, of revenues associated with other products and services for the quarters ended March 31, 2008 and 2007.

At March 31, 2008 and December 31, 2007, the Corporate and Other business segment had total assets of \$727 million and \$780 million, respectively.

Operating Expenses — Corporate and Other Business Segment

The following table summarizes the components of operating expenses for our Corporate and Other business segment for the three months ended March 31, 2008 and 2007.

	Three Months Ended March 31,	
	2008	2007
Operating expenses	\$ 23	\$ 29
Upromise	24	21
General and administrative expenses	23	18
Total operating expenses	<u>\$ 70</u>	<u>\$ 68</u>

Operating expenses for our Corporate and Other business segment include direct costs incurred to service loans for unrelated third parties and to perform guarantor servicing on behalf of guarantor agencies, as well as information technology expenses related to these functions.

LIQUIDITY AND CAPITAL RESOURCES

Except in the case of business acquisitions and our APG purchased paper business, which are discussed separately, our APG contingency collections and Corporate and Other segments are not capital-intensive businesses and as such, a minimal amount of debt and equity capital is allocated to these segments. Therefore, the following "LIQUIDITY AND CAPITAL RESOURCES" discussion is concentrated on our Lending segment.

Prior to the announcement of the Merger on April 16, 2007, the Company funded its loan originations primarily with a combination of term asset-backed securitizations and unsecured debt. Upon the announcement of the Merger, credit spreads on our unsecured debt widened considerably, significantly increasing our cost of accessing the unsecured debt markets. As a result, at the present, we fund and in the near term, we expect to continue to fund, our operations primarily through the issuance of student loan asset-backed securities and secured student loan financing facilities, as further described below. We historically have been a regular issuer of term asset-backed securities ("ABS") in the domestic and international capital markets. We securitized \$25.4 billion in student loans in nine transactions in 2007, compared to \$32.1 billion in thirteen transactions in 2006. Secured borrowings, including securitizations, asset-backed commercial paper ("ABCP") borrowings and indentured trusts, comprised 75 percent of our Managed debt outstanding at March 31, 2008, versus 70 percent at March 31, 2007.

More recently, adverse conditions in the securitization markets have reduced our access to and increased the cost of borrowing in the market for student loan asset-backed securities. In the first quarter of 2008, we completed three term ABS transactions totaling \$4.7 billion, compared to four securitization transactions totaling \$13.0 billion in the first quarter of 2007. Although we expect ABS financing to remain our primary source of funding, we have seen and continue to expect our transaction volumes to be more limited and pricing less favorable than in the past, with significantly reduced opportunities to issue subordinated tranches of ABS. All-in borrowing costs for our \$4.8 billion of FFELP term ABS issuances settling in the first quarter of 2008 averaged LIBOR plus .75 percent. All-in borrowing costs for our \$5.1 billion of FFELP term ABS issuances settling in April 2008 averaged LIBOR plus 1.55 percent.

In order to meet our financing needs, we are exploring other sources of funding, including unsecured debt, a financing source we have not used to fund our core businesses since the first quarter of 2007. We expect the terms and conditions of new unsecured debt issues, including pricing and covenant requirements, will be less favorable than our recent ABS financings and the unsecured debt we incurred in the past. Our ability to access the unsecured debt market on attractive terms, or at all, will depend on our credit rating and prevailing market conditions.

On April 30, 2007, in connection with the Merger Agreement, we entered into an aggregate interim \$30.0 billion asset-backed commercial paper conduit facilities (collectively, the "Interim ABCP Facility") with Bank of America, N.A., and JPMorgan Chase, N.A., which provided us with significant additional liquidity. The Merger agreement contemplated a significant amount of whole loan sales as a main source of repayment for this Interim ABCP Facility. These whole loan sales did not occur.

The 2008 Asset-Backed Financing Facilities replaced the \$30.0 billion Interim ABCP Facility and \$6.0 billion ABCP facility in the first quarter of 2008. As of March 31, 2008, the 2008 Asset-Backed Financing Facilities are (i) a \$26.0 billion FFELP student loan ABCP conduit facility; (ii) a \$5.9 billion Private Education Loan ABCP conduit facility (collectively, the "2008 ABCP Facilities"); and (iii) a \$2.0 billion secured FFELP loan facility (the "2008 Asset-Backed Loan Facility").

The initial term of the 2008 Asset-Backed Financing Facilities is 364 days. The underlying cost of borrowing under the 2008 ABCP Facilities is LIBOR plus 0.68 percent for the FFELP loan facilities and LIBOR plus 1.55 percent for the Private Education Loan facility, excluding up-front and unused commitment fees. All-in pricing on the 2008 ABCP Facilities will vary based on usage. The Company currently estimates that the combined, fully utilized all-in cost of borrowings related to the 2008 Asset-Backed Financing Facilities including amortized up-front fees and unused commitment fees, is likely to be approximately LIBOR plus 2.15 percent. The 2008 ABCP Facilities will provide funding for certain of the Company's FFELP and

Private Education Loans until such time as these loans are refinanced in the term ABS markets. Funding under the 2008 ABCP Facilities is subject to usual and customary conditions and commenced in early March. The maximum amount the Company may borrow under the 2008 ABCP Facilities is limited based on certain factors, including market conditions, and was approximately \$29.6 billion as of March 31, 2008. In combination with the \$2.0 billion 2008 Asset-Backed Loan Facility, the maximum amount that can be borrowed as of March 31, 2008, is \$31.6 billion related to the 2008 Asset-Backed Financing Facilities. The 2008 ABCP Facilities are subject to termination under certain circumstances, including the Company's failure to comply with the principal financial covenants in its unsecured revolving credit facilities. Borrowings under the 2008 Asset-Backed Financing Facilities are non-recourse to the Company.

The Company has not recently and does not intend to rely on the auction rate securities market as a source of funding. At March 31, 2008, we had \$3.3 billion of taxable and \$1.7 billion of tax-exempt auction rate securities outstanding on a Managed Basis. In February 2008, an imbalance of supply and demand in the auction rate securities market as a whole led to failures of the auctions pursuant to which certain of our auction rate securities' interest rates are set. As a result, all of our auction rate securities as of March 31, 2008 bear interest at the maximum rate allowable under their terms. The maximum allowable interest rate on our \$3.3 billion of taxable auction rate securities is generally LIBOR plus 1.50 percent. The maximum allowable interest rate on many of our \$1.7 billion of tax-exempt auction rate securities was recently amended to LIBOR plus 2.00 percent through May 31, 2008. After May 31, 2008, the maximum allowable rate on these securities will revert to a formula driven rate, which, if in effect as of March 31, 2008, would have produced various maximum rates of up to 3.87 percent.

In the past, we employed reset rate note structures in conjunction with the issuance of certain tranches of our term asset-backed securities. Reset rate notes are subject to periodic remarketing, at which time the interest rates on the reset rate notes are reset. To date, reset rate notes issued in conjunction with our term ABS have been successfully remarketed on their remarketing date. In the event a reset rate note cannot be remarketed on its remarketing date, the interest rate generally steps up to and remains LIBOR plus 0.75 percent, until such time as the bonds are successfully remarketed. The Company also has the option to repurchase the reset rate note upon a failed remarketing and hold it as an investment until such time it can be remarketed. The Company's repurchase of a reset rate note requires additional funding, the availability and pricing of which may be less favorable to the Company than it was at the time the reset rate note was originally issued. As of March 31, 2008, on a Managed Basis, the Company had \$2.6 billion, \$2.1 billion and \$2.5 billion of reset rate notes due to be remarketed in the remainder of 2008, 2009 and 2010, and an additional \$8.5 billion to be remarketed thereafter.

During the remainder of 2008, we expect to fund our liquidity needs through our cash and investment portfolio, the 2008 Asset-Backed Financing Facilities, the issuance of term ABS and, to a lesser extent, if possible, unsecured debt and other sources. To supplement our funding sources, we maintain an additional \$6.5 billion in unsecured revolving credit facilities, of which \$1.0 billion matures in October 2008. We have not in the past relied upon, and do not expect to rely on, our \$6.5 billion unsecured revolving credit facilities as a primary source of liquidity. Although we have never borrowed under these facilities, they are available to be drawn upon for general corporate purposes.

The following table details our primary sources of liquidity and the available capacity at March 31, 2008 and December 31, 2007.

	March 31, 2008 Available Capacity	December 31, 2007 Available Capacity
Sources of primary liquidity:		
Unrestricted cash and liquid investments:		
Cash and cash equivalents	\$ 3,822	\$ 7,582
U.S. Treasury-backed securities	541	643
Commercial paper and asset-backed commercial paper	500	1,349
Certificates of deposit	—	600
Other	74	83
Total unrestricted cash and liquid investments ⁽¹⁾⁽²⁾	4,937	10,257
Unused commercial paper and bank lines of credit	6,500	6,500
2008 ABCP Facilities ⁽³⁾	6,933	—
ABCP borrowing capacity	—	5,933
Interim ABCP Facility borrowing capacity	—	4,040
Total sources of primary liquidity	18,370	26,730
Sources of stand-by liquidity:		
Unencumbered FFELP loans	19,178	18,731
Total sources of primary and stand-by liquidity	\$ 37,548	\$ 45,461

(1) Excludes \$298 million and \$196 million of investments pledged as collateral related to certain derivative positions and \$84 million and \$93 million of other non-liquid investments classified at March 31, 2008 and December 31, 2007, respectively, as cash and investments on our balance sheet in accordance with GAAP.

(2) Includes \$2.2 billion and \$1.3 billion, at March 31, 2008 and December 31, 2007, respectively, of cash collateral pledged by derivative counterparties and held by the Company in unrestricted cash.

(3) Represents the difference between the maximum amount the Company may borrow under the 2008 ABCP Facilities and the amount outstanding as of March 31, 2008, or \$29.6 billion less \$22.7 billion outstanding as of that date.

We believe our unencumbered FFELP loan portfolio provides an excellent source of potential or stand-by liquidity because of the well-developed market for securitizations and whole loan sales of government guaranteed student loans. In addition to the assets listed in the table above, we hold on-balance sheet a number of other unencumbered assets, consisting primarily of Private Education Loans, Retained Interests and other assets. At March 31, 2008, we had a total of \$50.8 billion of unencumbered assets, including goodwill and acquired intangibles.

In addition to liquidity, a major objective when financing our business is to minimize interest rate risk by aligning the interest rate and reset characteristics of our Managed assets and liabilities, generally on a pooled basis, to the extent practicable. In this process we use derivative financial instruments extensively to reduce our interest rate and foreign currency exposure. This interest rate risk management helps us to stabilize our student loan spread in various and changing interest rate environments. (See also "Interest Rate Risk Management" below.)

Managed Borrowings

The following tables present the ending balances of our Managed borrowings at March 31, 2008 and 2007, and average balances and average interest rates of our Managed borrowings for the three months ended March 31, 2008 and 2007. The average interest rates include derivatives that are economically hedging the underlying debt, but do not qualify for hedge accounting treatment under SFAS No. 133. (See "BUSINESS SEGMENTS — Pre-tax differences Between 'Core Earnings' and GAAP by Business Segment — *Reclassification of Realized Gains (Losses) on Derivative and Hedging Activities.*")

Ending Balances

	As of March 31,					
	2008			2007		
	Ending Balance		Total Managed Basis	Ending Balance		Total Managed Basis
	Short Term	Long Term		Short Term	Long Term	
Unsecured borrowings	\$ 10,737	\$ 33,187	\$ 43,924	\$ 3,930	\$ 45,253	\$ 49,183
Indentured trusts (on-balance sheet)	109	2,340	2,449	71	2,793	2,864
ABCP borrowings (on-balance sheet)(1)	24,717	—	24,717	—	4,248	4,248
Securitizations (on-balance sheet)	—	71,025	71,025	—	60,422	60,422
Securitizations (off-balance sheet)	—	40,912	40,912	—	49,245	49,245
Other(2)	2,521	—	2,521	444	—	444
Total	\$ 38,084	\$ 147,464	\$ 185,548	\$ 4,445	\$ 161,961	\$ 166,406

(1) Includes the 2008 Asset-Backed Loan Facility.

(2) Includes the short-term liability for cash collateral held by the Company for exposure to derivative counterparties.

Average Balances

	Three Months Ended March 31,			
	2008		2007	
	Average Balance	Average Rate	Average Balance	Average Rate
Unsecured borrowings	\$ 43,436	4.11%	\$ 48,239	5.64%
Indentured trusts (on-balance sheet)	2,532	4.84	2,908	4.69
ABCP borrowings (on-balance sheet)(1)	25,881	5.08	4,778	5.63
Securitizations (on-balance sheet)	69,750	3.59	54,826	5.68
Securitizations (off-balance sheet)	41,467	3.83	48,206	5.79
Other	2,042	3.32	419	5.30
Total	\$ 185,108	3.99%	\$ 159,376	5.68%

(1) Includes the 2008 Asset-Backed Loan Facility.

Unsecured On-Balance Sheet Financing Activities

The following table presents the senior unsecured credit ratings assigned by major rating agencies as of May 8, 2008.

	Moody's	S&P	Fitch
Short-term unsecured debt	P-2(1)	A-3	F3
Long-term senior unsecured debt	Baa2(1)	BBB-	BBB

(1) Negative outlook.

The table below presents our unsecured on-balance sheet term funding by funding source for the three months ended March 31, 2008 and 2007.

	Debt Issued For the Three Months Ended March 31,		Outstanding at March 31,	
	2008	2007	2008	2007
Convertible debentures	\$ —	\$ —	\$ —	\$ 1,998
Retail notes	—	59	4,169	4,195
Foreign currency denominated notes(1)	—	161	12,808	12,798
Extendible notes	—	—	5,747	5,747
Global notes (Institutional)	—	1,348	19,952	22,476
Medium-term notes (Institutional)	—	—	597	1,796
Total(2)	\$ —	\$ 1,568	\$ 43,273	\$ 49,010

(1) All foreign currency denominated notes are hedged using derivatives that exchange the foreign denomination for U.S. dollars.

(2) Excludes brokered deposits balances of \$651 million and \$173 million at March 31, 2008 and 2007, respectively.

Securitization Activities

Securitization Program

The following table summarizes our securitization activity for the three months ended March 31, 2008 and 2007. Those securitizations listed as sales are off-balance sheet transactions and those listed as financings remain on-balance sheet.

	Three Months Ended March 31,							
	2008				2007			
(Dollars in millions)	No. of Transactions	Loan Amount Securitized	Pre-Tax Gain	Gain%	No. of Transactions	Loan Amount Securitized	Pre-Tax Gain	Gain%
Securitizations — sales:								
FFELP Stafford/PLUS loans	—	\$ —	\$ —	—%	—	\$ —	\$ —	—%
FFELP Consolidation Loans	—	—	—	—	—	—	—	—
Private Education Loans	—	—	—	—	1	2,000	367	18.4
Total securitizations — sales	—	—	\$ —	—%	1	2,000	\$ 367	18.4%
Securitizations — financings:								
FFELP Stafford/PLUS Loans(1)	3	4,700			2	7,004		
FFELP Consolidation Loans(1)	—	—			1	4,002		
Total securitizations — financings	3	4,700			3	11,006		
Total securitizations	3	\$ 4,700			4	\$ 13,006		

(1) In certain securitizations there are terms within the deal structure that result in such securitizations not qualifying for sale treatment and accordingly, they are accounted for on-balance sheet as variable interest entities ("VIEs"). Terms that prevent sale treatment include: (1) allowing us to hold certain rights that can affect the remarketing of certain bonds, (2) allowing the trust to enter into interest rate cap agreements after the initial settlement of the securitization, which do not relate to the reissuance of third party beneficial interests or (3) allowing us to hold an unconditional call option related to a certain percentage of the securitized assets.

Retained Interest in Securitized Receivables

The following tables summarize the fair value of the Company's Residual Interests, included in the Company's Retained Interest (and the assumptions used to value such Residual Interests), along with the underlying off-balance sheet student loans that relate to those securitizations in transactions that were treated as sales as of March 31, 2008 and December 31, 2007.

(Dollars in millions)	As of March 31, 2008			
	FFELP Stafford and PLUS	Consolidation Loan Trusts(1)	Private Education Loan Trusts	Total
Fair value of Residual Interests(2)	\$ 414	\$ 804	\$ 1,656	\$ 2,874
Underlying securitized loan balance(3)	8,907	15,777	13,901	38,585
Weighted average life	2.8 yrs	7.3 yrs.	6.6 yrs	
Prepayment speed (annual rate)(4)				
Interim status	0%	N/A	0%	
Repayment status	0-30%	3-8%	1-30%	
Life of loan — repayment status	17%	6%	9%	
Expected remaining credit losses (% of outstanding student loan principal)	.11%	.21%	5.56%	
Residual cash flows discount rate	12.0%	9.6%	13.9%	

(Dollars in millions)	As of December 31, 2007			
	FFELP Stafford and PLUS	Consolidation Loan Trusts(1)	Private Education Loan Trusts	Total
Fair value of Residual Interests(2)	\$ 390	\$ 730	\$ 1,924	\$ 3,044
Underlying securitized loan balance(3)	9,338	15,968	14,199	39,505
Weighted average life	2.7 yrs.	7.4 yrs.	7.0 yrs	
Prepayment speed (annual rate)(4)				
Interim status	0%	N/A	0%	
Repayment status	0-37%	3-8%	1-30%	
Life of loan — repayment status	21%	6%	9%	
Expected remaining credit losses (% of outstanding student loan principal)	.11%	.21%	5.28%	
Residual cash flows discount rate	12.0%	9.8%	12.9%	

- (1) Includes \$452 million and \$283 million related to the fair value of the Embedded Floor Income as of March 31, 2008 and December 31, 2007, respectively. Changes in the fair value of the Embedded Floor Income are primarily due to changes in the interest rates and the paydown of the underlying loans.
- (2) At March 31, 2008 and December 31, 2007, we had unrealized gains (pre-tax) in accumulated other comprehensive income of \$0 million and \$301 million, respectively, that related to the Retained Interests. As noted in Note 1, "Significant Accounting Policies," to the consolidated financial statements, the unrealized gain in accumulated other comprehensive income as of December 31, 2007 was reclassified to retained earnings upon the adoption of SFAS No. 159.
- (3) In addition to student loans in off-balance sheet trusts, the Company had \$69.1 billion and \$65.5 billion of securitized student loans outstanding (face amount) as of March 31, 2008 and December 31, 2007, respectively, in on-balance sheet securitization trusts.
- (4) The Company uses CPR curves for Residual Interest valuations that are based on seasoning (the number of months since entering repayment). Under this methodology, a different CPR is applied to each year of a loan's seasoning. Repayment status CPR used is based on the number of months since first entering repayment (seasoning). Life of loan CPR is related to repayment status only and does not include the impact of the loan while in interim status. The CPR assumption used for all periods includes the impact of projected defaults.

Off-Balance Sheet Net Assets

The following table summarizes our off-balance sheet net assets at March 31, 2008 and December 31, 2007 on a basis equivalent to our GAAP on-balance sheet trusts, which presents the assets and liabilities in the off-balance sheet trusts as if they were being accounted for on-balance sheet rather than off-balance sheet. This presentation, therefore, includes a theoretical calculation of the premiums on student loans, the allowance for loan losses, and the discounts and deferred financing costs on the debt. This presentation is not, nor is it intended to be, a liquidation basis of accounting. (See also “LENDING BUSINESS SEGMENT — Summary of our Managed Student Loan Portfolio — *Ending Balances, net*” and “LIQUIDITY AND CAPITAL RESOURCES — Managed Borrowings — *Ending Balances,*” earlier in this section.)

	March 31, 2008	December 31, 2007
Off-Balance Sheet Assets:		
Total student loans, net	\$ 38,462	\$ 39,423
Restricted cash and investments	2,383	2,706
Accrued interest receivable	1,326	1,413
Total off-balance sheet assets	42,171	43,542
Off-Balance Sheet Liabilities:		
Debt, par value	41,010	42,192
Debt, unamortized discount and deferred issuance costs	(98)	(104)
Total debt	40,912	42,088
Accrued interest payable	197	305
Total off-balance sheet liabilities	41,109	42,393
Off-Balance Sheet Net Assets	\$ 1,062	\$ 1,149

Servicing and Securitization Revenue

Servicing and securitization revenue, the ongoing revenue from securitized loan pools accounted for off-balance sheet as QSPEs, includes the interest earned on the Residual Interest asset and the revenue we receive for servicing the loans in the securitization trusts. Interest income recognized on the Residual Interest is based on our anticipated yield determined by estimating future cash flows each quarter.

The following table summarizes the components of servicing and securitization revenue for the three months ended March 31, 2008 and 2007.

	Three Months Ended	
	March 31, 2008	March 31, 2007
Servicing revenue	\$ 64	\$ 77
Securitization revenue, before net Embedded Floor Income, impairment and unrealized fair value adjustment	86	106
Servicing and securitization revenue, before net Embedded Floor Income, impairment and unrealized fair value adjustment	150	183
Embedded Floor Income	62	2
Less: Floor Income previously recognized in gain calculation	(16)	(1)
Net Embedded Floor Income	46	1
Servicing and securitization revenue, before impairment and unrealized fair value adjustment	196	184
Unrealized fair value adjustment ⁽¹⁾	(88)	79
Retained Interest impairment	—	(11)
Total servicing and securitization revenue	\$ 108	\$ 252
Average off-balance sheet student loans	\$ 39,163	\$ 44,663
Average balance of Retained Interest	\$ 2,972	\$ 3,442
Servicing and securitization revenue as a percentage of the average balance of off-balance sheet student loans (annualized)	1.11%	2.29%

- (1) The Company adopted SFAS No. 155 on January 1, 2007 and SFAS No. 159 on January 1, 2008. SFAS No. 155 required the Company to identify and bifurcate embedded derivatives from the Residual Interest. However, SFAS No. 155 does allow the Company to elect to carry the entire Residual Interest at fair value through earnings rather than bifurcate such embedded derivatives. For the off-balance sheet securitization that settled in 2007, the Company elected to carry the Residual Interest at fair value through earnings. Effective with the Company's adoption of SFAS No. 159, the Company elected the fair value option on all its Residual Interests and now records all changes in fair value through earnings. Prior to the adoption of SFAS No. 159, changes in fair value on all pre-2007 Residual Interests were recorded in other comprehensive income, pursuant to SFAS No. 115, unless impaired.

Servicing and securitization revenue is primarily driven by the average balance of off-balance sheet student loans, the amount of and the difference in the timing of Embedded Floor Income recognition on off-balance sheet student loans, Retained Interest impairments, and the fair value adjustment related to those Residual Interests where the Company has elected to carry such Residual Interests at fair value through earnings under SFAS No. 155 and SFAS No. 159, as discussed in the above table.

As previously discussed, the Company adopted SFAS No. 159 on January 1, 2008, and has elected the fair value option on all of the Residual Interests effective January 1, 2008. The Company chose this election in order to record all Residual Interests under one accounting model. Prior to this election, Residual Interests were accounted for either under SFAS No. 115 with changes in fair value recorded through other comprehensive income, except if impaired in which case changes in fair value were recorded through income, or under SFAS No. 155 with all changes in fair value recorded through income. Changes in the fair value of Residual Interests on and after January 1, 2008 are recorded through the income statement. The Company recorded a net unrealized mark-to-market loss of \$88 million related to the Residual Interests during the first quarter of 2008. This loss was primarily due to an increase in the cost of funds assumption related to the underlying auction rate securities bonds (\$2.3 billion face amount of bonds) within the FFELP (\$1.7 billion face amount of bonds) and Private Education Loan (\$0.6 billion face amount of bonds) trusts (which was a \$98 million decrease in fair value) as well as increasing the discount rate assumption related to the Private Education Loan Residual Interest (which was a \$74 million decrease in fair value). The Company assumed the underlying auction rate securities bonds would reset at their maximum allowable rate (generally LIBOR plus 150 basis points) through the end of 2008 and then LIBOR plus 75 basis points thereafter. The Company also increased the expected loss assumption related to the Private Education Loan Residuals which decreased the fair value.

by \$51 million. These unrealized losses were partially offset by an unrealized mark-to-market gain related to the Embedded Fixed-Rate Floor Income within the FFELP Consolidation Loan Residual Interests due to the significant decrease in interest rates during the quarter (which was a \$184 million increase in fair value).

The Company assessed the appropriateness of the current risk premium, which is added to the risk free rate, for the purpose of arriving at a discount rate in light of the current economic and credit uncertainty that exists in the market as of March 31, 2008. This discount rate is applied to the projected cash flows to arrive at a fair value representative of the current economic conditions. The Company increased the risk premium by 175 basis points (from December 31, 2007) to better take into account the current level of cash flow uncertainty and lack of liquidity that exists with the Private Education Loan Residual Interests. This adjustment was primarily based on broker quotes the Company receives detailing changes in credit spreads on the outstanding ABS that are directly senior to our Residual Interest.

The Company recorded impairments to the Retained Interests of \$11 million for the quarter ended March 31, 2007. The impairment charges were the result of FFELP loans prepaying faster than projected through loan consolidations.

Interest Rate Risk Management

Asset and Liability Funding Gap

The tables below present our assets and liabilities (funding) arranged by underlying indices as of March 31, 2008. In the following GAAP presentation, the funding gap only includes derivatives that qualify as effective SFAS No. 133 hedges (those derivatives which are reflected in net interest margin, as opposed to those reflected in the "gains/(losses) on derivatives and hedging activities, net" line on the income statement). The difference between the asset and the funding is the funding gap for the specified index. This represents our exposure to interest rate risk in the form of basis risk and repricing risk, which is the risk that the different indices may reset at different frequencies or may not move in the same direction or at the same magnitude.

Management analyzes interest rate risk on a Managed basis, which consists of both on-balance sheet and off-balance sheet assets and liabilities and includes all derivatives that are economically hedging our debt whether they qualify as effective hedges under SFAS No. 133 or not. Accordingly, we are also presenting the asset and liability funding gap on a Managed basis in the table that follows the GAAP presentation.

GAAP Basis

Index (Dollars in billions)	Frequency of Variable Resets	Assets	Funding ⁽¹⁾	Funding Gap
3-month Commercial paper	daily	\$ 103.5	\$ —	\$ 103.5
3-month Treasury bill	weekly	7.5	.2	7.3
Prime	annual	.6	—	.6
Prime	quarterly	1.6	—	1.6
Prime	monthly	15.8	—	15.8
PLUS Index	annual	1.6	—	1.6
3-month LIBOR	daily	—	—	—
3-month LIBOR	quarterly	1.1	103.8	(102.7)
1-month LIBOR ⁽²⁾	monthly	—	5.0	(5.0)
CMT/CPI index	monthly/quarterly	—	3.8	(3.8)
Non Discrete reset ⁽³⁾	monthly	—	2.7	(2.7)
Non Discrete reset ⁽⁴⁾	daily/weekly	8.3	25.7	(17.4)
Fixed-Rate ⁽⁵⁾		19.2	18.0	1.2
Total		\$ 159.2	\$ 159.2	\$ —

(1) Funding includes all derivatives that qualify as hedges under SFAS No. 133.

(2) Funding includes a portion of the 2008 ABCP Facility.

(3) Funding includes auction rate securities.

(4) Assets include restricted and non-restricted cash equivalents and other overnight type instruments. Funding includes a portion of the 2008 ABCP Facility.

(5) Assets include receivables and other assets (including Retained Interests, goodwill and acquired intangibles). Funding includes other liabilities and stockholders' equity (excluding series B Preferred Stock).

The “Funding Gaps” in the above table are primarily interest rate mismatches in short-term indices between our assets and liabilities. We address this issue typically through the use of basis swaps that typically convert quarterly 3-month LIBOR to other indices that are more correlated to our asset indices. These basis swaps do not qualify as effective hedges under SFAS No. 133 and as a result the effect on the funding index is not included in our interest margin and is therefore excluded from the GAAP presentation.

Managed Basis

Index (Dollars in billions)	Frequency of Variable Resets	Assets	Funding ⁽¹⁾	Funding Gap
3-month Commercial paper	daily	\$ 124.7	\$ 11.9	\$ 112.8
3-month Treasury bill	weekly	10.8	8.5	2.3
Prime	annual	1.0	.3	.7
Prime	quarterly	6.9	6.0	.9
Prime	monthly	23.3	14.3	9.0
PLUS Index	annual	2.5	2.5	—
3-month LIBOR ⁽²⁾	daily	—	102.4	(102.4)
3-month LIBOR	quarterly	.9	4.8	(3.9)
1-month LIBOR ⁽³⁾	monthly	—	1.6	(1.6)
Non Discrete reset ⁽⁴⁾	monthly	—	2.5	(2.5)
Non Discrete reset ⁽⁵⁾	daily/weekly	10.8	25.2	(14.4)
Fixed-Rate ⁽⁶⁾		13.2	14.1	(.9)
Total		<u>\$ 194.1</u>	<u>\$ 194.1</u>	<u>\$ —</u>

(1) Funding includes all derivatives that management considers economic hedges of interest rate risk and reflects how we internally manage our interest rate exposure.

(2) Funding includes \$2.5 billion of auction rate securities.

(3) Funding includes a portion of the 2008 ABCP Facility.

(4) Funding includes auction rate securities.

(5) Assets include restricted and non-restricted cash equivalents and other overnight type instruments. Funding includes a portion of the 2008 ABCP Facility.

(6) Assets include receivables and other assets (including Retained Interests, goodwill and acquired intangibles). Funding includes other liabilities and stockholders' equity (excluding series B Preferred Stock).

To the extent possible, we generally fund our assets with debt (in combination with derivatives) that has the same underlying index (index type and index reset frequency). When it is more economical, we also fund our assets with debt that has a different index and/or reset frequency than the asset, but only in instances where we believe there is a high degree of correlation between the interest rate movement of the two indices. For example, we use daily reset 3-month LIBOR to fund a large portion of our daily reset 3-month commercial paper indexed assets. In addition, we use quarterly reset 3-month LIBOR to fund a portion of our quarterly reset Prime rate indexed Private Education Loans. We also use our monthly Non Discrete reset and 1-month LIBOR funding (asset-backed commercial paper program and auction rate securities) to fund various asset types. In using different index types and different index reset frequencies to fund our assets, we are exposed to interest rate risk in the form of basis risk and repricing risk, which is the risk that the different indices that may reset at different frequencies will not move in the same direction or at the same magnitude. While we believe that this risk is low as all of these indices are short-term with rate movements that are highly correlated over a long period of time, market disruptions can lead to a temporary divergence between indices as was experienced in the second half of 2007 with the commercial paper and LIBOR indices. We use interest rate swaps and other derivatives to achieve our risk management objectives.

When compared with the GAAP presentation, the Managed basis presentation includes all of our off-balance sheet assets and funding, and also includes basis swaps that primarily convert quarterly 3-month LIBOR to other indices that are more correlated to our asset indices.

Weighted Average Life

The following table reflects the weighted average life of our Managed earning assets and liabilities at March 31, 2008.

(Averages in Years)	On-Balance Sheet	Managed
Earning assets		
Student loans	8.1	8.2
Other loans	4.9	4.9
Cash and investments	.3	.2
Total earning assets	7.5	7.6
Borrowings		
Short-term borrowings	.7	.7
Long-term borrowings	6.6	6.4
Total borrowings	5.1	5.2

Long-term debt issuances likely to be called by us or putable by the investor have been categorized according to their call or put dates rather than their maturity dates.

COMMON STOCK

The following table summarizes the Company's common share repurchases and issuances for the three months ended March 31, 2008 and 2007. Equity forward activity for the three months ended March 31, 2007 is also reported.

(Shares in millions)	Three Months Ended March 31,	
	2008	2007
Common shares repurchased:		
Open market	—	—
Equity forwards	—	—
Benefit plans ⁽¹⁾	.3	.2
Total shares repurchased	.3	.2
Average purchase price per share	\$ 19.82	\$ 45.87
Common shares issued	1.2	1.5
Equity forward contracts:		
Outstanding at beginning of period	—	48.2
New contracts	—	—
Exercises	—	—
Outstanding at end of period	—	48.2
Authority remaining at end of period for repurchases	38.8	15.7

(1) Includes shares withheld from stock option exercises and vesting of performance stock for employees' tax withholding obligations and shares tendered by employees to satisfy option exercise costs.

The closing price of the Company's common stock on March 31, 2008 was \$15.35.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity Analysis

The effect of short-term movements in interest rates on our results of operations and financial position has been limited through our interest rate risk management. The following tables summarize the effect on earnings for the three months ended March 31, 2008 and 2007 and the effect on fair values at March 31, 2008 and December 31, 2007, based upon a sensitivity analysis performed by management assuming a hypothetical increase in market interest rates of 100 basis points and 300 basis points while funding spreads remain constant. Additionally, as it relates to the effect on earnings, a sensitivity analysis was performed assuming the LIBOR index increased 25 basis points while other indices remained constant. Both of these analyses do not consider any potential impairment to our Residual Interests that may result from a higher discount rate that would be used to compute the present value of the cash flows if long-term interest rates increased. See Note 9, "Student Loan Securitization," within the Company's 2007 Annual Report on Form 10-K, which details the potential decrease to the fair value of the Residual Interest that could occur under the referenced interest rate environment.

	Three Months Ended March 31, 2008					
	Interest Rates:				LIBOR Index to Other Indices	
	Change from Increase of 100 Basis Points		Change from Increase of 300 Basis Points		Increase of 25 Basis Points	
	\$	%	\$	%	\$	%
(Dollars in millions, except per share amounts)						
Effect on Earnings						
Increase/(decrease) in pre-tax net income before unrealized gains (losses) on derivative and hedging activities	\$ (6)	(3)%	\$ (5)	(2)%	\$ (61)	(31)%
Unrealized gains (losses) on derivative and hedging activities	411	113	872	239	67	18
Increase in net income before taxes	\$ 405	244%	\$ 867	521%	\$ 6	4%
Increase in diluted earnings per common share	<u>\$.869</u>	<u>310%</u>	<u>\$ 1.859</u>	<u>664%</u>	<u>\$.013</u>	<u>5%</u>

	Three Months Ended March 31, 2007					
	Interest Rates:				LIBOR Index to Other Indices	
	Change from Increase of 100 Basis Points		Change from Increase of 300 Basis Points		Increase of 25 Basis Points	
	\$	%	\$	%	\$	%
(Dollars in millions, except per share amounts)						
Effect on Earnings						
Increase/(decrease) in pre-tax net income before unrealized gains (losses) on derivative and hedging activities	\$ 3	0%	\$ 4	1%	\$ (41)	(21)%
Unrealized gains (losses) on derivative and hedging activities	133	40	200	60	45	12
Increase in net income before taxes	\$ 136	32%	\$ 204	48%	\$ 4	2%
Increase in diluted earnings per common share	<u>\$.214</u>	<u>82%</u>	<u>\$.333</u>	<u>128%</u>	<u>\$.009</u>	<u>3%</u>

(Dollars in millions)	At March 31, 2008					
	Fair Value	Interest Rates:				
		Change from Increase of 100 Basis Points		Change from Increase of 300 Basis Points		
		\$	%	\$	%	
Effect on Fair Values						
Assets						
Total FFELP loans	\$ 113,409	\$ (439)	—%	\$ (925)	(1)%	
Private Education Loans	17,936	—	—	—	—	
Other earning assets	10,622	(18)	—	(51)	—	
Other assets	17,530	(962)	(5)	(1,974)	(11)	
Total assets	<u>\$ 159,497</u>	<u>\$ (1,419)</u>	<u>(1)%</u>	<u>\$ (2,950)</u>	<u>(2)%</u>	
Liabilities						
Interest bearing liabilities	\$ 135,362	\$ (1,249)	(1)%	\$ (3,137)	(2)%	
Other liabilities	3,377	(78)	(2)	295	9	
Total liabilities	<u>\$ 138,739</u>	<u>\$ (1,327)</u>	<u>(1)%</u>	<u>\$ (2,842)</u>	<u>(2)%</u>	

	At December 31, 2007					
		Interest Rates:				
		Change from Increase of 100 Basis Points		Change from Increase of 300 Basis Points		
(Dollars in millions)	Fair Value	\$	%	\$	%	
Effect on Fair Values						
Assets						
Total FFELP loans	\$ 111,552	\$ (303)	—%	\$ (603)	(1)%	
Private Education Loans	17,289	—	—	—	—	
Other earning assets	16,321	(20)	—	(59)	—	
Other assets	15,092	(887)	(6)	(1,566)	(10)	
Total assets	\$ 160,254	\$ (1,210)	(1)%	\$ (2,228)	(1)%	
Liabilities						
Interest bearing liabilities	\$ 141,055	\$ (1,424)	(1)%	\$ (3,330)	(2)%	
Other liabilities	3,285	392	12	1,471	45	
Total liabilities	\$ 144,340	\$ (1,032)	(1)%	\$ (1,859)	(1)%	

A primary objective in our funding is to minimize our sensitivity to changing interest rates by generally funding our floating rate student loan portfolio with floating rate debt. However, as discussed under “LENDING BUSINESS SEGMENT — Summary of our Managed Student Loan Portfolio — *Floor Income — Managed Basis*,” we can have a fixed versus floating mismatch in funding if the student loan earns at the fixed borrower rate and the funding remains floating. In addition, we can have a mismatch in the index of floating rate debt versus floating rate assets.

During the three months ended March 31, 2008 and 2007, certain FFELP loans were earning Floor Income and we locked in a portion of that Floor Income through the use of futures and Floor Income Contracts. The result of these hedging transactions was to convert a portion of the fixed-rate nature of student loans to variable rate, and to fix the relative spread between the student loan asset rate and the variable rate liability.

In the above table, under the scenario where interest rates increase 100 and 300 basis points, the change in pre-tax net income before the unrealized gains (losses) on derivative and hedging activities is primarily due to the impact of (i) our off-balance sheet hedged FFELP Consolidation Loan securitizations and the related Embedded Floor Income recognized as part of the gain on sale, which results in a decrease in payments on the written Floor contracts that more than offset impairment losses on the Embedded Floor Income in the Residual Interest; (ii) in low interest rate environments our unhedged on-balance sheet loans being in a fixed-rate mode due to the Embedded Floor Income while being funded with variable debt; (iii) a portion of our fixed-rate assets being funded with variable debt and (iv) a portion of our variable assets being funded with fixed debt. Items (i) and (iv) will generally cause income to increase when interest rates increase from a low interest rate environment, whereas, items (ii) and (iii) will generally offset this increase. In the 100 and 300 basis point scenario for the three months ended March 31, 2008, item (ii) had a greater impact due to the decline in interest rates in the first quarter of 2008 than items (i) and (iv) resulting in a net loss. Item (iv) had a bigger impact in both scenarios than items (i) and (ii) for the three months ended March 31, 2007 due to the higher interest rate environment that existed.

Under the scenario in the tables above, where the LIBOR index increases 25 basis points while other indices remain constant, the main driver of the decrease in pre-tax income before unrealized gains (losses) on derivative and hedging activities is the result of LIBOR-based debt funding commercial paper-indexed assets. See "Interest Rate Risk Management — *Asset and Liability Funding Gap*" for a further discussion.

In addition to interest rate risk addressed in the preceding tables, the Company is also exposed to risks related to foreign currency exchange rates. Foreign currency exchange risk is primarily the result of foreign denominated debt issued by the Company. As it relates to the Company's corporate unsecured and securitization debt programs used to fund the Company's business, the Company's policy is to use cross currency interest rate swaps to swap all foreign denominated debt payments (fixed and floating) to U.S. dollar LIBOR using a fixed exchange rate. In the tables above, there would be an immaterial impact on earnings if exchange rates were to decrease or increase, due to the terms of the hedging instrument and hedged items matching. The balance sheet interest bearing liabilities would be affected by a change in exchange rates, however, the change would be materially offset by the cross currency interest rate swaps in other assets or other liabilities. In addition, the Company has foreign exchange risk as a result of international operations, however, the exposure is minimal at this time.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See Note 1 to the consolidated financial statements, "Significant Accounting Policies — *Recently Issued Accounting Pronouncements*."

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Principal Accounting Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of March 31, 2008. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer, concluded that, as of March 31, 2008, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) occurred during the fiscal quarter ended March 31, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Significant Updates to Previously Reported Legal Proceedings

In *Chae, et. al. v. SLM Corporation, et. al.*, (Federal District Court of California), which challenges the Company's billing practices as they relate to use of the simple daily interest method for calculating interest, on April 28, 2008, the court granted the U.S. Department of Justice's (the "Justice Department") motion to intervene as an intervenor/plaintiff in the case. The Justice Department has filed its own complaint requesting the court declare that the billing practices are lawful.

We are also subject to various claims, lawsuits and other actions that arise in the normal course of business. Most of these matters are claims by borrowers disputing the manner in which their loans have been processed or the accuracy of our reports to credit bureaus. In addition, the collections subsidiaries in our asset performance group are routinely named in individual plaintiff or class action lawsuits in which the plaintiffs allege that we have violated a federal or state law in the process of collecting their accounts. Management believes that these claims, lawsuits and other actions will not have a material adverse effect on our business, financial condition or results of operations. Finally, from time to time, we receive information and document requests from state attorneys general and Congressional committees concerning certain of our business practices. Our practice has been and continues to be to cooperate with the state attorneys general and Congressional committees and to be responsive to any such requests.

Item 1A. Risk Factors

We may face limited availability of financing, variation in our funding costs and uncertainty in our securitization financing.

In general, the amount, type and cost of our funding, including securitization, other secured financings and unsecured financing from the capital markets and borrowings from financial institutions, have a direct impact on our operating expenses and financial results and can limit our ability to grow our assets.

A number of factors could make such securitization, other secured financings and unsecured financing more difficult, more expensive or unavailable on any terms both domestically and internationally (where funding transactions may be on terms more or less favorable than in the United States), including, but not limited to, financial results and losses, changes within our organization, specific events that have an adverse impact on our reputation, changes in the activities of our business partners, disruptions in the capital markets, specific events that have an adverse impact on the financial services industry, counterparty availability, changes affecting our assets, our corporate and regulatory structure, interest rate fluctuations, ratings agencies' actions, general economic conditions and the legal, regulatory, accounting and tax environments governing our funding transactions. In addition, our ability to raise funds is strongly affected by the general state of the U.S. and world economies, and may become increasingly difficult due to economic and other factors. Finally, we compete for funding with other industry participants, some of which are publicly traded. Competition from these institutions may increase our cost of funds.

We are dependent on term asset-backed securities market for the long-term financing of student loans. We expect securitizations to provide approximately 90 percent or more of our funding needs in 2008. If the term asset-backed securities market were to experience a prolonged disruption, if our asset quality were to deteriorate or if our debt ratings were to be downgraded, we may be unable to securitize our student loans or to do so on favorable pricing and terms. If we were unable to continue to securitize our student loans at current pricing levels or on favorable terms, we would need to use alternative funding sources to fund new student loan originations and meet our other liquidity needs. If we were unable to find cost-effective and stable funding alternatives, our funding capabilities and liquidity would be negatively impacted and our cost of funds could increase, adversely affecting our results of operations and ability to originate student loans. In addition, the occurrence of certain events such as consolidations and reconsolidations may cause certain of our securitization transactions to amortize earlier than scheduled, which could accelerate the need for additional funding to the extent that we effected the refinancing.

We are also dependent on the 2008 Asset-Backed Financing Facilities to provide funding for our student loans. The 2008 Asset-Backed Financing Facilities are 364-day facilities and will need to be refinanced in February 2009, although our current intention is to be in a position that by February 2009, we will not need to refinance the full amount that was originally borrowed under the facilities. There can be no assurance that we will be able to cost-effectively refinance those facilities, including any potential foreclosure on the student loans under those facilities if we were not able to refinance the facility at all.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the Company's common share repurchases during the first quarter of 2008 in connection with the exercise of stock options and vesting of restricted stock to satisfy minimum statutory tax withholding obligations and shares tendered by employees to satisfy option exercise costs (which combined totaled .3 million shares for the first quarter of 2008). See Note 7, "Stockholders' Equity," to the consolidated financial statements.

(Common shares in millions)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
Period:				
January 1 — January 31, 2008	.3	\$ 19.50	—	38.8
February 1 — February 29, 2008	—	—	—	38.8
March 1 — March 31, 2008	—	—	—	38.8
Total first quarter of 2008	<u>.3</u>	<u>\$ 19.82</u>	<u>—</u>	

Item 3. Defaults upon Senior Securities

Nothing to report.

Item 4. Submission of Matters to a Vote of Security Holders

Nothing to report.

Item 5. Other Information

Nothing to report.

Item 6. Exhibits

The following exhibits are furnished or filed, as applicable:

- 10.30 Retainer Agreement between Anthony P. Terracciano and SLM Corporation effective January 7, 2008
- 10.31 Employment Agreement between Albert L. Lord and SLM Corporation effective March 20, 2008
- 10.32 Note Purchase and Security Agreement dated February 29, 2008, among Phoenix Fundings I, UBS Real Estate Securities Inc., and the other parties named therein.
- 10.33 Note Purchase and Security Agreement dated February 29, 2008, among Rendezvous Funding I and the other parties named therein.
- 10.34 Note Purchase and Security Agreement dated February 29, 2008, among Bluemont Funding I and the other parties named therein.
- 10.35 Schedule of Contracts Substantially Identical to EXHIBIT 10.34 in all Material Respects
- 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SLM CORPORATION
(Registrant)

By: /s/ JOHN F. REMONDI

John F. Remondi
Vice Chairman and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 9, 2008

RETAINER AGREEMENT

THIS RETAINER AGREEMENT (the "Agreement") is entered into by and between Anthony P. Terracciano ("Terracciano") and SLM Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Company").

WHEREAS, on January 7, 2008 (the "Commencement Date"), the Board of Directors of the Company (the "Board") appointed Terracciano as a director and to serve as non-executive Chairman of the Board;

WHEREAS, the Company and Terracciano wish to enter into an agreement documenting the terms of Terracciano's compensation for service as Chairman;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, and intending to be legally bound, the parties, subject to the terms and conditions set forth herein, agree as follows:

1. Term. The term of this Agreement shall be the period beginning on the Commencement Date, and ending on the earlier of the cessation of Terracciano's service as Chairman of the Board or the third anniversary of the Commencement Date (the "Term").
2. Duties. During the Term, Terracciano shall serve as non-executive Chairman of the Board. Terracciano agrees to assume such duties and responsibilities of the Chairman as set forth in the Company's by-laws and governance guidelines and as may be reasonably assigned to Terracciano from time to time by the Board in a manner consistent with applicable legal and corporate governance standards, which responsibilities shall include presiding at meetings of the Board, serving as liaison between management and the Board and participating in communications with the Company's significant shareholders.
3. Commitment. During and throughout the Term, Terracciano will use good faith efforts to discharge the duties and responsibilities assigned to Terracciano hereunder faithfully and to the best of his ability and will devote such time, attention, skill and efforts to the business and affairs of the Company as he determines in good faith is necessary. The Company and Terracciano currently anticipate that Terracciano's duties to the Company will occupy approximately 20% of Terracciano's regular business time.
4. Other Business Activities. It is understood that Terracciano will be a director and not an employee of the Company. For the avoidance of doubt, during the Term, Terracciano will be permitted to render services to other persons, so long as such activities do not significantly interfere with Terracciano's performance of his responsibilities under this Agreement. Notwithstanding anything herein to the contrary, Terracciano's service as Chairman shall not limit or affect his ability to engage in those activities in which he was engaged prior to his appointment as Chairman, including serving as a director of IKON Office Solutions, Inc., TradeCard Inc., and Knoll, Inc., and serving on the Board of Trustees of Monmouth Medical Center, and activities in connection with (i) serving on corporate, civic or charitable boards or

committees provided that such service shall not result in a conflict of interest or violate applicable law, (ii) delivering lectures, fulfilling speaking engagements or teaching at educational institutions and (iii) managing personal investments; provided, however, that any such activities in clauses (i) – (iii) do not significantly interfere with Terracciano's performance of his responsibilities pursuant to this Agreement. In recognition of the time to be devoted to service as Chairman, Terracciano agrees not to serve on any additional boards of directors without prior notice to and approval by the Nominations and Governance Committee of the Board (which approval will not be unreasonably withheld).

5. Annual Cash Retainer. During the Term, Terracciano shall be entitled to receive an annual director's fee of \$600,000 for services as Chairman, which shall be paid quarterly, in advance in cash in accordance with the Company's normal practice for non-employee directors in effect from time to time (the "Annual Cash Retainer").

6. Equity Compensation.

6.1 Grant. On the Commencement Date, Terracciano was granted a stock option award covering five hundred thousand (500,000) shares of the Company's common stock (the "Stock Option") and a stock award covering two hundred thousand (200,000) shares of the Company's common stock (the "Stock Award"), in each case, pursuant to the terms of the Company's Directors Stock Plan (the "Plan").

6.2 Option Exercise Price; Net Exercise of Option. The Stock Option has a per share exercise price equal to \$17.83, which price was the per share closing price of the Company's common stock on the Commencement Date. Terracciano shall be entitled to pay the exercise price in cash to the extent sufficient shares are available for issuance under all awards then outstanding under the Plan or in any event by the Company withholding from the shares of common stock otherwise issuable to the optionholder upon the exercise of the Stock Option (or portion thereof) the whole number of shares (rounded up) having a fair market value (as determined pursuant to the Plan) on the date of exercise sufficient to satisfy the exercise price. If the withheld shares are more than sufficient to satisfy the exercise price the Company shall make such arrangement as it determines appropriate to credit such amount for the optionholder's benefit.

6.3 Vesting Schedule. The Stock Option and the Stock Award were not vested and the Stock Option was not exercisable at the time of grant. Subject to Terracciano's continuous service as a member of the Board through each applicable vesting date, the Stock Option shall vest and become exercisable and the Stock Award shall vest and the shares subject thereto shall become free of any restrictions or limitations in three equal installments on the first, second and third anniversaries of the Commencement Date.

6.4 Stock Option Expiration. Subject to earlier termination pursuant to Section 8, the Stock Option will expire and cease to be exercisable on January 6, 2018 (the "Option Expiration Date").

6.5 Anti-Dilution Adjustments. If the outstanding securities of the class subject to the Stock Option and Stock Award are increased, decreased or exchanged for or

converted into cash, property or a different number or kind of shares or securities, or if cash, property or shares or securities are distributed in respect of such outstanding securities, in either case as a result of a merger, consolidation, reorganization, reclassification, dividend (other than a regular, quarterly cash dividend) or other distribution, stock split, reverse stock split, spin-off or the like, or if substantially all of the property and assets of the Company are sold, then the number of shares subject to the Stock Option and Stock Award and the exercise price of the Stock Option shall be appropriately adjusted by the Compensation Committee of the Board.

6.6 Other Terms and Conditions. The Stock Option and the Stock Award shall be subject to the terms and conditions set forth in this Agreement. To the extent not addressed or provided otherwise in this Agreement, the Stock Option and the Stock Award shall also be subject to the terms and conditions of the Plan (including the administrative terms).

7. Other Benefits.

7.1 Expenses and Business Support. The Company agrees to reimburse Terracciano for all reasonable business expenses incurred by Terracciano in performing his duties pursuant to this Agreement, in accordance with the Company's generally applicable expense reimbursement policies. When Terracciano is performing services as Chairman of or on behalf of the Company, the Company will provide Terracciano with appropriate travel arrangements, including use of the corporate jet.

7.2 Office Support. During the Term, Terracciano shall be provided with an office at the Company's primary executive offices of a size and with furnishings and other appointments as provided to the most senior executives of the Company, and other administrative support at the Company's headquarters commensurate with Terracciano's position.

7.3 Other Support. During the Term, Terracciano shall be provided (i) secretarial assistance at a location convenient to him, and (ii) payment for one-fifth (or such greater amount as approved from time to time by the Board of Directors) of the cost of a car and driver reasonably acceptable to him; provided that the cost of the services described in this paragraph shall be reasonably consistent with the estimates previously provided to the Company.

7.4 Indemnification. The Company shall indemnify, defend and hold harmless Terracciano from and against any expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, arising from or out of or relating to Terracciano's performance, service or status as a director and/or Chairman of the Company or in any other capacity, including serving at the request of the Company Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise to the maximum extent permitted under applicable law. In furtherance of the foregoing, the Company shall enter into its standard form of Director's Indemnification Agreement with Terracciano.

8. Effect of Service Event.

8.1 If a Service Event occurs during the Term and notwithstanding anything herein to the contrary, Terracciano's right to the Annual Cash Retainer and other support referred to in Section 7.3 shall vest and shall be paid and/or provided for the remainder of the scheduled Term (as if the Service Event had not occurred) in accordance with this Agreement notwithstanding any cessation of Terracciano's service as Chairman of the Board.

8.2 Notwithstanding anything herein to the contrary, the Stock Option shall become immediately fully vested and exercisable and the Stock Award shall become immediately fully vested and the shares subject thereto free of any restrictions (a) upon Terracciano's death or Disability, or (b) upon a Service Event, provided that after any such acceleration upon a Service Event Terracciano shall hold the net number of shares received upon any exercise of the Stock Option and vesting of the Stock Award (net of any shares disposed of to pay estimated taxes and to pay the Stock Option exercise price) until the earlier of (i) the date his service as a director ceases and (ii) the date the Stock Option and Stock Award would have become vested and exercisable if the Service Event had not occurred.

8.3 Upon the cessation of Terracciano's service as a member of the Board for Cause or for any reason other than death, Disability or upon or following a Service Event, any then unvested portion of the Stock Option and Stock Award (after taking into account any vesting acceleration pursuant to Section 8.2) shall immediately expire, cease to be exercisable and be forfeited back to the Company; provided, however, that the then vested portion of the Stock Option shall remain outstanding and exercisable until the Option Expiration Date. In addition, the Stock Option shall immediately expire and cease to be exercisable, and any then unvested portion of the Stock Award shall immediately be forfeited, upon the removal of Terracciano from the position of Chairman of the Board for Cause.

8.4 Definitions.

(a) For purposes of this Agreement, "Service Event" shall mean:

- (i) the failure of the Company's stockholders to reelect Terracciano as a member of the Board (other than as a result of conduct that constitutes Cause (as defined below));
- (ii) removal of Terracciano from the position of Chairman of the Board without Cause
- (iii) a Change in Control; or
- (iv) the failure of any successor to assume this Agreement pursuant to Section 13 hereof.

(b) For purposes of this Agreement, "Cause" shall mean:

- (i) the continued failure of Terracciano to perform substantially the duties of Chairman (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Terracciano by the Board which specifically identifies the manner in

which the Board believes that Terracciano has not substantially performed Terracciano's duties;

(ii) the willful engaging by Terracciano in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company; or

(iii) conviction of a felony or guilty or nolo contendere plea by Terracciano with respect thereto.

For purposes of this Section 8.4(b), no act or failure to act, on the part of Terracciano, shall be considered "willful" unless it is done, or omitted to be done, by Terracciano in bad faith or without reasonable belief that Terracciano's action or omission was in the best interests of the Company. For purposes of this Agreement, any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Terracciano in good faith and in the best interests of the Company. The removal of Terracciano from the position of Chairman of the Board shall not be deemed to be for Cause unless and until there shall have been delivered to Terracciano a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the entire membership of the Board (not including Terracciano) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to Terracciano and Terracciano is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Terracciano has engaged in the conduct described above, and specifying the particulars thereof in detail.

(c) For purposes of this Agreement, "Change in Control" shall mean an occurrence of one or more of the following events:

(i) an acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "person or group" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) other than an employee benefit plan of the Company, immediately after which such person or group has "beneficial ownership" (within the meaning of Rule 136-3 under the Exchange Act) of more than fifty percent (50%) of the combined voting power of the Company's then outstanding Voting Securities;

(ii) approval by the stockholders of (i) a merger, consolidation or reorganization involving the Company, unless the Company resulting from such merger, consolidation or reorganization (the "Surviving Corporation") shall adopt or assume the Plan and this Option and either (A) the stockholders of the Company immediately before such merger, consolidation or reorganization own, directly or indirectly immediately following such merger, consolidation, or reorganization, at least seventy-five percent (75%) of the combined voting power of the Surviving Corporation in substantially the same proportion as their ownership immediately before such merger, consolidation or reorganization, or

(B) at least a majority of the members of the Board of Directors of the Surviving Corporation were directors of the Company immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization, or (ii) a complete liquidation or dissolution of the Company; or

(iii) such other events as the Committee or the Board from time to time may specify.

(d) For purposes of this Agreement, "Disability" shall mean: the absence of Terracciano from Chairman's duties with the Company for 180 consecutive days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to Terracciano or Terracciano's legal representative.

9. Certain Additional Payments by the Company.

9.1 Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event that the Company determines in good faith that any payment or distribution by the Company to or for the benefit of Terracciano (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties are incurred by Terracciano with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Terracciano shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Terracciano of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, Terracciano retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 9.1, if it shall be determined that Terracciano is entitled to a Gross-Up Payment, but that the Payments do not exceed 110% of the greatest amount (the "Reduced Amount") that could be paid to Terracciano such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to Terracciano and the Payments, in the aggregate, shall be reduced to the Reduced Amount by reducing the Annual Cash Retainer (with the last installments being reduced first).

9.2 Subject to the provisions of Section 9.3, all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's independent auditors or such other registered public accounting firm selected by the Company and acceptable to Terracciano (such acceptance not to be unreasonably withheld) (any such firm, the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and Terracciano within 15 business days of the receipt of notice from the Company that there has been a Payment, or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid

by the Company to Terracciano within five days of the later of (a) the due date for the payment of any Excise Tax, and (b) the receipt of the Accounting Firm's determination, but in no event later than December 31 of the year following the year in which the Excise Tax is due. Any determination by the Accounting Firm shall be binding upon the Company and Terracciano. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9.3 and Terracciano thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Terracciano. Terracciano shall report Payments on Terracciano's tax returns in a manner consistent with the Company's treatment of such payments for tax purposes.

9.3 Terracciano shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after Terracciano is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Terracciano shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies Terracciano in writing prior to the expiration of such period that it desires to contest such claim, Terracciano shall:

- (a) give the Company any information reasonably requested by the Company relating to such claim;
- (b) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;
- (c) cooperate with the Company in good faith in order effectively to contest such claim; and
- (d) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Terracciano harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9.3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and

may, at its sole option, either direct Terracciano to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Terracciano agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Terracciano to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Terracciano, on an interest-free basis and shall indemnify and hold Terracciano harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Terracciano with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Terracciano shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

9.4 If, after the receipt by Terracciano of an amount advanced by the Company pursuant to Section 9.3, Terracciano becomes entitled to receive any refund with respect to such claim, Terracciano shall (subject to the Company's complying with the requirements of Section 9.3) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by Terracciano of an amount advanced by the Company pursuant to Section 9.3, a determination is made that Terracciano shall not be entitled to any refund with respect to such claim and the Company does not notify Terracciano in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. No Other Compensation; Full Settlement; No Mitigation.

10.1 Except as set forth in Sections 5 through 9 above, Terracciano shall have no right to any other remuneration from the Company in respect of his services as non-executive Chairman of the Board or as a director of the Company during the Term. Upon the cessation of Terracciano's service as a member of the Board, Terracciano shall not be entitled to any additional compensation pursuant to this Agreement, except to the extent described in Sections 5 through 9 above.

10.2 The Company may withhold from any amounts payable to Terracciano such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation, if any, but the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not otherwise be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Terracciano or others.

10.3 In no event shall Terracciano be obligated to seek outside employment or take any other action by way of mitigation of the amounts payable to Terracciano under any of

the provisions of this Agreement and, such amounts shall not be reduced whether or not Terracciano obtains outside employment.

11. Other Agreements. Terracciano represents and warrants to the Company that there are no restrictions, agreements or understandings whatsoever to which Terracciano is a party or by which he is bound that would prevent or make unlawful Terracciano's execution of this Agreement or Terracciano's service hereunder.

12. Survival of Provisions. The provisions of this Agreement shall survive the cessation of Terracciano's service hereunder and the payment of all amounts payable and delivery of all compensation and benefits pursuant to this Agreement incident to any such cessation.

13. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and its successors or permitted assigns and Terracciano and his executors, administrators or heirs. Terracciano may not assign any obligations or responsibilities under this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

14. Notices. All notices required to be given to any of the parties of this Agreement shall be in writing and shall be deemed to have been sufficiently given, subject to the further provisions of this Section 14, for all purposes when presented personally to such party, or sent by facsimile transmission, any national overnight delivery service, or certified or registered mail, to such party at its address set forth below:

(a) If to Terracciano:

Anthony P. Terracciano

(b) If to the Company:

SLM Corporation
Sallie Mae, Inc.
12061 Bluemont Way
Reston, VA 20190
Attention: General Counsel
Fax No. (703) 984-7695

Such notice shall be deemed to be received when delivered if delivered personally, upon electronic or other confirmation of receipt if delivered by facsimile transmission, the next business day after the date sent if sent by a national overnight delivery service, or three (3) business days after the date mailed if mailed by certified or registered mail. Any notice of any Change of such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

15. Entire Agreement; Amendments; Waiver. This Agreement, the terms and conditions of the Plan as referenced in Section 6 of this Agreement, and any other documents, instruments or other writings delivered or to be delivered in connection with this Agreement as specified herein constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersede all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to the terms of Terracciano's service hereunder. This Agreement may be amended or modified only by a written instrument signed by all parties hereto. The waiver of the breach of any term or provision of this Agreement shall not operate as or be construed to be a waiver of any other or subsequent breach of this Agreement.

16. Governing Law. This Agreement shall be governed and construed as to its validity, interpretation and effect by the laws of the State of Delaware.

17. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

18. Miscellaneous.

18.1 Terracciano agrees that during the Term and for a period of two years thereafter (the "Restricted Period") he shall not solicit any employee of the Company to separate employment with the Company or to pursue any business or employment not involving the Company. Terracciano acknowledges that any breach by him of this Section 18.1 will cause continuing and irreparable injury to the Company for which monetary damages would not be an adequate remedy. Terracciano shall not, in any action or proceeding by the Company to enforce this Section 18.1, assert the claim or defense that an adequate remedy at law exists. In the event of such breach by Terracciano, the Company shall have the right to enforce the provisions of this Section 18.1 by seeking injunctive or other relief in any court, and this Agreement shall not in any way limit remedies at law or in equity otherwise available to the Company. In the event that the provisions of Section 18.1 should ever be adjudicated to exceed the time or other limitations permitted by applicable law in any applicable jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time or other limitations permitted by applicable law.

18.2 The section headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation. This Agreement may be

executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument.

19. Arbitration. Any dispute or claim, other than those referred to in Section 18.1, arising out of or relating to this Agreement or otherwise relating to the service relationship between Terracciano and the Company (including but not limited to any claims under Title VII of the Civil Rights Act of 1964, as amended; the Americans with Disabilities Act; the Age Discrimination in Employment Act; the Family Medical Leave Act; and the Employee Income Retirement Security Act) shall be submitted to Arbitration, in Fairfax County, Virginia, and except as otherwise provided in this Agreement shall be conducted in accordance with the rules of, but not under the auspices of, the American Arbitration Association. The arbitration shall be conducted before an arbitration tribunal comprised of three individuals, one selected by the Company, one selected by Terracciano, and the third selected by the first two. The parties and the arbitrators selected by them shall use their best efforts to reach agreement on the identity of the tribunal within ten (10) business days of either party to this Agreement submitting to the other party a written demand for arbitration. The proceedings before the tribunal shall take place within twenty (20) business days of the selection thereof. Terracciano and the Company agree that such arbitration will be confidential and no details, descriptions, settlements or other facts concerning such arbitration shall be disclosed or released to any third party without the specific written consent of the other party, unless required by law or court order or in connection with enforcement of any decision in such arbitration. Any damages awarded in such arbitration shall be limited to the contract measure of damages, and shall not include punitive damages. To the full extent permitted by law, the Company shall pay, as incurred, (i) the costs of the arbitrators, and (ii) all reasonable legal fees and expenses which Terracciano may reasonably incur as a result of any contest (regardless of the outcome thereof provided that Terracciano has acted in good faith and that the Company is provided with such evidence of fees and expenses as it may reasonably require) by the Company, Terracciano or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Terracciano about the amount of any payment pursuant to this Agreement), plus in each case interest on any payment required by this Section 19 that is not paid by the Company within fifteen days after receipt of written notice from Terracciano requesting such payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed effective as of the day and year first written above.

ANTHONY P. TERRACCIANO

/s/ Anthony P. Terracciano

SLM CORPORATION

By: /s/ Michael E. Sheehan

Title: Senior Vice President and General Counsel

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into by and between Albert L. Lord, a resident of the Commonwealth of Virginia ("Executive"), and SLM Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Company").

WHEREAS, the Board of Directors of the Company ("Board") wishes to retain Executive as Chief Executive Officer of the Company, and Executive wishes to accept such employment with the Company, in each case, on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, and intending to be legally bound, the parties, subject to the terms and conditions set forth herein, agree as follows:

1. Employment and Term. Executive hereby agrees to be employed as Chief Executive Officer of the Company, and the Company hereby agrees to retain Executive as Chief Executive Officer. Executive's employment under this Agreement may be maintained through Sallie Mae, Inc. ("Sallie Mae") or another wholly owned subsidiary of the Company used to employ the Company executives, and in such case any reference in this Agreement to employment or termination of employment with the Company shall be deemed to include employment or termination of employment with Sallie Mae or such other subsidiary. The term of Executive's employment with the Company under this Agreement shall be the period commencing on March 20, 2008 (the "Commencement Date") and ending on the earlier of December 31, 2010 and the effective date of any termination pursuant to the provisions of Section 11 (the "Term").

2. Duties. During the Term, Executive will have the title of Chief Executive Officer of the Company. Executive agrees to assume such duties and responsibilities as may be reasonably assigned to Executive from time to time by the Board, which duties shall include principal executive management responsibility for the Company. As requested by the Board, Executive shall assume such additional positions with respect to subsidiaries of the Company as necessary or appropriate in furtherance of his responsibilities. In addition, during the Term, subject to re-election by a vote of stockholders, Executive shall continue to serve on the Board as Vice Chairman thereof.

3. Other Business Activities. During the Term, Executive agrees to devote such time, attention, skill and efforts to the business and affairs of the Company as may be required by the Board and/or necessary to discharge the duties and responsibilities assigned to Executive hereunder. Executive shall serve the Company faithfully and to the best of his ability. Notwithstanding anything herein to the contrary, Executive's service as Chief Executive Officer of the Company shall not limit or affect his ability to engage in those activities in which he was engaged prior to accepting employment as Chief Executive Officer of the Company, and with prior notice to the Executive Committee of the Board, activities in connection with (i) service as a volunteer, officer or director or in a similar capacity of any charitable or civic organization,

(ii) managing personal investments, and (iii) serving as a director, executor, trustee or in another similar fiduciary capacity for a non-commercial entity; provided, however, that any such activities do not conflict with or materially interfere with Executive's performance of his responsibilities and obligations pursuant to this Agreement. Executive may engage in any other business activity or pursuit, directly or indirectly, including serving as a director of BearingPoint, Inc. and, with approval of the Board, serving as a director of any other publicly-traded corporation.

4. Base Salary. The Company shall pay Executive at the annual rate of \$1,250,000 (the "Base Salary"). The Base Salary shall be inclusive of all applicable income, Social Security and other taxes and charges which are required by law or requested to be withheld by Executive and which shall be withheld and paid in accordance with the Company's normal payroll practice for its similarly situated executives as in effect from time to time.

5. Annual Incentive Compensation. Executive did not participate in any of the Company's annual incentive compensation plans for 2007. Beginning January 1, 2008, Executive shall participate at the chief executive officer level in the Company's annual incentive compensation program(s) for executive officers as provided in the SLM Corporation Incentive Plan as such may be amended from time to time (the "Incentive Plan"), subject to the limitations and conditions set forth therein or in any successor plan.

6. For purposes of this Agreement, "Change of Control" shall mean an occurrence of one or more of the following events:

(i) an acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "person" or "group" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) other than an employee benefit plan of the Company, immediately after which such person or group has "Beneficial Ownership" (within the meaning of Rule 13d-3 under the Exchange Act) of more than fifty percent (50%) of the combined voting power of the Company's then outstanding Voting Securities; or

(ii) within any 12-month period, the individuals who were directors of the Company as of the date the Board approved this Agreement (the "Incumbent Directors") ceasing for any reason other than death, disability or retirement to constitute at least a majority of the Board, provided that any director who was not a director as of the date the Board approved this Agreement shall be deemed to be an Incumbent Director if such director was appointed or nominated for election to the Board by, or on the recommendation or approval of, at least a majority of directors who then qualified as Incumbent Directors, provided further that any director appointed or nominated to the Board to avoid or settle a threatened or actual proxy contest shall in no event be deemed to be an Incumbent Director; or

(iii) consummation of a merger, consolidation, or reorganization involving the Company that results in the stockholders of the Company immediately before such merger, consolidation or reorganization owning, directly

or indirectly, immediately following such merger, consolidation or reorganization, less than fifty percent (50%) of the combined voting power of the corporation which survives such transaction as the ultimate parent entity, unless Executive remains Chief Executive Officer, co-Chief Executive Officer, or Chairman of the corporation which survives such transaction as the ultimate, parent entity and prior to the satisfaction of all such conditions, the Board determines that such transaction shall not constitute a Change of Control; or

(iv) a sale of all or substantially all of the assets of the Company.

7. Other Benefits.

(a) Retirement Plans. During the Term, to the extent permissible under the terms of the applicable plans, Executive shall be entitled to participate in all tax-qualified and non-tax-qualified pension plans maintained or contributed to by the Company or for the benefit of its executives, including without limitation, the Sallie Mae Cash Account Retirement Plan and the Sallie Mae Supplemental Cash Account Retirement Plan (collectively, the “the Company Pension Plans”), in accordance with the terms of the Company Pension Plans as they may be amended from time to time in the discretion of the Company.

(b) Medical Insurance. During the Term, Executive shall be entitled to participate in any medical and dental insurance plans generally available to the senior management of the Company, in accordance with the terms of such plans as they may be amended from time to time in the discretion of the Company.

(c) Other Benefit Plans. Executive shall be entitled to receive or participate in such further savings, deferred compensation, health or welfare benefit plans offered to the Company’s senior management generally, in accordance with the terms of such plans as they may be amended from time to time in the discretion of the Company.

(d) Expenses. The Company agrees to reimburse Executive for all reasonable, ordinary and necessary business expenses incurred by Executive in performing his duties pursuant to this Agreement, in accordance with the Company’s reimbursement policies generally applicable to management personnel. In no event shall any such reimbursement be paid later than the end of the calendar year following the year in which the expense was incurred.

8. No Other Compensation. Except as set forth in Sections 4, 5, and 7 above, Executive shall have no right to any other remuneration from the Company in respect of his services as Chief Executive Officer or as a director of the Company during the Term.

9. Nondisclosure of Confidential Information.

(a) Executive and the Company acknowledge that Executive will, in the course of his employment, come into possession of confidential, proprietary business and technical information, and trade secrets of the Company and its Affiliates, as defined in Section 9(b) (the "Proprietary Information"). Proprietary Information includes, but is not limited to, the following:

- Business procedures. All information concerning or relating to the way the Company and its Affiliates conduct their business, which is not generally known to the public or within the industry or trade in which the Company or its Affiliates compete (such as the Company contracts, internal business procedures, controls, plans, licensing techniques and practices, supplier, subcontractor and prime contractor names and contacts and other vendor information, computer system passwords and other computer security controls, financial information, distributor information, and employee data) and the physical embodiments of such information (such as check lists, samples, service and operational manuals, contracts, proposals, printouts, correspondence, forms, listings, ledgers, financial statements, financial reports, financial and operational analyses, financial and operational studies, management reports of every kind, databases, employment or personnel records, and any other written or machine-readable expression of such information as are filed in any tangible media).
- Marketing Plans and Customer Lists. All information not generally known to the public or within the industry or trade in which the Company or its Affiliates compete pertaining to the Company's and its Affiliates' marketing plans and strategies; forecasts and projections; marketing practices, procedures and policies; goals and objectives; quoting practices, procedures and policies; and customer data including the customer list, contracts, representatives, requirements and needs, specifications, data provided by or about prospective customers, and the physical embodiments of such information.
- Business Ventures: All information not generally known to the public or within the industry or trade in which the Company or its Affiliates operate concerning new product development, negotiations for new business ventures, future business plans, and similar information and the physical embodiments of such information.
- Software. All information relating to the Company's and its Affiliates' software or hardware in operation or various stages of research and development, which are not generally known to the public or within the industry or trade in which the Company or its Affiliates compete and the physical embodiments of such information.
- Litigation. Information which is not a public record and is not generally known to the public or within the industry or trade in which the Company or its Affiliates compete regarding litigation and potential litigation matters and the physical embodiments of such information.

- Policy Information. Information not of a public nature regarding the policies and positions that have been or will be advocated by the Company and its Affiliates with government officials, the views of government officials toward such policies and positions, and the status of any communications that the Company or its Affiliates may have with any government officials.
- Information Not Generally Known. Any information which (a) is not generally known to the public or within the industry or trade in which the Company or its Affiliates compete, (b) gives the Company or its Affiliates a significant advantage over its or their competitors, or (c) has significant economic value or potentially significant economic value to the Company or its Affiliates, including the physical embodiments of such information.

(b) Executive acknowledges that the Proprietary Information is a valuable and unique asset of the Company and its Affiliates. Executive agrees that he will not, at any time during his employment or after the termination of his employment with the Company, without the prior written consent of the Company or its Affiliates, as applicable, either directly or indirectly divulge any Proprietary Information for his own benefit or for any purpose other than the exclusive benefit of the Company and/or its Affiliates.

10. Agreement Not to Compete.

(a) Executive agrees that he shall not compete with the Company or its Affiliates during the Term and for a period of two years thereafter (the “Restricted Period”).

(b) For the purposes of this Section 10, “compete” shall mean directly or indirectly through one or more intermediaries (i) working or serving as a director, officer, employee, consultant, agent, representative, or in any other capacity, with or without compensation, on behalf of one or more entities engaged in the Company’s Business (as defined below) in the United States, Canada, or any other country where the Company (including any Affiliate) either engages in the Company’s Business at the time of Executive’s termination or where the Company, at the time of Executive’s termination, has developed a business plan or taken affirmative steps to engage in the Company’s Business; (ii) soliciting any employees, customers, or business partners of the Company, inducing any customer or business partner of the Company to breach a contract with the Company or any principal for whom the Company acts as agent to terminate such agency relationship; and/or (iii) making statements about the Company or its management reasonably determined by the Board to be disparaging. For purposes of this provision, the term “the Company’s Business” shall mean any business activity or line of business similar to the type of business conducted by the Company, Sallie Mae, and/or their Affiliates at the time of Executive’s termination of employment or which the Company, Sallie Mae and/or their Affiliates at the time of Executive’s termination of employment or within one year prior thereto have planned to enter into or conduct. Executive expressly agrees that the markets served by the Company, Sallie Mae and their Affiliates extend nationally and to Canada and are not dependent on the geographic location of the executive personnel or the businesses by which they are employed and that the restrictions set forth in this Section 10 are reasonable and are no greater than are required for the protection of the Company, Sallie Mae, and its Affiliates. For purposes of this Agreement, the term “Affiliate” shall be deemed to refer to the Company,

and any entity (whether or not existing on the date hereof) controlling, controlled by or under common control with the Company.

11. Termination of Employment. Executive shall be employed by the Company under this Agreement on an at-will basis meaning that Executive's employment by the Company may be terminated by Executive or the Company at any time during the Term, with or without cause, and with or without notice. Upon termination, Executive shall be entitled only to such compensation and benefits as described in this Section 11. Upon mutual agreement, Executive may remain employed by the Company after December 31, 2010 pursuant to any terms mutually agreed upon.

11.1 Disability and Death.

(a) Disability. If Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under the Company's disability plan available generally to all employees (any such situation, "Disability"), the Company may terminate Executive's employment hereunder. The determination of whether the Executive has a Disability under this Agreement shall be made by the Compensation Committee, which shall consider the information presented by Executive's personal physician and by any other advisors, including any other physician, which the Compensation Committee determines appropriate. The determination of the Compensation Committee shall be final and binding, unless it is determined to have been arbitrary and capricious. If the employment of Executive terminates during the Term due to the Disability of Executive, the Company shall provide to Executive (i) whatever benefits are available to him under any disability benefit plan(s) applicable to him at the time of such termination to the extent Executive satisfies the requirements of such plan(s), and (ii) the payments set forth in Section 11.1(c).

(b) Death. If Executive dies during the Term, the Company shall pay to Executive's executors, legal representatives or administrators the payments set forth in Section 11.1(c). Except as specifically set forth in this Section 11.1 or under applicable laws, the Company shall have no liability or obligation hereunder to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through him by reason of Executive's death, except that Executive's executors, legal representatives or administrators will be entitled to receive any death benefit payable to them as beneficiaries under any insurance policy or other benefits plans in which Executive participates as an employee of the Company and to exercise any rights afforded them under any benefit plan then in effect.

(c) Payment Upon Disability or Death. Upon termination of the employment of Executive due to death or Disability during the Term, the Company shall pay an amount equal to all accrued but unpaid Base Salary through the date of termination of employment, plus a portion of the Target Annual Incentive Compensation (as defined in Section 11.2(d)) pro-rated for the year through the date of termination.

11.2 Termination By Company Without Cause; Termination By Executive For Good Reason.

(a) Termination By Company Without Cause. The Company may terminate Executive's employment hereunder at any time for any reason other than Cause upon written notice to Executive ("Termination Without Cause").

(b) Termination By Executive For Good Reason. Executive may terminate his employment hereunder at any time For Good Reason ("Termination For Good Reason"). For purposes of this Agreement, Good Reason shall mean (i) a material reduction in the position or responsibilities of Executive, provided that a Change of Control (including the fact that the Company's stock is not publicly held or is held or controlled by a single stockholder as a result of a Change of Control) shall not of itself be deemed a material reduction in the position or responsibilities of Executive; (ii) a material reduction in the Base Salary; (iii) a substantial failure of the Company to perform any material provision of this Agreement; or (iv) a relocation of the Company's executive offices to a distance of more than seventy-five (75) miles from its location as of the date of this Agreement without the consent of Executive, unless such relocation results in the Company's executive offices being closer to Executive's then primary residence or does not substantially increase the average commuting time of Executive.

(c) In the event of a Termination Without Cause or a Termination For Good Reason, the Company shall pay to Executive within (i) forty-five (45) days after termination an amount equal to all accrued but unpaid Base Salary through the date of termination of employment, plus a portion of the Target Annual Incentive Compensation pro-rated for the year through the date of termination, and (ii) subject to Section 21, forty-five (45) days after termination an amount equal to the Multiplier times the Compensation Amount (as such terms are defined in Section 11.2(d) below).

(d) The Multiplier is defined as the number obtained by dividing by twelve the number of full months remaining in the Term at the time of Executive's termination of employment but in no event shall the Multiplier be less than one. The Target Annual Incentive Compensation shall be a cash payment equal to the value of the chief executive officer target bonus under the Incentive Plan. The Compensation Amount is defined as the sum of (i) the annual Base Salary of Executive as in effect immediately prior to Executive's termination of employment, and (ii) the Target Annual Incentive Compensation.

11.3 Change of Control.

(a) In the event a Termination Without Cause (as defined in Section 11.2(a)) or a Termination For Good Reason (as defined in Section 11.2(b)) occurs during the Term of this Agreement and following a Change of Control, Executive shall be entitled to receive, subject to Section 21, forty-five (45) days after termination an amount equal to the Multiplier, which shall not be less than one, times the Compensation Amount, as such terms are defined in Section 11.2(d).

(b) If, as a result of payments provided for under or pursuant to this Agreement together with all other payments in the nature of compensation provided to or for the

benefit of Executive under any other agreement in connection with a Change of Control, Executive becomes subject to taxes of any state, local or federal taxing authority that would not have been imposed on such payments but for the occurrence of a Change of Control, including any excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”) and any successor or comparable provision, then, in addition to any other benefits provided under or pursuant to this Agreement or otherwise, the Company (including any successor to the Company) shall pay to Executive at the time any such payments are made under or pursuant to this or the other agreements, an amount equal to the amount of any such taxes imposed or to be imposed on Executive (the amount of any such payment, the “Parachute Tax Reimbursement”). In addition, the Company (including any successor to the Company) shall “gross up” such Parachute Tax Reimbursement by paying to Executive at the same time an additional amount equal to the aggregate amount of any additional taxes (whether income taxes, excise taxes, special taxes, employment taxes or otherwise) that are or will be payable by Executive as a result of the Parachute Tax Reimbursement being paid or payable to Executive and/or as a result of the additional amounts paid or payable to Executive pursuant to this sentence, such that after payment of such additional taxes Executive shall have been paid on a net after-tax basis an amount equal to the Parachute Tax Reimbursement. The amount of any Parachute Tax Reimbursement and of any such gross-up amounts shall be determined by a registered public accounting firm selected by the Compensation Committee (in conjunction with the Audit Committee) of the Board of Directors, whose determination, absent manifest error, shall be treated as conclusive and binding absent a binding determination by a governmental taxing authority that a greater or lesser amount of taxes is payable by Executive.

11.4 Termination For Cause; Termination By Executive Without Good Reason.

(a) Termination for Cause. The Company may terminate the employment of Executive for Cause at any time during the Term. For purposes of this Agreement, Cause shall mean a determination by the Board of Directors that there has been a willful and continuing failure of Executive to perform substantially his obligations under this Agreement (other than as a result of Executive’s death or Disability) and, if in the judgment of the Board of Directors such willful and continuing failure may be cured by Executive, that such failure has not been cured by Executive within ten (10) business days after written notice of such was given to Executive by the Board of Directors, or that Executive has committed an act of Misconduct (as defined below). For purposes of this Agreement, “Misconduct” shall mean: (i) embezzlement, fraud, commission of a felony, breach of fiduciary duty or deliberate disregard of material Company rules; (ii) personal dishonesty of Executive materially injurious to the Company; (iii) an unauthorized disclosure of any Proprietary Information; or (iv) competing with the Company while employed by the Company or during the Restricted Period, in contravention of Section 10.

(b) Termination By Executive Without Good Reason. Executive may terminate his employment hereunder at any time without Good Reason (as defined in Section 11.2(b)) (“Termination Without Good Reason”).

(c) In the event the Company terminates Executive’s employment with Company for Cause or by Executive Without Good Reason, Executive shall receive all accrued and vested but unpaid Base Salary and benefits as of the effective date of termination.

11.5 Board of Directors Service. Subject to re-election by a vote of stockholders, Executive shall continue to serve on the Board of Directors through the Term and as a condition to the payment of any termination benefits under this Agreement shall offer to tender his resignation from the Board of Directors upon expiration of the Term, or upon any earlier termination of his employment, which resignation may or may not be accepted.

12. Other Agreements. Executive represents and warrants to the Company that:

(a) There are no restrictions, agreements or understandings whatsoever to which Executive is a party or by which he is bound that would prevent or make unlawful Executive's execution of this Agreement or Executive's employment hereunder, or which are or would be inconsistent or in conflict with this Agreement or Executive's employment hereunder, or which would prevent, limit or impair in any way the performance by Executive of his obligations hereunder.

(b) Executive shall disclose the existence and terms of the restrictive covenants set forth in this Agreement to any employer by whom Executive may be employed during the Term (which employment is not hereby authorized) or during the Restricted Period as defined in the Agreement Not to Compete by and between Executive and the Company set forth in Section 10 hereof.

13. Survival of Provisions. The provisions of this Agreement, including without limitation those set forth in Sections 9, 10, 12, 13, 14, 15, 22, and 24 hereof, shall survive the termination of Executive's employment hereunder and the payment of all amounts payable and delivery of all post-termination compensation and benefits pursuant to this Agreement incident to any such termination of employment.

14. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and its successors or permitted assigns and Executive and his executors, administrators or heirs. The Company shall require any successor or successors expressly to assume the obligations of the Company under this Agreement. For purposes of this Agreement, the term "successor" shall include the ultimate parent corporation of any corporation involved in a merger, consolidation, or reorganization with or including the Company that results in the stockholders of the Company immediately before such merger, consolidation or reorganization owning, directly or indirectly, immediately following such merger, consolidation or reorganization, securities of another corporation, regardless of whether any such merger, consolidation or reorganization is deemed to constitute a Change of Control for purposes of this Agreement. Executive may not assign any obligations or responsibilities under this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the Company. At any time during the Term, the Company may provide, without the prior written consent of Executive, that Executive shall be employed pursuant to this Agreement by any of its Affiliates instead of or in addition to Sallie Mae or the Company, and in such case all references herein to the "Company" shall be deemed to include any such entity, provided that such action shall not relieve the Company of its obligation to make or cause an Affiliate to make or provide for any payment to or on behalf of Executive pursuant to this Agreement. The Board may assign any or all of its responsibilities hereunder to any committee of the Board, in which case references to Board shall be deemed to refer to such committee.

15. Notices. All notices required to be given to any of the parties of this Agreement shall be in writing and shall be deemed to have been sufficiently given, subject to the further provisions of this Section 15, for all purposes when presented personally to such party, or sent by facsimile transmission, any national overnight delivery service, or certified or registered mail, to such party at its address set forth below:

(a) If to Executive:

Albert L. Lord

(b) If to the Company:

SLM Corporation
Sallie Mae, Inc.
12061 Bluemont Way
Reston, VA 20190
Attention: General Counsel
Fax No. (703) 984-7695

Such notice shall be deemed to be received when delivered if delivered personally, upon electronic or other confirmation of receipt if delivered by facsimile transmission, the next business day after the date sent if sent by a national overnight delivery service, or three (3) business days after the date mailed if mailed by certified or registered mail. Any notice of any change of such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

16. Entire Agreement. This Agreement and any other documents, instruments or other writings delivered or to be delivered in connection with this Agreement as specified herein constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersede all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to the terms of Executive's employment by the Company.

17. Amendments; Waiver. This Agreement may be amended or modified only by a written instrument signed by all parties hereto. The waiver of the breach of any term or provision of this Agreement shall not operate as or be construed to be a waiver of any other or subsequent breach of this Agreement.

18. Governing Law. This Agreement shall be governed and construed as to its validity, interpretation and effect by the laws of the Commonwealth of Virginia.

19. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such

provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

20. Section Headings. The section headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

21. Effect of Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, if the Company determines (a) that on the date Executive's employment with the Company terminates or at such other time that the Company determines to be relevant, the Executive is a "specified employee" (as such term is defined under Section 409A of the Code) of the Company and (b) that any payments to be provided to Executive pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code ("Section 409A Taxes") if provided at the time otherwise required under this Agreement then such payments shall be delayed until the date that is six months after date of the Executive's "separation from service" (as such term is defined under Section 409A of the Code) with the Company, or such shorter period that, as determined by the Company, is sufficient to avoid the imposition of Section 409A Taxes.

22. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument.

23. Specific Enforcement; Extension of Period. Executive acknowledges that the restrictions contained in Sections 9 and 10 hereof are reasonable and necessary to protect the legitimate interests of the Company and its Affiliates and that the Company would not have entered into this Agreement in the absence of such restrictions. Executive also acknowledges that any breach by him of Sections 9 or 10 hereof will cause continuing and irreparable injury to the Company for which monetary damages would not be an adequate remedy. Executive shall not, in any action or proceeding by the Company to enforce Sections 9 or 10 of this Agreement, assert the claim or defense that an adequate remedy at law exists. In the event of such breach by Executive, the Company shall have the right to enforce the provisions of Sections 9 and 10 of this Agreement by seeking injunctive or other relief in any court, and this Agreement shall not in any way limit remedies at law or in equity otherwise available to the Company. In the event that the provisions of Sections 9 or 10 hereof should ever be adjudicated to exceed the time, geographic, or other limitations permitted by applicable law in any applicable jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic, or other limitations permitted by applicable law.

24. Arbitration. Any dispute or claim, other than those referred to in Section 23, arising out of or relating to this Agreement or otherwise relating to the employment relationship between Executive and the Company (including but not limited to any claims under Title VII of the Civil Rights Act of 1964, as amended; the Americans with Disabilities Act; the Age Discrimination in Employment Act; the Family Medical Leave Act; and the Employee Income Retirement Security Act) shall be submitted to Arbitration, in Fairfax County, Virginia, and except as otherwise provided in this Agreement shall be conducted in accordance with the rules of, but not under the auspices of, the American Arbitration Association. The arbitration shall be

conducted before an arbitration tribunal comprised of three individuals, one selected by the Company, one selected by Executive, and the third selected by the first two. The parties and the arbitrators selected by them shall use their best efforts to reach agreement on the identity of the tribunal within ten (10) business days of either party to this Agreement submitting to the other party a written demand for arbitration. The proceedings before the tribunal shall take place within twenty (20) business days of the selection thereof. Executive and the Company agree that such arbitration will be confidential and no details, descriptions, settlements or other facts concerning such arbitration shall be disclosed or released to any third party without the specific written consent of the other party, unless required by law or court order or in connection with enforcement of any decision in such arbitration. Any damages awarded in such arbitration shall be limited to the contract measure of damages, and shall not include punitive damages. The parties shall equally divide the costs of the arbitrators, and each party shall bear his or its attorneys' fees and other costs, except that the arbitrators may specifically direct one party to bear the entire cost of the arbitration, including all attorneys' fees, if the arbitrators determine that such party acted in bad faith.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first written above.

SLM Corporation		
By:	<u>/s/ Michael Sheehan</u>	<u>/s/ Albert L. Lord</u>
Title:	Senior Vice President and General Counsel	Albert L. Lord

NOTE PURCHASE AND SECURITY AGREEMENT

by and among

PHOENIX FUNDINGS I,
as the Trust,

SALLIE MAE, INC.,
as Administrator

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Eligible Lender Trustee,

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Paying Agent and as Securities Intermediary,

UBS REAL ESTATE SECURITIES INC.,
as Note Purchaser,

And

UBS SECURITIES LLC,
as Administrative Agent

February 29, 2008

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms	1
Section 1.02. Other Terms	24
Section 1.03. Computation of Time Periods	24
Section 1.04. Time References	24

ARTICLE II

THE FACILITY

Section 2.01. Issuance and Purchase of Note; Making of Advances	24
Section 2.02. Termination of Facility or Reduction of the Aggregate Note Balance	26
Section 2.03. The Accounts	26
Section 2.04. Mark to Market Valuation	28
Section 2.05. Transfers from Collection Account	28
Section 2.06. Capitalized Interest Account and Reserve Account	30
Section 2.07. Transfers from the Capitalized Interest Account and Reserve Account	31
Section 2.08. Management of Trust Accounts by Paying Agent	32
Section 2.09. Pledged Collateral, Assignment of the Transaction Documents	33
Section 2.10. Grant of a Security Interest	34
Section 2.11. Payments by the Trust	35
Section 2.12. Payment of Stamp Taxes, Etc	35
Section 2.13. Yield Protection	35
Section 2.14. Extension	38
Section 2.15. Servicer Advances	39
Section 2.16. Release of Pledged Collateral	39
Section 2.17. Effect of Release	40
Section 2.18. Taxes	40

ARTICLE III

THE NOTE

Section 3.01. Form of Note Generally	43
Section 3.02. Securities Legend	43
Section 3.03. Principal and Interest Payments	44
Section 3.04. Execution and Dating	44
Section 3.05. Registration, Registration of Transfer, Transfer Restrictions	44
Section 3.06. Mutilated, Destroyed, Lost and Stolen Notes	45
Section 3.07. Persons Deemed Owners	46
Section 3.08. Cancellation	46

ARTICLE IV

CONDITIONS TO NOTE PURCHASE AND ADVANCES

Section 4.01. Conditions Precedent to Note Purchase and Initial Advance	46
Section 4.02. Conditions Precedent to All Advances	47

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.01. General Representations and Warranties of the Trust	49
Section 5.02. Representations and Warranties of the Trust Regarding the Administrative Agent's Security Interest	53
Section 5.03. Particular Representations and Warranties of the Trust	53
Section 5.04. Repurchase of Student Loans; Reimbursement	55
Section 5.05. Administrator Actions Attributable to the Trust	55

ARTICLE VI

COVENANTS OF THE TRUST

Section 6.01. Preservation of Separate Existence	55
Section 6.02. Notice of Termination Event or Potential Termination Event	56
Section 6.03. Notice of Material Adverse Change	56
Section 6.04. Compliance with Laws; Preservation of Corporate Existence	56

Section 6.05. Enforcement of Obligations	56
Section 6.06. Maintenance of Books and Records	57
Section 6.07. Fulfillment of Obligations	58
Section 6.08. Notice of Material Litigation	58
Section 6.09. Notice of Relocation	58
Section 6.10. Rescission or Modification of Trust Student Loans and Transaction Documents	59
Section 6.11. Liens	59
Section 6.12. Sales of Assets; Consolidation/Merger	60
Section 6.13. Change in Business	60
Section 6.14. Residual Interest	61
Section 6.15. General Reporting Requirements	61
Section 6.16. Inspections	62
Section 6.17. ERISA	63
Section 6.18. Servicer	63
Section 6.19. Acquisition, Financing, Collection and Assignment of Student Loans	63
Section 6.20. Administration and Collection of Trust Student Loans	63
Section 6.21. Obligations of the Trust With Respect to Pledged Collateral	63
Section 6.22. Amendment of Organizational Documents	63
Section 6.23. No Payments on Excess Distribution Certificate	63
Section 6.24. Borrower Benefit Programs	64
Section 6.25. Anti-Terrorism Law; Anti-Money Laundering	64
Section 6.26. Embargoed Person	64

ARTICLE VII

TERMINATION EVENTS

Section 7.01. Termination Events	65
Section 7.02. Remedies	68
Section 7.03. Setoff	69

ARTICLE VIII
INDEMNIFICATION

Section 8.01. Indemnification by the Trust	71
--	----

ARTICLE IX
ADMINISTRATIVE AGENT

Section 9.01. Authorization and Action	71
Section 9.02. Exculpation	71
Section 9.03. Administrative Agent and Affiliates	72
Section 9.04. Note Purchaser's Credit Decision	72
Section 9.05. Certain Matters Affecting the Administrative Agent	72
Section 9.06. Administrative Agent Not Liable	74
Section 9.07. Agent May Own Notes	74
Section 9.08. Resignation or Removal of Agent	74
Section 9.09. Successor Administrative Agent	75
Section 9.10. Eligibility Requirements for Successor Agent	76
Section 9.11. Merger or Consolidation of Agent	76
Section 9.12. Indemnification of Agent	76

ARTICLE X
MISCELLANEOUS

Section 10.01. Amendments, Etc	77
Section 10.02. Notices, Etc	77
Section 10.03. No Waiver; Remedies	77
Section 10.04. Successors and Assigns; Binding Effect	77
Section 10.05. Survival	79
Section 10.06. Governing Law	79
Section 10.07. Severability	79
Section 10.08. Submission to Jurisdiction	79
Section 10.09. Waiver of Jury Trial	80
Section 10.10. Appointment of Service Agent	80

Section 10.11. Costs and Expenses	80
Section 10.12. Bankruptcy Non-Petition and Limited Recourse	80
Section 10.13. Recourse Against Certain Parties	81
Section 10.14. Execution in Counterparts; Severability	81
Section 10.15. Confidentiality	82
Section 10.16. Section Titles	83
Section 10.17. Entire Agreement	83
Section 10.18. Eligible Lender Trustee	83
Section 10.19. USA Patriot Act Notice	84
Section 10.20. The Paying Agent	84
EXHIBIT A	FORM OF ADVANCE REQUEST
EXHIBIT B	LIST OF APPROVED GUARANTORS
EXHIBIT C	FORM OF MONTHLY REPORT
EXHIBIT D	FORM OF NOTICE OF RELEASE
EXHIBIT E	FORM OF PRO FORMA REPORT (SECTION 2.16(B)(IV))
EXHIBIT F	FORM OF 2.18(d) CERTIFICATE
EXHIBIT G	FORM OF FUNDING NOTE
EXHIBIT H	PARTIAL RELEASE OF COLLATERAL

NOTE PURCHASE AND SECURITY AGREEMENT

THIS NOTE PURCHASE AND SECURITY AGREEMENT (this “*Agreement*”) is made as of February 29, 2008, among PHOENIX FUNDINGS I, a statutory trust duly organized under the laws of the State of Delaware, as the note issuer hereunder (the “*Trust*”), SALLIE MAE, INC., a Delaware corporation, as administrator (the “*Administrator*”), THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as the eligible lender trustee hereunder (the “*Eligible Lender Trustee*”), DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as the paying agent hereunder (the “*Paying Agent*”) and the securities intermediary hereunder (the “*Securities Intermediary*”), UBS REAL ESTATE SECURITIES INC., as the purchaser of the funding note hereunder (the “*Note Purchaser*”) and UBS SECURITIES LLC, as the administrative agent for the Note Purchaser (in such capacity, the “*Administrative Agent*”).

PRELIMINARY STATEMENTS

WHEREAS, the Note Purchaser is engaged in the business of acquiring interests in financial assets from various sellers from time to time or making loans to certain entities or purchasing notes of certain entities for the purpose of financing financial assets of such entities; and

WHEREAS, the Trust will purchase certain Eligible FFELP Loans in accordance with the Sale Agreement; and

WHEREAS, the Trust desires to fund such purchases through the issuance and sale of the Note to the Note Purchaser on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. Certain capitalized terms used throughout this Agreement are defined above or in this Section.

As used in this Agreement and its exhibits, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

“*Adjusted Cash Income*” means, for any period, Adjusted Revenue for such period less Operating Expenses for such period.

“*Adjusted Revenue*” means, for any period, (a) the sum, without duplication, of all items which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in

accordance with GAAP as (i) “total interest income” and (ii) “total other income”, less (b) the sum of (i) “provisions for losses”, (ii) “gains on student loan securitizations” and (iii) “servicing and securitization revenue”, eliminating (c) “total net impact of SFAS No. 133 derivative accounting”, and including (d) “net interest income on securitized loans, after provisions for losses”, in the case of (c) and (d) above as currently reported in SLM Corporation’s most recent Form 10-Q or Form 10-K, as applicable, under “RESULTS OF OPERATIONS” – “Alternative Performance Measures” or as subsequently identified in writing by SLM Corporation.

“**Administrative Agent**” means UBS Securities LLC and its successors and assigns, in its capacity as agent for the Note Purchaser as set forth in Article IX.

“**Administration Agreement**” means the Administration Agreement, dated as of the Closing Date, among the Depositor, the Trust, the Eligible Lender Trustee, the Administrator and the Administrative Agent, as amended and supplemented pursuant to the terms thereof.

“**Administrator Fee**” means, for each Settlement Period, a fee payable to the Administrator monthly in arrears equal to \$10,000.

“**Administrator**” means Sallie Mae, Inc., a Delaware corporation, and its successors and assigns, in its capacity as administrator of the Trust in accordance with the Administration Agreement.

“**Administrator Default**” has the meaning assigned to such term in Section 5.01 of the Administration Agreement.

“**Advance**” means an advance made by the Note Purchaser pursuant to Article II.

“**Advance Date**” means, with respect to any Advance, the date on which such Advance is made, which date shall be a Business Day.

“**Advance Request**” means a request by the Administrator on behalf of the Trust for an Advance to be made on a specified Advance Date as contemplated in Section 2.01(b), and including a related Borrowing Base certification, substantially in the form of Exhibit A hereto.

“**Adverse Claim**” means a lien, security interest, charge, encumbrance or other right or claim or restriction in favor of any Person (including any UCC financing statement or similar instrument filed against the assets of that Person) other than, with respect to the Pledged Collateral, any lien, security interest, charge, encumbrance or other right or claim or restriction in favor of the Administrative Agent for the benefit of the Secured Creditors.

“**Affiliate**” means, when used with respect to a Person, any other Person controlling, controlled by or under common control with such Person. A Person shall be deemed to control another person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, membership interests, by contract or otherwise.

“**Aggregate Note Balance**” means, as of any date of determination, the outstanding principal amount of the Note after giving effect to all distributions of principal and interest made on such date of determination plus any accrued but unpaid interest on the Note.

“**Agreement**” means this Note Purchase and Security Agreement, together with all exhibits and appendices attached hereto as the same may be amended, restated, supplemented or otherwise modified from time to time hereafter.

“**Alternate Base Rate**” means, as of any date, a fluctuating rate of interest per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the greater of (a) the Prime Rate as of such date of determination and (b) the Federal Funds Rate most recently determined by the Administrative Agent plus 0.50% per annum.

“**Anti-Terrorism Laws**” has the meaning assigned to such term in Section 5.01(u).

“**Applicable Percentage**” means:

(a) with respect to each Eligible FFELP Loan (other than as described in clause (b) below), (i) on the Closing Date, 95% and (ii) as of any date of determination thereafter, the lesser of (x) 95% and (y) if any, the revised percentage determined by the Valuation Agent pursuant to Section 2.04 hereof; and

(b) with respect to each Eligible FFELP Loan that is a Defaulted Student Loan and as of any date of determination from time to time, the lesser of (i) the percentage applicable to such Eligible FFELP Loan if it is a Defaulted Student Loan as of such date of determination (which shall be equal to the lesser of the guarantee percentage with respect to such loan as provided in the Higher Education Act and the Applicable Percentage for an otherwise identical loan that is not a Defaulted Student Loan) and (ii) if any, the revised percentage determined by the Valuation Agent pursuant to Section 2.04 hereof.

“**Authorized Officer**” means:

(a) with respect to the Eligible Lender Trustee or the Trust, any officer of the Eligible Lender Trustee who is authorized to act for the Eligible Lender Trustee in matters relating to the Trust pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Eligible Lender Trustee to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Eligible Lender Trustee from time to time thereafter and delivered to the Administrative Agent);

(b) with respect to the Administrator, any officer of the Administrator who is authorized to act for the Administrator in matters relating to itself or to the Trust and to be acted upon by the Administrator pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Administrator to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Administrator from time to time thereafter and delivered to the Administrative Agent);

(c) with respect to the Depositor, any officer of the Depositor who is authorized to act for the Depositor in matters relating to itself or to be acted upon by the Depositor pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Depositor to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Depositor from time to time thereafter and delivered to the Administrative Agent);

(d) with respect to the Servicer, any officer of the Servicer who is authorized to act for the Servicer in matters relating to itself or to be acted upon by the Servicer pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Servicer to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Servicer from time to time thereafter and delivered to the Administrative Agent);

(e) with respect to SLM Corporation, any officer of SLM Corporation who is authorized to act for SLM Corporation in matters relating to itself or to be acted upon by SLM Corporation pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by SLM Corporation to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by SLM Corporation from time to time thereafter and delivered to the Administrative Agent) and

(f) with respect to the Paying Agent, any officer within its corporate trust office (or any successor group of the Paying Agent), including any managing director, director, vice president, assistant vice president, secretary, assistant secretary, assistant treasurer, associate, vice president or any other officer of the Paying Agent customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

“**Available Funds**” means, with respect to a Settlement Date, the sum of the following amounts received into the Collection Account with respect to the related Settlement Period:

(a) all collections of principal and interest on the Trust Student Loans, including any Guarantee Payments received on the Trust Student Loans but net of (i) any collections in respect of principal on the Trust Student Loans applied by the Trust to repurchase guaranteed loans from the Guarantors under the Guarantee Agreements, (ii) amounts required by the Higher Education Act to be paid to the Department or to be repaid to borrowers (whether or not in the form of a principal reduction of the applicable Trust Student Loan) on the Trust Student Loans for that Settlement Period and (iii) amounts deposited into the Floor Income Rebate Account during the related Settlement Period;

(b) any Interest Subsidy Payments and Special Allowance Payments with respect to the Trust Student Loans received during that Settlement Period for the Trust Student Loans;

(c) all Liquidation Proceeds from any Trust Student Loans which became Liquidated Student Loans during that Settlement Period in accordance with the Servicer's customary servicing procedures and any amounts required by law to be remitted to the borrowers on Liquidated Student Loans, plus all Recoveries on Liquidated Student Loans which were written off in prior Settlement Periods or during that Settlement Period;

(d) the aggregate amounts received during that Settlement Period for those Trust Student Loans repurchased by the Servicer or the Depositor, as applicable, pursuant to the applicable Purchase Agreement and the Sale Agreement or purchased by the Servicer pursuant to the Servicing Agreement;

(e) the aggregate amounts, if any, received by the Trust from the applicable Seller, the Depositor or the Servicer, as the case may be, as reimbursement of non-guaranteed interest amounts, or lost Interest Subsidy Payments and Special Allowance Payments, on the Trust Student Loans pursuant to the Sale Agreement or Section 3.05 of the Servicing Agreement, respectively;

(f) amounts received by the Trust pursuant to Sections 3.01 and 3.12 of the Servicing Agreement during that Settlement Period as to yield or principal adjustments other than deposits into the Borrower Benefit Account;

(g) investment earnings for that Settlement Period earned on investments in the Collection Account, Borrower Benefit Account, Floor Income Rebate Account, Capitalized Interest Account and Reserve Account during such Settlement Period;

(h) if applicable, amounts transferred from the Capitalized Interest Account in excess of the Capitalized Interest Account Specified Balance, calculated as of the end of the Settlement Period related to that Settlement Date;

(i) if applicable, amounts transferred from the Reserve Account in excess of the Reserve Account Specified Balance, calculated as of the end of the Settlement Period related to that Settlement Date;

(j) all other Collections or other amounts deposited into the Collection Account for application pursuant to Section 2.05 on the applicable Settlement Date;

(k) amounts on deposit in the Floor Income Rebate Account that no longer need to be held in connection with floor income payment obligations;

(l) amounts transferred into the Collection Account from the Borrower Benefit Account to offset reductions in yield on affected Trust Student Loans during the related Settlement Period;

(m) all proceeds from any Permitted Release (to the extent such proceeds were not previously used to pre-pay the Aggregate Note Balance pursuant to Section 2.02); and

(n) funds advanced to the Trust under the Credit Agreement in the discretion of SLM Corporation for the purpose of payments under Section 2.05(b)(viii) and any other amounts specifically designated for payments under Section 2.05(b)(viii) to remedy a Borrowing Base Deficiency pursuant to Section 2.04.

“**Benefit Plan**” means any employee benefit plan as defined in Section 3(3) of ERISA in respect of which the Trust or any ERISA Affiliate of the Trust is, or at any time during the immediately preceding six years was, an “**employer**” as defined in Section 3(5) of ERISA.

“**Borrower Benefit Account**” means the special account created pursuant to Section 2.03(c).

“**Borrowing Base**” means as of any date of determination, the aggregate Collateral Value of all Eligible FFELP Loans owned by the Trust plus amounts in the Collection Account

representing the collections on, or the purchase price of Eligible FFELP Loans allocable to, the Principal Balance of such Eligible FFELP Loans determined using the most recently available information delivered to the Administrative Agent and the Note Purchaser as of the last day of the Settlement Period immediately preceding such Valuation Date.

“**Borrowing Base Deficiency**” means as of any date of determination, that the Borrowing Base is less than the Aggregate Note Balance.

“**Business Day**” means a day of the year other than a Saturday or a Sunday on which (a) banks are not authorized or required to close in New York, New York and (b) trust companies are not authorized or required to close in Wilmington, Delaware; provided, however, if the term Business Day is used in connection with the LIBOR Rate, it means any day of the year on which (x) dealings in dollar deposits are carried on in the London interbank market and (y) banks are not authorized or required to close in New York, New York.

“**Capitalized Interest Account**” means the special account created pursuant to Section 2.06(a).

“**Capitalized Interest Account Specified Balance**” means, as of any date of determination, and giving effect to any acquisition or disposition of Student Loans by the Trust occurring on such date, an amount equal to \$12,500,000.

“**Carryover Servicing Fee**” has the meaning specified in Attachment A to the Servicing Agreement.

“**Closing Date**” means February 29, 2008.

“**Code**” means the Internal Revenue Code of 1986, as amended, or any successor statute and the regulations promulgated and rulings issued thereunder.

“**Collateral Value**” means, for each Eligible FFELP Loan, such Eligible FFELP Loan’s respective Applicable Percentage multiplied by the Principal Balance of such Eligible FFELP Loan.

“**Collection Account**” means the special account created pursuant to Section 2.03, including any subaccounts thereof.

“**Collections**” means (a) all amounts received with respect to principal and interest and other proceeds, payments and reimbursements, including Guarantee Payments and Recoveries, with respect to any Trust Student Loan and any other collection of cash with respect to such Trust Student Loan; and (b) all other cash collections and other cash proceeds of the Pledged Collateral.

“**Consolidated Tangible Net Worth**” means, as of any date of determination, the consolidated stockholders’ equity of SLM Corporation and its consolidated subsidiaries, less their consolidated Intangible Assets, all determined as of such date.

“**Credit Agreement**” means the subordinated revolving credit agreement, dated as of the Closing Date, between SLM Corporation and the Trust to (i) fund the difference, if any, between

the amount of each related Advance and the fair market value of the Eligible FFELP Loans purchased pursuant to the Sale Agreement on the related date of purchase and (ii) at the option of SLM Corporation, to cure the Borrowing Base Deficiency, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

“**Debt**” means, with respect to any Person (a) indebtedness of such Person for borrowed money; (b) obligations of such Person evidenced by bonds, debentures, notes, letters of credit, interest rate and currency swaps or other similar instruments; (c) obligations of such Person to pay the deferred purchase price of property or services; (d) obligations of such Person as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases; (e) obligations secured by an Adverse Claim upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations; and (f) obligations of such Person under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of other Persons of the kinds referred to in clauses (a) through (e) above.

“**Default Rate**” means, with respect to any Advance (or portion thereof) on any date of determination, a rate per annum equal to the Lender Rate that would otherwise be in effect with respect to such Advance as of such date of determination plus 2%.

“**Defaulted Student Loan**” means any Student Loan (a) as to which any payment, or portion thereof is more than the number of days past due from the original due date thereof that would permit the Eligible Lender Trustee, or any other Person acting on its behalf, to submit a default claim to the applicable Guarantor under the terms of the Higher Education Act (which number of days, as of the Closing Date, is 270), (b) the Obligor of which is the subject of an Event of Bankruptcy (without giving effect to any applicable cure or 60 day continuance period) or is deceased or disabled or (c) as to which a continuing condition exists that, with notice or the lapse of time or both, would constitute a default, breach, violation or event permitting acceleration under the terms of such Student Loan (other than payment defaults continuing for a period of not more than the number of days past due from the original due date thereof that would permit the submission of a default claim to the applicable Guarantor under the terms of the Higher Education Act).

“**Delaware Trustee**” means BNYM (Delaware), a Delaware banking corporation.

“**Delaware Trustee Fees**” means the fees, reasonable expenses and charges of the Delaware Trustee, including reasonable legal fees and expenses, as agreed to in writing by the Delaware Trustee and the Administrator.

“**Department of Education**” or “**Department**” means the United States Department of Education, or any other officer, board, body, commission or agency succeeding to the functions thereof under the Higher Education Act.

“**Depositor**” means Phoenix Fundings LLC, a Delaware limited liability company, in its capacity as depositor with respect to the Trust.

“**Eligible FFELP Loan**” means a Student Loan which meets the following criteria:

- (a) is a Stafford Loan, an SLS Loan or a PLUS Loan, in each case, originated under the FFELP Program prior to October 1, 2007, and the Obligor thereof is an Eligible Obligor;
- (b) a loan which was acquired by the Depositor from a Seller pursuant to the applicable Purchase Agreement, and acquired by the Trust from the Depositor pursuant to the Sale Agreement, is fully disbursed and is serviced by the Servicer;
- (c) is a U.S. Dollar denominated obligation payable in the United States;
- (d) at least 97% of the principal of and interest on which is guaranteed by the applicable Guarantor and eligible for reinsurance under the Higher Education Act;
- (e) provides that periodic payments must be made in order to fully amortize the amount financed over its term to maturity (exclusive of any deferral or forbearance periods);
- (f) bears interest at a stated rate of not less than the maximum rate permitted under the Higher Education Act for such Student Loan (before giving effect to any borrower benefit programs);
- (g) is eligible for the payment of quarterly Special Allowance Payments at a rate established under the formula set forth in the Higher Education Act for such Student Loan;
- (h) if not yet in repayment status, is eligible for the payment of Interest Subsidy Payments by the Department of Education or, if not so eligible, is a Student Loan for which interest either is billed quarterly to the Obligor or deferred until commencement of the repayment period, in which case such accrued interest is subject to capitalization to the full extent permitted by the applicable Guarantor;
- (i) is not a Defaulted Student Loan at the time the Advance to purchase such Student Loan is made;
- (j) is supported by the following documentation:
 - (i) loan application, and any supplement thereto;
 - (ii) evidence of Guarantee;
 - (iii) any other document and/or record which the Trust or the Servicer or other agent may be required to retain pursuant to the Higher Education Act;
 - (iv) if applicable, payment history (or similar documentation) including (i) an indication of the Principal Balance and the date through which interest has been paid, each as of the related date of determination and (ii) an accounting of the allocation of all payments by the Obligor or on Obligor's behalf to principal and interest on the Student Loan;
 - (v) if applicable, documentation which supports periods of current or past deferment or past forbearance;

(vi) if applicable, a collection history, if the Student Loan was ever in a delinquent status, including detailed summaries of contacts and including the addresses or telephone numbers used in contacting or attempting to contact Obligor and any endorser and, if required by the Guarantor, copies of all letters and other correspondence relating to due diligence processing;

(vii) if applicable, evidence of all requests for skip-tracing assistance and current address of Obligor, if located;

(viii) if applicable, evidence of requests for pre-claims assistance, and evidence that the Obligor's school(s) have been notified; and

(ix) if applicable, a record of any event resulting in a change to or confirmation of any data in the Student Loan file;

(k) was originated and has been serviced in compliance with all requirements of applicable law, including the Higher Education Act and all origination fees authorized to be collected pursuant to Section 438 of the Higher Education Act have been paid to the Secretary;

(l) is evidenced by an original Student Loan Note and any addendum thereto (whether e-signed or otherwise), or a certified copy thereof if more than one Student Loan is represented by a single Student Loan Note and all Student Loans represented thereby are not being sold, containing terms in accordance with those required by the FFELP Program, the applicable Guarantee Agreements and other applicable requirements and which does not require the Obligor to consent to the transfer, sale or assignment of the rights and duties of the related Seller or the Depositor (or the Interim Eligible Lender Trustee on behalf of the Depositor) or the Trust (or the Eligible Lender Trustee on behalf of the Trust) and does not contain any provision that restricts the ability of the Administrative Agent, on behalf of the Secured Creditors, to exercise its rights under the Transaction Documents;

(m) immediately prior to the sale thereof to the Depositor, the applicable Seller had; immediately prior to the sale thereof by the Depositor to the Trust, the Depositor had; and immediately following acquisition thereof on the related Advance Date, the Trust has, or will have, good and marketable title to such Student Loan free and clear of any Adverse Claim other than as may be granted in favor of the Administrative Agent, on behalf of the Secured Creditors;

(n) has not been modified, extended or renegotiated in any way, except (1) as required under the Higher Education Act or other applicable laws, rules and regulations and the applicable Guarantee Agreement, (2) as provided for or permitted under the applicable underwriting guidelines or Servicing Policies or (3) as provided for in the Transaction Documents;

(o) constitutes a legal, valid and binding obligation to pay on the part of the related Obligor enforceable in accordance with its terms and is not noted on the Servicer's books and records as being subject to a current bankruptcy proceeding;

(p) constitutes an instrument, account or a general intangible as defined in the Uniform Commercial Code as in effect in the jurisdiction that governs the perfection of the interests of the Trust therein and the perfection of the Secured Creditor's interest therein; and

(q) the sale or assignment of which to the Trust or the Eligible Lender Trustee on its behalf pursuant to the Sale Agreement, and the granting of a security interest to the Administrative Agent pursuant to this Agreement does not contravene or conflict with any applicable law, rule or regulation, or require the consent or approval of, or notice to, any Person.

“**Eligible Institution**” means (a) an institution of higher education, (b) a vocational school or (c) any other institution which, in all of the above cases, has been approved by the Department of Education and the applicable Guarantor.

“**Eligible Investments**” means book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which evidence:

(a) direct obligations of, and obligations fully guaranteed as to timely payment by, the United States of America, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Student Loan Marketing Association or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America; provided that obligations of, or guaranteed by, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Student Loan Marketing Association shall be Eligible Investments only if, at the time of investment, they have a rating from each of the Rating Agencies in the highest investment category granted thereby;

(b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company incorporated under the laws of the United States of America or any State (or any domestic branch of a foreign bank) and subject to supervision and examination by federal or state banking or depository institution authorities (including depository receipts issued by any such institution or trust company as custodian with respect to any obligation referred to in clause (a) above or portion of such obligation for the benefit of the holders of such depository receipts); provided that at the time of the investment or contractual commitment to invest therein (which shall be deemed to be made again each time funds are reinvested following each Settlement Date), the commercial paper or other short-term senior unsecured debt obligations (other than such obligations the rating of which is based on the credit of a Person other than such depository institution or trust company) thereof shall have a credit rating from each of the Rating Agencies in the highest investment category granted thereby;

(c) commercial paper having, at the time of the investment, a rating from each of the Rating Agencies then rating that commercial paper in the highest investment category granted thereby;

(d) investments in money market funds having a rating from each of the Rating Agencies in the highest investment category granted thereby (including funds for which the Administrative Agent, the Administrator or the Eligible Lender Trustee or any of their respective Affiliates is investment manager or advisor);

(e) bankers’ acceptances issued by any depository institution or trust company referred to in clause (b) above; and

(f) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or any agency or instrumentality thereof the obligations of which are backed by the full faith and credit of the United States of America, in either case entered into with a depository institution or trust company (acting as principal) described in clause (b) above.

For purposes of the definition of “Eligible Investments” the phrase “highest investment category” means (i) in the case of Fitch, “AAA” for long-term investments (or the equivalent) and “F-1+” for short-term investments (or the equivalent), (ii) in the case of Moody’s, “Aaa” for long-term investments and “P-1” for short-term investments, and (iii) in the case of S&P, “AAA” for long-term investments and “A-1+” for short-term investments. A proposed investment not rated by Fitch but rated in the highest investment category by Moody’s and S&P shall be considered to be rated by each of the Rating Agencies in the highest investment category granted thereby.

“**Eligible Lender**” means any “eligible lender,” as defined in the Higher Education Act, which has received an eligible lender designation from the Department of Education or from a Guarantor with respect to Student Loans.

“**Eligible Lender Trustee**” means The Bank of New York Trust Company, N.A., a national banking association, not in its individual capacity but solely as Eligible Lender Trustee under the Trust Agreement and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Agreement.

“**Eligible Lender Trustee Fees**” means the fees, reasonable expenses and charges of the Eligible Lender Trustee, including reasonable legal fees and expenses, as agreed to in writing by the Eligible Lender Trustee and the Administrator.

“**Eligible Lender Trustee Guarantee Agreement**” means any guarantee or agreement issued by any Guarantor to the Eligible Lender Trustee, and any amendment thereto entered into in accordance with the provisions thereof and hereof.

“**Eligible Obligor**” means an Obligor who is eligible under the Higher Education Act to be the obligor of a loan for financing a program of education at an Eligible Institution, including an Obligor who is eligible under the Higher Education Act to be an obligor of a loan made pursuant to Section 428A, 428B and 428C of the Higher Education Act.

“**Embargoed Person**” has the meaning assigned to such term in [Section 6.26](#).

“**ERISA**” means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“**ERISA Affiliate**” means (a) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Trust; (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with the Trust or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Trust, any corporation described in clause (a) above or any trade or business described in clause (b) above.

“**Eurodollar Reserve Percentage**” means, for any day during any period, the reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day, whether or not applicable to the Note Purchaser, under regulations issued from time to time by the Board of Governors of the Federal Reserve System for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “eurocurrency liabilities”). The LIBOR Rate shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“**Event of Bankruptcy**” means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, which decree or order remains unstayed and in effect for a period of 30 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“**Excess Distribution Certificate**” has the meaning assigned to such term in the Trust Agreement.

“**Excess Spread**” means the annualized percentage, calculated on the last day of each Settlement Period, which is a fraction, the numerator of which is the positive difference, if any, between (x) the Expected Interest Collections for such month with respect to the Eligible FFELP Loans and (y) the sum of (i) all fees payable to the Servicer for such month with respect to the Eligible FFELP Loans, (ii) all other fees payable under this Agreement for such month and (iii) all Yield payable to the Note Purchaser for such month in respect of the Note, and the denominator of which is the weighted average outstanding Principal Balance of all Eligible FFELP Loans held by the Trust during such month.

“**Excluded Taxes**” has the meaning assigned to such term in [Section 2.18\(a\)](#).

“**Executive Order**” has the meaning assigned to such term in [Section 5.01\(u\)](#).

“**Expected Interest Collections**” means, for each Settlement Period, the sum of (i) the amount of interest due or accrued with respect to the Eligible FFELP Loans and payable by the related Obligor thereon during such period (whether or not such interest is actually paid), (ii) all Interest Subsidy Payments and Special Allowance Payments estimated to have accrued with respect to Eligible FFELP Loans during such period whether or not actually received and (iii) investment earnings on the Trust Accounts for such period.

“**Fair Market Auction**” means a commercially reasonable sale of Trust Student Loans pursuant to an arms-length auction process with respect to which (a) bids have been solicited from two or more potential bidders including at least two bidders that are not Affiliates of SLM Corporation, (b) at least one bid is received from a bidder that is not an Affiliate of SLM Corporation and (c) if an Affiliate of SLM Corporation submits the winning bid, such bid is in an amount reasonably equal to the fair market value of the Trust Student Loans being sold.

“**Federal Funds Rate**” means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day.

“**Federal Reimbursement Contracts**” means any agreement between any Guarantor and the Department of Education providing for the payment by the Department of Education of amounts authorized to be paid pursuant to the Higher Education Act, including but not necessarily limited to reimbursement of amounts paid or payable upon defaulted student loans Guaranteed by such Guarantor to holders of qualifying student loans Guaranteed by any Guarantor.

“**Fee Letter**” means the agreement, dated January 23, 2008, among the Note Purchaser, the Administrative Agent and SLM Corporation.

“**FFELP Loan**” means a PLUS Loan, an SLS Loan or a Stafford Loan.

“**FFELP Program**” means the Federal Family Education Loan Program authorized under the Higher Education Act, including Stafford Loans, SLS Loans and PLUS Loans.

“**Financing Costs**” means an amount equal to the sum (without duplication) of (i) the accrued Yield applicable to the Note for the preceding Settlement Period and (ii) any past due Yield payable on the Note and increased costs of the Note Purchaser resulting from Yield Protection, if any.

“**Fitch**” means Fitch, Inc. (or its successors in interest).

“**Floor Income Rebate Account**” means the special account created pursuant to Section 2.03(b).

“**GAAP**” means generally accepted accounting principles as in effect from time to time in the United States of America.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions or pertaining to government, including without limitation any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“**Grant**” or “**Granted**” means to pledge, create and grant a security interest in and with regard to property. A Grant of Trust Student Loans or other assets or of any other agreement includes all rights, powers and options (but none of the obligations) of the granting party thereunder.

“**Guarantee**” or “**Guaranteed**” means, with respect to a FFELP Loan, the insurance or guarantee by the applicable Guarantor, in accordance with the terms and conditions of the Guarantee Agreement, of some or all of the principal of and accrued interest on such FFELP Loan and the coverage of the FFELP Loan by the Federal Reimbursement Contracts providing, among other things, for reimbursement to the Guarantor for losses incurred by it on defaulted FFELP Loans insured or guaranteed by the Guarantor.

“**Guarantee Agreements**” means the Federal Reimbursement Contracts, the Eligible Lender Trustee Guarantee Agreements and any other guarantee or agreement issued by a Guarantor to the Eligible Lender Trustee, which pertain to FFELP Loans, providing for the payment by the Guarantor of amounts authorized to be paid pursuant to the Higher Education Act to holders of qualifying FFELP Loans guaranteed in accordance with the Higher Education Act by such Guarantor.

“**Guarantee Payment**” means any payment made by a Guarantor pursuant to a Guarantee Agreement in respect of a Trust Student Loan.

“**Guarantor**” means any entity listed on Exhibit B (as amended or supplemented from time to time) to this Agreement authorized to guarantee Student Loans under the Higher Education Act and with which the Eligible Lender Trustee maintains in effect a Guarantee Agreement.

“**Higher Education Act**” means the Higher Education Act of 1965, as amended or supplemented from time to time, and all regulations and guidelines promulgated thereunder.

“**Intangible Assets**” means the amount (to the extent reflected in determining such consolidated stockholders’ equity) of all unamortized debt discount and expense, unamortized deferred charges (which for purposes of this definition do not include deferred taxes or premiums paid in connection with the purchase of student loans), goodwill, patents, trademarks, service marks, trade names, anticipated future benefit of tax loss carry-forwards, copyrights, organization or developmental expenses and other intangible assets.

“**Interest Coverage Ratio**” means, for any four consecutive fiscal quarter period, the ratio of Adjusted Cash Income for such period to Interest Expense for such period.

“**Interest Expense**” means, for any period, the aggregate amount which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in accordance with GAAP as “total interest expense.”

“**Interest Period**” means as to any Advance, the period commencing on the Advance Date for such Advance, and concluding on but excluding the next succeeding Settlement Date, and each period thereafter commencing on a Settlement Date and concluding on but excluding the next succeeding Settlement Date; provided that:

(a) if any Interest Period commencing before the Termination Date would otherwise end on a date after the Termination Date, such Interest Period shall be deemed to and shall end on the Termination Date; and

(b) the duration of each such Interest Period that commences on or after the Termination Date, if any, shall be of such duration as shall be selected by the Administrative Agent.

“**Interest Subsidy Payments**” means the interest subsidy payments on certain Student Loans authorized to be made by the Department of Education pursuant to Section 428 of the Higher Education Act or similar payments authorized by federal law or regulations.

“**Interim Eligible Lender Trustee**” means The Bank of New York Trust Company, N.A., a national banking association, not in its individual capacity but solely as eligible lender trustee for the Depositor under the Interim Trust Agreement and its successor or successors and any other corporation which may at any time be substituted in its place.

“**Interim Trust Agreement**” means the interim trust agreement, dated the date hereof, between the Depositor and the Eligible Lender Trustee, as amended supplemented or modified from time to time.

“**Investment Company Act**” means the Investment Company Act of 1940, as amended.

“**Lender Rate**” means with respect to any Advance and the Interest Period related thereto, an interest rate per annum equal to the LIBOR Rate applicable to such Interest Period plus the Margin; provided, however, that if the Administrative Agent determines that (x) funding such Advance at a LIBOR Rate would violate any applicable law, rule, regulation or directive, whether or not having the force of law or (y) adequate and reasonable means do not exist for ascertaining the LIBOR Rate, then, in any such case, the Administrative Agent shall suspend the availability of such LIBOR Rate and such Advance shall accrue Yield during such Interest Period at the Alternate Base Rate.

“**LIBOR Base Rate**” means, with respect to any Advance, a rate per annum equal to:

(a) for any Interest Period commencing on a date other than a Settlement Date as contemplated in the definition of Interest Period (i.e. that is a period of less than one month), the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Reuters Screen that displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01) for deposits in United States dollars (for delivery on the first day of such period) with a term equivalent to such period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period; and

(b) for any monthly Interest Period commencing on a Settlement Date and concluding on but excluding the next succeeding Settlement Date (as contemplated in the definition of Interest Period), the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Reuters Screen that displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01) for deposits in United States dollars (for delivery on the

first day of such period) with a term equivalent to such period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period;

provided, however, that if no rate appears on the Reuters Screen on any date of determination, LIBOR Base Rate shall be determined as follows: the LIBOR Base Rate will be determined at approximately 11:00 a.m., New York City time, on each day on the basis of (i) the arithmetic mean of the rates at which one-month deposits, as applicable, in Dollars are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Administrative Agent and in a principal amount of not less than \$75,000,000 that is representative for a single transaction in such market at such time, if at least two such quotations are provided, or (ii) if fewer than two quotations are provided as described in the preceding clause (i), the arithmetic mean of the rates, as requested by the Administrative Agent, quoted by three major banks in New York City, selected by the Administrative Agent, at approximately 11:00 a.m., New York City time, on such day, of one-month deposits in Dollars to leading European banks and in a principal amount of not less than \$75,000,000 that is representative for a single transaction in such market at such time.

“**LIBOR Rate**” means for any period, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

“**Liquidated Student Loan**” means any defaulted Trust Student Loan liquidated by the Servicer (which shall not include any Trust Student Loan on which Guarantee Payments are received) or which the Servicer has, after using all reasonable efforts to realize upon such Trust Student Loan, determined to charge off in accordance with the applicable Servicing Policies.

“**Liquidation Proceeds**” means, with respect to any Liquidated Student Loan which became a Liquidated Student Loan during the current Settlement Period in accordance with the applicable Servicing Policies, the moneys collected in respect of the liquidation thereof from whatever source, other than Recoveries, net of the sum of any amounts expended by the Servicer in connection with such liquidation and any amounts required by law to be remitted to the Obligor on such Liquidated Student Loan.

“**Majority Lenders**” means Note Purchasers (including assignee Note Purchasers) that hold outstanding Advances representing more than 50% of the aggregate principal balance of Advances outstanding.

“**Margin**” has the meaning assigned to such term in the Fee Letter.

“**Material Adverse Effect**” means a material adverse effect on:

(a) with respect to the Trust, the status, existence, perfection, priority or enforceability of the Administrative Agent’s interest in the Pledged Collateral or the ability of the Trust to perform its obligations under this Agreement or any other Transaction Document or

(b) with respect to any other Person, the ability of the applicable Person to perform its obligations under this Agreement or any other Transaction Document.

“**Maximum Financing Amount**” means \$2,000,000,000 as such amount may be adjusted from time to time pursuant to [Section 2.02](#).

“**Monthly Report**” means a report, in substantially the form of [Exhibit C](#) hereto, prepared by the Administrator and furnished to the Administrative Agent and the Eligible Lender Trustee.

“**Moody’s**” means Moody’s Investors Service, Inc. (or its successors in interest).

“**Multiemployer Plan**” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding five years contributed to by the Trust or any ERISA Affiliate on behalf of its employees.

“**Net Adjusted Revenue**” means, for any period, Adjusted Revenue for such period less Interest Expense and Operating Expenses for such period.

“**New York UCC**” means the Uniform Commercial Code as enacted and in effect in the State of New York from time to time.

“**Note**” means any funding note issued by the Trust hereunder to the Note Purchaser.

“**Note Purchaser**” means UBS Real Estate Securities Inc., and its successors and assigns (including partial assignees, but subject to [Section 10.04](#)), which is the entity which shall purchase the Note and otherwise act through the Administrative Agent.

“**Note Register**” has the meaning assigned to such term in [Section 3.05\(a\)](#).

“**Note Registrar**” has the meaning assigned to such term in [Section 3.05\(a\)](#).

“**Notice of Release**” has the meaning assigned to such term in [Section 2.16](#).

“**Obligations**” means all present and future indebtedness and other liabilities and obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or due or to become due) of the Trust to the Secured Creditors (or any of them), arising under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby and shall include, without limitation, all liability for principal of and Financing Costs on the Note, closing fees, unused line fees, audit fees, expense reimbursements, indemnifications, and other amounts due or to become due under the Transaction Documents, including, without limitation, interest, fees and other obligations that accrue after the commencement of an insolvency proceeding (in each case whether or not allowed as a claim in such insolvency proceeding).

“**Obligor**” means the borrower or co-borrower or any other Person obligated to make payments with respect to a Student Loan.

“**OFAC**” has the meaning assigned to such term in [Section 5.01\(v\)](#).

“**Official Body**” means any government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of any such government or political subdivision, or any court, tribunal, grand jury or arbitrator, or any accounting board or authority (whether or not a part of government) which is responsible for the establishment or interpretation of national or international accounting principles, in each case whether foreign or domestic.

“**Operating Expenses**” means, for any period, the aggregate amount which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in accordance with GAAP as “total operating expenses.”

“**Opinion of Counsel**” means an opinion in writing of outside legal counsel, who may be counsel or special counsel to the Trust, any Affiliate of the Trust, the Eligible Lender Trustee, the Administrator or the Administrative Agent.

“**Other Applicable Taxes**” has the meaning assigned to such term in [Section 2.12](#).

“**Other Taxes**” has the meaning assigned to such term in [Section 2.18\(a\)](#).

“**Patriot Act**” has the meaning assigned to such term in [Section 5.01\(u\)](#).

“**Paying Agent**” means Deutsche Bank Trust Company Americas, N.A. and its successors and assigns.

“**Paying Agent Fees**” means the fees, indemnities, reasonable expenses and charges of the Paying Agent, including reasonable legal fees and expenses, as set forth in the fee letter between the Trust and the Paying Agent dated as of the Closing Date.

“**Permitted Release**” means a release of Pledged Collateral in connection with (a) a Take Out Securitization; (b) a Whole Loan Sale, (c) a Fair Market Auction or (d) any concurrent prepayment and satisfaction in full of all other Obligations and with respect to which, the Administrative Agent has received written notice at least five Business Days in advance.

“**Permitted Seller Buy-Back**” means an arms-length transfer of Pledged Collateral by the Trust to the Depositor and subsequently by the Depositor to SLM Education Credit Finance Corporation so long as the aggregate principal amount of Permitted Seller Buy-Backs does not exceed ten percent of the lesser of (i) the highest Aggregate Note Balance outstanding at any time under this Agreement and (ii) the aggregate original principal amount of all Student Loans sold by a Seller to the Depositor.

“**Permitted SPE Transfer**” means an arms-length transfer of all the Pledged Collateral by the Trust to the Depositor and subsequently by the Depositor to another special purpose entity established by SLM Corporation or one of its subsidiaries.

“**Person**” means an individual, partnership, corporation (including a statutory trust), limited liability company, joint stock company, trust, unincorporated association, joint venture, government (or any agency or political subdivision thereof) or other entity.

“**Pledged Collateral**” has the meaning specified in Section 2.10.

“**PLUS Loan**” means a student loan originated under the authority set forth in Section 428A or B (or a predecessor section thereto) of the Higher Education Act and shall include student loans designated as “PLUS Loans” or “Grad PLUS Loans,” as defined under the Higher Education Act.

“**Potential Termination Event**” means an event which but for the lapse of time or the giving of notice, or both, would constitute a Termination Event.

“**Primary Servicing Fee**” for any Settlement Date has the meaning specified in Attachment A to the Servicing Agreement, and shall include any such fees from prior Settlement Dates that remain unpaid.

“**Prime Rate**” means, for any date of determination, the rate of interest (or if a range is given, the highest rate) published in *The Wall Street Journal* on such date as constituting the “prime rate” or “base rate” in such publication’s Table of Money Rates on such date or (ii) if *The Wall Street Journal* is not published on such date, then in *The Wall Street Journal* most recently published, such rate to change as and when such designated rate changes.

“**Principal Balance**” means, with respect to any Student Loan and any specified date, the outstanding principal amount of such Student Loan, plus unpaid interest thereon to be capitalized.

“**Purchase Agreement**” means each Purchase Agreement, dated as of the Closing Date, between a Seller, the Interim Eligible Lender Trustee, the Servicer and the Depositor under which the applicable Seller will sell, on a true sale basis, certain Eligible FFELP Loans to the Depositor, together with all purchase agreements, blanket endorsements and bills of sale executed pursuant thereto.

“**Purchase Amount**” has the meaning assigned to such term in Section 3.05(a) of the Servicing Agreement.

“**Rating Agencies**” means Moody’s, S&P and, if applicable, Fitch.

“**Records**” means all documents, books, records, Student Loan Notes and other information (including without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) maintained with respect to Trust Student Loans or otherwise in respect of the Pledged Collateral.

“**Recoveries**” means moneys collected from whatever source with respect to any Liquidated Student Loan which was written off in prior Settlement Periods or during the current Settlement Period, net of the sum of any amounts expended by the Servicer for the account of any Obligor and any amounts required by law to be remitted to any Obligor.

“**Registered Owner**” means the Person in whose name a Note is registered in the Note Register.

“**Released Collateral**” means any Pledged Collateral released pursuant to Section 2.16.

“**Reporting Date**” means the twentieth (20th) day of each calendar month, beginning April 20, 2008 or, if such day is not a Business Day, the following Business Day.

“**Required Legal Opinion**” means an opinion of McKee Nelson LLP with respect to the true sale of Student Loans and non-consolidation issues that describes the facts of the proposed transaction and contains conclusions reasonably determined by the Administrative Agent to be in form and substance similar to the conclusions contained in the legal opinions delivered to and accepted by the Administrative Agent on the Closing Date.

“**Requirement of Law**” means, as to any Person, any law, treaty, rule, order or regulation or determination of a regulatory authority or arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“**Reserve Account**” means the special account created pursuant to [Section 2.06\(h\)](#).

“**Reserve Account Specified Balance**” means, on each Advance Date and for each Settlement Period, cash or Eligible Investments in an amount equal to one-quarter of one percent (0.25%) of the Student Loan Pool Balance on each Advance Date or as of the last day of that Settlement Period, as applicable.

“**S&P**” means Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Inc. (or its successors in interest).

“**Sale Agreement**” means the Sale Agreement, dated as of the Closing Date, among the Depositor, the Trust, the Interim Eligible Lender Trustee and the Eligible Lender Trustee, under which the Depositor will transfer certain Eligible FFELP Loans to the Trust, together with all sale agreements, blanket endorsements and bills of sale executed pursuant thereto.

“**Schedule of Trust Student Loans**” means a listing of all Trust Student Loans of the Trust delivered to and held by the Administrative Agent (which Schedule of Trust Student Loans may be in the form of microfiche, CD ROM, electronic or magnetic data file or other medium acceptable to the Administrative Agent), as from time to time amended, supplemented, or modified, which Schedule of Trust Student Loans shall be the master list of all Trust Student Loans then comprising a part of the Pledged Collateral pursuant to this Agreement.

“**Secretary**” means the United States Secretary of Education or any successor.

“**Secured Creditors**” means the Administrative Agent and the Note Purchaser.

“**Securities Account**” has the meaning assigned to such term in [Section 2.08\(g\)](#).

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Securities Intermediary**” means Deutsche Bank Trust Company Americas and its successors or assigns.

“**Sellers**” means initially, Mustang Funding I, LLC and Mustang Funding II, LLC and, with respect to Trust Student Loan substitutions or additions, SLM Education Credit Finance Corporation.

“**Servicer**” means Sallie Mae, Inc., a Delaware corporation, and its successors and permitted assigns or any other third party sub-servicer approved by the Administrative Agent in its sole discretion.

“**Servicer Advances**” means any Financing Costs advanced by the Servicer pursuant to Section 2.15.

“**Servicer Buy-Out**” means the right of the Servicer, as set forth in Section 3.05(h) of the Servicing Agreement, to purchase any Trust Student Loans in an amount not to exceed 2% of the then outstanding Aggregate Note Balance.

“**Servicer Default**” means a “*Servicer Default*” as described in Section 5.01 of the Servicing Agreement.

“**Servicing Agreement**” means the Servicing Agreement, dated as of the Closing Date, among the Trust, the Servicer, the Eligible Lender Trustee, the Administrator and the Administrative Agent.

“**Servicing Fees**” means the Primary Servicing Fee, the Carryover Servicing Fee and any other fees payable by the Trust to the Servicer in respect of servicing Trust Student Loans pursuant to the provisions of the Servicing Agreement.

“**Servicing Policies**” means the policies and procedures of the Servicer with respect to the servicing of Trust Student Loans as the same may exist from time to time in accordance with Section 3.14(k) of the Servicing Agreement.

“**Settlement Date**” means the 25th day of each calendar month, beginning April 25, 2008 (March 25, 2008 solely for purposes of calculating the initial LIBOR Base Rate and the initial Interest Period), or, if such day is not a Business Day, the following Business Day; provided, that after the occurrence and during the continuation of a Termination Event, the Administrative Agent in its sole discretion may select any Business Day as a Settlement Date.

“**Settlement Period**” means initially the period commencing on the Closing Date and ending on March 31, 2008, and thereafter, (a) each monthly period ending on (and inclusive of) the last day of the calendar month and (b) after the occurrence and during the continuation of a Termination Event, such period as determined by the Administrative Agent in its sole discretion (which may be a period as short as one Business Day).

“**SLS Loan**” means a student loan originated under the authority set forth in Section 428A (or a predecessor section thereto) of the Higher Education Act and shall include student loans designated as “*SLS Loans*,” as defined under the Higher Education Act.

“**Solvent**” means, at any time with respect to any Person, a condition under which:

- (a) the fair value and present fair saleable value of such Person's total assets is, on the date of determination, greater than such Person's total liabilities (including contingent and unliquidated liabilities) at such time;
- (b) the fair value and present fair saleable value of such Person's assets is greater than the amount that will be required to pay such Person's probable liability on its existing debts as they become absolute and matured ("*debts*," for this purpose, includes all legal liabilities, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent);
- (c) such Person is, and shall continue to be, able to pay all of its liabilities as such liabilities mature; and
- (d) such Person does not have unreasonably small capital with which to engage in its current and in its anticipated business.

"**Special Allowance Payments**" means special allowance payments on Student Loans authorized to be made by the Department of Education pursuant to Section 438 of the Higher Education Act, or similar allowances authorized from time to time by federal law or regulation.

"**Stafford Loan**" means a loan designated as such that is made under the Robert T. Stafford Student Loan Program in accordance with the Higher Education Act.

"**Stated Termination Date**" means February 27, 2009, or if such date is extended pursuant to Section 2.14 hereof, the date to which so extended.

"**Student Loan**" means a FFELP Loan.

"**Student Loan Notes**" means the promissory note or notes of an Obligor and any amendment thereto evidencing each Obligor's obligation with regard to a Student Loan or the electronic records evidencing the same.

"**Student Loan Pool Balance**" means, as of any date, the aggregate outstanding Principal Balance (as reported by the Administrator on the last Monthly Report delivered to the Administrative Agent) of the Eligible FFELP Loans, calculated as of the end of the previous calendar month.

"**Take Out Securitization**" means a sale or transfer of any portion of the Trust Student Loans by the Trust (directly or indirectly) to a trust sponsored by an Affiliate of the Depositor as part of a publicly or privately traded, rated or unrated student loan securitization, pass-through, pay through, secured note or similar transaction.

"**Taxes**" means all taxes, levies, imposts, duties, charges, fees, deductions, withholdings or other charges imposed, levied, collected, withheld or assessed by any Governmental Authority.

“**Tax Return**” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“**Termination Date**” means the earliest to occur of (a) the Stated Termination Date, (b) the date of the declaration or automatic occurrence of the Termination Date pursuant to Article VII and (c) any date designated as the date for terminating the entire facility pursuant to Section 2.02.

“**Termination Event**” has the meaning assigned to such term in Article VII.

“**Transaction Documents**” means, collectively, this Agreement, the Valuation Agent Agreement, the Trust Agreement, the Interim Trust Agreement, the Administration Agreement, the Servicing Agreement, the Fee Letter, the Sale Agreement, the Purchase Agreements and all Guarantee Agreements.

“**Treasury Regulations**” means any regulations promulgated by the Internal Revenue Service interpreting the provisions of the Code.

“**Trust**” means Phoenix Fundings I, a Delaware statutory trust and its successors and assigns.

“**Trust Account**” means any of the Collection Account, Reserve Account, Capitalized Interest Account, Floor Income Rebate Account and Borrower Benefit Account.

“**Trust Agreement**” means the Amended and Restated Trust Agreement, dated as of the Closing Date, among the Depositor, the Delaware Trustee and the Eligible Lender Trustee, as amended and supplemented pursuant to the terms thereof.

“**Trust Indemnified Amounts**” has the meaning assigned to such term in Section 8.01.

“**Trust Student Loan**” means any Student Loan held by the Trust.

“**UCC**” means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

“**United States**” means the United States of America.

“**Valuation Agent**” means UBS Securities LLC, or any other entity appointed as Valuation Agent by the Administrative Agent and approved by the Administrator.

“**Valuation Agent Agreement**” means the Valuation Agent Agreement, dated as of the Closing Date, among the Trust, the Administrator, the Administrative Agent and the Valuation Agent, as such agreement may be amended or supplemented from time to time pursuant to the terms thereof.

“**Valuation Date**” means the tenth day of each calendar month beginning April 10, 2008 or, if such day is not a Business Day, the following Business Day.

“**Valuation Report**” means a report furnished by the Valuation Agent to the Administrator, the Administrative Agent and the Trust pursuant to the Valuation Agent Agreement and Section 2.04, the form of which is attached as Exhibit A to the Valuation Agent Agreement.

“**Whole Loan Sale**” means a sale of Trust Student Loans to a third-party purchaser not Affiliated with the Trust or SLM Corporation in exchange for not less than fair market value.

“**Yield**” means, with respect to any Interest Period, the sum of the daily interest accrued on the Note on each day during such period equal, for any such day, to the product of (x) the outstanding principal amount of the Note on such day, (y) the applicable Lender Rate and (z) the applicable computation period determined in accordance with Section 2.01(d)(iii) of this Agreement, provided that (1) after the occurrence of a Termination Event, Yield on the Note shall accrue at the Default Rate and (2) after any other monetary Obligation of the Trust arising under this Agreement shall become due and payable, the Trust shall pay (to the extent permitted by law) Yield on such amounts at a rate per annum equal to the Federal Funds Rate most recently determined by the Administrative Agent plus 0.50% per annum.

“**Yield Protection**” means amounts payable by the Trust pursuant to Section 2.13.

Section 1.02. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the New York UCC and not specifically defined herein, are used herein as defined in such Article 9. Any reference to an agreement herein shall be deemed to include a reference to such agreement as amended, restated, supplemented or otherwise modified from time to time.

Section 1.03. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “*from*” means “*from and including*” and the words “*to*” and “*until*” each mean “*to but excluding*.”

Section 1.04. Time References. All time references in this Agreement shall refer to the time in New York, New York unless otherwise noted.

ARTICLE II THE FACILITY

Section 2.01. Issuance and Purchase of Note; Making of Advances.

(a) In consideration of the agreements of the Trust and the Note Purchaser hereunder, and subject to the terms and conditions set forth in this Agreement, the Trust agrees to sell, transfer and deliver to the Note Purchaser, and the Note Purchaser agrees to purchase from the Trust the Note, the outstanding amount of which shall not exceed the Maximum Financing Amount. Subject to the satisfaction of the conditions precedent set forth in Section 4.01, the purchase price payable for the Note shall be equal to the aggregate Collateral Value of the Eligible FFELP Loans. The payment of such purchase price shall be made to the account specified by the Administrator on behalf of the Trust to the Administrative Agent.

(b) On the terms and conditions hereinafter set forth, the Note Purchaser agrees to make the initial Advance on the Advance Date requested by the Trust in the related initial Advance Request, which date shall occur during the 30 days following the Closing Date, and any subsequent Advances on the related Advance Date specified in the applicable Advance Request during the 30 days following the Closing Date (but not more than three subsequent Advances may be made). No Advances shall be made after such 30-day period. Each Advance Request shall be delivered to the Administrative Agent at least three Business Days prior to the intended Advance Date (provided, that in respect of the initial Advance, such Advance Request may be delivered in such shorter period in advance of such initial Advance Date, as the Administrator and the Administrative Agent may mutually agree). The Note shall be denominated in and be payable in United States dollars. The outstanding principal balance of the Note shall be paid from time to time from Available Funds pursuant to Section 2.05(b) and shall be due and payable on the Termination Date. Yield on the outstanding principal balance of the Note shall be due and payable on each Settlement Date. Any amounts necessary to remedy a Borrowing Base Deficiency shall be paid on the applicable Settlement Date as set forth in Section 2.04. All other Obligations hereunder, if not previously paid pursuant to Section 2.05(b), shall be due and payable on the Termination Date.

(c) **LIBOR Rate or Base Rate Determination.**

(i) The Administrative Agent shall, two Business Days before the first day of each Interest Period during which the Note will continue to bear interest based upon the LIBOR Rate, determine the rate of interest for the upcoming Interest Period, as contemplated in the definition of LIBOR Base Rate. The Administrative Agent shall thereupon promptly notify the Trust of the LIBOR Base Rate it so determines, which will then constitute the LIBOR Rate applicable to the Note for the upcoming monthly Interest Period.

(ii) The Administrative Agent shall promptly send notice to the Trust and the Administrator if the Yield for an Interest Period will be calculated based on the Alternate Base Rate instead of the LIBOR Rate, together with an explanation as to such determination.

(d) **Yield.**

(i) **Payment.** The Trust hereby promises to pay Yield on the unpaid principal amount of each Note on each Settlement Date for the period commencing on the date of each Advance until the date the Aggregate Note Balance is paid in full.

(ii) **Maximum Yield.** No provision of this Agreement or the Note shall require the payment or permit the collection of Yield in excess of the maximum permitted by applicable law.

(iii) **Computation of Yield.** All Yield hereunder shall be computed on the basis of a year of 360 days, except that Yield computed by reference to the Alternate Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of

days elapsed (including the first day but excluding the last day). The applicable Yield shall be determined by the Administrative Agent in accordance with the provisions of this Agreement and such determination shall be conclusive absent manifest error

Section 2.02. Termination of Facility or Reduction of the Aggregate Note Balance. The Trust, acting through the Administrator, may, upon at least three Business Days' prior written notice to the Administrative Agent, (a) prepay the Aggregate Note Balance in its entirety or (b) repay in part the Aggregate Note Balance, in either case, by making a payment equal to the amount of such repayment to such account as the Administrative Agent may specify. Each partial repayment shall be in minimum increments of \$10,000,000 or any higher multiple of \$1,000,000. Any repayment shall include the payment of all accrued and outstanding Yield on such outstanding principal amount being repaid through the date of repayment, and in the case of a repayment in full, all other accrued and outstanding Obligations of the Trust through the date of repayment. No partial prepayment under this Section 2.02 may be made during the 30-day period following the Closing Date. It is understood that principal repayments made on a Settlement Date pursuant to Section 2.05 do not constitute repayments or prepayments subject to the restrictions of this Section 2.02.

Section 2.03. The Accounts.

(a) **Collection Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Collection Account. The Collection Account shall be maintained as a segregated non-interest bearing account at the Paying Agent, and shall be under the sole dominion and control of the Paying Agent, on behalf of the Secured Creditors. The Collection Account shall be in the name of the Administrative Agent, on behalf of the Secured Creditors and the Trust. Neither the Trust nor the Administrator shall have any withdrawal rights from the Collection Account. Any Collections received by the Trust, the Administrator, the Eligible Lender Trustee, the Sellers, the Servicer or any agent thereof, as the case may be, are to be transmitted to the Collection Account within two Business Days after receipt of good funds, i.e., the depositing of such funds into the applicable account the crediting of which cannot be revoked.

The Trust shall direct the Eligible Lender Trustee, the Servicer, the Sellers or any agent thereof, in writing, to transmit any Collections it receives with respect to the Trust Student Loans directly to the Paying Agent for deposit to the Collection Account within two Business Days of receipt of good funds, i.e., the depositing of such funds into the applicable account the crediting of which cannot be revoked. Funds on deposit in the Collection Account may be invested from time to time in Eligible Investments at the direction of the Administrator in accordance with Section 2.08. Upon the payment in full of all Obligations hereunder and the termination of this Agreement, the Administrative Agent agrees to send notice to the Servicer that this Agreement has terminated and that Collections no longer are to be forwarded to the Collection Account pursuant to this Agreement. All investment earnings on the funds on deposit in the Collection Account during any Settlement Period shall be applied as Available Funds for the applicable Settlement Period in accordance with Section 2.05(b). The Paying Agent shall apply funds on deposit in the Collection Account as described in Section 2.05. Each of the Trust and the Administrator agree, by executing this Agreement, to hold any Collections received in trust for the Paying Agent and to comply with the remittance procedures set forth in this Section 2.03.

Any funds remaining in the Collection Account after the payment in full of all Obligations under the Transaction Documents shall be paid to the holder of the Excess Distribution Certificate.

(b) **Floor Income Rebate Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Floor Income Rebate Account. The Floor Income Rebate Account shall be maintained as a segregated non-interest bearing account at the Paying Agent and shall be under the sole dominion and control of the Paying Agent, on behalf of the Secured Creditors. The Floor Income Rebate Account shall be in the name of the Administrative Agent, on behalf of the Secured Creditors and the Trust. Neither the Trust nor the Administrator shall have any withdrawal rights from the Floor Income Rebate Account. On or before each Settlement Date, the Administrator will instruct the Paying Agent to transfer from the Collection Account to the Floor Income Rebate Account the estimated monthly accrual for the related Settlement Period of interest paid by Obligor on Trust Student Loans originated on or after April 1, 2006 that exceeds the Interest Subsidy Payments or Special Allowance Payments applicable to such Trust Student Loans for such month. These deposited amounts will be used to offset the amount of floor income, if any, that is expected to be netted by the Department against the Interest Subsidy Payments and/or Special Allowance Payments otherwise due to the Trust. On each Settlement Date, the Paying Agent shall transfer from the Floor Income Rebate Account to the Collection Account all amounts on deposit in the Floor Income Rebate Account which relate to obligations owed to the Department during the related Settlement Period or payments received from the Department during the related Settlement Period, and apply such funds in accordance with [Section 2.05\(b\)](#). Funds on deposit in the Floor Income Rebate Account may be invested from time to time in Eligible Investments at the direction of the Administrator in accordance with [Section 2.08](#). All investment earnings on the funds on deposit in the Floor Income Rebate Account during any Settlement Period shall be deposited into the Collection Account by the Paying Agent on or before the second Business Day after the end of that Settlement Period and applied as Available Funds on the Settlement Date for the related Settlement Period. Any funds remaining in the Floor Income Rebate Account after the payment in full of all Obligations under the Transaction Documents shall be paid to the holder of the Excess Distribution Certificate.

(c) **Borrower Benefit Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Borrower Benefit Account. The Borrower Benefit Account shall be maintained as a segregated non-interest bearing account at the Paying Agent and shall be under the sole dominion and control of the Paying Agent, on behalf of the Secured Creditors. The Borrower Benefit Account shall be in the name of the Administrative Agent, on behalf of the Secured Creditors and the Trust. Neither the Trust nor the Administrator shall have any withdrawal rights from the Borrower Benefit Account. The Borrower Benefit Account will be funded in the event certain borrower benefits that are not required under the Higher Education Act are offered to Obligor and the result of such borrower benefits is to reduce the yield on the related Eligible FFELP Loans, as contemplated in and consistent with the requirements of [Section 3.12](#) of the Servicing Agreement and [Section 6.24](#) hereof. On or before each Settlement Date, the Administrator will instruct the Paying Agent to transfer from the Borrower Benefit Account to the Collection Account all amounts on deposit in the Borrower Benefit Account which relate to the related Settlement Period and apply such funds in accordance with [Section 2.05\(b\)](#). Funds on deposit in the Borrower Benefit Account may be invested from time to time in Eligible Investments at the direction of the Administrator in accordance with [Section 2.08](#). All investment earnings on the funds on deposit in the Borrower

Benefit Account during any Settlement Period shall be deposited into the Collection Account by the Paying Agent on or before the second Business Day after the end of that Settlement Period and applied as Available Funds on the Settlement Date for the related Settlement Period. Any funds remaining in the Borrower Benefit Account after the payment in full of all Obligations under the Transaction Documents shall be paid to the holder of the Excess Distribution Certificate. Furthermore, upon the occurrence of the Termination Date, all amounts on deposit in the Borrower Benefit Account shall immediately be transferred to the Collection Account and shall be part of Available Funds on the next Settlement Date.

Section 2.04. Mark to Market Valuation. Pursuant to the Valuation Agent Agreement, on each Valuation Date, the Valuation Agent shall deliver to the Administrative Agent, the Trust and the Administrator a Valuation Report setting forth the Applicable Percentages to be applied in ascertaining Collateral Value. The Administrator's calculations for the Monthly Report delivered on the Reporting Date following receipt of a Valuation Report shall reflect the Valuation Report's Applicable Percentages in the calculation of Collateral Value, Borrowing Base and Borrowing Base Deficiency, if any. On the next Settlement Date after the Reporting Date and its receipt of notice of any Borrowing Base Deficiency, the Trust shall either pay down the Aggregate Note Balance or transfer or substitute additional Eligible FFELP Loans as Pledged Collateral in an amount necessary to fully remedy such Borrowing Base Deficiency (and any such transfer or substitution shall be effected pursuant to an existing Purchase Agreement and the Sale Agreement, or pursuant to such other documentation as the Administrative Agent shall approve).

Section 2.05. Transfers from Collection Account.

(a) On or prior to each Reporting Date, the Trust shall cause the Administrator to prepare the Monthly Report and shall provide or cause to be provided to the Administrator all information necessary or appropriate to accurately prepare such Monthly Report, all calculations, unless otherwise specified, to be made as of the end of the current Settlement Period, and cause the Administrator to forward such Monthly Report to the Paying Agent and the Administrative Agent on or prior to the applicable Reporting Date.

(b) The Paying Agent, on each Settlement Date, shall make the following deposits and distributions from Available Funds in the Collection Account in the amount and in the order of priority as set forth below (except for any amounts drawn on the Credit Agreement or otherwise which are specifically designated for payments under clause (viii) to remedy a Borrowing Base Deficiency) as directed by the Administrator on behalf of the Trust (or if the Administrator fails to provide such direction, as provided by the Administrative Agent) pursuant to the Monthly Report, on which the Paying Agent may conclusively rely:

(i) pay to the Servicer an amount equal to its unreimbursed Servicer Advances due and owing;

(ii) pay to the Eligible Lender Trustee, the Delaware Trustee, the Administrator and the Paying Agent, as appropriate and on a pro rata basis, an amount equal to the Eligible Lender Trustee Fees, the Delaware Trustee Fees, the Administrator Fees and the Paying Agent Fees, which are due and owing as of the close of business on the last day of the immediately preceding calendar month;

- (iii) pay to the Servicer an amount equal to the Primary Servicing Fees which are due and owing as of the close of business on the last day of the immediately preceding Settlement Period;
- (iv) on a *pari passu* basis, (a) pay to the Administrative Agent for the benefit of the Note Purchaser, an amount equal to the amount of Yield due on the Advances and (b) pay to the Administrative Agent and Note Purchaser, as appropriate, an amount equal to all other Financing Costs (other than amounts owed with respect to Yield Protection);
- (v) following the replacement of the Servicer, pay to the replacement Servicer the reasonable expenses and charges resulting from the transition in servicing, to the extent such costs have not been paid by the predecessor Servicer;
- (vi) until the occurrence of a Termination Event, deposit into the Capitalized Interest Account any amount necessary to cause the amount on deposit in the Capitalized Interest Account to equal the Capitalized Interest Account Specified Balance;
- (vii) until the occurrence of a Termination Event, deposit into the Reserve Account the amount necessary to cause the amount in the Reserve Account to equal the Reserve Account Specified Balance;
- (viii) pay to the Administrative Agent, for the benefit of the Note Purchaser, payments to remedy the Borrowing Base Deficiency, if any, existing on such Settlement Date;
- (ix) pay to the Administrative Agent for the benefit of the Note Purchaser payments to be applied to any Yield Protection and other Obligations (other than the amounts payable pursuant to the clause (x)) due and owing to the Note Purchaser pursuant to this Agreement;
- (x) pay to the Administrative Agent for the benefit of the Note Purchaser payments to be applied to the repayment of the outstanding principal amount of the Note, until paid in full;
- (xi) pay to the Eligible Lender Trustee, the Administrative Agent for the benefit of the Note Purchaser, the Valuation Agent and the Paying Agent, on a pro rata basis if necessary, any Trust Indemnified Amounts due and owing pursuant to this Agreement or any other Transaction Document as of such Settlement Date and not previously paid;
- (xii) pay to SLM Corporation any indemnified amounts paid by it with respect to the Trust pursuant to the commitment letter, dated January 23, 2008 with the Administrative Agent;
- (xiii) pay to the Servicer an amount equal to any other obligations of the Trust due and payable to the Servicer including Carryover Servicing Fees, if any,

which are accrued and unpaid as of the close of business on the last day of the immediately preceding Settlement Period;

(xiv) to SLM Corporation in repayment of accrued interest on and the unpaid principal balance borrowed under the Credit Agreement; and

(xv) to the holder of the Excess Distribution Certificate, any Available Funds remaining after the payment in full of each of the foregoing items.

Notwithstanding anything else in this Agreement, the failure to make a payment (other than pursuant to Section 2.05(b)(i)-(ii)-(iii)-(iv) or (viii)) due to insufficiency of Available Funds shall not constitute a failure to make a payment, transfer or deposit on the due date thereof pursuant to Section 7.01(a) or (b).

Section 2.06. Capitalized Interest Account and Reserve Account.

(a) On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Capitalized Interest Account. The Capitalized Interest Account shall be maintained in a segregated non-interest bearing account at the Paying Agent and shall be under the sole dominion and control of the Paying Agent on behalf of the Secured Creditors. The Capitalized Interest Account shall be in the name of the Administrative Agent, on behalf of the Secured Creditors and the Trust. Neither the Trust nor the Administrator shall have any withdrawal rights from the Capitalized Interest Account. On each Advance Date (after giving effect to any Trust Student Loans being purchased by the Trust on such date), the Trust shall deposit into the Capitalized Interest Account from proceeds of each Advance the amount, if any, necessary to bring the balance in such account up to the Capitalized Interest Account Specified Balance. Thereafter, until the occurrence of a Termination Event, on each Settlement Date, the Administrator shall cause to be deposited into the Capitalized Interest Account from Available Funds pursuant to Section 2.05(b)(vi) such additional amounts as are necessary to cause the amount on deposit in the Capitalized Interest Account to be equal to the Capitalized Interest Account Specified Balance calculated as of the last day of the related Settlement Period. Funds on deposit in the Capitalized Interest Account may be invested from time to time in Eligible Investments in accordance with Section 2.08. The Paying Agent shall apply funds on deposit in the Capitalized Interest Account as described in Section 2.07(a).

(b) On or prior to the date hereof, the Administrator shall establish and maintain, or cause to be established and maintained, the Reserve Account by depositing into the Reserve Account cash or Eligible Investments equal to the Reserve Account Specified Balance as of the Closing Date. The Reserve Account shall be maintained in a segregated non-interest bearing account at the Paying Agent, and shall be under the sole dominion and control of the Paying Agent on behalf of the Secured Creditors. The Reserve Account shall be in the name of the Administrative Agent, on behalf of the Secured Creditors and the Trust. Neither the Trust nor the Administrator shall have any withdrawal rights from the Reserve Account. On each Advance Date (after giving effect to any Trust Student Loans being purchased by the Trust on such date), the Trust shall deposit into the Reserve Account from proceeds of each Advance the amount, if any, necessary to bring the balance in such account up to the Reserve Account Specified Balance. Thereafter, until the occurrence of a Termination Event, on each Settlement Date, the Administrator shall cause to be deposited into the Reserve Account from Available Funds

pursuant to Section 2.05(b)(vii), such additional amounts as are necessary to cause the amount on deposit in the Reserve Account to be equal to the Reserve Account Specified Balance calculated as of the last day of the related Settlement Period. Funds on deposit in the Reserve Account may be invested from time to time in Eligible Investments in accordance with Section 2.08. The Paying Agent shall apply funds on deposit in the Reserve Account as described in Section 2.07(b).

Section 2.07. Transfers from the Capitalized Interest Account and Reserve Account.

(a) To the extent there are insufficient Available Funds in the Collection Account to pay the amounts set forth in clauses (b)(ii) through (iv) of Section 2.05 in accordance with the provisions of Section 2.05 on any Settlement Date (after taking into account any Servicer Advances), the Paying Agent shall transfer to the Collection Account moneys held by the Paying Agent in the Capitalized Interest Account, to the extent available for distribution on the specified day, to pay the amounts set forth in clauses (b)(ii) through (iv) of Section 2.05. On each Settlement Date, after making any transfers pursuant to the preceding sentence, the Paying Agent shall transfer to the Collection Account any funds in the Capitalized Interest Account in excess of the Capitalized Interest Account Specified Balance. Furthermore, upon the occurrence of the Termination Date, all amounts on deposit in the Capitalized Interest Account shall immediately be transferred to the Collection Account and shall be part of Available Funds on the next Settlement Date.

(b) To the extent there are insufficient Available Funds in the Collection Account to pay the amounts set forth in clauses (b)(ii) through (iv) of Section 2.05 in accordance with the provisions of Section 2.05 on any Settlement Date prior to the Termination Date (after taking into account any amounts transferred to the Collection Account pursuant to Section 2.07(a)), the Paying Agent shall transfer to the Collection Account moneys held by the Paying Agent in the Reserve Account, to the extent available for distribution on the specified day, to pay the amounts set forth in clauses (b)(ii) through (iv) of Section 2.05 in the priority set forth in Section 2.05. On each Settlement Date, after making any transfers pursuant to the preceding sentence, the Paying Agent shall transfer to the Collection Account any funds in the Reserve Account in excess of the Reserve Account Specified Balance. Furthermore, upon the occurrence of a Termination Date, all amounts on deposit in the Reserve Account shall immediately be transferred to the Collection Account and shall be part of Available Funds on the next Settlement Date.

Section 2.08. Management of Trust Accounts by Paying Agent.

(a) All funds held in the Collection Account, the Capitalized Interest Account, the Reserve Account, the Floor Income Rebate Account and the Borrower Benefit Account, including investment earnings thereon, shall be invested at the direction of the Administrator in Eligible Investments having a maturity date not later than the day prior to the next date on which any distributions are to be made from funds on deposit in such accounts; provided, however, that from and after the Termination Date, the Paying Agent at the direction of the Administrative Agent shall have the sole right to restrict the maturities of any investments held in any Trust Account, and to direct the withdrawal of any such investments for the purposes of paying the amounts described in Section 2.05(b), including any unpaid principal and Financing Costs on the

Note. All investment earnings (net of losses) on such Eligible Investments shall be credited to the applicable Trust Accounts. In the event that the Administrator or the Administrative Agent, as the case may be, shall have failed to give investment directions to the Paying Agent by 11:00 a.m. on any Business Day on which there may be uninvested cash deposited in any Trust Account, the Paying Agent shall have no obligation to invest such funds and shall not be liable for any lost potential investment earnings.

(b) Deutsche Bank Trust Company Americas (“**Deutsche Bank**”), in its capacity as Securities Intermediary or depository bank with respect to each Trust Account, hereby agrees with the Trust and the Administrative Agent that (i) each of the Trust Accounts, shall be either securities accounts or deposit accounts maintained at the Paying Agent, (ii) each item of property (whether investment property, financial asset, security, cash or instrument) credited to any Trust Account shall be treated as a “financial asset” within the meaning of Section 8-102(a)(9) of the UCC to the extent any such Trust Account is a securities account, (iii) Deutsche Bank shall treat the Administrative Agent as entitled to exercise the rights that comprise each financial asset credited to the Trust Accounts, (iv) Deutsche Bank shall comply with entitlement orders originated by the Administrative Agent with respect to any of the foregoing accounts that is a securities account and shall comply with instructions directing the disposition of funds originated by the Administrative Agent with respect to any of the foregoing accounts that is a deposit account, in each case without the further consent of any other person or entity, (v) except as otherwise provided in subsection (a) of this Section, Deutsche Bank shall not agree to comply with entitlement orders or instructions directing the disposition of funds originated by any person or entity other than the Administrative Agent, (vi) the Trust Accounts, and all property credited to such accounts shall not be subject to any lien, security interest, right of set-off or encumbrance in favor of Deutsche Bank in its capacity as Securities Intermediary or depository bank or anyone claiming through Deutsche Bank as Securities Intermediary or depository bank (other than the Administrative Agent), and (vii) the agreement herein between Deutsche Bank and the Administrative Agent shall be governed by the laws of the State of New York. Each term used in this Section 2.08(b), and in Section 2.08(c) and defined in the New York UCC shall have the meaning set forth in the New York UCC.

(c) No Eligible Investment held in the Trust Accounts, in the form of an instrument or certificated security as defined in the New York UCC in the possession of the Securities Intermediary (i) shall be subject to any other security interest or (ii) shall constitute proceeds of any property subject to such third party’s security interest.

(d) The Trust agrees to report as its income for financial reporting and tax purposes (to the extent reportable) all investment earnings on amounts in the Trust Accounts.

(e) Any investment of any funds in the Trust Accounts shall be made under the following terms and conditions:

(i) any such investment of funds shall be made in Eligible Investments which Eligible Investment will mature no later than the next Settlement Date (or such shorter periods as the Administrative Agent may direct); and

(ii) with respect to investments credited to the Trust Accounts, the Administrative Agent for the benefit of the Secured Creditors shall have a first

priority perfected security interest in such investment, perfected by control to the extent permitted under Article 9 of the UCC.

(f) The Paying Agent shall not in any way be held liable by reason of any insufficiency in the Trust Accounts resulting from losses on investments made in accordance with the provisions of this Agreement.

(g) With respect to each of the Trust Accounts that is a “securities account” (each, a “**Securities Account**”), the Securities Intermediary hereby confirms and agrees that:

(i) all securities, financial assets or other property credited to the Securities Accounts shall be registered in the name or nominee of the Securities Intermediary by a clearing corporation or other securities intermediary and as to which the Securities Intermediary is entitled to exercise the rights that comprise any financial assets credited to such Securities Account, indorsed to the Securities Intermediary in blank or credited to another Securities Account maintained in the name of the Securities Intermediary, and in no case shall any financial asset credited to any Securities Account be registered in the name of the Trust, payable to the order of the Trust or specially indorsed to the Trust;

(ii) all securities and other property delivered to the Securities Intermediary pursuant to this Agreement shall be promptly credited to the appropriate Securities Account;

(iii) each Securities Account is an account to which financial assets are or may be credited;

(iv) except for the claims and interest of the Administrative Agent and of the Trust in the Securities Accounts and without independent investigation of any kind, the Securities Intermediary does not know of any claim to, or interest in, any Securities Account or in any “financial asset” (as defined in Section 8-102(a)(9) of the UCC) credited thereto; if any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against any Securities Account or in any financial asset carried therein, the Securities Intermediary will promptly notify the Administrative Agent and the Trust thereof upon receiving notice or other actual knowledge thereof.

(h) Each party hereto acknowledges that the Securities Intermediary constitutes a “securities intermediary” within the meaning of Section 8-102(a)(14) of the UCC with respect to each Securities Account and constitutes a “bank” within the meaning of Section 9-102(a)(8) of the New York UCC with respect to each Trust Account that is a “deposit account.”

Section 2.09. Pledged Collateral, Assignment of the Transaction Documents. To secure the prompt and complete payment when due of the Obligations and the performance by the Trust of all of the covenants and obligations to be performed by it pursuant to this Agreement and each other Transaction Document, the Trust (and the Eligible Lender Trustee, in its capacity as titleholder to the Trust Student Loans) hereby assigns to the Administrative Agent on behalf

of the Secured Creditors (and their respective successors and assigns), and Grants to the Administrative Agent on behalf of the Secured Creditors (and their respective successors and assigns) a security interest, in each case, for the benefit of the Secured Creditors in accordance with their interests, in all of the Trust's (and the Eligible Lender Trustee's, in its capacity as titleholder to the Trust Student Loans) right and title to and interest in (but not the obligations of) the Transaction Documents. The Trust confirms and agrees that the Administrative Agent shall have, following the occurrence or declaration of a Termination Date the sole right to enforce the Trust's rights and remedies under the Transaction Documents for the benefit of the Secured Creditors, but without any obligation on the part of the Administrative Agent or any other Secured Creditor or any of their respective Affiliates, to perform any of the obligations of the Trust under the Transaction Documents.

Section 2.10. Grant of a Security Interest. To secure the prompt and complete payment when due of the Obligations and the performance by the Trust of all of the covenants and obligations to be performed by it pursuant to this Agreement and each other Transaction Document, the Trust (and the Eligible Lender Trustee, in its capacity as titleholder to the Trust Student Loans) hereby Grants to the Administrative Agent on behalf of the Secured Creditors (and their respective successors and assigns), a security interest in all of the Trust's and the Eligible Lender Trustee's, on behalf of the Trust, right, title and interest in:

- (a) all Trust Student Loans;
- (b) all Collections from Trust Student Loans, including all Interest Subsidy Payments, Special Allowance Payments, borrower payments and reimbursements of principal and accrued interest on default claims received and to be received from any Guarantor;
- (c) any other Collections, Eligible Investments, funds and accrued earnings thereon held in the various funds and accounts created under this Agreement, including the Trust Accounts;
- (d) all rights and remedies (but none of the obligations) under each of the Transaction Documents;
- (e) all Records relating to such Trust Student Loans and the foregoing items;
- (f) all accounts, general intangibles, payment intangibles, instruments, investment property, documents, chattel paper, goods, moneys, letters of credit, letter of credit rights, certificates of deposit, deposit accounts and all other property and interests in property of the Trust or the Eligible Lender Trustee, on behalf of the Trust, whether tangible or intangible and whether now owned or existing or hereafter arising or acquired and wheresoever located; and
- (g) all proceeds of any of the foregoing (collectively, along with the right and title to and interest of the Trust (and the Eligible Lender Trustee, in its capacity as titleholder to the Trust Student Loans) in the Transaction Documents pursuant to Section 2.09 and all proceeds thereof, the "*Pledged Collateral*").

The Trust and the Eligible Lender Trustee agree that this Section is intended to grant in favor of the Administrative Agent, on behalf of the Secured Creditors, a continuing lien and security interest in all of the Trust's (and the Eligible Lender Trustee's in its capacity as titleholder to the

Trust Student Loans) personal property. Each of the Trust and the Eligible Lender Trustee authorizes the Administrative Agent and its counsel to file Uniform Commercial Code financing statements, in form and substance satisfactory to the Eligible Lender Trustee, describing the collateral as all personal property of the Trust. In addition, at the request of the Administrative Agent, the Trust shall file or cause to be filed, and authorizes the Administrative Agent to file, UCC financing statement assignments assigning to the Administrative Agent any financing statement showing the Trust as secured party with respect to any personal property constituting, in the hands of the Trust or Eligible Lender Trustee, as applicable, Pledged Collateral.

Section 2.11. Payments by the Trust. All payments to be made by the Trust shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by, or on behalf of, the Trust for the account of the Note Purchaser, shall be made to the Administrative Agent, for further credit to an account designated by the Note Purchaser in United States dollars. Such payments (other than amounts already on deposit in the Collection Account) shall be made in immediately available funds to the Paying Agent no later than 12:00 p.m. on the date specified herein and the Paying Agent shall forward such amounts to the Note Purchaser no later than 1:00 p.m. on the date specified herein. Payments shall be applied in the order of priority specified in Section 2.05(b). Any payment which is received later than 1:00 p.m. (other than payments from amounts already on deposit in the Collection Account) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

Section 2.12. Payment of Stamp Taxes, Etc. Subject to any limitations set forth in Section 2.18, the Trust agrees to pay any present or future stamp, mortgage, value-added, court or documentary taxes or any other excise or property taxes, charges or similar levies imposed by any federal, state or local governmental body, agency or instrumentality (hereinafter referred to as “**Other Applicable Taxes**”) relating to this Agreement, any of the other Transaction Documents or any recordings or filings made pursuant hereto and thereto.

Section 2.13. Yield Protection.

(a) Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for the Note Purchaser (including any assignee becoming an additional Note Purchaser) to make or maintain Advances as contemplated by this Agreement based upon the LIBOR Rate (“Eurodollar Rate Advances”), such Note Purchaser shall give notice thereof to the Administrative Agent and the Trust describing the relevant provisions of such Requirement of Law, following which (a) the agreement of any Note Purchaser to continue Eurodollar Rate Advances as such shall forthwith be cancelled and (b) such Note Purchaser’s Advances then outstanding as Eurodollar Rate Advances, if any, shall accrue Yield at the Alternate Base Rate (i) from the next succeeding Settlement Date or (ii) on any earlier date as required by law. If any such conversion of any Eurodollar Rate Advance occurs on a day that is not a Settlement Date, the Trust shall pay to such Note Purchaser such amounts, if any, as may be required pursuant to Section 2.13(d) below.

(b) Increased Costs.

(i) If (A) there shall be any increase in the cost to any Note Purchaser (including any assignee becoming an additional Note Purchaser) or any of its Affiliates, assignees or participants (and any further assignees or participants thereof) or any Person providing such Note Purchaser with a liquidity or credit enhancement arrangement (each of the foregoing an “**Affected Party**”) of agreeing to make or making, funding or maintaining any Advance hereunder or (B) any reduction in any amount receivable in respect thereof or otherwise under this Agreement, and such increased cost or reduced amount receivable is due to either:

(x) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law, regulation or accounting principle after the Closing Date (other than in respect of Taxes and other amounts addressed by Section 2.18); or

(y) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law),

then the Trust shall from time to time, on the first Settlement Date occurring at least five (5) Business Days after the Trust’s receipt of written demand by such Affected Party, pay such Affected Party additional amounts sufficient to compensate such Affected Party for such increased cost or reduced amount receivable.

(ii) If any Affected Party shall have reasonably determined that (A) the applicability of any law, rule, regulation or guideline adopted after the Closing Date, or the initial implementation after the Closing Date of any such law, rule, regulation or guideline adopted but not initially implemented prior to the Closing Date, pursuant to or arising out of (1) the July 1988 paper of the Basel Committee on Banking Regulations and Supervisory Practices entitled “International Convergence of Capital Measurement and Capital Standards,” or (2) the proposal for New Basel Capital Accord issued by the Basel Committee on Banking Supervision (as revised from time to time, the “**New Accord**”), or (B) the adoption of any other law, rule, regulation or guideline after the Closing Date regarding capital adequacy, or the initial implementation after the Closing Date of any such law, rule, regulation or guideline adopted but not initially implemented prior to the Closing Date, and in either case affecting such Affected Party (including, but not limited to, any rule to be so adopted or so implemented with respect to recourse, residuals, liquidity commitments or direct credit substitutes, referred to hereinafter as the “**New Rules**”), or (C) any change arising in the foregoing or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or (D) compliance by such Affected Party (or any lending office of such Affected Party), or any holding company for such Affected Party which is subject to any of the capital requirements described above, with any request or directive of general application issued regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency has or would have the effect of reducing the rate of return on such Affected Party’s capital or on the capital of any such holding company as a direct consequence of such Affected Party’s obligations or

holding or maintaining Advances hereunder or arising in connection herewith to a level below that which such Affected Party or any such holding company could have achieved but for such adoption, change or compliance (taking into consideration such Affected Party's policies and the policies of such holding company with respect to capital adequacy) by an amount deemed by such Affected Party to be material, then from time to time such Affected Party may request the Trust to pay to such Affected Party such additional amounts as will compensate such Affected Party or any such holding company for any such reduction suffered.

(iii) If as a result of any event or circumstance similar to those described in Section 2.13(b)(i) or Section 2.13(b)(ii), any Affected Party is required to compensate a bank or other financial institution providing liquidity support, credit enhancement or other similar support to such Affected Party (whether directly or through a participation) with respect to amounts similar to those described in Section 2.13(b)(i) or Section 2.13(b)(ii) in connection with this Agreement or the funding or maintenance of Advances hereunder, then within ten days after demand by such Affected Party, the Trust shall pay to such Affected Party such additional amount or amounts as may be necessary to reimburse such Affected Party for any amounts paid by it. The Trust acknowledges to the Note Purchaser that such Note Purchaser is providing no assurance that the committed liquidity support provided with respect to this Agreement will be assigned a zero percent credit-conversion factor under risk-based capital guidelines adopted by applicable bank regulatory authorities in response to the framework therefor announced in July, 1988 by the Basel Committee on Banking Regulations and Supervisory Practices or in response to the New Accord or under the New Rules. Notwithstanding the foregoing, no amount shall be payable under this subsection (iii) except to the extent the affected bank or other financial institution providing the aforementioned support is a party to this Agreement as a Note Purchaser and is accordingly subject to the same provisions and restrictions applicable herein to a Note Purchaser party hereto (including without limitation, the provisions of Sections 2.13(b), and 2.13(e) with respect to any claims made under this subsection (iii).

(iv) Any failure or delay on the part of any Affected Party to demand compensation pursuant to clause (i), (ii) or (iii) of this Section 2.13(b) shall not constitute a waiver of such Affected Party's right to demand such compensation; provided, that the Trust shall not be required to compensate an Affected Party pursuant to such clauses of this Section 2.13(b) for any increased costs incurred or reductions suffered more than 90 days prior to the date that such Affected Party notifies the Trust of the event or events giving rise to such increased costs or reductions and of such Affected Party's intention to claim compensation therefor (except that, if such event or events have a retroactive effect, then the 90 day period referred to above shall be extended to include the period of retroactive effect thereof); provided further, that, in no event shall the Trust be required to compensate an Affected Party pursuant to such clauses of this Section 2.13(b) for any increased costs incurred or reductions suffered prior to the Closing Date.

(c) Indemnity Regarding Breakage Costs. The Trust hereby agrees to indemnify the Note Purchaser (including each assignee Note Purchaser, if any) and to hold the Note Purchaser harmless from any loss (other than loss of Yield margin) or reasonable expense which the Note Purchaser may sustain or incur as a consequence of (i) default or rescission, as applicable, by the

Trust in making a borrowing of, conversion into or continuation of any Advance hereunder on the date requested after the Trust has given a notice requesting the same in accordance with the provisions of this Agreement, (ii) default by the Trust in making any prepayment on the date requested after the Trust has given a notice thereof in accordance with the provisions of this Agreement or (iii) the making of a prepayment of Advances on a day which is not a Settlement Date. Such indemnification shall be in an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, for the period from the date of such prepayment or of such failure to borrow to the next Settlement Date (or, in the case of a failure to borrow, such period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Advances provided for herein (minus the applicable margin) over (ii) the amount of interest (as determined by the Note Purchaser) that would have accrued to such Note Purchaser on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. This covenant shall survive the termination of this Agreement and the payment of all other amounts payable hereunder.

(d) **Notice of Amounts Payable.** In the event that the Note Purchaser becomes aware that any amounts are or will be owed to it pursuant to Section 2.13, then it shall promptly notify the Trust thereof; **provided** that any failure to provide such notice shall not affect the Trust's obligations hereunder or under the other Transaction Documents or result in any liability of or on the part of such Note Purchaser. The amounts set forth in such notice shall be conclusive and binding for all purposes absent manifest error.

(e) **Mitigation of Obligations.** If the Note Purchaser or any of its Affiliates requests compensation under Section 2.13(b), or requires the Trust to pay any additional amount to such Note Purchaser, any of its Affiliates or any Governmental Authority for the account of such Note Purchaser or any of its Affiliates pursuant to Section 2.18, then such Note Purchaser (an "**Affected Lender**") shall use commercially reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Affected Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13(b) or 2.18, as the case may be, in the future and (ii) would not subject such Affected Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Affected Lender (other than in a *de minimus* manner). The Trust hereby agrees to pay all reasonable costs and expenses incurred by any Affected Lender in connection with any such designation or assignment. A certificate setting forth such costs and expenses submitted by such Affected Lender to the Trust shall be conclusive absent manifest error.

(f) Any assignee or participant of the Note Purchaser (or other person claiming entitlement through such assignee or participant) shall not be entitled to compensation or payment of additional amounts pursuant to Section 2.13(b) or 2.18 in an amount greater than the amount to which UBS Real Estate Securities Inc., the assignor or participant grantor would have been entitled to receive had such assignment or participation not occurred.

Section 2.14. Extension. The Trust, acting through the Administrator, may at any time request that the maturity of the Note and the Stated Termination Date be extended for an additional period of time as specified in such request. Any such request shall be in writing and delivered to the Administrative Agent. The Note Purchaser shall not have any obligation to

agree to such extension at any time. Any such extension shall be effective only upon the written agreement of the Trust and the Note Purchaser. The Administrative Agent shall not be entitled to collect the Aggregate Note Balance (except from Available Funds as set forth in Section 2.05(b)) or sell all or any portion of the Pledged Collateral until after the occurrence of the Termination Date.

Section 2.15. Servicer Advances. In the event that, on the Settlement Date relating to any Settlement Period, the amount on deposit in the Collection Account which is allocable to the payment of amounts due under Section 2.05(b)(ii), (iii) and (iv) on such Settlement Date is not sufficient to pay such amounts, the Servicer may, to the extent permitted under the Servicing Agreement, make an advance in an amount equal to such insufficiency, provided that the Servicer in good faith believes that such Servicer Advance will be recoverable on a future Settlement Date.

Section 2.16. Release of Pledged Collateral.

(a) The Administrative Agent hereby agrees to release its lien on Pledged Collateral transferred from the Trust to the Depositor or the Servicer as a result of a Permitted Seller Buy-Back, Permitted SPE Transfer, Servicer Buy-Out, substitutions, purchases or repurchases of Trust Student Loans pursuant to the Sale Agreement, a Purchase Agreement or the Servicing Agreement; provided, however, that with respect to any such repurchase of a Student Loan, the Paying Agent has received cash into the Collection Account in an amount equal to the applicable Purchase Amount; and provided further that with respect to substitutions of Student Loans by the Servicer required or expressly permitted as a result of the applicable Purchase Agreement and Sale Agreement or the Servicing Agreement, the Trust has received a conveyance of substitute Eligible FFELP Loans in compliance with Section 5(b) of the Purchase Agreement or 3.05(d) of the Servicing Agreement, as applicable, together with any supplemental amount concurrently required to be deposited into the Collection Account pursuant to Section 5(b) of the Purchase Agreement or 3.05(d) of the Servicing Agreement, as applicable.

(b) In addition, the Administrative Agent hereby further agrees to release its lien on the Pledged Collateral transferred from the Trust to the Depositor or an Affiliate as a result of a Permitted Release. The release of the Administrative Agent's security interest in any Released Collateral pursuant to this Section 2.16(b) shall be subject to the following conditions precedent (and by transferring the Pledged Collateral in connection with such Permitted Release the Trust shall be deemed to have certified that all such conditions precedent are satisfied):

(i) such release shall be a Permitted Release;

(ii) before and after giving effect to such release, there shall not exist any Termination Event or, to the best of the Trust's or the Administrator's knowledge, a Potential Termination Event;

(iii) before and after giving effect to any such release, there shall not exist any Borrowing Base Deficiency and the outstanding Principal Balance of Eligible FFELP Loans which bear interest at a rate determined by reference to United States Treasury bills shall not exceed 5% of the outstanding Principal Balance of all remaining Eligible FFELP Loans;

(iv) at least five Business Days prior to any such Permitted Release, the Trust, acting through the Administrator, shall have delivered a notice in the form and substance of Exhibit D attached hereto (a “**Notice of Release**”) to the Administrative Agent, certifying that the foregoing conditions described in this Section 2.16(b) shall have been satisfied in connection therewith, together with a pro forma report in the form attached as Exhibit E demonstrating compliance with the condition described in clause (iii) above;

(v) on or prior to such Permitted Release, the Trust shall have deposited into the Collection Account cash in an amount equal to the greater of the Purchase Amount or the net proceeds received with respect to such Trust Student Loans (or in the case of Take Out Securitizations the Purchase Amount); and

(vi) such release of Trust Student Loans is effected as part of a transaction involving a random selection by Sallie Mae, Inc. from across its aggregate pool of serviced loans, using loan selection criteria customarily used by Sallie Mae, Inc. in the selection of loans from its serviced pool for securitizations, whole-loan sales or fair market auctions, as applicable.

Section 2.17. Effect of Release. Upon the satisfaction of the conditions in Section 2.16, all right, title and interest of the Administrative Agent in, to and under the related Released Collateral shall terminate and revert to the Trust, its successors and assigns, and the right, title and interest of the Administrative Agent in such Released Collateral shall thereupon cease, terminate and become void; and, upon the written request of the Trust, acting through its Administrator, its successors or assigns, and at the cost and expense of the Trust, the Administrative Agent, acting through the Administrator, shall deliver and, if necessary, execute such UCC-3 financing statements and releases prepared by and submitted to the Administrative Agent for authorization, as are necessary or reasonably requested in writing by the Trust, acting through the Administrator, to terminate and remove of record any documents constituting public notice of the security interest in such Released Collateral granted hereunder being released to the Trust or its designee.

Section 2.18. Taxes.

(a) All payments made by the Trust under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future Taxes now or hereafter imposed (including by reason of change in law, interpretation or administrative practice), excluding net income taxes and franchise taxes or branch profit taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or the Note Purchaser as a result of a present or former connection between the Administrative Agent or the Note Purchaser and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or the Note Purchaser having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Transaction Document) (collectively, “**Excluded Taxes**”). If any Taxes other than Excluded Taxes (“**Other Taxes**”) are required to be withheld from any amounts payable to the Administrative Agent or the Note Purchaser hereunder, the amounts so payable to the Administrative Agent or the Note

Purchaser shall be increased to the extent necessary to yield to the Administrative Agent or the Note Purchaser (after payment of all Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; provided, however, that the Trust shall not be required to increase any such amounts payable to the Note Purchaser with respect to any Other Taxes that are United States withholding taxes imposed on amounts payable to the Note Purchaser at the time the Note Purchaser becomes a party to this Agreement, except to the extent that the Note Purchaser's assignor (if any) was entitled, at the time of the assignment, to receive additional amounts from the Trust with respect to such Other Taxes pursuant to this paragraph.

(b) In addition, the Trust shall pay to the relevant Governmental Authority in accordance with applicable law all Other Taxes imposed upon the Administrative Agent or the Note Purchaser that arise from any payment made hereunder or from the execution, delivery, or registration of or otherwise similarly with respect to, this Agreement.

(c) Whenever any Other Taxes are payable hereunder by the Trust, the Administrative Agent shall promptly after becoming aware that such Other Taxes are payable, notify the Trust in writing and within 30 days thereafter the Trust shall send to the Administrative Agent for its own account or for the account of the Administrative Agent, or the Note Purchaser, as the case may be, a certified copy of an original official receipt received by the Trust showing payment thereof. The Trust further agrees to indemnify the Administrative Agent and the Note Purchaser from and against the full amount of the Other Taxes arising out of this Agreement (whether directly or indirectly) imposed upon or paid by the Administrative Agent or the Note Purchaser and all liabilities (including without limitation penalties, interest, and additions to tax) with respect thereto, regardless of whether the Other Taxes were correctly or legally asserted by the relevant Governmental Authority; provided that the Administrative Agent or the Note Purchaser, as the case may be, shall have provided the Trust with evidence, reasonably satisfactory to the Trust, of payment of such Other Taxes.

(d) If the Note Purchaser (or transferee) is not a "U.S. Person" as defined in section 7701(a)(30) of the Code (a "**Non-U.S. Lender**") such Non-U.S. Lender shall deliver to the Trust and the Administrative Agent two copies of either U.S. Internal Revenue Service form W-8BEN or form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from the withholding of U.S. federal income tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest," both a form W-8BEN and a certificate substantially in the form of Exhibit F (a "**2.18(d) Certificate**") or any subsequent versions thereof or successors thereto, in all cases properly completed and duly executed by such Non-U.S. Lender, claiming complete exemption from withholding of U.S. federal income tax on all payments of interest by the Trust under this Agreement. Such forms shall be delivered by each Non-U.S. Lender at least (5) five Business Days before the date of the initial payment to be made pursuant to this Agreement by the Trust to the Non-U.S. Lender. In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Trust at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Trust (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision in this paragraph, a Non-U.S. Lender shall not be required to deliver any subsequent form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) For any period with respect to which a Non-U.S. Lender has failed to provide the Trust or the Administrative Agent with the appropriate form, certificate or other document described in Section 2.18(d) (unless such failure is due to a change in treaty, law or regulation, or any interpretation or administration thereof by any Governmental Authority, occurring after the date on which a form, certificate or other document originally was required to be provided), the Non-U.S. Lender shall not be entitled to indemnification of additional amounts under Section 2.18 with respect to Other Taxes by reason of such failure; provided, however, that should the Non-U.S. Lender, if otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Other Taxes because of its failure to deliver a form required hereunder, the Trust shall take such steps as the Non-U.S. Lender shall reasonably request to recover such Other Taxes.

(f) The Note Purchaser (if entitled to an exemption from or reduction of non-U.S. Other Taxes with respect to payments under this Agreement) shall deliver to the Trust (with a copy to the Administrative Agent), at the time or times prescribed by the applicable law or reasonably requested by the Trust, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that the Note Purchaser is legally entitled to complete, execute and deliver such documentation and in the Note Purchaser's judgment such completion, execution or submission would not materially prejudice the legal position of the Note Purchaser.

(g) In cases in which the Trust makes a payment under this Agreement to a U.S. Person with knowledge that such U.S. Person is acting as an agent for a foreign person, the Trust will not treat such payment as being made to a U.S. Person for purposes of Treas. Reg. § 1.1441-1(b)(2)(ii) (or a successor provision) without the express written consent of such U.S. Person.

(h) The Note Purchaser hereby agrees that, upon the occurrence of any circumstances entitling the Note Purchaser to indemnification or additional amounts pursuant to this Section 2.18, the Note Purchaser shall use commercially reasonable efforts to designate a different lending office if the making of such a change would avoid the need for, or materially reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of the Note Purchaser, be materially disadvantageous to the Note Purchaser.

(i) If the Note Purchaser receives a refund in respect of any Other Taxes as to which the Note Purchaser has been indemnified by the Trust, or with respect to which the Trust has paid an additional amount hereunder, the Note Purchaser shall within 30 days after the date of such receipt pay over the amount of such refund (to the extent so attributable) to the Trust, net of all reasonable out-of-pocket expenses of the Note Purchaser related to claiming such refund; provided, however, that (i) the Note Purchaser, acting in good faith, will be the sole judge of the amount of any such refund and of the date on which such refund is received, (ii) the Note Purchaser, acting in good faith, shall have absolute discretion as to the order and manner in which it employs or claims tax refunds available to it and (iii) the Trust agrees to repay the Note Purchaser, upon written request, the amount of such refund received by the Trust, in the event and to the extent, the Note Purchaser is required to repay such refund to any relevant Governmental Authority. This subsection shall not be construed to require the Note Purchaser to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Trust or any other Person.

(j) Notwithstanding any other provision of this Agreement, in the event that the Note Purchaser is party to a merger or consolidation pursuant to which the Note Purchaser no longer exists or is not the surviving entity (but excluding any change in the ownership of the Note Purchaser), any Taxes payable under applicable law as a result of such change shall be considered Excluded Taxes to the extent such Taxes are in excess of the Taxes that would have been payable had such change not occurred.

(k) Within 30 days of the written request of the Trust therefor, the Note Purchaser shall execute and deliver to the Trust such certificates, forms or other documents which can be furnished consistent with the facts and which are reasonably necessary to assist the Trust in applying for refunds of Other Taxes remitted hereunder.

(l) The Trust and the Note Purchaser will treat the Note as debt for U.S. federal income tax purposes.

(m) The agreements in this Section shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

ARTICLE III

THE NOTE

Section 3.01. Form of Note Generally.

(a) Each Note shall be in substantially the form set forth in Exhibit G with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Note, as evidenced by their execution of such Note. Only one Note will be issued on the Closing Date.

(b) Each Note shall be typewritten or printed.

(c) Each Note shall be issuable only in registered form and with a maximum aggregate principal amount for all Notes equal to the Maximum Financing Amount.

Section 3.02. Securities Legend. Each Note issued hereunder will contain the following legend:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR REGULATORY AUTHORITY OF ANY STATE. THIS NOTE HAS BEEN OFFERED AND SOLD PRIVATELY. THE REGISTERED OWNER HEREOF ACKNOWLEDGES THAT THESE SECURITIES ARE "RESTRICTED SECURITIES" THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREES FOR THE BENEFIT OF THE TRUST AND ITS AFFILIATES THAT THESE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (I) TO A PERSON WHOM THE TRANSFEROR REASONABLY

BELIEVES IS AN INSTITUTIONAL ACCREDITED INVESTOR TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR TRANSFER IS BEING MADE IN RELIANCE ON REGULATION D, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION OR (II) TO A PERSON IN A TRANSACTION THAT IS REGISTERED UNDER THE SECURITIES ACT OR THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE DEPOSITOR, THE ADMINISTRATOR, THE ADMINISTRATIVE AGENT AND THE ELIGIBLE LENDER TRUSTEE THAT: IT IS AN INSTITUTIONAL ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1)-(3) AND (7) OF REGULATION D UNDER THE SECURITIES ACT) OR AN ENTITY IN WHICH ALL THE EQUITY OWNERS COME WITHIN SUCH PARAGRAPHS; ITS ACQUISITION OF THIS NOTE IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS AND IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION.

Section 3.03. Principal and Interest Payments. On each Settlement Date and on each other date interest is paid or the amount of outstanding principal of the Note is reduced, the Administrative Agent shall make appropriate notations in its books and records of the then outstanding amount of the Note and the amount of any principal reduction, as applicable, which records shall be presumptively correct absent manifest error.

Section 3.04. Execution and Dating. The Note shall be executed on behalf of the Trust by any of the Authorized Officers of the Eligible Lender Trustee. The signature of any of these officers on the Note may be manual or facsimile. The Note shall be dated the date of its execution.

Section 3.05. Registration, Registration of Transfer, Transfer Restrictions.

(a) The Trust shall cause to be kept a register (the “**Note Register**”) in which, subject to such reasonable regulations as it may prescribe, the Trust shall provide for the registration of the Note and for any transfer of the Note. The Administrative Agent, acting for this purpose as agent of the Trust, shall serve as “**Note Registrar**” for the purpose of registering the Note and transfer of the Note as herein provided.

(b) Upon surrender for registration of transfer of the Note at the office or agency of the Trust to be maintained as provided in Section 5.01(l), the Trust shall execute and deliver in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like tenor and aggregate principal amount.

(c) At the option of the Registered Owner, the Note may be exchanged for one or more Notes in any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at such office or agency. Whenever any Note is so surrendered for exchange, the Trust shall execute and deliver the Note or Notes which the Registered Owner making the exchange is entitled to receive.

(d) A Note issued upon any registration of transfer or exchange of a Note shall be the valid obligation of the Trust, evidencing the same debt, and entitled to the same benefits under this Agreement, as the Note surrendered upon such registration of transfer or exchange.

(e) Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Trust or the Administrative Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form reasonably satisfactory to the Trust and the Note Registrar duly executed by the Registered Owner thereof or his attorney duly authorized in writing with such signature guaranteed by a commercial bank or trust company, or by a member firm of a national securities exchange, and such other documents as the Administrative Agent may require. The Trust shall notify the Administrative Agent, as the Note Registrar, of each transfer or exchange of Notes.

(f) No service charge shall be made for any registration of transfer or exchange of a Note, but the Trust or the Administrative Agent may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of a Note.

Section 3.06. Mutilated, Destroyed, Lost and Stolen Notes.

(a) If a mutilated Note is surrendered to the Administrative Agent, the Trust shall execute and deliver in exchange therefor a new Note of a like aggregate principal amount. If there shall be delivered to the Trust (i) evidence to the Trust's satisfaction of the destruction, loss or theft of the Note and (ii) such security or indemnity as may be required by them to hold the Trust and any of its agents, including the Administrative Agent and the Eligible Lender Trustee, harmless, then, in the absence of notice to the Trust that such Note has been acquired by a bona fide purchaser, the Trust shall execute and deliver, in lieu of any such destroyed, lost or stolen Note, a new Note of the same outstanding principal amount.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Trust in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section, the Trust may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Note Registrar) connected therewith.

(d) Every new Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Trust, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Notes duly issued hereunder.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 3.07. Persons Deemed Owners. Prior to due presentment of a Note for registration of transfer, the Trust, the Administrative Agent and any agent of the Trust or the Administrative Agent may treat the Person in whose name such Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and Financing Costs on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Trust, the Administrative Agent or any agent of the Trust or the Administrative Agent shall be affected by notice to the contrary.

Section 3.08. Cancellation. Each Note surrendered for payment, prepayment in whole, registration of transfer or exchange shall, if surrendered to any Person other than the Trust, be delivered to the Trust and shall be promptly cancelled by the Trust. The Trust may at any time cancel the Note previously delivered hereunder which the Trust may have acquired in any manner whatsoever, and may cancel the Note previously executed hereunder which the Trust has not issued and sold. No Note shall be executed and delivered in lieu of or in exchange for the Note cancelled as provided in this Section, except as expressly permitted by this Agreement. All cancelled Notes held by the Trust shall be held or destroyed by the Trust in accordance with its standard retention or disposal policy as in effect at the time.

ARTICLE IV

CONDITIONS TO NOTE PURCHASE AND ADVANCES

Section 4.01. Conditions Precedent to Note Purchase and Initial Advance. The purchase of the Note and the initial Advance hereunder are subject to the condition precedent that the Administrative Agent shall have received on or before the Closing Date the documents, opinions and other items listed below, in form and substance satisfactory to it. By accepting the proceeds of the initial Advance, the Trust shall be deemed to have certified that all such conditions precedent (unless waived by the Administrative Agent) are satisfied on the Closing Date.

(a) executed copies of this Agreement, the Note, the Valuation Agent Agreement, the Trust Agreement, the Administration Agreement, the Purchase Agreements, the Sale Agreement, the Servicing Agreement, each Eligible Lender Trustee Agreement, each Guarantee Agreement and the initial Advance Request;

(b) UCC-1 Financing Statements;

(c) Officers' Certificates of the Trust, the Eligible Lender Trustee, the Administrator, the Servicer, each Seller and the Depositor (including, in each case certified articles of incorporation or the equivalent, by-laws or the equivalent, board resolutions, good standing certificates and incumbency) (on which certificates the Administrative Agent and Note Purchaser may conclusively rely until such time as the Administrative Agent shall receive from the Trust a revised certificate meeting the requirements of this clause);

(d) Officers' Certificates of the Trust certifying that each of the Guarantee Agreements that have been provided to the Administrative Agent are true and correct copies thereof and remain in full force and effect;

- (e) Opinions of Counsel to the Trust, the Depositor, each Seller, the Administrator, the Servicer and the Eligible Lender Trustee;
- (f) UCC search report results dated a date reasonably near the Closing Date listing all effective financing statements which name the Trust, any Seller, the Depositor or the Eligible Lender Trustee (under its present name or any previous names) in any jurisdictions where filings are to be made under paragraph 2 above (or similar filings would have been made in the past five years);
- (g) evidence of establishment of the Trust Accounts;
- (h) forecasts of the financial performance of SLM Corporation and its subsidiaries on an annual basis through 2012 and on a quarterly basis through 2008;
- (i) the documentation and other information with respect to the Trust that is required by regulatory authorities under applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act;
- (j) approval by the Administrative Agent of the composition and characteristics of the aggregate pool of Student Loans (as identified in data previously furnished to the Administrative Agent) expected to be acquired with the proceeds of Advances, which approval shall be evidenced by execution of this Agreement; and
- (k) such other information, certificates, documents and actions as the Administrative Agent may reasonably request.

The Administrative Agent shall have received payment of all fees and expenses due and payable to the Administrative Agent on behalf of the Note Purchaser on the Closing Date (including pursuant to the Fee Letter); provided, that payment of such expenses consisting of fees and expenses of counsel to the Administrative Agent to the extent invoiced shall instead be a condition to the initial Advance, if such invoice is not delivered to the Administrator on or before the Closing Date but is delivered to the Administrator on or before the initial Advance Date.

Section 4.02. Conditions Precedent to All Advances. Each Advance (including the initial Advance) shall be subject to the further conditions precedent, unless waived by the Administrative Agent, that on the date of such Advance (and the Trust, by accepting the proceeds of such Advance, shall be deemed to have certified that all such conditions unless waived are satisfied on the date of such Advance):

- (a) The Eligible FFELP Loans being acquired with the proceeds of such Advance are being purchased by the Depositor from a Seller pursuant to a Purchase Agreement and are being subsequently purchased by the Trust from the Depositor pursuant to the Sale Agreement;
- (b) On or prior to the Advance Date, the Trust shall cause to be delivered to the Administrative Agent copies of the relevant Purchase Agreement, the Sale Agreement, a Schedule of Trust Student Loans and copies of all schedules, financing statements and other documents required to be delivered by the applicable Seller and Depositor as a condition of purchase thereunder.

(c) On the Advance Date, the following statements shall be true, and the Trust by accepting the proceeds of the Advance shall be deemed to have certified (it being understood that such certification as to the non-existence of a Potential Termination Event as described in clause (ii) below shall be made to the best of the Trust's or the Administrator's knowledge) that:

(i) the representations and warranties contained in Article V are correct on and as of such day as though made on and as of such date (or, to the extent such representations and warranties speak as of a specific date, were true and correct on and as of such date);

(ii) no event has occurred and is continuing, or would result from the Advance, which constitutes a Servicer Default or a Termination Event or a Potential Termination Event;

(iii) there has occurred no event which could reasonably be determined to have a Material Adverse Effect with respect to the Trust;

(iv) no law or regulation shall prohibit, and no order, judgment or decree of any Official Body shall prohibit or enjoin, the making of the Advance in accordance with the provisions hereof;

(v) the amount of money necessary to equal the Reserve Account Specified Balance has been deposited in the Reserve Account, and the amount of money necessary to equal the Capitalized Interest Account Specified Balance has been deposited into the Capitalized Interest Account, as the case may be, on such date (whether from the proceeds of the Advance or otherwise);

(vi) SLM Corporation has in place under other student loan asset-backed financing facilities providing for advances similar to this Agreement, aggregate commitments of not less than \$30,000,000,000 (including the commitment represented by the Maximum Facility Amount but excluding the existing asset-backed financing facilities for the initial Sellers);

(vii) Bank of America, N.A. has delivered a letter, substantially in the form of Exhibit H hereto, evidencing the release of the existing lien on the Trust Student Loans which are being acquired by the Trust with the proceeds of such Advance upon payment of the applicable amount specified in such letter; and

(viii) The Trust Student Loans being acquired with the proceeds of such Advance consist of Student Loans within the aggregate portfolio previously approved by the Administrative Agent as described in clause (j) of Section 4.01 (it being understood that other Student Loans may be included in such funding to account for changes in the aggregate portfolio occurring between the time that the portfolio data was presented to the Administrative Agent for such approval and the date of the applicable Advance).

(d) The Servicer, as bailee for the Administrative Agent for the benefit of the Secured Creditors, shall be in possession of the original Student Loan Notes (or certified copies thereof,

to the extent more than one loan is evidenced by such Student Loan Note), representing the Student Loans being financed with the proceeds of the Advance;

(e) All conditions precedent to the Trust's acquisition of the Student Loans to be financed with the proceeds of the Advance (other than the payment of the purchase price therefor) shall have been satisfied;

(f) No suit, action or other proceeding, investigation or injunction, or final judgment relating thereto, shall be pending or threatened before any court or governmental agency, seeking to restrain or prohibit or to obtain damages or other relief in connection with any of the Transaction Documents or the consummation of the transactions contemplated hereby;

(g) No statute, rule, regulation or order shall have been enacted, entered or deemed applicable by any government or governmental or administrative agency or court that would make the transactions contemplated by any of the Transaction Documents illegal or otherwise prevent the consummation thereof;

(h) After giving effect to such Advance, no Borrowing Base Deficiency shall exist and

(i) After giving effect to such Advance, the Trust shall not own Eligible FFELP Loans which bear interest at a rate determined by reference to United States treasury bills in an amount which exceeds 5% of the outstanding Principal Balance of all Trust Student Loans.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.01. General Representations and Warranties of the Trust. The Administrator (on behalf of the Trust) represents and warrants for the benefit of the Administrative Agent and the Secured Creditors as follows on and as of the Closing Date and on each Advance Date and each Settlement Date (unless such representation or warranty references a specific date or time as of which such representation or warranty is made):

(a) The Trust is a statutory trust duly organized, validly existing and in good standing solely under the laws of the State of Delaware and is duly qualified to do business, and is in good standing, in every jurisdiction in which the nature of its business requires it to be so qualified.

(b) The execution, delivery and performance by the Trust of this Agreement and all Transaction Documents to be delivered by it in connection herewith or therewith, including the Trust's use of the proceeds of any Advance,

(i) are within the Trust's organizational powers,

(ii) have been duly authorized by all necessary organizational action,

(iii) do not contravene (A) the Trust's organizational documents; (B) any law, rule or regulation applicable to the Trust; (C) any contractual restriction

binding on or affecting the Trust or its property; or (D) any order, writ, judgment, award, injunction or decree binding on or affecting the Trust or its property;

(iv) do not result in a breach of or constitute a default under any indenture, agreement, lease or other instrument to which the Trust is a party;

(v) do not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties (other than in favor of the Administrative Agent, for the benefit of the Secured Creditors, with respect to the Pledged Collateral); and

(vi) do not require compliance with any bulk sales act or similar law.

(c) This Agreement and the other Transaction Documents to which it is named as a party have each been duly executed and delivered by the Eligible Lender Trustee, on behalf of the Trust. The Note has been duly and validly authorized and when executed and paid for in accordance with the terms of this Agreement, will be duly and validly issued and outstanding, and will be entitled to the benefits of this Agreement.

(d) No permit, authorization, consent, license or approval or other action by, and no notice to or filing with, any Official Body is required for the due execution, delivery and performance by the Trust of this Agreement or any other Transaction Document to which it is a party, except for the filing of the UCC financing statements, except as may be required in connection with any future transfers of the Notes.

(e) This Agreement and each other Transaction Document to which the Trust is a party constitute the legal, valid and binding obligations of the Trust, enforceable against the Trust in accordance with their respective terms, subject to (i) applicable bankruptcy, insolvency, moratorium, or other similar laws affecting the rights of creditors and (ii) general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

(f) On the Closing Date or any Advance Date, no Termination Event or, to the best of the Trust's knowledge, Potential Termination Event has occurred and is continuing.

(g) No Monthly Report, Valuation Report (but only to the extent that information contained therein is supplied by the Administrator on behalf of the Trust or by the Trust), information, exhibit, financial statement, document, book, record or report furnished or to be furnished by or on behalf of the Trust to the Administrative Agent in connection with this Agreement is or will be incorrect in any material respect as of the date it is or shall be dated.

(h) The Note will be characterized as debt for federal income tax and ERISA purposes as of the Closing Date. The Trust has or has caused to be (i) timely filed all tax returns (federal, state and local) required to be filed, (ii) paid or made adequate provision for the payment of all taxes, assessments and other governmental charges and (iii) accounted for the purchase and pledge of the Trust Student Loans in its books consistent with GAAP.

(i) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Trust or the Administrator, overtly threatened in writing against or affecting the Trust (x) asserting the

invalidity of this Agreement or any other Transaction Document, (y) seeking to prevent the consummation of any of the transactions contemplated by this Agreement and the other Transaction Documents, or (z) wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect on the Trust or which affects, or purports to affect, the validity or enforceability against the Trust of any Transaction Document.

(j) The Trust is not required to register under the Investment Company Act.

(k) The Trust is Solvent at the time of (and immediately after) any Advance and the related purchase of Eligible FFELP Loans made by the Trust. The Trust has given reasonably equivalent value to the Depositor in consideration for the transfer to it of the Trust Student Loans from the Depositor and each such transfer shall not have been made for or on account of an antecedent debt owed by the Depositor to it.

(l) The principal place of business and chief executive office of the Trust and the office where the Trust keeps any Records in its possession are located at the addresses of the Trust referred to in Section 10.02 or such other location as the Trust shall have given notice of to the Administrative Agent pursuant to this Agreement.

(m) The Trust has no trade names, fictitious names, assumed names or “doing business as” names or other names under which it has done or is doing business.

(n) All representations and warranties of the Trust set forth in the Transaction Documents to which it is a party are true and correct in all material respects as of the date made and the Trust is hereby deemed to have made each such representation and warranty, as of the date made, to, and for the benefit of, the Secured Creditors as if the same were set forth in full herein.

(o) The Trust is not in violation of, or default under, any material law, rule, regulation, order, writ, judgment, award, injunction or decree binding upon it or affecting the Trust or its property.

(p) The Trust has incurred no Debt and has no other obligation or liability in excess of \$250,000, other than normal trade payables, the Obligations, any outstanding Servicer Advances and any amounts due under the Credit Agreement or any other Transaction Document.

(q) The sale of the Note to the initial Note Purchaser pursuant to this Agreement will not require the registration of the Note under the Securities Act.

(r) No steps have been taken by any Person to terminate any Benefit Plan under Title IV of ERISA the assets of which are not sufficient to satisfy all of its benefit liabilities (as determined under Title IV of ERISA) if such insufficiency is likely to result in a Material Adverse Effect on the Trust, no contribution failure has occurred with respect to any Benefit Plan sufficient to give rise to a lien on the assets of the Trust under Section 302(f) or 303(k), as applicable, of ERISA, and each Benefit Plan of the Trust has been administered in all material respects in compliance with its terms and applicable provision of ERISA and the Code (or, to the extent such Benefit Plan has not been administered in compliance with such terms and provisions, such noncompliance is not likely to result in a Material Adverse Effect on the Trust). Neither the Trust nor any ERISA Affiliates has incurred and no event has occurred that could

reasonably be enacted to cause any one of them to incur, any liability to a Multiemployer Plan in connection with failure to pay required contributions, a complete or partial withdrawal, or the reorganization or termination of any such Multiemployer Plan if such liability is likely to result in a Material Adverse Effect on the Trust.

(s) No proceeds of any Advance will be used by the Trust for any purpose that violates applicable law, including Regulation U of the Federal Reserve Board.

(t) The Trust is not engaged in or nor has it engaged in any course of conduct that could subject any of its properties to any Adverse Claim, seizure or other forfeiture under any criminal law, racketeer influenced and corrupt organizations law, civil or criminal, or other similar laws, whether foreign or domestic.

(u) The Trust is not in violation of any Requirement of Law relating to terrorism or money laundering (“**Anti-Terrorism Laws**”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “**Executive Order**”), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (“**Patriot Act**”).

(v) The Trust is not any of the following:

(i) a person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a person owned or controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) to the best of the Trust’s or the Administrator’s knowledge, a person with which the Note Purchaser is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(v) a person that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control (“**OFAC**”) at its official website or any replacement website or other replacement official publication of such list.

(w) The Trust does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in clause (w), (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(x) No event has occurred which would have a Material Adverse Effect on the Trust.

Section 5.02. Representations and Warranties of the Trust Regarding the Administrative Agent's Security Interest. The Administrator (on behalf of the Trust) hereby represents and warrants for the benefit of the Administrative Agent and the Secured Creditors as follows:

- (a) This Agreement creates a valid and continuing perfected security interest (as defined in the New York UCC) in the Pledged Collateral in favor of the Administrative Agent, which security interest is prior to all other liens, charges, security interests, mortgages or other encumbrances, and is enforceable as such as against creditors of and purchasers from or claiming through the Trust or the Eligible Lender Trustee, as applicable.
- (b) The Trust, by and through the Eligible Lender Trustee as its Eligible Lender, owns and has good and marketable title to the Trust Student Loans and other Pledged Collateral free and clear of any Adverse Claim.
- (c) The Trust has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Pledged Collateral granted to the Administrative Agent hereunder.
- (d) All executed originals (or certified copies thereof, to the extent more than one loan is evidenced by such Student Loan Note) of each Student Loan Note that constitute or evidence the Trust Student Loans have been delivered to the Servicer, as bailee for the Administrative Agent for the benefit of the Secured Creditors.
- (e) Other than the security interest granted to the Administrative Agent pursuant to this Agreement, the Trust has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Pledged Collateral in more than a *de minimis* amount, which unpermitted encumbrance has continued for two Business Days without cure. The Trust has not authorized the filing of and is not aware of any financing statements against the Trust that include a description of collateral covering the Pledged Collateral other than any financing statement relating to the security interest granted to the Administrative Agent hereunder or any financing statement that has been terminated.
- (f) The Trust is a "registered organization" (as defined in § 9-102(a)(70) of the UCC) organized exclusively under the laws of the State of Delaware and, for purposes of Article 9 of the UCC, the Trust is located in the State of Delaware.
- (g) The Trust's exact legal name is the name set forth for it on the signature page hereto.

Section 5.03. Particular Representations and Warranties of the Trust. The Administrator (on behalf of the Trust) further represents and warrants to each of the parties hereto with respect to each of the Trust Student Loans included in the Pledged Collateral:

- (a) Such Trust Student Loans constitute "accounts," "promissory notes" or "payment intangibles" within the meaning of the applicable UCC and are within the coverage of Sections 432(m)(1)(E) and 439(d)(3) of the Higher Education Act;

(b) Such Trust Student Loans are Eligible FFELP Loans as of the date they become Pledged Collateral and as of any other date upon which they are declared by the Trust or the Administrator to be Eligible FFELP Loans, and the description of such Eligible FFELP Loans set forth in the Transaction Documents or the Schedule of Trust Student Loans, and in any other documents or written information provided to any of the parties hereunder (other than documents or information stated to be preliminary which have subsequently been replaced by definitive documents or information), as applicable, is true and correct in all material respects;

(c) The Trust is authorized to pledge such Trust Student Loans and the other Pledged Collateral; and the purchase, assignment and transfer of such Trust Student Loans is or, in the case of any such Trust Student Loan resold by the Trust, will be made pursuant to and consistent with the laws and regulations under which the Trust operates, and will not violate any decree, judgment or order of any court or agency, or conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Trust is a party or by which the Trust or its property is bound, or constitute a default (or an event which could constitute a default with the passage of time or notice or both) thereunder;

(d) No consents and approvals are required for the consummation of the pledge of the Pledged Collateral hereunder to the Administrative Agent for the benefit of the Secured Creditors;

(e) Any payments on such Trust Student Loans received by the Trust which have been allocated to the reduction of principal and interest on such Trust Student Loans have been allocated on a simple interest basis or otherwise as required by applicable law;

(f) Due diligence and reasonable care have been exercised in making, administering, servicing and collecting such Trust Student Loans and, with respect to any Trust Student Loan for which repayment terms have been established, all disclosures of information required to be made pursuant to the Higher Education Act or any other applicable Requirement of Law have been made;

(g) Except for Trust Student Loans executed electronically or Trust Student Loans evidenced by a master promissory note, there is only one original executed copy of the Student Loan Note evidencing each such Trust Student Loan. For such Trust Student Loans that were executed electronically, the Servicer has possession of the electronic records evidencing the Student Loan Note. The Servicer has in its possession a copy of the endorsement and each Loan Transmittal Summary Form identifying the Student Loan Notes that constitute or evidence the Trust Student Loans. The Student Loan Notes that constitute or evidence such Trust Student Loans do not have any marks or notations indicating that they are currently pledged, assigned or otherwise conveyed to any Person other than the Administrative Agent. All financing statements filed or to be filed against the Eligible Lender Trustee and the Trust in favor of the Administrative Agent in connection herewith describing the Pledged Collateral contain a statement to the following effect: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of the secured party"; and

(h) The applicable parties shall have performed, satisfied and complied with the conditions set forth in Section 3 of the applicable Purchase Agreement and the Sale Agreement as of the date of the related bill of sale.

Section 5.04. Repurchase of Student Loans; Reimbursement. The Trust shall cause the obligations of the Depositor, the Servicer and the Sellers to purchase, repurchase, make reimbursement or substitute Trust Student Loans to be enforced to the extent such obligations are set forth in the applicable Purchase Agreement, the Sale Agreement and the Servicing Agreement. The Trust shall cause any such repurchase amount or reimbursement to be remitted to the Collection Account. Any substitute Trust Student Loan obtained by the Trust from the Depositor, the Servicer or a Seller shall constitute Pledged Collateral hereunder.

Section 5.05. Administrator Actions Attributable to the Trust. Any action required to be taken by the Trust hereunder may be taken by the Administrator on behalf of the Trust, to the extent permitted under the Administration Agreement. The Trust shall be fully responsible for each of the representations, warranties, certifications and other statements made herein, in any other Transaction Document, any Notice of Release or any other communication hereunder or thereunder by the Administrator on its behalf as if such representations, warranties, certifications or statements had been made directly by the Trust. In addition, the Trust shall be fully responsible for all actions of the Administrator taken on its behalf under this Agreement or any other Transaction Document as if such actions had been taken directly by the Trust. Nothing in this Section shall limit the responsibility of the Administrator.

ARTICLE VI

COVENANTS OF THE TRUST

From the date hereof until all of the Obligations hereunder and under the other Transaction Documents have been satisfied in full:

Section 6.01. Preservation of Separate Existence.

(a) **Nature of Business.** The Trust will engage in no business other than (i) purchases, sales and financings of Eligible FFELP Loans, (ii) the other transactions permitted or contemplated by this Agreement and the other Transaction Documents and (iii) any other transactions permitted or contemplated by its organizational documents as they exist on the Closing Date, or as amended as such amendments may be permitted pursuant to the terms of this Agreement.

(b) **Maintenance of Separate Existence.** The Trust will do all things necessary to maintain its existence as a Delaware statutory trust separate and apart from all Affiliates of the Trust, including complying with the provisions described in Section 9(j)(iv) of the Limited Liability Company Agreement of the Depositor.

(c) **Transactions with Affiliates.** The Trust will not enter into, or be a party to, any transaction with any of its respective Affiliates, except (i) the transactions permitted or contemplated by this Agreement (including the sale and purchase of Eligible FFELP Loans to or from Affiliates) or the other Transaction Documents; and (ii) other transactions (including, without limitation, the lease of office space or computer equipment or software by the Trust to or from an Affiliate) (A) in the ordinary course of business, (B) pursuant to the reasonable requirements of the Trust's business, (C) upon fair and reasonable terms that are no less favorable to the Trust than could be obtained in a comparable arm's-length transaction with a

Person not an Affiliate of the Trust, and (D) not inconsistent with the factual assumptions set forth in the opinion letter issued as of the Closing Date by McKee Nelson LLP to the Administrative Agent and the Secured Creditors relating to the issues of substantive consolidation.

Section 6.02. Notice of Termination Event or Potential Termination Event. As soon as possible and in any event within three Business Days after the occurrence of each Termination Event and each Potential Termination Event (or, to the extent the Trust or the Administrator does not have knowledge of a Termination Event or Potential Termination Event, promptly upon obtaining such knowledge), the Trust will provide (or shall cause the Administrator to provide) to the Administrative Agent, the Securities Intermediary and the Paying Agent a statement setting forth details of such Termination Event or Potential Termination Event and the action which the Trust has taken or proposes to take with respect thereto.

Section 6.03. Notice of Material Adverse Change. As soon as practicable and in any event within three Business Days upon becoming aware of an event which could reasonably be expected to have a Material Adverse Effect on the Trust, the Trust will provide to the Administrative Agent written notice thereof.

Section 6.04. Compliance with Laws; Preservation of Corporate Existence. The Trust will comply in all material respects with all applicable laws, rules, regulations and orders and preserve and maintain its legal existence, and will preserve and maintain its rights, franchises, qualifications and privileges in all material respects.

Section 6.05. Enforcement of Obligations.

(a) **Enforcement of Trust Student Loans.** The Trust shall cause to be diligently enforced and taken all steps, actions and proceedings reasonably necessary for the enforcement of all terms, covenants and conditions of all Trust Student Loans and agreements in connection therewith (except as otherwise permitted pursuant to the Transaction Documents), including the prompt payment of all principal and interest payments and all other amounts due the Trust or the Eligible Lender Trustee, as applicable thereunder.

(b) **Enforcement of Servicing Agreement and Administration Agreement.** The Trust shall cause to be diligently enforced and taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Servicing Agreement and the Administration Agreement, including all Interest Subsidy Payments, Special Allowance Payments and all defaulted payments Guaranteed by any Guarantor and/or by the Department of Education which relate to any Trust Student Loans. Except as otherwise permitted under any Transaction Document, the Trust shall not permit the release of the obligations of the Servicer under the Servicing Agreement or of the Administrator under the Administration Agreement and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust, the Eligible Lender Trustee, the Administrative Agent and the Secured Creditors under or with respect to each Servicing Agreement and the Administration Agreement. The Trust shall not consent or agree to or permit any amendment or modification of the Servicing Agreement or of the Administration Agreement, except (i) as required by the Higher Education Act; (ii) solely for the purpose of extending the term thereof; or (iii) in any other manner, if such modification,

amendment or supplement is made with the prior written consent of the Administrative Agent or is otherwise permitted pursuant to the terms of that agreement. Upon the occurrence of a Servicer Default and during the continuation thereof, the Trust shall replace the Servicer if instructed to do so by the Administrative Agent. Upon the occurrence of an Administrator Default and during the continuation thereof, the Trust shall replace the Administrator if instructed to do so by the Administrative Agent.

(c) **Enforcement of Purchase Agreements and Sale Agreement.** The Trust shall cause to be diligently enforced and taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of each Purchase Agreement and the Sale Agreement. Except as otherwise permitted under any Transaction Document, the Trust shall not permit the release of the obligations of any Seller, Sallie Mae, Inc., as Servicer, or the Depositor under any Purchase Agreement or of the Depositor under the Sale Agreement and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust, the Depositor, the Eligible Lender Trustee, the Administrative Agent and the Secured Creditors under or with respect to each Purchase Agreement and the Sale Agreement. Except as otherwise permitted under any Transaction Document, the Trust shall not consent or agree to or permit any amendment or modification of any Purchase Agreement or the Sale Agreement which will in any manner materially adversely affect the rights or security of the Administrative Agent, the Eligible Lender Trustee or the Secured Creditors. To the extent such action is required under the terms of such Purchase Agreement, upon a determination that a Trust Student Loan sold pursuant to such Purchase Agreement was not an Eligible FFELP Loan at the point it was represented to be as such, the Trust shall require Sallie Mae, Inc., as Servicer, to repurchase (or substitute for) such Trust Student Loan from the Depositor pursuant to its Purchase Agreement, and concurrently cause the Depositor to correspondingly repurchase (or substitute) such Trust Student Loan from the Trust.

(d) **Enforcement and Amendment of Guarantee Agreements.** So long as the Note is outstanding and Trust Student Loans are guaranteed by a Guarantor, the Administrator on behalf of the Trust will (a) from and after the date on which the Eligible Lender Trustee on its behalf shall have entered into any Guarantee Agreement covering Trust Student Loans, cause the Eligible Lender Trustee to maintain such Guarantee Agreement and diligently enforce the Eligible Lender Trustee's rights thereunder; (b) cause the Eligible Lender Trustee to enter into such other similar or supplemental agreements as shall be required to maintain benefits for all Trust Student Loans covered thereby; and (c) not voluntarily consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection with any such Guarantee Agreement or any similar or supplemental agreement in any manner which would materially and adversely affect the ability of the Trust to perform its obligations under this Agreement or cause a Material Adverse Effect with respect to the Trust without the prior written consent of the Administrative Agent.

Section 6.06. Maintenance of Books and Records. The Trust shall maintain and implement, or cause to be maintained and implemented administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Pledged Collateral in the event of the destruction of the originals thereof), and keep and maintain, or cause to be kept and maintained, all documents, books, records and other information reasonably necessary or advisable for the collection of all the Pledged Collateral.

Section 6.07. Fulfillment of Obligations. The Trust shall fulfill its obligations pursuant to each other Transaction Document to which it is a party. The Trust shall cause each of its Affiliates to fulfill its respective obligations pursuant to the Transaction Documents.

Section 6.08. Notice of Material Litigation. As soon as possible and in any event within three Business Days of the Trust's or the Administrator's actual knowledge thereof, the Trust will cause the Administrative Agent to be provided with written notice of (a) any litigation, investigation or proceeding which may exist at any time which could be reasonably likely to have a Material Adverse Effect on the Trust; and (b) to the extent reasonably requested by the Administrative Agent in connection with the delivery of each Monthly Report, a monthly update of material adverse developments in previously disclosed litigation, including in each case, if known to the Trust, any of the same against the Servicer;

Section 6.09. Notice of Relocation. The Administrator on behalf of the Trust will cause the Administrative Agent to be provided notice of any change in the location of the Trust's principal offices or any change in the location of the Trust's books and records within thirty days before any such change.

Section 6.10. Rescission or Modification of Trust Student Loans and Transaction Documents.

(a) Except as expressly permitted in the Servicing Agreement, the Trust shall not permit the release of the obligations of any Obligor under any Trust Student Loan and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust, the Administrative Agent and the Secured Creditors under or with respect to each Trust Student Loan and agreement in connection therewith. The Trust shall not consent or agree to or permit any amendment or modification of any Trust Student Loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Administrative Agent or the Secured Creditors unless such amendment or modification is (i) provided for in the Transaction Documents, (ii) permitted under the Higher Education Act and applicable Guarantee Agreement or (iii) provided for in the applicable Servicing Policies. Nothing in this Agreement shall be construed to prevent the Trust, the Eligible Lender Trustee or the Administrative Agent, as applicable, from offering any Obligor any borrower benefit to the extent permissible by this Agreement or the Servicing Agreement or settling a default or curing a delinquency on any Trust Student Loan on such terms as shall be permitted by law and shall be consistent with the applicable underwriting guidelines or Servicing Policies.

(b) Unless otherwise specified pursuant to clause (a) above or in any Transaction Document, without the written consent of the Administrative Agent to the extent any of the following would require the Administrative Agent to take any action or amend, modify or waive the duties or responsibilities of the Administrative Agent hereunder, the Trust will not (nor will it permit any of its agents to):

(i) cancel, terminate, extend, amend, modify or waive (or consent to or approve any of the foregoing) any provision of any Transaction Document (other than any cancellation or termination of a Guarantee Agreement that does not apply at such time to any Trust Student Loans or any extension, amendment, modification or waiver of

a Guarantee Agreement that would not have a Material Adverse Effect on the Trust or reduce any amount recoverable in respect of a Student Loan under the applicable Guarantee Agreement); or

(ii) take or consent to any other action that may impair the rights of any Secured Creditor to any Pledged Collateral or modify, in a manner adverse to any Secured Creditor, the right of such Secured Creditor to demand or receive payment under any of the Transaction Documents (other than any action with regard to a Guarantee Agreement that does not apply at such time to any Trust Student Loans or any extension, amendment, modification or waiver of a Guarantee Agreement that would not have a Material Adverse Effect on the Trust or reduce any amount recoverable in respect of a Student Loan under the applicable Guarantee Agreement).

Section 6.11. Liens.

(a) **Transaction Documents.** The Trust (i) will cause to be taken all action necessary to perfect, protect and more fully evidence the ownership interest of the Trust (or of the Eligible Lender Trustee, acting on behalf of the Trust) and the first priority perfected security interest of the Administrative Agent in favor of the Secured Creditors in the Trust Student Loans, Collections with respect thereto and in the other Pledged Collateral and the Transaction Documents including, without limitation, (A) filing and maintaining effective financing statements (Form UCC-1) in all necessary or appropriate filing offices; (B) filing continuation statements, amendments or assignments with respect thereto in such filing offices; (C) filing amendments, releases and terminations with respect to filed financing statements, as necessary; and (D) executing or causing to be executed such other instruments or notices as may be necessary or appropriate; and (ii) will cause to be taken all additional actions to perfect, protect and fully evidence the first priority security interest of the Administrative Agent, for the benefit of the Secured Creditors, in the Trust Student Loans and other Pledged Collateral related thereto.

(b) **UCC Matters; Protection and Perfection of Pledged Collateral; Delivery of Documents.** Unless the Trust has complied with Section 6.09, the Trust will keep its principal place of business and chief executive office, and the office where it keeps any Records in its possession, at the address of the Trust referred to in Section 10.02 hereof. The Trust will not make any change to its name unless prior to the effective date of any such name change or use, the Trust delivers to the Administrative Agent such financing statements necessary, or as the Administrative Agent may request, to reflect such name change, together with such other documents and instruments as the Administrative Agent may request in connection therewith. The Trust will not change its jurisdiction of formation or its corporate structure.

The Trust agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action necessary, or that the Administrative Agent may reasonably request, in order to maintain the Administrative Agent's first priority perfected security interest in the Pledged Collateral for the benefit of the Secured Creditors, or to enable the Administrative Agent or the Secured Creditors to exercise or enforce any of their respective rights hereunder (provided, however, that the foregoing sentence shall not be deemed to require the Trust or the Servicer to relocate or deliver any Student Loan Notes to or at the direction of the Administrative Agent prior to the Termination Date). Without limiting the generality of the foregoing, the Trust will: (a) authorize and file such financing or continuation

statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate (or as the Administrative Agent may request) and (b) mark their master data processing records evidencing such Pledged Collateral with a legend or numeric code acceptable to the Administrative Agent, evidencing that the Administrative Agent, for the benefit of the Secured Creditors, has acquired an interest therein as provided in this Agreement. The Trust hereby authorizes the Administrative Agent, or any Secured Creditor on behalf of the Trust, to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Pledged Collateral now existing or hereafter arising without the signature of the Trust where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Pledged Collateral, or any part thereof shall be sufficient as a financing statement. If the Trust fails to perform any of its agreements or obligations under this Section, the Administrative Agent or any Secured Creditor may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the expenses of the Administrative Agent or such Secured Creditor incurred in connection therewith shall be payable by the Trust upon the Administrative Agent's or such Secured Creditor's demand therefor.

For purposes of enabling the Administrative Agent or any such Secured Creditor to exercise their respective rights described in the preceding sentence and elsewhere in this Agreement, the Trust and the Eligible Lender Trustee hereby authorize, and irrevocably grant a power of attorney, exercisable only after the occurrence and during the continuation of a Termination Event, to the Administrative Agent and its respective successors and assigns to take any and all steps in the Trust's and the Eligible Lender Trustee's name and on behalf of the Trust and/or the Eligible Lender Trustee necessary or desirable, in the determination of the Administrative Agent, as the case may be, to collect all amounts due under any and all Trust Student Loans and other Pledged Collateral, including, without limitation, endorsing the Trust's and/or the Eligible Lender Trustee's name on checks and other instruments representing Collections and enforcing such Trust Student Loans and other Pledged Collateral.

Section 6.12. Sales of Assets; Consolidation/Merger.

(a) ***Sales, Liens, Etc.*** Except as otherwise provided herein or in any other Transaction Document, the Trust will not (nor will it permit the Eligible Lender Trustee to) sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, any Pledged Collateral.

(b) ***Merger, Etc.*** Except as permitted under this Agreement, the Trust will not merge or consolidate with any other entity, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions), all or substantially all of its assets (whether now owned or hereafter acquired), or acquire all or substantially all of the assets or capital stock or other ownership interest of any Person, other than, with respect to asset dispositions, in connection herewith. The Trust shall not form or create any subsidiary without the consent of the Administrative Agent.

Section 6.13. Change in Business. The Trust will not make any change in the character of its business, which change could reasonably be expected to impair the collectibility of any Pledged Collateral or otherwise materially adversely affect the interests or remedies of the

Administrative Agent or the Note Purchaser under this Agreement or any other Transaction Document.

Section 6.14. Residual Interest. The Trust will not issue an Excess Distribution Certificate (other than a replacement Excess Distribution Certificate) to any Person other than the Depositor; provided, however, that the Excess Distribution Certificate may be transferred to and owned by any Affiliate of SLM Corporation in which case the Administrator shall deliver to the Administrative Agent a Required Legal Opinion in respect of such action.

Section 6.15. General Reporting Requirements. The Trust shall provide to the Administrative Agent (and, as applicable, will cause the Servicer to provide) the following:

(a) as soon as available and in any event within 120 days after the end of each fiscal year of the Trust and the Servicer, an annual statement of compliance with the Transaction Documents and applicable law together with an agreed upon procedures letter delivered by the independent public accountant with respect to the Transaction Documents, all in form acceptable to the Administrative Agent;

(b) as soon as available and in any event within 90 days after the end of each fiscal year of SLM Corporation, a copy of the balance sheet of SLM Corporation and the related statements of income, stockholders' equity and cash flows for such year, each prepared in accordance with GAAP consistently applied and duly certified by nationally recognized independent certified public accountants selected by SLM Corporation, together with a certificate of an officer certifying that such financial statements fairly present in all material respects the financial condition of SLM Corporation;

(c) as soon as available and in any event within 60 days after the end of each fiscal quarter of SLM Corporation, a copy of an unaudited balance sheet of SLM Corporation and the related statements of income, stockholders' equity and cash flows for such fiscal quarter, each prepared in accordance with GAAP consistently applied, together with a certificate of an officer certifying that such financial statements fairly present in all material respects the financial condition of SLM Corporation;

(d) promptly following the Administrative Agent's request therefor, copies of all financial statements, settlement statements, portfolio and other material reports, notices, disclosures, certificates and other written material delivered or made available to the Trust by any Person pursuant to the terms of any Transaction Document;

(e) promptly following the Administrative Agent's request therefor, such other information respecting the Trust Student Loans and the other Pledged Collateral or the conditions or operations, financial or otherwise, of the Trust as the Administrative Agent may from time to time reasonably request;

(f) with respect to each Guarantor, promptly after receipt thereof as made available to the Trust after request therefor, copies of any audited financial statements of such Guarantor certified by an independent certified public accounting firm;

(g) with respect to the Servicer and promptly after receipt thereof after a good faith effort to obtain such material is made by the Trust, (i) on an annual basis within 30 days after

receipt thereof, copies of SAS 70 reports for the Servicer, or, if not available, the annual compliance audit for the Servicer required by Section 428(b)(1)(4) of the Higher Education Act and (ii) to the extent not included in the financial information provided pursuant to clause (i) above and to the extent available, the Servicer's net dollar loss for the year due to servicing errors;

(h) promptly following the Administrative Agent's request therefor, a Schedule of Trust Student Loans;

(i) promptly after the filing or receiving thereof, copies of all reports and notices with respect to any Reportable Event defined in Title IV of ERISA, with respect to the termination of any Benefit Plan subject to Title IV of ERISA which the Trust or any of its ERISA Affiliates files under ERISA with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or which the Trust or any of its ERISA Affiliates receives from the Pension Benefit Guaranty Corporation or with respect to any event concerning a Multiemployer Plan but in each case only if such Reportable Event or termination is likely to result in the occurrence of a Material Adverse Effect on the Trust;

(j) promptly after the occurrence thereof, written notice of changes in the Higher Education Act or any other law of the United States that could reasonably have a probability of having a Material Adverse Effect on the Trust or could materially and adversely affect (i) the ability of the Servicer to perform its obligations under the Servicing Agreement or (ii) the collectibility or enforceability of a material amount of the Trust Student Loans, or any Guarantee Agreement or Federal Reimbursement Contract with respect to a material amount of Trust Student Loans;

(k) promptly, notice of any change in the accountants of the Trust or SLM Corporation; and

(l) promptly, after the occurrence thereof or if sooner upon any executive officer of the Administrator having direct or primary responsibility for ABS trust administration obtaining knowledge of any pending change, notice of any change in the accounting policy of the Trust or SLM Corporation to the extent such change could reasonably be seen to have a material and adverse impact on the transactions contemplated herein.

Section 6.16. Inspections. The Trust shall (and shall cause the Servicer, to the extent the Servicer conducts primary servicing or origination duties with respect to the Trust Student Loans), upon reasonable notice and from time to time during regular business hours, once per calendar year (or, after the occurrence and during the continuance of a Termination Event, as frequently as requested by the Administrative Agent) as requested in advance by the Administrative Agent, permit the Administrative Agent, or its agents or representatives, (i) to examine and make copies of and take abstracts from all books, records and documents (including computer tapes and disks) relating to the Pledged Collateral and (ii) to visit the offices and properties of the Trust (or the Servicer) for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to the Pledged Collateral or the Trust's (or the Servicer's) performance hereunder and under the other Transaction Documents with any of the officers, directors, employees or independent public accountants of the Trust or the Servicer having knowledge of such matters in each case at the expense of the Trust.

Section 6.17. ERISA. The Trust will not adopt, maintain, contribute to or incur by any of its own actions or assume any legal obligation with respect to any Benefit Plan or Multiemployer Plan.

Section 6.18. Servicer. Except as permitted by the Servicing Agreement, the Trust will not permit any Person other than the Servicer to collect, service or administer the Trust Student Loans.

Section 6.19. Acquisition, Financing, Collection and Assignment of Student Loans. The Trust shall acquire or obtain financing hereunder only for Eligible FFELP Loans (or beneficial interests therein) with proceeds of the Advances and shall cause to be collected all principal and interest payments on all the Trust Student Loans and all sums to which the Trust or Administrative Agent is entitled pursuant to the Sale Agreement, and all Interest Subsidy Payments, Special Allowance Payments and all defaulted payments Guaranteed by any Guarantor which relate to such Trust Student Loans as more fully set forth in the Servicing Agreement. The Trust will assign or direct the assignment of such Trust Student Loans for payment of guarantee benefits as required by applicable law and regulations. The Trust will comply in all material respects with any Guarantor's rules and regulations which apply to such Trust Student Loans.

Section 6.20. Administration and Collection of Trust Student Loans. All Trust Student Loans shall be administered and collected either by the Trust or by the Servicer on behalf of the Trust in a competent, diligent and orderly fashion and in accordance in all material respects with all applicable requirements of the Higher Education Act, the Department of Education, this Agreement, the Federal Reinsurance Agreements, the Eligible Lender Trustee Guarantee Agreements and any other guarantee agreement issued by any Guarantor to the Eligible Lender Trustee or the Trust.

Section 6.21. Obligations of the Trust With Respect to Pledged Collateral. The Trust will (a) at its expense, regardless of any exercise by any Secured Creditor of its rights hereunder, timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the Transaction Documents included in the Pledged Collateral to the same extent as if Pledged Collateral had not been pledged hereunder; and (b) pay when due any taxes, including without limitation, sales and excise taxes, payable in connection with the Pledged Collateral. In no event shall any Secured Creditor have any obligation or liability with respect to any Trust Student Loans or other instrument document or agreement included in the Pledged Collateral, nor shall any of them be obligated to perform any of the obligations of the Trust or any of its Affiliates thereunder.

Section 6.22. Amendment of Organizational Documents. The Trust shall cause the Administrative Agent to be notified in writing of any proposed amendments to the Trust's organizational documents. No such amendment shall become effective unless and until the Administrative Agent has consented in writing thereto, which consent shall not be unreasonably withheld or delayed.

Section 6.23. No Payments on Excess Distribution Certificate. Except as expressly permitted by Section 2.05(b) of this Agreement, the Trust shall not make any payments or

distributions with respect to the Excess Distribution Certificate without the prior written consent of the Administrative Agent.

Section 6.24. Borrower Benefit Programs. The Trust will cause the Servicer to maintain any rate reduction programs or other borrower benefit programs in effect at the time the Trust purchased such Trust Student Loan. The Trust will not permit the Servicer to apply any rate reduction programs with respect to the Trust Student Loans unless (i) such borrower benefit program is required under the Higher Education Act, (ii) the Servicer, the Depositor or the applicable Seller has deposited funds into the Borrower Benefit Account in an amount sufficient to offset any effective yield reductions in accordance with Section 3.12 of the Servicing Agreement (which amount shall be approved by the Administrative Agent in its sole discretion) or (iii) the Administrative Agent has consented to the Trust's participation in any new borrower benefit program or other rate reduction program.

Section 6.25. Anti-Terrorism Law; Anti-Money Laundering. The Trust shall not:

(a) **Anti-Terrorism Law.** Directly or indirectly, (i) knowingly conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in Section 5.01(w), (ii) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law (and the Trust shall deliver to the Note Purchaser any certification or other evidence requested from time to time by the Note Purchaser in its reasonable discretion, confirming their compliance with this Section 6.25).

(b) **Money Laundering.** Cause or permit any of the funds that are used to repay the Advances to be derived from any unlawful activity with the result that the making of the Advances would be in violation of any Requirement of Law.

Section 6.26. Embargoed Person. The Trust shall not cause or permit (a) any of the funds or properties that are used to repay the Advances to constitute property of, or be beneficially owned directly or indirectly by, any person subject to sanctions or trade restrictions under United States law (an "**Embargoed Person**") that is identified on (1) the "List of Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Order or Requirement of Law promulgated thereunder, with the result that such investment (whether directly or indirectly) is prohibited by a Requirement of Law, or the Advances made by the Note Purchaser would be in violation of a Requirement of Law, or (2) the Executive Order, any related enabling legislation or any other similar Executive Orders or (b) any Embargoed Person to have any direct or indirect interest of any nature whatsoever in the Trust, with the result that such investment (whether directly or indirectly) is prohibited by a Requirement of Law or the Advances are in violation of a Requirement of Law.

ARTICLE VII

TERMINATION EVENTS

Section 7.01. Termination Events.

Each of the following events (each a “*Termination Event*”) shall be a Termination Event under this Agreement:

(a) The outstanding Advances, including accrued but unpaid interest thereon and other Obligations of the Trust, are not paid in full on the Stated Termination Date, or any Borrowing Base Deficiency is not remedied by the next Settlement Date following the determination that such Borrowing Base Deficiency exists, or there shall occur a failure to pay accrued and unpaid Yield in full as of any Settlement Date from Available Funds (including amounts withdrawn from the Reserve Account or the Capitalized Interest Account for such purpose) or otherwise; or

(b) The Trust (other than as covered in (a) above), any Seller, the Depositor, the Servicer, the Administrator or the Eligible Lender Trustee shall fail to make any payment, transfer or deposit (unless waived by the payee or other party entitled to exercise such waiver) within two Business Days of the due date thereof (or, if the obligation in question arises under another Transaction Document, within the applicable cure period, if any, provided for such obligation in such Transaction Document) with respect to any of its obligations under this Agreement or any of the other Transaction Documents; provided, however, that the failure by the Trust to make a payment in full of an amount under Section 2.05(b)(v).-(vi).-(vii) or (ix) through (xy) solely due to insufficient Available Funds on a Settlement Date shall not in and of itself constitute a Termination Event (other than with respect to amounts due and owing on the Stated Termination Date); or

(c) Any representation, warranty, certification or statement made or deemed to be made by the Trust, the Eligible Lender Trustee, any Seller, the Depositor or Sallie Mae, Inc. (as party to any Purchase Agreement) under or in connection with this Agreement or any other Transaction Document, or other information, report or document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made, deemed made or delivered (except for representations and warranties concerning Eligible FFELP Loans with respect to which the applicable Seller, Sallie Mae, Inc. (as party to any Purchase Agreement) the Depositor or the Servicer has repurchased or substituted for the related Student Loans or with respect to which the permitted period of time within which such Student Loans may be repurchased has not yet expired); provided, however, that such 30 day cure period shall not apply to breaches of representations or warranties under Section 5.01(b), (c), (d), (e), (f), (j), (m), (n), (p), (q), (s), (t), (v), (w) or (x), Section 5.02(e), (f) or (g) or Section 5.03(a) or (b); or

(d) The Trust, the Eligible Lender Trustee, any Seller, the Depositor or the Sallie Mae, Inc. (as party to any Purchase Agreement) shall default in any material respect in the performance or observance of any term, covenant or undertaking to be performed or observed herein or in any other Transaction Document on its part (and not separately addressed under subsection (a), (b), (c) or (d) above) and any such failure shall remain unremedied (if such default can be remedied) for 30 days after the earlier of written notice thereof (or, if the

obligation in question arises under another Transaction Document, within the cure period, if any, provided in such Transaction Document) shall have been received by the Trust or the Trust or the Administrator has actual knowledge thereof; provided, however, (i) such 30 day cure period shall not apply to defaults under Sections 6.01, 6.03, 6.11, 6.12, 6.13, 6.15(i), (j) or (l) and 6.16 (ii) a five day cure period shall apply to defaults under Section 6.15 (other than clause (i) thereof) and (iii) if a default under Section 6.02 and 6.08 has occurred which could reasonably be expected to have a Material Adverse Effect on the Trust or the Pledged Collateral, a five day cure period shall apply, otherwise the 30 day cure period shall apply; or

(e) An Event of Bankruptcy shall have occurred with respect to the Trust, the Eligible Lender Trustee, the Depositor, any Seller, the Administrator, SLM Corporation or the Servicer; or

(f) Either (i) a Servicer Default (other than in respect of matters covered by subsection (b) above, and other than an Event of Bankruptcy) shall have occurred, and the event or circumstance causing the existence of such Servicer Default has not been remedied within ten Business Days of such event or circumstance first constituting a Servicer Default or waived by the party entitled to exercise such waiver (but with such ten Business Day remedial period hereunder being exercisable only once by the Servicer for the benefit of the Trust, after which the existence of a further Servicer Default shall, without any additional remedial period (unless waived), also constitute a Termination Event hereunder), or (ii) the Servicing Agreement shall not be in full force and effect for any reason for a period of 30 days; or

(g) If required, the Trust fails to make a necessary deposit into the Capitalized Interest Account or the Reserve Account such that they are not funded to their respective required amounts, and such deficiency shall remain uncured for two Business Days following the most recent Settlement Date, subject to the proviso in clause (b) above; or

(h) The Excess Spread for any Settlement Period shall be less than 0.25%; or

(i) Any Seller (other than SLM Education Credit Finance Corporation) or the Depositor shall default with respect to any outstanding financing arrangement (other than in connection with this Agreement) representing outstanding indebtedness in excess of \$10,000,000, or the Servicer, the Administrator, SLM Education Credit Finance Corporation or SLM Corporation shall default with respect to any outstanding financing arrangement (other than in connection with this Agreement) representing outstanding indebtedness in excess of \$50,000,000, and in any such case, the result of such default is to cause the acceleration of such indebtedness by the holders thereof or other parties entitled to direct such remedy; or

(j) The occurrence of (i) any settlement or the filing of any judgment or adverse ruling against the Trust, any Seller (other than SLM Education Credit Finance Corporation) or the Depositor in excess of \$10,000,000 on an individual basis or otherwise that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Trust, such Seller or the Depositor, and such judgment or order shall continue unsatisfied or unstayed for a period in excess of 30 days, or (ii) any settlement or the filing of any judgment or adverse ruling against the Servicer, the Administrator, SLM Education Credit Finance Corporation or SLM Corporation in excess of \$50,000,000 on an individual basis or otherwise that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on

the Servicer or SLM Corporation, and such judgment or order shall continue unsatisfied or unstayed for a period in excess of 30 days; or

(k) Any material adverse development in any federal or state litigation, investigation or proceeding against the Trust, any Seller, the Servicer, the Administrator or SLM Corporation shall occur that could reasonably be expected to have a Material Adverse Effect on such Person and is not resolved for a period of 30 days after notice to the applicable party; or

(l) The Trust, any Seller, the Depositor, the Servicer or SLM Corporation undergoes a direct change of control that was not consented to by the Administrative Agent; provided, that a change of control of any such entity that is a direct or indirect wholly-owned subsidiary of SLM Corporation shall not require such consent if, after giving effect to such change, (i) such entity remains a direct or indirect wholly-owned subsidiary of SLM Corporation, and (ii) such change does not result in any factual assumptions underlying legal opinions given on the Closing Date which address bankruptcy substantive consolidation and/or the sale of the Student Loans on a true sale basis, to be violated in any manner deemed material by the Administrative Agent; or

(m) The Administrative Agent, for the benefit of the Secured Creditors, shall, for any reason, cease to have a valid and perfected first priority security interest in any material portion of the Pledged Collateral or the Trust shall, for any reason, cease to have a valid and perfected first priority ownership interest in any material portion of the Trust Student Loans and Collections with respect thereto in each case for a period of two Business Days following the Administrator acquiring such knowledge or its receipt of such notice; or

(n) (i) The Internal Revenue Service shall file notice of a lien involving a sum in excess of \$50,000,000 pursuant to Section 6321 or 6323 of the Internal Revenue Code with regard to any assets of the Trust and such lien shall not have been released within three Business Days or (ii) any Person shall institute steps to terminate any Benefit Plan if the assets of such Benefit Plan are insufficient to satisfy all of its benefit liabilities in excess of \$50,000,000 (as determined under Title IV of ERISA), or a contribution failure in excess of \$50,000,000 occurs with respect to any Benefit Plan, and in either case which is sufficient to give rise to a lien under Section 302(f) or 303(k), as applicable, of ERISA or the Pension Benefit Guaranty Corporation shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of ERISA each with regard to any of the assets of the Trust and any such lien shall not have been released within three Business Days; or

(o) Any material provision of this Agreement or any other Transaction Document (other than a Guarantee Agreement that does not apply at such time to any Trust Student Loans) to which the Trust, the Administrator, any Seller, the Depositor or the Servicer is a party shall cease to be in full force and effect and such event shall continue for five days after written notice thereof shall have been received by the Trust or the Trust or the Administrator has actual knowledge; or

(p) Any amendment to the Higher Education Act or any other federal law becomes effective that materially adversely affects the ownership or security interests of the Administrative Agent or the Note Purchaser in the Pledged Collateral; or

(g) The occurrence of any material adverse development including legislative changes that could be expected to cause a 0.10% or more yield level decline in the Student Loans owned by the Trust (provided, that such event may be remedied by an adjustment relevant to clauses (a)(ii) or (b)(ii) of the definition of Applicable Percentage pursuant to the Valuation Agreement within 30 days of effectiveness of such development); or

(r) The Depositor shall fail to maintain its status as a limited purpose bankruptcy remote limited liability company or the Trust shall fail to maintain its status as a single purpose bankruptcy remote Delaware statutory trust; or

(s) The Consolidated Tangible Net Worth of SLM Corporation shall be less than \$1,380,000,000 as of the end of a calendar month; or

(t) At the last day of each fiscal quarter of SLM Corporation, either (i) the Interest Coverage Ratio shall be less than 1.15:1.00 or (ii) the Net Adjusted Revenue shall be less than \$400,000,000, in each case for the period of four consecutive fiscal quarters then ended; or

(u) Any subsidiary of SLM Corporation (other than a banking subsidiary) shall have incurred, assumed or suffered to exist any Debt except (i) Debt existing on the date hereof (or the refinancing thereof), (ii) Debt owing to SLM Corporation or a wholly-owned subsidiary, (iii) Debt secured by liens, (iv) permitted non-recourse Debt and (e) Debt (other than Debt permitted pursuant to clauses (i), (ii), (iii) and (iv) above) not exceeding in aggregate principal amount at any time outstanding for all subsidiaries an amount equal to 20% of consolidated net worth at such time; or

(v) The Trust becomes required to register under the Investment Company Act and such requirement is not lifted or removed for a period of 30 days after the Trust or the Administrator receives notice or has knowledge of such requirement; or

(w) Other than as to the subject matter covered in clauses (x) and (y) below, an Administrator Default shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Trust or the Pledged Collateral; or

(x) The Administrator shall fail to timely comply with any obligation in the Administration Agreement to deliver the Monthly Report substantially in the form and manner required in order to permit and direct the Paying Agent to make the required distributions and allocations of Available Funds contemplated in Section 2.05 and any such failure shall continue for a period of five Business Days following the due date for such delivery under the Administration Agreement; or

(y) The Administrator shall fail to deliver the information required under Section 3.03 of the Valuation Agent Agreement and any such failure shall continue for a period of two Business Days following the due date for such delivery under the Valuation Agent Agreement and shall further continue for a period of one Business Day after notice from the Administrative Agent (but with such one Business Day remedial period after notice hereunder being exercisable only twice by the Administrator).

Section 7.02. Remedies.

(a) After the occurrence of a Termination Event, the Administrative Agent may, by notice to the Trust, declare that a Termination Date shall have occurred (except that, in the case of any event described in Section 7.01(e) above, the Termination Date shall be deemed to have occurred automatically).

(b) Upon the occurrence of the Termination Date and prior to any sale of the Collateral pursuant to Section 7.02(c) below, the Depositor shall have the right to exercise a call ("**Depositor Call Right**") and purchase the Outstanding Note from the Note Purchaser for a price equal to the Obligations.

(c) Upon the declaration of the Termination Date or the automatic occurrence thereof, all of the Obligations due and owing to the Note Purchaser shall become immediately due and payable. Upon any such declaration or automatic occurrence, the Administrative Agent (for the benefit of the Secured Creditors) shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided to a secured party under the UCC of the applicable jurisdiction and other applicable laws, which rights shall be cumulative. The rights and remedies of a secured party which may be exercised by the Administrative Agent pursuant to this Article shall include, without limitation, the right, without notice except as specified below, to solicit and accept bids for and sell the Pledged Collateral in one or more parcels at a public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, and upon such other terms as the Administrative Agent may deem commercially reasonable. Any sale or transfer by the Administrative Agent of Trust Student Loans shall only be made to an Eligible Lender (it being understood for the avoidance of doubt, that such sale or transfer may be made to a beneficial owner holding through an eligible lender trustee). The Trust agrees that, to the extent notice of sale shall be required by law, ten Business Days' notice to the Trust and the Administrator of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification and that it shall be commercially reasonable for the Administrative Agent to sell the Pledged Collateral on an "as is" basis, without representation or warranty of any kind. The proceeds of any such sale shall be deposited into the Collection Account and shall be distributed pursuant to Section 2.05(b). The Administrative Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given and may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

Section 7.03. Setoff. Each of the Administrative Agent and the Secured Creditors is hereby authorized (in addition to any other rights it may have) at any time after the occurrence of the Termination Date due to the occurrence of a Termination Event to set off, appropriate and apply (without presentment, demand, protest or other notice which are hereby expressly waived) any deposits and any other indebtedness held or owing by the Administrative Agent or such Secured Creditor to, or for the account of, the Trust against the amount of the outstanding Note owing by the Trust to such Person or to the Administrative Agent on behalf of such Person (even if contingent or unmatured).

ARTICLE VIII
INDEMNIFICATION

Section 8.01. Indemnification by the Trust.

(a) Without limiting any other rights which any such Person may have hereunder or under applicable law, the Trust hereby agrees to indemnify the Paying Agent, the Securities Intermediary, the Administrative Agent, the Note Purchaser (including assignee Note Purchasers), and each of their respective Affiliates, and each of their respective successors, transferees, participants and assigns (and successors, transferees, participants and assigns thereof) and all officers, directors, shareholders, controlling Persons, employees and agents of any of the foregoing (each of the foregoing Persons being individually called an “**Indemnified Party**”), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including reasonable attorneys’ fees and disbursements (all of the foregoing being collectively called “**Trust Indemnified Amounts**”) awarded against or incurred by any of them arising out of or relating to any Transaction Document or the transactions contemplated thereby or the use of proceeds therefrom by the Trust, including (without limitation) in respect of the funding of any Advance or in respect of any Pledged Collateral, excluding, however, (x) any indemnified amounts to the extent determined by a final non-appealable decision of a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of any Indemnified Party and (y) any Taxes, loss of Tax benefits, or costs incurred in contesting any Taxes or loss of Tax benefits (the related indemnities for which are set out solely in Section 2.18 of this Agreement). Without limiting the foregoing, but subject to the exclusions described in clauses (x) and (y) above, the Trust agrees to indemnify each Indemnified Party for Indemnified Amounts arising out of or relating to:

- (i) the grant of a security interest to the Administrative Agent (for the benefit of the Secured Parties);
- (ii) the breach of any representation or warranty made by the Trust, the Administrator or the Servicer (or any of their respective officers) under or in connection with this Agreement or the other Transaction Documents, any Monthly Report, officer’s certificate or any other information, report or certificate delivered by the Trust or the Administrator or the Servicer pursuant hereto or thereto, which shall have been false or incorrect in any material respect when made or deemed made;
- (iii) the failure by the Trust, the Administrator or the Servicer to comply in any material respect with any applicable law, rule or regulation with respect to any Student Loan, or the nonconformity of any Student Loan with any such applicable law, rule or regulation;
- (iv) the failure to vest and maintain vested in the Administrative Agent, for the benefit of the Secured Parties, a first-priority security interest in all the Pledged Collateral, free and clear of any Adverse Claim;

(v) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Pledged Collateral;

(vi) any dispute, claim, offset or defense (other than discharge in bankruptcy) of an Obligor to the payment of any Student Loan (including, without limitation, a defense based on such Student Loan not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms);

(vii) the commingling of any proceeds of Pledged Collateral at any time with other funds;

(viii) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of Advances or the ownership of any Pledged Collateral;

(ix) any failure of the Trust, the Administrator, the Servicer, the Depositor or any Seller to comply with its covenants contained in this Agreement or any other Transaction Document, as applicable; or

(x) any claim brought by any Person other than an Indemnified Party arising from any activity by the Trust, the Administrator, the Servicer, any Seller, the Depositor or any Affiliate of any of them in servicing, administering or collecting any Student Loan.

(b) Any amounts subject to the indemnification provisions of this Section 8.01 shall be paid by the Trust to the related Indemnified Party on or before the 30th day following the date of demand therefor accompanied by reasonable supporting documentation with respect to such amount.

ARTICLE IX

ADMINISTRATIVE AGENT

Section 9.01. Authorization and Action. The Note Purchaser hereby appoints UBS Securities LLC as agent for purposes of the Transaction Documents and authorizes UBS Securities LLC, in such capacity, to take such action on its behalf under each Transaction Document and to exercise such powers, hereunder and thereunder as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto.

Section 9.02. Exculpation. Neither the Administrative Agent (acting in such capacity under the Transaction Documents) nor any of its directors, officers, agents or employees shall be liable to the Note Purchaser (including any assignee Note Purchaser) for any action taken or omitted to be taken by it or them under or in connection with the Transaction Documents, except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent:

(a) may consult with legal counsel (including counsel for the Trust and the Servicer), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;

(b) makes no warranty or representation to the Note Purchaser, and shall not be responsible to the Note Purchaser (including any assignee Note Purchaser), for any statements, warranties or representations made by the Trust or the Servicer, in or in connection with any Transaction Document;

(c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Transaction Document on the part of the Servicer, the Trust or any Seller or any of their respective Affiliates or to inspect the property (including the books and records) of them or any of their respective Affiliates;

(d) shall not be responsible to the Note Purchaser (including any assignee Note Purchaser) for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any Note, any other Transaction Document or any other instrument or document provided for herein or delivered or to be delivered hereunder or in connection herewith; and

(e) shall incur no liability under or in respect of any Transaction Document by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile or other electronic transmission) believed by it to be genuine and signed or sent by the proper party or parties.

Section 9.03. Administrative Agent and Affiliates. The Administrative Agent, including, but not limited to, UBS Securities LLC and any of its Affiliates may generally engage in any kind of business with the Trust, the Servicer, any Obligor, any of their respective Affiliates and any Person who may do business with or own securities of any of them or any of their respective Affiliates, all as if the Administrative Agent were not the Administrative Agent hereunder and without any duty to account therefor to the Note Purchaser (including any assignee Note Purchaser).

Section 9.04. Note Purchaser's Credit Decision. The Note Purchaser (including any assignee Note Purchaser) acknowledges that it has, independently and without reliance upon the Administrative Agent, any of its Affiliates or any other Note Purchaser and based on such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement. Such Note Purchaser also acknowledges that it will, independently and without reliance upon the Administrative Agent, any of its Affiliates or any other Note Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement.

Section 9.05. Certain Matters Affecting the Administrative Agent.

(a) The Administrative Agent may rely and shall be protected in acting or refraining from acting upon any resolution, officer's certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, 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.

(b) The Administrative Agent may consult with counsel, and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by the Administrative Agent under this Agreement in good faith and in accordance with such Opinion of Counsel.

(c) Notwithstanding anything to the contrary, the Administrative Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation under this Agreement or in relation to this Agreement, at the request, order or direction of any Note Purchaser pursuant to the provisions of this Agreement unless such Note Purchaser shall have furnished to the Administrative Agent security or indemnity satisfactory to the Administrative Agent against the costs, expenses and liabilities that may be incurred therein or thereby.

(d) The Administrative Agent shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument opinion, report, notice, request, consent, order, approval, bond or other paper or documents, unless requested in writing to do so by the Note Purchaser; provided, however, that if the payment within a reasonable time to the Administrative Agent of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Administrative Agent, not reasonably assured to the Administrative Agent by the security afforded to it by the terms of this Agreement, the Administrative Agent may require indemnity satisfactory to it against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request or, if paid by the Administrative Agent, shall be reimbursed by the Person making such request upon demand.

(e) The Administrative Agent may execute any of the trusts or powers under this Agreement or any other Transaction Document or perform any duties under this Agreement or any other Transaction Document either directly or by or through agents or attorneys or custodians. The Administrative Agent shall not be responsible to any Note Purchaser for any misconduct or negligence on the part of any agent or attorney appointed with due care by the Administrative Agent. The Administrative Agent shall not be responsible for any misconduct or negligence attributable to the acts or omissions of the Servicer or the Administrator.

(f) The Administrative Agent may rely, as to factual matters relating to any of the Servicer or Administrator, on an officer's certificate of the Servicer or Administrator.

(g) The Administrative Agent shall not be required to take any action or refrain from taking any action under this Agreement, or any Transaction Document referred to herein, nor shall any provision of this Agreement or any such Transaction Document be deemed to impose a duty on the Administrative Agent to take action, if the Administrative Agent shall have been advised by counsel that such action is contrary to the terms of this Agreement or any Transaction Document or is contrary to law.

(h) The Trust, the Servicer and the Administrator hereby (i) acknowledge that the Note Purchaser (including any assignee Note Purchaser) has the right, in certain instances, to

require the Administrative Agent to take or refrain from taking certain actions under the terms of this Agreement and the other Transaction Documents and (ii) agree that the Administrative Agent has no liability to the Trust, the Servicer or the Administrator, with respect to taking or refraining from taking any such actions at the request of any Note Purchaser, it being understood that the foregoing provision does not relieve the Administrative Agent from any express obligations the Administrative Agent undertakes under this Agreement in its capacity as Administrative Agent.

(i) When this Agreement or any other Transaction Document provides that a right, consent, approval or duty is expressly stated to be exercisable or performable by the Administrative Agent, the parties hereto understand and agree that the Administrative Agent is entitled to exercise its rights under such provision without the consent of the Note Purchaser (including any assignee Note Purchaser).

Section 9.06. Administrative Agent Not Liable. The Administrative Agent makes no representations as to the validity or sufficiency of this Agreement, any Note or any other Transaction Document. The Administrative Agent shall at no time have any responsibility or liability for or with respect to the legality, validity or enforceability of any security interest in any Pledged Collateral, or the perfection and priority of such a security interest or the maintenance of any such perfection and priority or its ability to generate the payments to be distributed to a Note Purchaser under this Agreement, including, without limitation, the existence, condition, location and ownership of any property; the performance or enforcement of any Student Loan; the compliance by the Trust, the Servicer, the Administrator, or any Seller with any covenant or the breach by any of them of any warranty or representation made under this Agreement or any other Transaction Document or in any related document and the accuracy of any such warranty or representation prior to the Administrative Agent's receipt of notice or other discovery of any noncompliance therewith or any breach thereof, any investment of monies by or at the direction of the Trust, the Administrator or the Servicer, or any loss resulting therefrom (it being understood, however, that the Administrative Agent shall remain otherwise responsible for any Pledged Collateral that it may hold directly); the acts or omissions of the Trust, the Administrator, the Servicer or any Obligor, any action of the Servicer or Administrator taken in the name of the Trust or the Administrative Agent, and/or Note Purchasers which are authorized to provide such instruction in accordance with this Agreement or any of the other Transaction Documents; provided, however, that the foregoing shall not relieve the Administrative Agent of its obligations to perform its duties under this Agreement. The Administrative Agent shall not be accountable for the use or application by the Trust of any proceeds of the Advances, or for the use or application of any funds paid to the Servicer or Administrator in respect of the Student Loans or any other Pledged Collateral.

Section 9.07. Agent May Own Notes. The Administrative Agent in its individual or any other capacity may become the owner or pledgee of the Note with the same rights as it would have if it were not the Administrative Agent and may deal with the Administrator and the Servicer and their Affiliates in banking transactions with the same rights as it would have if it were not the Administrative Agent.

Section 9.08. Resignation or Removal of Agent.

(a) Subject to the provisions of subsection (c) of this Section 9.08, any Person acting as Administrative Agent may at any time resign as Administrative Agent under this Agreement and the other Transaction Documents by giving 30 days' prior written notice thereof to the Trust, the Administrator and the Servicer. Upon receiving such notice of resignation, the Majority Lenders shall promptly appoint a successor Administrative Agent (with the approval of the Trust and the Administrator, which approval shall not be unreasonably withheld or delayed) by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Administrative Agent and the other copy of which instrument shall be delivered to the successor Administrative Agent. If no successor Administrative Agent shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Administrative Agent may petition any court of competent jurisdiction for the appointment of a successor Administrative Agent. The Trust shall reimburse the resigning Administrative Agent pursuant to Section 2.05(b) for all expenses that shall have been incurred by such resigning Administrative Agent in accordance with this Agreement and the other Transaction Documents prior to the effective date of resignation of such resigning Administrative Agent (excluding expenses in connection with such resignation).

(b) If at any time the Administrative Agent shall be legally unable to act, or shall be adjudged a bankrupt or insolvent or a receiver of the Administrative Agent or of its property shall be appointed or any public officer shall take charge or control of the Administrative Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Note Purchasers shall remove the Administrative Agent. If the Administrative Agent shall have been removed under the authority of the immediately preceding sentence, the Majority Lenders (with approval of the Trust and the Administrator, not to be unreasonably withheld or delayed) shall promptly appoint a successor Administrative Agent by written instrument, in duplicate, one copy of which instrument shall be delivered to the Administrative Agent so removed and the other copy of which instrument shall be delivered to the successor Administrative Agent. The Trust shall reimburse the removed Administrative Agent pursuant to Section 2.05(b) for all expenses which shall have been incurred by such removed Administrative Agent in accordance with this Agreement and the other Transaction Documents prior to the effective date of removal of such removed Administrative Agent.

(c) Any resignation or removal of the Administrative Agent and appointment of a successor Administrative Agent pursuant to any of the provisions of this Section 9.08 shall not become effective until acceptance of appointment by the successor agent as provided in Section 9.09.

Section 9.09. Successor Administrative Agent. Any successor Administrative Agent appointed as provided in this Article IX shall execute, acknowledge and deliver to the Trust and the Administrator and to its predecessor Administrative Agent an instrument accepting such appointment under this Agreement, and thereupon the resignation or removal of the predecessor Administrative Agent shall become effective and such successor Administrative Agent, without any further act, deed or conveyance (except as provided below), shall become fully vested with all the rights, power, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as Administrative Agent; but, on request of the Trust or the Administrator, or the successor Administrative Agent, such predecessor Administrative Agent shall, upon payment of its expenses then unpaid, execute and deliver an instrument transferring to such successor Administrative Agent all of the rights, powers and trusts of the Administrative

Agent so ceasing to act, and shall duly assign, transfer and deliver to such successor Administrative Agent all property and money held by such Administrative Agent so ceasing to act hereunder. Upon request of any such successor Administrative Agent, the Trust shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Administrative Agent all such rights, powers and trusts. The predecessor Administrative Agent shall deliver to the successor Administrative Agent all documents and statements held by it under this Agreement or any Transaction Document; and the predecessor Administrative Agent and the other parties to the Transaction Documents shall amend any Transaction Document to make the successor Administrative Agent the successor to the predecessor Administrative Agent thereunder; and the Administrator and the predecessor Administrative Agent shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Administrative Agent all such rights, powers, duties and obligations. No successor Administrative Agent shall accept its appointment as provided in this Section 9.09 unless at the time of such acceptance such successor Administrative Agent shall be eligible under the provisions of Section 9.10.

Section 9.10. Eligibility Requirements for Successor Agent. Any successor Administrative Agent under this Agreement shall be a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$500,000,000 and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section 9.10, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time any successor Administrative Agent shall cease to be eligible in accordance with the provisions of this Section 9.10, such successor Administrative Agent shall resign immediately in the manner and with the effect specified in Section 9.08.

Section 9.11. Merger or Consolidation of Agent. Any corporation into which the Administrative Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Administrative Agent shall be a party, or any corporation succeeding to the corporate trust business of the Administrative Agent, shall be the successor of the Administrative Agent under this Agreement, provided such corporation shall be eligible under the provisions of Section 9.10, without the execution or filing of any instrument or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding.

Section 9.12. Indemnification of Agent. Each Note Purchaser agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Trust), ratably according to the Note Purchaser's pro rata share of outstanding Advances, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent under this Agreement or any other Transaction Document; provided, however, that no Note Purchaser shall be liable for any portion of such liabilities, obligations, losses, damages,

penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendments, Etc. Unless otherwise specified herein, no amendment to or waiver of any provision of this Agreement nor consent to any departure by Trust or any other Person therefrom shall in any event be effective unless the same shall be in writing and signed by the Trust, the Eligible Lender Trustee, the Administrative Agent, the Note Purchaser and, if such amendment or waiver affects the rights or obligations thereof, the Paying Agent or the Securities Intermediary, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. To the extent the consent of any of the parties hereto (other than the Trust) is required under any of the Transaction Documents, the determination as to whether to grant or withhold such consent shall be made by such party in its sole discretion without any implied duty toward any other Person, except as otherwise expressly provided herein or therein.

Section 10.02. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including communication by facsimile copy or other electronic means) and mailed, delivered by nationally recognized overnight courier service, transmitted or delivered by hand, as to each party hereto, at its address set forth on the signature pages hereto or at such other address as shall be designated by such party in a written notice to the other parties hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the specified facsimile number and an appropriate confirmation is received, (ii) if given by email, when sent to the specified email address and an appropriate confirmation is received, (iii) if given by mail, five days after being deposited in the United States mails, first class postage prepaid (except that notices and communications pursuant to Article II shall not be effective until received), (iv) if given by recognized courier guaranteeing overnight delivery, the Business Day following such day after such communication is delivered to such courier or (v) if given by any other means, when delivered at the address (electronic or otherwise) specified in this Section.

Section 10.03. No Waiver; Remedies. No failure on the part of the Eligible Lender Trustee, the Administrative Agent or the Secured Creditors to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 10.04. Successors and Assigns; Binding Effect.

(a) This Agreement shall be binding on the parties hereto and their respective successors and permitted assigns; provided, however, that neither the Trust nor the Administrator may assign any of its rights or delegate any of its duties hereunder or under any of the other Transaction Documents to which it is a party without the prior written consent of the Administrative Agent. Except as provided in clause (b) below and except as provided in Article

III, no provision of this Agreement shall in any manner restrict the ability of the Note Purchaser to assign, participate, grant security interests in, or otherwise transfer any portion of the Note.

(b) The Note Purchaser, through the Administrative Agent, shall have the right (but not the obligation) at any time to assign, transfer or syndicate or to grant participation interests in all or any part of the Note, the Advances, the Pledged Collateral and its other rights and obligations hereunder to one or more institutions consented to by the Administrator on behalf of the Trust, such consent not to be unreasonably withheld or delayed (it being understood that the existence of a contractual restriction not permitting such assignments entered into by an Affiliate of SLM Corporation with another lender or prospective lender or financing provider shall, in and of itself, constitute reasonable grounds for the withholding or delaying of consent to the Note Purchaser's proposed assignment or participation); provided, however, that the Note Purchaser shall have the right to so assign, transfer or syndicate and to so participate in its sole discretion and not subject to the aforementioned restrictions on the earliest to occur of (a) the 180th day following the last occurring closing in respect of the other financing facilities of SLM Corporation or its Affiliates referred to in Section 4.02(c)(vi), above, (b) the 180th day following February 29, 2008 or (c) the date that a successful syndication (as described below) shall have occurred in respect of such other financing facilities. The Administrative Agent shall use its best efforts to execute any assignment or participation with minimal or no cost to the Trust. The Trust agrees, if requested by the Administrative Agent in connection with an assignment of the Note in compliance with this Section 10.04(b), to execute or cause the execution of one or more Notes in exchange for the existing Note, reflecting the outstanding principal amount of the Advances being assigned and retained, and to cause the holders thereof to be appropriately registered on the note register of the Trust. In the event of such assignment and issuance of Notes, any references to "the Note" in this Agreement shall be deemed to refer to all such Notes and holders thereof, except where the context shall otherwise require. It is further understood that the Note Purchaser shall retain its obligations under the Transaction Documents notwithstanding any aforementioned participation. As used above, "successful syndication" means that there shall have occurred assignments and assumptions of the commitments of the initial lenders/financing providers under the above-referenced other financing facilities, to an extent at least meeting the applicable target hold levels for such syndication as in effect on the Closing Date. The Administrator shall notify the Administrative Agent promptly upon completion of a successful syndication.

(c) In addition, any Note Purchaser or any of its Affiliates may pledge or assign any of its rights under this Agreement and under the Transaction Documents to any Federal Reserve Bank within the United States, without notice to or consent of the Trust or any other Note Purchaser; provided that no such pledge or grant of a security interest shall release a Note Purchaser from any of its obligations under this Agreement, or substitute any such pledgee or grantee for such Note Purchaser as a party to this Agreement.

(d) The assignor and the assignee involved in an assignment referred to in this Section 10.04 shall execute and deliver to the Administrative Agent an Assignment and Assumption, duly executed by each such party, and the assigning Note Purchaser shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to perfect, protect or more fully evidence the assignee's right, title and interest in, and to enable the assignee to exercise or enforce any rights hereunder or under any applicable Note. The Administrative Agent shall promptly deliver to the

Trust a copy of each Assignment and Assumption that it receives pursuant to the terms of this Section 10.04.

(e) The respective assignee receiving such assignment shall have all of the rights of a Note Purchaser hereunder and all references to the Note Purchaser herein, except where the context may otherwise require, shall be deemed to apply to such assignee as an assignee Note Purchaser hereunder.

(f) Each Note Purchaser authorizes the Administrative Agent to, and the Administrative Agent agrees that it shall, endorse any applicable Note to reflect any assignments made pursuant to this Section 10.04 or otherwise (but failure to endorse such Note shall not affect the right of any Note Purchaser hereunder).

Section 10.05. Survival. The rights and remedies with respect to any breach of a representation and warranty made by or on behalf of the Trust pursuant to Article V and the indemnification and payment provisions of Articles VIII and IX and Sections 2.13, 2.18, 10.06, 10.08, 10.09, 10.11, 10.12, 10.13 and 10.15 shall be continuing and shall survive the termination of this Agreement and, with respect to the Administrative Agent's and the Eligible Lender Trustee's rights under Articles VIII, IX and X, the removal or resignation of the Administrative Agent or the Eligible Lender Trustee.

Section 10.06. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 10.07. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 10.08. Submission to Jurisdiction. EACH OF THE PARTIES HERETO HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE CITY OF NEW YORK FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING IN THIS SECTION 10.08 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR THE NOTE PURCHASER TO BRING ANY ACTION OR PROCEEDING AGAINST THE TRUST OR THE ADMINISTRATOR OR

ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS.

Section 10.09. Waiver of Jury Trial. 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, AMONG ANY OF THEM ARISING OUT OF, CONNECTED WITH, RELATING TO OR INCIDENTAL TO THE RELATIONSHIP BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS.

Section 10.10. Appointment of Service Agent. The Trust and the Administrator each hereby appoint CT Corporation located at 111 Eighth Avenue, New York, New York 10011 as the authorized agent upon whom process may be served in any action arising out of or based upon this Agreement, the other Transaction Documents to which such Person is a party or the transactions contemplated hereby or thereby that may be instituted in the United States District Court for the Southern District of New York and of any New York State court sitting in The City of New York by the Administrative Agent or the Note Purchaser or any successor or assignee of any of them.

Section 10.11. Costs and Expenses. The Trust agrees to pay, on or before the 30th day following the date of demand all reasonable and customary costs, fees and expenses of the Eligible Lender Trustee, the Paying Agent, the Securities Intermediary, the Administrative Agent and the Note Purchaser incurred in connection with the due diligence, negotiation, preparation, execution, delivery, renewal or any amendment or modification of, or any waiver or consent issued in connection with, this Agreement or any other Transaction Document, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Eligible Lender Trustee, the Paying Agent, the Securities Intermediary, the Administrative Agent or the Note Purchaser with respect thereto and all costs, fees and expenses, if any (including reasonable counsel fees and expenses), incurred by the Eligible Lender Trustee, the Paying Agent, the Securities Intermediary, the Administrative Agent or the Note Purchaser in connection with the enforcement of this Agreement and the other Transaction Documents. Notwithstanding the foregoing, the Administrative Agent and the Note Purchaser agree that the Trust shall only be required to pay amounts for legal fees and expenses of a single law firm engaged by the Administrative Agent on behalf of the Administrative Agent and the Secured Creditors, unless otherwise agreed to by the Trust in its sole discretion. SLM Education Credit Finance Corporation agrees to pay such required payments on behalf of the Trust on the Closing Date to the extent such expenses are properly invoiced prior to the Closing Date.

Section 10.12. Bankruptcy Non-Petition and Limited Recourse. Notwithstanding any other provision of this Agreement, each party hereto (other than the Trust) covenants and agrees that it shall not, prior to the date which is one year and one day (or, if longer, any applicable preference period plus one day) after payment in full of the Notes, institute against, or join any other Person in instituting against, the Trust, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or any similar proceeding under any federal or state bankruptcy or similar law; provided that nothing in this provision shall preclude or be deemed to stop any party hereto (a) from taking any action prior to the expiration of the aforementioned one year and one day period in (i) any case or proceeding voluntarily filed or commenced by the Trust or (ii) any involuntary insolvency proceeding filed or commenced against the Trust by a

Person other than any other party hereto or (b) from commencing against the Trust or the Pledged Collateral any legal action which is not a bankruptcy, reorganization, arrangement, insolvency or a liquidation proceeding. The obligations of the Trust under this Agreement are limited recourse obligations payable solely from Pledged Collateral and, following realization of the Pledged Collateral and its application in accordance with the terms hereof, any outstanding obligations of the Trust hereunder shall be extinguished and shall not thereafter revive. In addition, no recourse shall be had for any amounts payable or any other obligations arising under this Agreement against any officer, member, director, employee, partner or security holder of the Trust or any of its successors or assigns. The provisions of this Section shall survive the termination of this Agreement.

Section 10.13. Recourse Against Certain Parties. No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser as contained in this Agreement or any other agreement, instrument or document entered into by it pursuant hereto or in connection herewith shall be had against any administrator of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser or any incorporator, Affiliate, stockholder, officer, employee or director of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser or of any such administrator, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the agreements of the Eligible Lender Trustee, the Administrative Agent and the Note Purchaser contained in this Agreement and all of the other agreements, instruments and documents entered into by the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser, as applicable. No personal liability whatsoever shall attach to or be incurred by any administrator of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser or any incorporator, stockholder, Affiliate, officer, employee or director of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser of any such administrator, as such, or any other them, under or by reason of any of the obligations, covenants or agreements of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser contained in this Agreement or in any other such instruments, documents or agreements, or which are implied therefrom, and that any and all personal liability of every such administrator of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser and each incorporator, stockholder, Affiliate, officer, employee or director of the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser or of any such administrator, or any of them, for breaches by the Eligible Lender Trustee, the Administrative Agent or the Note Purchaser of any such obligations, covenants or agreements, which liability may arise either at common law or at equity, by statute or constitution, or otherwise, is hereby expressly waived as a condition of and in consideration for the execution of this Agreement. The provisions of this Section shall survive the termination of this Agreement and, with respect to the rights of the Eligible Lender Trustee or the Administrative Agent, the resignation or removal of the Eligible Lender Trustee or the Administrative Agent.

Section 10.14. Execution in Counterparts; Severability. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery by facsimile or electronic mail of

an executed signature page of this Agreement or any other Transaction Document shall be effective as delivery of an executed counterpart hereof.

Section 10.15. Confidentiality.

(a) Each of the Administrative Agent and the Note Purchaser agrees to keep confidential and not disclose any non-public information or documents related to the Trust or any Affiliate of the Trust delivered or provided to such Person in connection with this Agreement, any other Transaction Document or the transactions contemplated hereby or thereby and which are clearly identified in writing by the Trust or such Affiliate as being confidential; provided, however, that each of the foregoing may disclose such information

(i) to the extent required or deemed necessary and/or advisable by such Person's counsel in any judicial, regulatory, arbitration or governmental proceeding or under any law, regulation, order, subpoena or decree or pursuant to the request or directive of any Governmental Authority;

(ii) to its Affiliates, and its or their officers, directors, employees, accountants, auditors and outside counsel, in each case, provided they are informed of the confidentiality thereof and agree to maintain such confidentiality;

(iii) in connection with the enforcement hereof or of any of the other Transaction Documents;

(iv) to any Rating Agency rating the securities of SLM Corporation;

(v) to such other Persons as may be approved by the Trust; and

(vi) in connection with any assignment, transfer, syndication or grant of participation interests in all or any part of the Note, the Advances, the Pledged Collateral and their other rights and obligations hereunder as contemplated by Section 10.04(b); provided, that the Person to whom the Note Purchaser or Administrative Agent proposes to disclose any such non-public information or documents shall have entered into a confidentiality agreement with SLM Corporation in a form acceptable to SLM Corporation for such express purpose (it being understood that a confidentiality agreement substantially similar to the confidentiality agreement entered into by the Administrative Agent and SLM Corporation shall constitute a form acceptable to SLM Corporation); provided further, that any financial projections requested by any such Person in connection with this subparagraph (vi) shall be delivered exclusively by SLM Corporation as provided in Section 2.08 of the Administration Agreement.

Notwithstanding the foregoing, the foregoing obligations shall not apply to any such information, documents or portions thereof that (i) were of public knowledge or literature generally available to the public at the time of such disclosure; or (ii) have become part of the public domain by publication or otherwise, other than as a result of the failure of such party or any of its respective employees, directors, officers, advisors, accountants, auditors, or legal counsel to preserve the confidentiality thereof.

(b) Each of the Trust, the Servicer and the Administrator hereby agrees that it will not disclose the contents of this Agreement or any other Transaction Document or any other proprietary or confidential information of or with respect to the Note Purchaser or the Administrative Agent to any other Person except (i) its auditors and attorneys, employees or financial advisors (other than any commercial bank) and any nationally recognized statistical rating organization, provided such auditors, attorneys, employees, financial advisors or rating agencies are informed of the highly confidential nature of such information, (ii) as otherwise required by applicable law or order of a court of competent jurisdiction or (iii) the existence of this facility and any material limitations on funding, to other providers of student loan asset-backed financing facilities to SLM Corporation and in accordance with a press release issued by SLM Corporation a copy of which is forwarded to the Administrative Agent.

(c) Notwithstanding any other provision herein to the contrary, each of the parties hereto (and each employee, representative or other agent of each such party) may disclose to any and all persons, without limitation of any kind, any information with respect to the United States federal, state and local “tax treatment” and “tax structure” (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated by the Transaction Documents and all materials of any kind (including opinions or other tax analyses) that are provided to such party or its representatives relating to such tax treatment and tax structure; provided, that no person may disclose the name of or identifying information with respect to any party identified in the Transaction Documents or any pricing terms or other nonpublic business or financial information that is unrelated to the United States federal, state and local tax treatment of the transaction and is not relevant to understanding the United States federal, state and local tax treatment of the transaction, without the prior consent of the Trust; provided further, that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the United States federal, state and local tax treatment or tax structure of the transactions contemplated hereby.

Section 10.16. Section Titles. The section titles contained in this Agreement shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties.

Section 10.17. Entire Agreement. This Agreement, including all Exhibits, Schedules and Appendices and other documents attached hereto or incorporated by reference herein, together with the other Transaction Documents constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other negotiations, understandings and representations, oral or written, with respect to the subject matter hereof (it being understood for the avoidance of doubt, that the obligations of SLM Corporation under the commitment letter delivered concurrently with the Fee Letter survive to the extent of and as limited by their express terms).

Section 10.18. Eligible Lender Trustee. The parties hereto agree that the Eligible Lender Trustee shall be afforded all of the rights, immunities and privileges afforded to the Eligible Lender Trustee under the Trust Agreement in connection with its execution of this Agreement. It is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by The Bank of New York Trust Company, N.A., not individually nor

personally but solely as Eligible Lender Trustee of the Trust, in the exercise of the powers and authority conferred and vested in it under the Trust Agreement, (b) each of the representations, undertakings and agreements herein made on the part of the Trust is made and intended not as personal representations, undertakings and agreements by The Bank of New York Trust Company, N.A. but is made and intended for the purpose for binding only the Trust and (c) under no circumstances shall The Bank of New York Trust Company, N.A. be personally liable for the payment of any indebtedness or expenses of the Trust or be liable for the performance, breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Trust under this Agreement.

Section 10.19. USA Patriot Act Notice. The Administrative Agent and the Note Purchaser hereby notifies the Trust, the Administrator and each Seller that pursuant to the requirements of the Patriot Act, such Person is required to obtain, verify, and record information that identifies the Trust, the Administrator and each Seller, which information includes the name and address of such parties and other information that will allow such Person to identify the Trust, the Administrator and each Seller in accordance with the Patriot Act.

Section 10.20. The Paying Agent.

(a) The Paying Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Paying Agent. In the absence of bad faith on its part, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Agreement; provided, however, that the Paying Agent shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Agreements.

(b) The Paying Agent shall not be liable for any error of judgment made in good faith by an Authorized Officer of the Paying Agent, except for its own gross negligence, willful misconduct or bad faith.

(c) Before the Paying Agent acts or refrains from acting, it may require and shall be entitled to receive written directions or an officer's certificate of the Administrator. The Paying Agent shall not be liable for any action it takes or omits to take in good faith in reliance on such directions or officer's certificate.

(d) The Paying Agent may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Agreement and the Note shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Paying Agent shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 2.08.

(f) The Paying Agent shall not be liable for interest on any money received by it.

(g) Money held in trust by the Paying Agent need not be segregated from other funds except to the extent required by law or the terms of this Agreement.

(h) No provision of this Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayments of such funds or adequate indemnity satisfactory to it against any loss, liability or expense is not reasonably assured to it.

(i) The Paying Agent shall have no obligation to administer, service or collect the Trust Student Loans or to maintain, monitor or otherwise supervise the administration, servicing or collection of the Trust Student Loans.

(j) In the event that the Paying Agent is the Securities Intermediary, the rights and protections afforded to the Paying Agent pursuant to this Agreement shall also be afforded to the Paying Agent in its capacity as Securities Intermediary.

(k) Every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Paying Agent shall be subject to the provisions of this Section.

(l) The Paying Agent may rely on any document believed by it to be genuine and to have been signed or presented by the proper Person. The Paying Agent shall have no duty to inquire into the authority of the Person signing such document.

(m) The Paying Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Paying Agent shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any such agent, attorney, custodian or nominee appointed with due care by it hereunder.

(n) The Paying Agent shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Paying Agent's conduct does not constitute willful misconduct, negligence or bad faith.

(o) The Paying Agent shall not be responsible for and makes no representation as to the validity or adequacy of this Agreement, it shall not be accountable for the Trust's use of the proceeds from the Note, and it shall not be responsible for any statement in this Agreement or in any document issued in connection with the sale of the Note.

(p) No resignation or removal of the Paying Agent and no appointment of a successor Paying Agent shall become effective until the acceptance of appointment by the successor Paying Agent pursuant to this Section. The Paying Agent may resign at any time by so notifying the Administrative Agent and the Administrator.

(i) If the Paying Agent resigns or is removed or if a vacancy exists in the office of Paying Agent for any reason (the Paying Agent in such event being referred to herein as the retiring Paying Agent), the Administrator shall promptly appoint a successor Paying Agent.

(ii) A successor Paying Agent shall deliver a written acceptance of its appointment to the retiring Paying Agent and to the Administrator. Thereupon the resignation or removal of the retiring Paying Agent shall become effective,

and the successor Paying Agent shall have all the rights, powers and duties of the Paying Agent under this Agreement. The retiring Paying Agent shall promptly transfer all property held by it as Paying Agent to the successor Paying Agent.

(iii) If a successor Paying Agent does not take office within 60 days after the retiring Paying Agent resigns or is removed, the retiring Paying Agent, or the Administrator may petition any court of competent jurisdiction for the appointment of a successor Paying Agent.

(iv) Notwithstanding the replacement of the Paying Agent pursuant to this Section, the Trust's obligations under Section 2.05(b) and 8.01 shall continue for the benefit of the retiring Paying Agent.

(q) If the Paying Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Paying Agent.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE TRUST:

PHOENIX FUNDINGS I

By: THE BANK OF NEW YORK TRUST COMPANY, N.A., not in its individual capacity but solely in its capacity as Eligible Lender Trustee under the Amended and Restated Trust Agreement dated as of February 29, 2008 by and among the Depositor, the Delaware Trustee and the Eligible Lender Trustee

By: /s/ Michael G. Ruppel

Name: Michael G. Ruppel

Title: Vice President

Address for Notices:

12061 Bluemont Way

V3419

Reston, VA 20190

Attn: General Counsel

THE ELIGIBLE LENDER TRUSTEE:

THE BANK OF NEW YORK TRUST COMPANY, N.A., not in its individual capacity but solely in its capacity as Eligible Lender Trustee under the Amended and Restated Trust Agreement dated as of February 29, 2008 by and among the Depositor, the Delaware Trustee and the Eligible Lender Trustee

By: /s/ Michael G. Ruppel

Name: Michael G. Ruppel

Title: Vice President

Address for Notices:

10160 Centurion Parkway

Jacksonville, FL 32256

Attn: Michael Ruppel

THE ADMINISTRATOR:

SALLIE MAE, INC.

By: /s/ Mark W. Daly

Name: Mark W. Daly

Title: Senior Vice President

Address for Notices:

12061 Bluemont Way

Reston, VA 20190

Attn: Kristy Reineke, Managing Director

Tel: 703-984-6320

kristy.r.reineke@salliemae.com

THE PAYING AGENT:

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ Eileen Hughes

Name: Eileen Hughes

Title: Vice President

By: /s/ Michele H.Y. Voon

Name: Michele H.Y. Voon

Title: Attorney-in-fact

Address for Notices:

60 Wall Street, 26th Floor

New York, NY 10005

Attn: Structured Finance Services/Trust &
Securities Services

With a copy to

25 Deforest Avenue, 2nd Floor

MS-SUM01-0105

Summit, NJ 07901

Attn: Structured Finance Services/Trust &
Securities Services

THE SECURITIES INTERMEDIARY:

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ Eileen Hughes

Name: Eileen Hughes

Title: Vice President

By: /s/ Michele H.Y. Voon

Name: Michele H.Y. Voon

Title: Attorney-in-fact

Address for Notices:

60 Wall Street, 26th Floor

New York, NY 10005

Attn: Structured Finance Services/Trust &
Securities Services

With a copy to

25 Deforest Avenue, 2nd Floor

MS-Sumol-0/05

Summit, NJ 07901

Attn: Structured Finance Services/Trust &
Securities Services

THE NOTE PURCHASER:

UBS REAL ESTATE SECURITIES INC.

By: /s/ Shahid Quraishi

Name: Shahid Quraishi

Title: Managing Director

By: /s/ Prakash B. Wadhwani

Name: Prakash B. Wadhwani

Title: Executive Director

Address for Notices:

1285 Avenue of the Americas

New York, NY 10019

Attn: Prakash B. Wadhwani

Tel.: (212) 713-3983

Facsimile: (212) 713-7999

E-mail: prakash.wadhwani@ubs.com

with a copy to:

1285 Avenue of the Americas, 11th Floor

New York, NY 10019

Attn: Melissa Brown

Tel.: (212) 713-1366

Facsimile: (212) 713-1153

E-mail: melissa.brown@ubs.com

UBS SECURITIES LLC, as Administrative Agent

By: /s/ Prakash B. Wadhwani
Name: Prakash B. Wadhwani
Title: Executive Director

By: /s/ Fahd Basir
Name: Fahd Basir
Title: Associate Director

UBS Securities LLC
1285 Avenue of the Americas, 11th Floor
New York, NY 10019
Attn: Prakash B. Wadhwani
Tel.: (212) 713-3983
Facsimile: (212) 713-7999
E-mail: prakash.wadhwani@ubs.com

with a copy to:
1285 Avenue of the Americas, 11th Floor
New York, NY 10019
Attn: Melissa Brown
Tel.: (212) 713-1366
Facsimile: (212) 713-1153
E-mail: melissa.brown@ubs.com

Acknowledged and Agreed
with respect to the last sentence of Section 10.11

SLM EDUCATION CREDIT FINANCE CORPORATION

By: /s/ Mark L. Heleen

Name: Mark L. Heleen

Title: Vice President

NOTE PURCHASE AND SECURITY AGREEMENT

by and among

RENDEZVOUS FUNDING I,
as the Trust,

THE CONDUIT LENDERS PARTY HERETO,
as Conduit Lenders,

CERTAIN FINANCIAL INSTITUTIONS PARTIES HERETO,
as Alternate Lenders,

CERTAIN FINANCIAL INSTITUTIONS PARTIES HERETO,
as LIBOR Lenders,

CERTAIN FINANCIAL INSTITUTIONS PARTIES HERETO,
as Managing Agents,

BANK OF AMERICA, N.A.,
as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,
as Syndication Agent,

BANC OF AMERICA SECURITIES LLC and
J.P. MORGAN SECURITIES INC.,
as Lead Arrangers,

BARCLAYS BANK PLC,
THE ROYAL BANK OF SCOTLAND PLC, and
DEUTSCHE BANK SECURITIES INC.,
as Co-Lead Arrangers,

CREDIT SUISSE, NEW YORK BRANCH,
as Arranger,

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Eligible Lender Trustee,

and

SALLIE MAE, INC.,
as Administrator

February 29, 2008

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms	2
Section 1.02. Other Terms	42
Section 1.03. Computation of Time Periods	43
Section 1.04. Calculation of Yield Rate and Certain Fees	43
Section 1.05. Time References	43

ARTICLE II

THE FACILITY

Section 2.01. Issuance and Purchase of Notes; Making of Advances	43
Section 2.02. The Initial Advance and Subsequent Advances	45
Section 2.03. Reduction, Termination or Increase of the Maximum Financing Amount and Prepayment of the Notes	47
Section 2.04. The Accounts	49
Section 2.05. Transfers from Collection Account	50
Section 2.06. Capitalized Interest Account and Reserve Account	54
Section 2.07. Transfers from the Capitalized Interest Account and Reserve Account	55
Section 2.08. Management of Trust Accounts	56
Section 2.09. [RESERVED]	58
Section 2.10. Grant of a Security Interest	58
Section 2.11. Evidence of Debt	59
Section 2.12. Payments by the Trust	60
Section 2.13. Payment of Stamp Taxes, Etc.	60
Section 2.14. Sharing of Payments, Etc.	60
Section 2.15. Yield Protection	61
Section 2.16. Extension of Scheduled Maturity Date	62
Section 2.17. Servicer Advances	63
Section 2.18. Release and Transfer of Pledged Collateral	63
Section 2.19. Effect of Release	65
Section 2.20. Taxes	65

Section 2.21. Replacement or Repayment of Facility Group	69
Section 2.22. Notice of Amendments to Program Support Agreements	70
Section 2.23. Lender Holding Account	71
Section 2.24. Deliveries by Administrative Agent	72
Section 2.25. Mark-to-Market Valuation	72
Section 2.26. Inability to Determine Rates	74
Section 2.27. Calculation of Monthly Yield	74

ARTICLE III

THE NOTES

Section 3.01. Form of Notes Generally	75
Section 3.02. Securities Legend	75
Section 3.03. Priority	76
Section 3.04. Execution and Dating	76
Section 3.05. Registration, Registration of Transfer and Exchange, Transfer Restrictions	76
Section 3.06. Mutilated, Destroyed, Lost and Stolen Notes	77
Section 3.07. Persons Deemed Owners	78
Section 3.08. Cancellation	78
Section 3.09. CUSIP/DTC Listing	78
Section 3.10. Legal Final Maturity Date	78

ARTICLE IV

CONDITIONS TO CLOSING DATE AND ADVANCES

Section 4.01. Conditions Precedent to Closing Date	79
Section 4.02. Conditions Precedent to Advances	81
Section 4.03. Condition Subsequent to Advances (other than the Initial Advance)	86
Section 4.04. Conditions Precedent to Addition of New Seller	86

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.01. General Representations and Warranties of the Trust	87
Section 5.02. Representations and Warranties of the Trust Regarding the Administrative Agent's Security Interest	91

Section 5.03. Particular Representations and Warranties of the Trust	92
Section 5.04. Repurchase of Student Loans; Reimbursement	93
Section 5.05. Administrator Actions Attributable to the Trust	93

ARTICLE VI

COVENANTS OF THE TRUST

Section 6.01. Preservation of Separate Existence	
Section 6.02. Notice of Termination Event, Potential Termination Event or Amortization Event	94
Section 6.03. Notice of Material Adverse Change	94
Section 6.04. Compliance with Laws; Preservation of Corporate Existence; Code of Conduct	94
Section 6.05. Enforcement of Obligations	95
Section 6.06. Maintenance of Books and Records	96
Section 6.07. Fulfillment of Obligations	96
Section 6.08. Notice of Material Litigation	96
Section 6.09. Notice of Relocation	96
Section 6.10. Rescission or Modification of Trust Student Loans and Transaction Documents.	96
Section 6.11. Liens	97
Section 6.12. Sales of Assets; Consolidation/Merger	99
Section 6.13. Change in Business	99
Section 6.14. Residual Interest	99
Section 6.15. General Reporting Requirements	99
Section 6.16. Inspections	101
Section 6.17. ERISA	101
Section 6.18. Servicers	102
Section 6.19. Acquisition, Financing, Collection and Assignment of Student Loans	102
Section 6.20. Administration and Collection of Trust Student Loans	102
Section 6.21. Obligations of the Trust With Respect to Pledged Collateral	102
Section 6.22. Asset Coverage Requirement	102
Section 6.23. Amendment of Organizational Documents	102
Section 6.24. Amendment of Underwriting Guidelines or Servicing Policies	102
Section 6.25. No Payments on Excess Distribution Certificate	103

Section 6.26. Borrower Benefit Programs	103
Section 6.27. Required Ratings	103
Section 6.28. Competing Financing Transactions	103
Section 6.29. Initial Advances	104
Section 6.30. Initial Pool	104
Section 6.31. Swap Transaction	104

ARTICLE VII

AMORTIZATION EVENTS AND TERMINATION EVENTS

Section 7.01. Amortization Events	105
Section 7.02. Termination Events	106
Section 7.03. Remedies	109
Section 7.04. Setoff	110

ARTICLE VIII

INDEMNIFICATION

Section 8.01. Indemnification by the Trust	110
Section 8.02. Indemnification by SLM Corporation	111

ARTICLE IX

ADMINISTRATIVE AGENT, SYNDICATION AGENT AND MANAGING AGENTS

Section 9.01. Authorization and Action of Administrative Agent and Syndication Agent	111
Section 9.02. Authorization and Action of Managing Agents	112
Section 9.03. Agency Termination	113
Section 9.04. Administrative Agent's, Syndication Agent's and Managing Agent's Reliance, Etc	113
Section 9.05. Administrative Agent, Syndication Agent, Managing Agents and Affiliates	114
Section 9.06. Decision to Purchase Notes and Make Advances	114
Section 9.07. Successor Administrative Agent or Syndication Agent	115
Section 9.08. Successor Managing Agents	116
Section 9.09. Reimbursement	116
Section 9.10. Notice of Amortization Events, Termination Events, Potential Amortization Events, Potential Termination	Events or Servicer Defaults 117

ARTICLE X
MISCELLANEOUS

Section 10.01. Amendments, Etc	117
Section 10.02. Notices; Non-Public Information, Etc	119
Section 10.03. No Waiver; Remedies; Limitation of Liability	121
Section 10.04. Successors and Assigns; Binding Effect	121
Section 10.05. Survival	127
Section 10.06. Governing Law	128
Section 10.07. Submission to Jurisdiction; Waiver of Jury Trial; Appointment of Service Agent	128
Section 10.08. Costs and Expenses	129
Section 10.09. Bankruptcy Non-Petition and Limited Recourse	129
Section 10.10. Recourse Against Certain Parties	130
Section 10.11. Execution in Counterparts; Severability	130
Section 10.12. Confidentiality	131
Section 10.13. Section Titles	132
Section 10.14. Entire Agreement	132
Section 10.15. No Petition	132
Section 10.16. Excess Funds	133
Section 10.17. Eligible Lender Trustee	133
Section 10.18. USA PATRIOT Act Notice	133

EXHIBIT A	COMMITMENTS
EXHIBIT B	RESERVED
EXHIBIT C	INELIGIBLE INSTITUTIONS
EXHIBIT D	FORM OF MONTHLY REPORT
EXHIBIT E	FORM OF ADVANCE REQUEST
EXHIBIT F	FORM OF MONTHLY ADMINISTRATIVE AGENT’S REPORT
EXHIBIT G	FORM OF NOTICE OF RELEASE
EXHIBIT H	FORM OF PRO FORMA REPORT (SECTION 2.18(b)(ii))
EXHIBIT I	FORM OF RELEASE RECONCILIATION STATEMENT
EXHIBIT J	FORM OF 2.20(d) CERTIFICATE
EXHIBIT K	FORM OF VARIABLE FUNDING NOTE
EXHIBIT L	RESERVED
EXHIBIT M	FORM OF ADVANCE RECONCILIATION STATEMENT
EXHIBIT N	NOTICE ADDRESSES

NOTE PURCHASE AND SECURITY AGREEMENT

THIS NOTE PURCHASE AND SECURITY AGREEMENT (this “**Agreement**”) is made as of February 29, 2008, among **RENDEZVOUS FUNDING I**, a statutory trust duly organized under the laws of the State of Delaware, as the trust hereunder (the “**Trust**”), **SALLIE MAE, INC.**, a Delaware corporation, as administrator (the “**Administrator**”), **THE BANK OF NEW YORK TRUST COMPANY, N.A.**, a national banking association, as the eligible lender trustee hereunder (the “**Eligible Lender Trustee**”), **J.P. MORGAN SECURITIES INC.** and **BANC OF AMERICA SECURITIES LLC**, as lead arrangers (the “**Lead Arrangers**”), **BARCLAYS BANK PLC**, **THE ROYAL BANK OF SCOTLAND PLC** and **DEUTSCHE BANK SECURITIES INC.**, as co-lead arrangers (the “**Co-Lead Arrangers**”), **CREDIT SUISSE, NEW YORK BRANCH**, as arranger (the “**Arranger**”), the **CONDUIT LENDERS** (as hereinafter defined) from time to time parties hereto, the **ALTERNATE LENDERS** (as hereinafter defined) from time to time parties hereto, the **LIBOR LENDERS** (as hereinafter defined) from time to time parties hereto, **JPMORGAN CHASE BANK, N.A.**, a national banking association, **BANK OF AMERICA, N.A.**, a national banking association, **BARCLAYS BANK PLC**, a public limited company organized under the laws of England and Wales, **THE ROYAL BANK OF SCOTLAND PLC**, a bank organized under the laws of Scotland, **DEUTSCHE BANK AG, NEW YORK BRANCH**, a German banking corporation acting through its New York Branch, and **CREDIT SUISSE, NEW YORK BRANCH**, the New York branch of a Swiss banking corporation, each as agent on behalf of its related LIBOR Lender or its related Conduit Lenders, Alternate Lenders and Program Support Providers (as hereinafter defined) (and together with any other similar financial institutions which become parties hereto, collectively, the “**Managing Agents**”), **JPMORGAN CHASE BANK, N.A.**, as syndication agent hereunder (in such capacity, the “**Syndication Agent**”), and **BANK OF AMERICA, N.A.**, as the administrative agent for the Conduit Lenders, Alternate Lenders, LIBOR Lenders and Managing Agents (in such capacity, the “**Administrative Agent**”).

PRELIMINARY STATEMENTS

WHEREAS, the Conduit Lenders are special purpose entities engaged in the business of issuing promissory notes and obtaining funding (directly or indirectly) in the commercial paper market and purchasing notes of certain entities for the purpose of financing financial assets of such entities; and

WHEREAS, the LIBOR Lenders are financial institutions engaged in the business of purchasing notes of certain entities for the purpose of financing financial assets of such entities; and

WHEREAS, the Depositor will purchase certain Eligible Private Credit Loans in accordance with the Purchase Agreements; and

WHEREAS, the Trust will purchase certain Eligible Private Credit Loans in accordance with the Sale Agreement; and

WHEREAS, the Eligible Lender Trustee will maintain legal title of the Trust Student Loans on behalf of the Trust in accordance with the terms of the Trust Agreement; and

WHEREAS, the Trust desires to fund such purchases through the issuance of variable funding notes (the “**Notes**”) and the sale of such Notes to the Managing Agents for the benefit of the Conduit Lenders, the LIBOR Lenders and the Alternate Lenders, as applicable, on the terms and conditions set forth herein; and

WHEREAS, the Conduit Lenders may, from time to time, assign all or a part of such Notes or assign interests therein or commitments to purchase or fund such Notes to the Alternate Lenders or to certain Program Support Providers (as hereinafter defined) pursuant to the terms of the Program Support Agreements (as hereinafter defined); and

WHEREAS, each of the Managing Agents is willing to act as the agent on behalf of its related LIBOR Lender or on behalf of each of its related Conduit Lenders, Alternate Lenders and Program Support Providers, as applicable, pursuant to this Agreement and the corresponding Program Support Agreements.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. Certain capitalized terms used throughout this Agreement are defined above or in this Section.

As used in this Agreement and its exhibits, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined unless otherwise noted).

“**Additional Student Loan**” means any Student Loan that becomes a Trust Student Loan after the Closing Date.

“**Adjusted Cash Income**” means, for any period, Adjusted Revenue for such period less Operating Expenses for such period.

“**Adjusted Pool Balance**” means, as of any date:

(a) (i) the aggregate of the Principal Balance of each Eligible Private Credit Loan acquired by the Trust on or prior to the Valuation Date set forth in the most recent Valuation Report multiplied by the Applicable Percentage for such Eligible Private Credit Loan, determined by reference to the most recent Valuation Report, plus (ii) the Collateral Value of each Eligible Private Credit Loan acquired by the Trust since the Valuation Date set forth in the most recent Valuation Report, minus (iii) the aggregate of the Principal Balance of each Eligible Private Credit Loan that was subject to a release pursuant to Section 2.18 since the Valuation

Date set forth in the most recent Valuation Report, multiplied by the Applicable Percentage for such Eligible Private Credit Loan, minus

(b) the Excess Concentration Amount multiplied by the weighted average Applicable Percentage for all Eligible Private Credit Loans.

“**Adjusted Revenue**” means, for any period, (a) the sum, without duplication, of all items which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in accordance with GAAP as (i) “total interest income” and (ii) “total other income,” less (b) the sum of (i) “provisions for losses,” (ii) “gains on student loan securitizations” and (iii) “servicing and securitization revenue,” eliminating (c) “total net impact of SFAS No. 133 derivative accounting,” and including (d) “net interest income on securitized loans, after provisions for losses,” in the case of (c) and (d) above as currently reported in SLM Corporation’s most recent Form 10-Q or Form 10-K, as applicable, under “RESULTS OF OPERATIONS” – “Alternative Performance Measures” or as subsequently identified in writing by SLM Corporation.

“**Administrative Agent**” means Bank of America, N.A., a national banking association, and its successors and assigns, in its capacity as agent of the Conduit Lenders, the Managing Agents, the LIBOR Lenders and the Alternate Lenders hereunder.

“**Administrative Agent Fees**” means the fees, reasonable expenses and charges of the Administrative Agent, including reasonable legal fees and expenses, as set forth in the Administrative Agent and Syndication Agent Fee Letter.

“**Administrative Agent and Syndication Agent Fee Letter**” means the Administrative Agent and Syndication Agent Fee Letter, dated as of the Closing Date, among the Trust, the Administrative Agent and the Syndication Agent.

“**Administrative Questionnaire**” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“**Administration Account**” means the special account created pursuant to Section 2.04(b).

“**Administration Agreement**” means the Administration Agreement, dated as of the Closing Date, among the Depositor, the Trust, the Eligible Lender Trustee, the Master Servicer, the Administrator and the Administrative Agent.

“**Administrator Fee**” means, for each calendar month, a fee payable to the Administrator monthly in arrears equal to \$10,000.

“**Administrator**” means Sallie Mae, Inc., a Delaware corporation, and its successors and assigns, in its capacity as administrator of the Trust in accordance with the Administration Agreement.

“**Administrator Default**” has the meaning assigned to such term in Section 5.01 of the Administration Agreement.

“**Advance**” means an advance, including a Purchase Price Advance, an Excess Collateral Advance or a Capitalized Interest Advance, made by the Lenders pursuant to Article II.

“**Advance Date**” means, with respect to any Advance, the date on which such Advance is made.

“**Advance Reconciliation Statement**” has the meaning assigned to such term in Section 4.03.

“**Advance Request**” has the meaning assigned to such term in Section 2.02(b).

“**Adverse Claim**” means a lien, security interest, charge, encumbrance or other right or claim or restriction in favor of any Person (including any UCC financing statement or similar instrument filed against the assets of that Person) other than, with respect to the Pledged Collateral, any lien, security interest, charge, encumbrance or other right or claim or restriction in favor of the Administrative Agent, for the benefit of the Secured Creditors.

“**Affected Party**” means the Administrative Agent, the Syndication Agent, each Co-Valuation Agent, each LIBOR Lender, each Conduit Lender, each Managing Agent, each Alternate Lender, each Program Support Provider and any permitted assignee or participant of any LIBOR Lender, any Conduit Lender, any Alternate Lender or any Program Support Provider.

“**Affiliate**” means, when used with respect to a Person, any other Person controlling, controlled by or under common control with such Person. A Person shall be deemed to control another person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, membership interests, by contract or otherwise.

“**Agent Parties**” has the meaning assigned to such term in Section 10.02(c).

“**Aggregate Note Balance**” means, as of any date of determination, the aggregate principal amount of all Notes Outstanding, after giving effect to (i) all distributions applied to principal on the Notes on such date of determination and (ii) any Advances made on such date of determination.

“**Agreement**” means this Note Purchase and Security Agreement, together with all exhibits and appendices attached hereto as the same may be amended, restated, supplemented or otherwise modified from time to time hereafter.

“**Alternate Lender**” means any financial institution identified as an Alternate Lender on Exhibit A attached hereto as such Exhibit may be amended, restated or otherwise revised from time to time, and any successors or assigns (subject to Section 10.04).

“**Amortization Event**” has the meaning assigned to such term in Section 7.01.

“**Amortization Period**” means the period commencing on the occurrence of an Amortization Event and ending on the earliest of (a) the date the Notes and all other Obligations

are paid in full, (b) 90 days from the occurrence of such Amortization Event and (c) the occurrence of a Termination Event.

“**Amortization Period Rate**” means, (a) during the first 30 days following the commencement of the Amortization Period, the Base Rate plus 1.00% per annum, (b) during the second 30 days following the commencement of the Amortization Period, the Base Rate plus 1.50% per annum and (c) thereafter, until the Termination Date, the Base Rate plus 2.00% per annum.

“**Applicable Margin**” means, with respect to any Advance and any Lender, the Applicable Margin as set forth in the Lenders Fee Letter.

“**Applicable Percentage**” has the meaning set forth in the Side Letter.

“**Approved Fund**” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of any entity that administers or manages a Lender.

“**Arranger**” means Credit Suisse, New York Branch.

“**Arrangers**” means collectively, the Lead Arrangers, the Co-Lead Arrangers and the Arranger.

“**Asset Coverage Ratio**” means, on the last day of each calendar month, and as of any other date of determination, the ratio (expressed as a percentage) of (a) the sum of (i) the Adjusted Pool Balance as of such date plus (ii) (without duplication) any accrued and unpaid interest thereon as of such date plus (iii) funds (including Eligible Investments) on deposit in the Collection Account, the Administration Account, the Capitalized Interest Account and the Reserve Account, if any, as of such date, to (b) the Reported Liabilities as of such date and rounding to the nearest second decimal place.

“**Assignee Group**” means two or more assignees that meet the requirements to be an assignee under Section 10.04(b) and that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“**Assignment Amount**” means, with respect to an Alternate Lender at the time of any assignment pursuant to Section 10.04(g), an amount equal to the lesser of (a) such Alternate Lender’s pro rata share of the aggregate principal amount of the Notes requested by the related Conduit Lender to be assigned at such time plus any accrued and unpaid interest owed thereon at the applicable CP Rate and (b) such Alternate Lender’s unused Assignment Commitment (minus the unrecovered principal amount of such Alternate Lender’s investments pursuant to the Program Support Agreement to which it is a party).

“**Assignment Commitment**” means, with respect to an Alternate Lender, such Alternate Lender’s Commitment multiplied by 1.02.

“**Authorized Officer**” means:

(a) with respect to the Trust, any officer of the Eligible Lender Trustee who is authorized to act for the Eligible Lender Trustee in matters relating to the Trust pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Eligible Lender Trustee to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Eligible Lender Trustee from time to time thereafter and delivered to the Administrative Agent);

(b) with respect to the Administrator, any officer of the Administrator who is authorized to act for the Administrator in matters relating to itself or to the Trust and to be acted upon by the Administrator pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Administrator to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Administrator from time to time thereafter and delivered to the Administrative Agent);

(c) with respect to the Depositor, any officer of the Depositor who is authorized to act for the Depositor in matters relating to itself or to be acted upon by the Depositor pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Depositor to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Depositor from time to time thereafter and delivered to the Administrative Agent);

(d) with respect to the Master Servicer, any officer of the Master Servicer who is authorized to act for the Master Servicer in matters relating to itself or to be acted upon by the Master Servicer pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Master Servicer to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Master Servicer from time to time thereafter and delivered to the Administrative Agent);

(e) with respect to the Eligible Lender Trustee, any officer of the Eligible Lender Trustee who is authorized to act for the Eligible Lender Trustee in matters relating to itself or to be acted upon by the Eligible Lender Trustee pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Eligible Lender Trustee to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Eligible Lender Trustee from time to time thereafter and delivered to the Administrative Agent);

(f) with respect to SLM Corporation, chief executive officer, chief financial officer, president, any vice president, treasurer or other senior officer of SLM Corporation who is authorized to act for SLM Corporation in matters relating to itself or to be acted upon by SLM Corporation pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by SLM Corporation to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by SLM Corporation from time to time thereafter and delivered to the Administrative Agent); and

(g) with respect to the Administrative Agent, any officer of the Administrative Agent who is authorized to act for the Administrative Agent in matters relating to itself or to be acted upon by the Administrative Agent pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Administrative Agent to the Administrator and

the Eligible Lender Trustee on the Closing Date (as such list may be modified or supplemented by the Administrative Agent from time to time thereafter and delivered to the Administrator and the Eligible Lender Trustee).

“**Available Funds**” means, with respect to a Settlement Date, the sum of the following amounts received into the Collection Account with respect to the related Settlement Period:

- (a) all collections of principal, interest and other fees and amounts on the Trust Student Loans;
- (b) all Liquidation Proceeds from any Trust Student Loans which became Liquidated Student Loans during that Settlement Period in accordance with the Servicer's applicable Servicing Policies, plus all Recoveries on Liquidated Student Loans which were written off in prior Settlement Periods or during that Settlement Period;
- (c) the aggregate amounts received during that Settlement Period for those Trust Student Loans (i) repurchased by the applicable Seller or the Depositor, as applicable, (ii) purchased by the Servicer or its assignee or (iii) sold pursuant to Section 3.11 of the Servicing Agreement;
- (d) amounts received by the Trust pursuant to Sections 3.01 and 3.12 of the Servicing Agreement during that Settlement Period as to yield or principal adjustments other than deposits into the Borrower Benefit Account;
- (e) investment earnings for that Settlement Period earned on investments in the Trust Accounts during such Settlement Period;
- (f) [reserved];
- (g) amounts, if any, transferred into the Collection Account from the Capitalized Interest Account in excess of the Required Capitalized Interest Account Balance, calculated as of the end of the Settlement Period related to that Settlement Date;
- (h) amounts, if any, transferred into the Collection Account from the Reserve Account in excess of the Reserve Account Specified Balance, calculated as of the end of the Settlement Period related to that Settlement Date;
- (i) amounts, if any, transferred into the Collection Account from the Borrower Benefit Account to offset reductions in yield on affected Trust Student Loans during the related Settlement Period;
- (k) amounts, if any, received by the Trust from SLM Corporation under the Revolving Credit Agreement and which have been deposited into the Collection Account;
- (l) all proceeds from any Permitted Release (to the extent such proceeds were not previously used to prepay the Aggregate Note Balance or used to purchase new Eligible Private Credit Loans);

(m) amounts received, if any, in respect of insurance proceeds; and

(n) all other Collections or other amounts deposited into the Collection Account for application pursuant to Section 2.05(b) on the applicable Settlement Date;

provided, that if on any Settlement Date, there would not be sufficient funds, after application of Available Funds, as defined above, and application of amounts available from the Capitalized Interest Account and the Reserve Account, in that order, to pay any of the items specified in clauses (i) through (v) of Section 2.05(b), then Available Funds for that Settlement Date will include, in addition to the Available Funds as defined above, amounts on deposit in the Collection Account, or amounts held by the Administrative Agent for deposit into the Collection Account which would have constituted Available Funds for the Settlement Date immediately succeeding that Settlement Date, up to the amount necessary to pay such items, and the Available Funds for the immediately succeeding Settlement Date will be adjusted accordingly.

“Average Student Loans in Repayment Outstanding” means, with respect to any portfolio of Student Loans, the average daily Principal Balance of the portion of such Student Loans that are in repayment status (including Student Loans in forbearance and extended forbearance status) over the related reporting period.

“Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time, and any successor statute.

“Base Rate” means, for any day, a rate per annum determined by the Administrative Agent equal to the higher of (a) the Prime Rate for such day and (b) the sum of 0.50% plus the Federal Funds Rate for such day.

“Base Rate Advance” means an Advance funded with reference to the Base Rate.

“Benefit Plan” means any employee benefit plan as defined in Section 3(3) of ERISA in respect of which the Trust or any ERISA Affiliate is, or at any time during the immediately preceding six years was, an “employer” as defined in Section 3(5) of ERISA.

“Borrower Benefit Account” means the special account created pursuant to Section 2.04(c).

“Business Day” means a day of the year other than a Saturday or a Sunday or other day on which (a) banks are not authorized or required to close in Charlotte, North Carolina or New York, New York and (b) trust companies are not authorized or required to close in Wilmington, Delaware; provided, however, if the term “Business Day” is used in connection with the LIBOR Rate, it means any day on which (x) dealings in dollar deposits are carried on in the London interbank market and (y) banks are not authorized or required to close in New York, New York.

“Capitalized Interest Account” means the special account created pursuant to Section 2.06(a).

“Capitalized Interest Account Funding Event” means (i) an event which occurs as of any date on which an Advance has been requested and after giving effect to such Advance, the

Aggregate Note Balance plus the Capitalized Interest Account Specified Balance exceeds the Maximum Financing Amount, (ii) the third Business Day preceding the Scheduled Maturity Date, or (iii) the last day of the Revolving Period under clause (ii) or (iii) of the definition of Revolving Period.

“**Capitalized Interest Account Specified Balance**” means, at any time, the sum, for each Eligible Private Credit Loan that is a Trust Student Loan, of the percentage specified for such Eligible Private Credit Loan, as set forth in Schedule 1 to the Side Letter, multiplied by the Principal Balance thereof on the date the Trust acquired such Eligible Private Credit Loan.

“**Capitalized Interest Advance**” means an Advance made upon a Capitalized Interest Account Funding Event or as provided in Section 2.21(b), the proceeds of which are to be deposited into the Capitalized Interest Account.

“**Capitalized Interest Step-Down Amount**” means, (i) on the Settlement Date immediately following the first anniversary of the end of the Revolving Period provided that at least 45% of the Trust Student Loans by aggregate principal balance are loans in repayment that are not more than 30 days past due as of the end of the most recent Settlement Period, the amount, if any, by which the funds on deposit in the Capitalized Interest Account exceed the product of (x) 5.50% and (y) the sum of the aggregate balance of the Trust Student Loans and the amount on deposit in the Capitalized Interest Account as of the related Settlement Date;

(ii) on the Settlement Date immediately following the second annual anniversary of the end of the Revolving Period, provided that at least 60% of the Trust Student Loans by aggregate principal balance are loans in repayment that are not more than 30 days past due as of the end of the most recent Settlement Period, the amount, if any, by which the funds on deposit in the Capitalized Interest Account exceed the product of (x) 3.50% and (y) the sum of the aggregate balance of the Trust Student Loans and the amount on deposit in the Capitalized Interest Account as of the related Settlement Date; and

(iii) on the Settlement Date immediately following the third anniversary of the end of the Revolving Period, provided that at least 80% of the Trust Student Loans by aggregate principal balance are loans in repayment that are not more than 30 days past due as of the end of the most recent Settlement Period the amount, if any, by which the funds on deposit in the Capitalized Interest Account exceed the product of (x) 1.50% and (y) the sum of the aggregate balance of the Trust Student Loans and the amount on deposit in the Capitalized Interest Account as of the related Settlement Date.

“**Carryover Servicing Fee**” has the meaning specified in Attachment A to the Servicing Agreement.

“**Change of Control**” means (i) a merger or consolidation of the Trust, the Administrator, any Seller, the Depositor or the Master Servicer, as applicable, into another Person (other than an Affiliate of SLM Corporation), (ii) any merger or consolidation to which the Trust, the Administrator, any Seller, the Depositor or the Master Servicer, as applicable, shall be a party resulting in the creation of another Person (other than an Affiliate of SLM Corporation), (iii) any Person (other than an Affiliate of SLM Corporation) succeeding to the

properties and assets of the Trust, the Administrator, any Seller, the Depositor or the Master Servicer, as applicable, substantially as a whole or (iv) an event or series of events by which any Person (other than an Affiliate of SLM Corporation) acquires the right to vote more than 50% of the common stock or other voting interest of the Trust, the Administrator, any Seller, the Depositor or the Master Servicer, as applicable.

“**Closing Date**” means February 29, 2008.

“**Co-Lead Arrangers**” means Barclays Bank PLC, The Royal Bank Of Scotland PLC and Deutsche Bank Securities Inc.

“**Co-Valuation Agents**” means J.P. Morgan Securities Inc., Banc of America Securities LLC and Deutsche Bank Securities Inc., or any other entity appointed as a successor Co-Valuation Agent pursuant to the Valuation Agent Agreement.

“**Co-Valuation Agents Fees**” means the fees and charges, if any, of the Co-Valuation Agents, including reasonable legal fees and expenses, payable to the Co-Valuation Agents pursuant to the Valuation Agent Fee Letter.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute and the regulations promulgated and rulings issued thereunder.

“**Collateral Value**” means, with respect to each pool of Eligible Private Credit Loans to be added to the Trust Student Loans in connection with a particular Purchase Price Advance, an amount equal to the product of the weighted average percentage referred to in clause (a)(i) of the definition of Applicable Percentage for such pool and the aggregate Principal Balance of such pool; provided, however, that if the Applicable Percentage set forth in the most recent Valuation Report is the percentage referred to in clause (a)(ii) or (a)(iii) of the definition of Applicable Percentage, then in calculating each of the percentages used in determining the weighted average percentage referred to in clause (a)(i) of the definition of Applicable Percentage for such pool, each such percentage shall be multiplied by a fraction the numerator of which is the lower of the percentages calculated pursuant to clause (a)(ii) and (a)(iii) of the definition of Applicable Percentage in the most recent Valuation Report and the denominator of which is the weighted average percentage calculated pursuant to clause (a)(i) of the definition of Applicable Percentage in the most recent Valuation Report.

“**Collection Account**” means the special account created pursuant to Section 2.04(a).

“**Collections**” means (a) all amounts received with respect to principal and interest and other proceeds, payments and reimbursements, including Recoveries, with respect to any Trust Student Loan and any other collection of cash with respect to such Trust Student Loan and (b) all other cash collections and other cash proceeds of the Pledged Collateral (including, without limitation, in each of clauses (a) and (b) above, each of the items enumerated in the definition of Available Funds with respect to any Settlement Period).

“**Commitment**” means (i) with respect to a Lender, the obligation, if any, of such Lender to fund Advances pursuant to this Agreement in the amount stated to be such Lender’s “Commitment” on Exhibit A attached hereto, as such Exhibit may be amended, restated or

otherwise revised from time to time and (ii) with respect to a Facility Group, the aggregate Commitment of the Lenders within such Facility Group, in each case as such Commitment may be reduced or increased pursuant to [Section 2.03](#).

“**Committed Conduit Lender**” means any Conduit Lender that has a Commitment and any of its successors or assigns (subject to [Section 10.04](#)).

“**Competing Financing Transaction**” has the meaning assigned to such term in [Section 6.28](#).

“**Conduit Assignee**” means any special purpose entity that finances its activities directly or indirectly through asset backed commercial paper and is administered by a Managing Agent or any Affiliate of a Managing Agent and designated by such Managing Agent from time to time to accept an assignment from such Managing Agent’s related Conduit Lender of outstanding Advances; provided, however, that with respect to any Conduit Lender with a Commitment hereunder, such Conduit Assignee must be an assignee with respect to such Commitment.

“**Conduit Lender**” means any special purpose entity identified as a Conduit Lender on [Exhibit A](#) attached hereto, as such Exhibit may be amended, restated or otherwise revised from time to time, and any successors or assigns (subject to [Section 10.04](#)).

“**Consolidated Tangible Net Worth**” means, as of any date of determination, the consolidated stockholders’ equity of SLM Corporation and its consolidated subsidiaries, determined in accordance with GAAP, less their consolidated Intangible Assets, all determined as of such date.

“**Consolidation Loan**” means a loan made to a borrower which loan consolidates such borrower’s Student Loans.

“**Consumer Credit Laws**” means all applicable federal, state and local statutes, regulations and other laws relating to consumer credit, usury, education lending, loan brokers, fair credit billing, fair credit reporting, fair debt collection practices, privacy, disclosure, unfair or deceptive trade practices, marketing practices or consumer protection, including (without limitation) the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Gramm-Leach-Bliley Act, the Truth in Lending Act, the Federal Trade Commission Act, and any regulations under such statutes.

“**CP**” means the commercial paper notes issued from time to time by means of which a Conduit Lender (directly or indirectly) obtains financing.

“**CP Advance**” means an Advance made through the issuance of CP.

“**CP Rate**” means, for any Settlement Period, for any Conduit Lender, for the portion of the Aggregate Note Balance funded by such Conduit Lender directly or indirectly with CP, the rate equivalent to the weighted average cost (as determined by the applicable Managing Agent and which shall include Dealer Fees, incremental carrying costs incurred with respect to CP maturing on dates other than those on which corresponding funds are received by the Conduit Lender, other borrowings by the Conduit Lender to fund any Advances hereunder or its related

commercial paper issuer if the Conduit Lender does not itself issue commercial paper (other than under any Program Support Agreement), actual costs of swapping foreign currencies into dollars to the extent the CP is issued in a market outside the U.S. and any other costs associated with the issuance of CP) of or related to the issuance of CP that are allocated, in whole or in part, by the Conduit Lender or the applicable Managing Agent to fund or maintain such portion of the Aggregate Note Balance (and which may be also allocated in part to the funding of other assets of the Conduit Lender); provided, however, that if the rate (or rates) is a discount rate, then the rate (or if more than one rate, the weighted average of the rates) shall be the rate resulting from converting such discount rate (or rates) to an interest -bearing equivalent rate per annum.

“**Cutoff Date**” means the Initial Cutoff Date or any Subsequent Cutoff Date, as applicable.

“**Dealer Fees**” means a commercial paper dealer fee, payable to each Conduit Lender, of not greater than five basis points per annum on the amount of CP Advances made by such Conduit Lender.

“**Debt**” means, with respect to any Person, (a) indebtedness of such Person for borrowed money; (b) obligations of such Person evidenced by bonds, debentures, notes, letters of credit, interest rate and currency swaps or other similar instruments; (c) obligations of such Person to pay the deferred purchase price of property or services; (d) obligations of such Person as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases; (e) obligations secured by an Adverse Claim upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations; (f) obligations of such Person under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of other Persons of the kinds referred to in clauses (a) through (e) above; (g) all obligations of such Person upon which interest charges are customarily paid; (h) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person; (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances or as an account party in respect of letters of credit and letters of guaranty; (j) all obligations of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such obligations provide that such Person is not liable therefor; and (k) any other liabilities of such Person which would be treated as indebtedness in accordance with GAAP.

“**Defaulted Student Loan**” means any Student Loan (a) as to which any payment, or portion thereof is more than 90 days past due from the original due date thereof, (b) the Obligor of which is the subject of an Event of Bankruptcy (without giving effect to any applicable cure or continuance period) or is deceased or disabled, or (c) as to which a continuing condition exists that, with notice or the lapse of time or both, would constitute a default, breach, violation or event permitting acceleration under the terms of such Student Loan.

“**Defaulting Lender**” has the meaning assigned to such term in Section 2.01(d).

“**Delaware Trustee**” means BNYM (Delaware), a Delaware banking corporation.

“**Delinquent Student Loan**” means any Student Loan, which is not a Defaulted Student Loan, as to which any payment, or portion thereof, is 60 days or more past due from the original due date thereof.

“**Departing Facility Group**” means a Facility Group whose Commitment the Trust has determined to assign or terminate in accordance with Section 2.21(a).

“**Department of Education**” or “**Department**” means the United States Department of Education, or any other officer, board, body, commission or agency succeeding to the functions thereof under the Higher Education Act.

“**Depositor**” means Rendezvous Funding LLC, a Delaware limited liability company, in its capacity as depositor with respect to the Trust.

“**Depositor Interim Trust Agreement**” means the interim trust agreement, dated the date hereof, between the Depositor and the Interim Eligible Lender Trustee.

“**Direct-To-Consumer Loans**” means a Student Loan marketed directly to the Obligor (including, but not limited to, Tuition Answer Loans) that is not disbursed directly to any school; provided, however, that a Consolidation Loan shall not be deemed to be a Direct-To-Consumer Loan.

“**Eligible Institution**” means (a) an institution of higher education or (b) a vocational school.

“**Eligible Investments**” means book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which evidence:

(a) direct obligations of, and obligations fully guaranteed as to timely payment by, the United States of America, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association or any agency or instrumentality of the United States of America, the obligations of which are backed by the full faith and credit of the United States of America; provided, that obligations of, or guaranteed by, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association shall be Eligible Investments only if, at the time of investment, they have a rating from each of the Rating Agencies in the highest investment category granted thereby;

(b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company incorporated under the laws of the United States of America or any State (or any domestic branch of a foreign bank) and subject to supervision and examination by federal or state banking or depository institution authorities (including depository receipts issued by any such institution or trust company as custodian with respect to any obligation referred to in clause (a) above or portion of such obligation for the benefit of the holders of such depository receipts); provided, that at the time of the

investment or contractual commitment to invest therein (which shall be deemed to be made again each time funds are reinvested following each Settlement Date), the commercial paper or other short-term senior unsecured debt obligations (other than such obligations the rating of which is based on the credit of a Person other than such depository institution or trust company) thereof shall have a credit rating from each of the Rating Agencies in the highest investment category granted thereby;

(c) non-extendible commercial paper having, at the time of the investment, a rating from each of the Rating Agencies then rating that commercial paper in the highest investment category granted thereby;

(d) investments in money market funds having a rating from each of the Rating Agencies in the highest investment category granted thereby (including funds for which the Administrative Agent, the Syndication Agent, or the Eligible Lender Trustee or any of their respective Affiliates is investment manager or advisor);

(e) bankers' acceptances issued by any depository institution or trust company referred to in clause (b) above; and

(f) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of the United States of America, in each case entered into with a depository institution or trust company (acting as principal) described in clause (b) above.

For purposes of the definition of "Eligible Investments," the phrase "highest investment category" means (i) in the case of Fitch, "AAA" for long-term investments (or the equivalent) and "F-1+" for short-term investments (or the equivalent), (ii) in the case of Moody's, "Aaa" for long-term investments and "P-1" for short-term investments, and (iii) in the case of S&P, "AAA" for long-term investments and "A-1+" for short-term investments. A proposed investment not rated by Fitch but rated in the highest investment category by Moody's and S&P shall be considered to be rated by each of the Rating Agencies in the highest investment category granted thereby. In the event the rating(s) of an Eligible Investment falls below the applicable rating(s) set forth herein, the Administrative Agent shall promptly (but in no event longer than 60 days from the time of such downgrade) replace such investment, at no cost to the Trust, with an Eligible Investment which has the required ratings; provided, that if each of the Rating Agencies has approved an Eligible Investment with other terms relating to a downgrade (including, but not limited to collateralization of the Eligible Investment or furnishing a guaranty or insurance), such other terms shall prevail.

"**Eligible Lender**" means any "eligible lender," as defined in the Higher Education Act, which has received an eligible lender designation from the Department of Education.

"**Eligible Lender Trustee**" means The Bank of New York Trust Company, N.A., a national banking association, not in its individual capacity but solely as Eligible Lender Trustee under the Trust Agreement and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the terms of the Trust Agreement.

“**Eligible Lender Trustee Fees**” means the fees, reasonable expenses and charges of the Eligible Lender Trustee, including reasonable legal fees and expenses, as agreed to in writing by the Eligible Lender Trustee and the Administrator.

“**Eligible Private Credit Loan**” means a Student Loan which meets the following criteria as of any date of determination:

(a) such Student Loan is an unsecured loan originated under one of the Seller’s private credit education loan programs for which an Applicable Percentage greater than zero is set forth in Schedule 1 to the Side Letter or otherwise established pursuant to an agreement in writing among the Trust, each of the Managing Agents and the Administrative Agent;

(b) such Student Loan is fully disbursed;

(c) such Student Loan has not been owned by the Trust for more than 364 days in total;

(d) such Student Loan is a U.S. Dollar denominated obligation payable in the United States;

(e) such Student Loan provides for periodic payments which fully amortize the amount financed over its term to maturity (exclusive of any deferral or forbearance periods);

(f) such Student Loan is being serviced by a Servicer under a Servicing Agreement and if such Student Loan is serviced by a Subservicer, the related Obligor has been directed to make all payments into a Permitted Lockbox;

(g) such Student Loan bears interest at a stated rate of not more than the maximum rate permitted under applicable law (before giving effect to any borrower benefit programs);

(h) such Student Loan is supported by the following documentation:

(i) loan application, and any supplement thereto;

(ii) original promissory note and any addendum thereto or the electronic records therefor;

(iii) any other document and/or record which the Trust or the related Servicer or other agent may be required to retain pursuant to the program under which the Student Loan was originated;

(iv) if applicable, payment history (or similar documentation) including (A) an indication of the Principal Balance and the date through which interest has been paid, each as of the related date of determination and (B) an accounting of the allocation of all payments by the Obligor or on Obligor’s behalf to principal and interest on the Student Loan;

(v) if applicable, documentation which supports periods of current or past deferment or past forbearance;

(vi) if applicable, a collection history, if the Student Loan was ever in a delinquent status, including detailed summaries of contacts and including the addresses or telephone numbers used in contacting or attempting to contact the related Obligor and any endorser;

(vii) if applicable, evidence of all requests for skip-tracing assistance and current address of the related Obligor, if located; and

(viii) if applicable, a record of any event resulting in a change to or confirmation of any data in the Student Loan file;

(i) such Student Loan was originated and has been serviced in compliance with all requirements of applicable law including, without limitation, all Consumer Credit Laws;

(j) such Student Loan is evidenced by a single original Student Loan Note and any addendum thereto containing terms in accordance with those required by the applicable loan program and other applicable requirements and which does not require the Obligor to consent to the transfer, sale or assignment of the rights and duties of the related Seller or the Depositor (or the Interim Eligible Lender Trustee on behalf of the Depositor) or the Trust (or the Eligible Lender Trustee on behalf of the Trust) and does not contain any provision that restricts the ability of the Administrative Agent, on behalf of the Secured Creditors, to exercise its rights under the Transaction Documents;;

(k) such Student Loan is neither a Defaulted Student Loan nor a Delinquent Student Loan;

(l) in each case, (i) immediately prior to the sale thereof to the Depositor, the applicable Seller had and (ii) immediately following the acquisition thereof on the related Advance Date, the Trust has good and marketable title to such Student Loan free and clear of any Adverse Claim or other encumbrance, lien or security interest, or any other prior commitment, other than as may be granted in favor of the Administrative Agent, on behalf of the Secured Creditors;

(m) such Student Loan has not been modified, extended or renegotiated in any way, except (i) as required under applicable laws, rules and regulations, (ii) as provided for or permitted under the Underwriting Guidelines or Servicing Policies, if such modification, extension or renegotiation does not materially adversely affect the value or collectability thereof or (iii) as provided for in the Transaction Documents;

(n) such Student Loan constitutes a legal, valid and binding obligation to pay on the part of the related Obligor enforceable in accordance with its terms and is not noted on the appropriate Servicer's books and records as being subject to a current bankruptcy proceeding;

- (o) such Student Loan constitutes an instrument, an account or a general intangible as defined in the UCC in the jurisdiction that governs the perfection of the interests of the Trust therein and the perfection of the Secured Creditors' interest therein;
- (p) the sale or assignment of such Student Loan to the Depositor or an interim eligible lender trustee on its behalf pursuant to a Purchase Agreement, the sale or assignment of which to the Trust or the Eligible Lender Trustee on its behalf pursuant to the Sale Agreement, and the granting of a security interest therein to the Administrative Agent pursuant to this Agreement does not contravene or conflict with any applicable law, rule or regulation, or require the consent or approval of, or notice to, any Person;
- (q) such Student Loan has been duly made and serviced in all material respects in accordance with the guidelines of the Student Loan program under which it has been made and with all applicable Underwriting Guidelines and Servicing Policies;
- (r) the Obligor of such Student Loan, other than a Medical Loan, has a FICO score at the date of origination of 640 or higher or, if the related student attends a for-profit school, 670 or higher;
- (s) the file for such Student Loan lists a school attended by the Obligor (which is not one of the institutions listed on Exhibit C);
- (t) such Student Loan was not originated to finance attendance at one of the institutions listed on Exhibit C;
- (u) the purchase price paid for such Student Loan at the time of purchase by the Trust (i) did not exceed the Applicable Percentage (in effect at the time of purchase) multiplied by the Principal Balance thereof, plus amounts, if any, drawn under the Revolving Credit Agreement; and (ii) was reasonably equal to its fair market value at the time of purchase;
- (v) the purchase of such Student Loan will not result in (i) an Amortization Event, (ii) a Termination Event or (iii) an increase in any Excess Concentration Amount that would result in the Asset Coverage Ratio being less than 100%;
- (w) such Student Loan was originated in the ordinary course of business and advanced for educational purposes directly to the related Obligor or the applicable school for the benefit of the related Obligor;
- (x) such Student Loan is being serviced by an entity duly authorized, qualified (and, if required, licensed) to service such Student Loan in the applicable jurisdiction;
- (y) such Student Loan was acquired by the Depositor pursuant to a Purchase Agreement and sold to the Trust pursuant to the Sale Agreement and was not previously owned by the Trust and subsequently re-acquired;
- (z) if such Student Loan was originated pursuant to an agreement not in effect, or not substantially in the form of an agreement which is in effect, on the Closing Date, such agreement has been approved by the Required Managing Agents;

(aa) such Student Loan has not been satisfied, subordinated, or rescinded; and

(bb) such Student Loan's original term to maturity did not exceed 40 years.

"Eligible Swap Counterparty" means a Person whose ratings, at the time it becomes a Swap Counterparty, satisfy the requirements of both Moody's and S&P for a swap counterparty in a securitization transaction in which the securities are rated "AAA" and "Aaa," respectively.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means (a) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Trust, (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with the Trust, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Trust, any corporation described in clause (a) above or any trade or business described in clause (b) above or other Person which is required to be aggregated with the Trust pursuant to regulations promulgated under Section 414(o) of the Code.

"Estimated Interest Adjustment" means, for each Settlement Date with respect to any Facility Group, the variation, if any, between (x) the Yield paid on the preceding Settlement Date to such Facility Group and (y) the Yield that accrued on the portion of the Aggregate Note Balance allocable to such Facility Group during the Interest Accrual Period then ending on such preceding Settlement Date. The amount by which clause (y) exceeds clause (x) shall be a positive Estimated Interest Adjustment and the amount by which clause (x) exceeds clause (y) shall be a negative Estimated Interest Adjustment.

"Eurodollar Reserve Percentage" means, for any day during any period, the reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board of Governors of the Federal Reserve System for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities"). The LIBOR Rate shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Bankruptcy" means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, which decree or order remains unstayed and in effect for a period of 30 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such

Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“**Excess Collateral Advance**” means an Advance made to the Trust after the Transition Period, that is not a Purchase Price Advance or a Capitalized Interest Advance and is made to provide additional Available Funds; provided, however, that the amount of any such Advance shall not exceed the amount by which (a) the Adjusted Pool Balance plus the sum of the amounts on deposit in the Trust Accounts (other than the Borrower Benefit Account) exceeds (b) the Reported Liabilities.

“**Excess Concentration Amount**” has the meaning set forth in the Side Letter.

“**Excess Distribution Certificate**” has the meaning assigned to such term in the Trust Agreement.

“**Excess Spread**” means the annualized percentage, calculated on the last day of each calendar month, which is a fraction, the numerator of which is the positive difference, if any, between (x) the Expected Interest Collections for such month with respect to the Eligible Private Credit Loans and (y) the sum of (i) the Primary Servicing Fee payable to the Master Servicer for such month, (ii) all other fees payable under this Agreement for such month (other than the Non-Use Fee) and (iii) all Yield payable to the Lenders for such month in respect of the Notes, and the denominator of which is the weighted average Principal Balance of all Eligible Private Credit Loans held by the Trust during such month.

“**Excess Spread Test**” means the three-month average Excess Spread is greater than 2.00%.

“**Excess Yield Rate**” means, with respect to any Advance and any Yield Period, the amount by which the applicable Yield Rate for such Advance exceeds the sum of (a) the CP Rate or the LIBOR Rate (whichever is applicable to such Advance) plus the Used Fee that would be applicable if such Advance were a CP Advance.

“**Excluded Taxes**” has the meaning assigned to such term in Section 2.20(a).

“**Exiting Facility Group**” means any Departing Facility Group, Non-Renewing Facility Group or Withdrawing Facility Group, as applicable.

“**Exiting Facility Group Amortization Period**” means the period beginning on (a) with respect to any Departing Facility Group, the Settlement Date following the date on which the Managing Agent for such Facility Group and the Administrative Agent receive written notice from the Administrator of its termination in accordance with Section 2.21(a), (b) with respect to any Non-Renewing Facility Group, the then current Scheduled Maturity Date for such Non-Renewing Facility Group and (c) with respect to any Withdrawing Facility Group the Settlement Date following the date the Managing Agent for such Facility Group and the Administrator

mutually agree by joint written notice to the Administrative Agent; and in each case ending on the earliest to occur of (i) the occurrence of an Amortization Event or a Termination Event, (ii) 90 days after the start of the period described in clause (a), (b) or (c) above and (iii) the date the Aggregate Note Balance of the Notes held by the Exiting Facility Group have been repaid in full.

“**Expected Interest Collections**” means, for any calendar month, the sum of (i) the amount of interest due or accrued with respect to the Eligible Private Credit Loans and payable by the related Obligor thereon during such calendar month (whether or not such interest is actually paid) and (ii) investment earnings on the Trust Accounts for such calendar month.

“**Facility Group**” means a Managing Agent and its related Conduit Lenders, Alternate Lenders, LIBOR Lenders and Program Support Providers, as applicable.

“**Fair Market Auction**” means a commercially reasonable sale of Trust Student Loans pursuant to an arms-length auction process with respect to which (a) bids have been solicited from two or more potential bidders including at least two bidders that are not Affiliates of SLM Corporation, (b) at least one bid is received from a bidder that is not an Affiliate of SLM Corporation and (c) if an Affiliate of SLM Corporation submits the winning bid, such bid is in an amount reasonably equal to the fair market value of the Trust Student Loans being sold.

“**Federal Funds Rate**” means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (adjusted, if necessary, to the nearest 1/100 of 1%) charged to the Administrative Agent on such day on such transactions as determined by it.

“**Fee Letters**” means the Administrative Agent and Syndication Agent Fee Letter, each Lenders Fee Letter and the Valuation Agent Fee Letter.

“**FFELP Loan Facilities**” means the FFELP student loan conduit securitization facilities established pursuant to (i) that certain Note Purchase and Security Agreement, dated as of the Closing Date, among Town Hall Funding I, the arrangers party thereto, the conduit lenders party thereto, the alternate lenders party thereto, the LIBOR lenders party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, The Bank of New York Trust Company, N.A., as eligible lender trustee, JPMorgan Chase Bank, N.A., as syndication agent, and Sallie Mae, Inc., as administrator, (ii) that certain Note Purchase and Security Agreement, dated as of the Closing Date, among Town Center Funding I, the arrangers party thereto, the conduit lenders party thereto, the alternate lenders party thereto, the LIBOR lenders party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, The Bank of New York Trust Company, N.A., as eligible lender trustee, JPMorgan Chase Bank, N.A., as syndication agent, and Sallie Mae, Inc., as administrator; and (iii) that certain Note Purchase and Security Agreement, dated as of the Closing Date, among Bluemont Funding I, the

arrangers party thereto, the conduit lenders party thereto, the alternate lenders party thereto, the LIBOR lenders party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, The Bank of New York Trust Company, N.A., as eligible lender trustee, JPMorgan Chase Bank, N.A., as syndication agent, and Sallie Mae, Inc., as administrator.

“**FFELP Program**” means the Federal Family Education Loan Program authorized under the Higher Education Act.

“**Financing Costs**” means an amount equal to the sum (without duplication) of (i) the accrued Yield applicable to the Notes for the preceding Yield Period and the applicable portion of the Non-Use Fee; (ii) any past due Yield payable on the Notes; (iii) interest on any related loans or other disbursements payable by the Lenders as a result of unreimbursed draws on or under a Program Support Agreement supporting the purchase of the Notes; and (iv) increased costs of the Affected Parties resulting from Yield Protection, if any.

“**Fitch**” means Fitch, Inc. (or its successors in interest).

“**Fund**” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding, or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“**GAAP**” means generally accepted accounting principles as in effect from time to time in the United States of America that are applicable to the circumstances as of the date of determination and applied on a consistent basis.

“**GLB Regulations**” means the Joint Banking Agencies’ Privacy of Consumer Financial Information, Final Rule (12 CFR Parts 40, 216, 332 and 573) or the Federal Trade Commission’s Privacy of Consumer Financial Information, Final Rule (16 CFR Part 313), as applicable, implementing Title V of the Gramm-Leach-Bliley Act, Public Law 106-102, as amended.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions or pertaining to government, including without limitation any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“**Grant**” or “**Granted**” means to pledge, create and grant a security interest in and with regard to property. A Grant of Trust Student Loans, other assets or of any other agreement includes all rights, powers and options (but none of the obligations) of the granting party thereunder.

“**Guaranty and Pledge Agreement**” means the Guaranty and Pledge Agreement, dated as of the Closing Date between the Depositor and the Administrative Agent.

“**Higher Education Act**” means the Higher Education Act of 1965, as amended or supplemented from time to time, and all regulations and guidelines promulgated thereunder.

“**Holding Account Lender**” means (i) any Non-Rated Lender and (ii) any other Lender that has elected at its option to make a Lender Holding Deposit.

“**Indemnified Party**” has the meaning assigned to such term in [Section 8.01\(a\)](#).

“**Indemnity Agreement**” means the Indemnity Agreement entered into by SLM Corporation, the Trust and the Administrative Agent dated as of the Closing Date.

“**Initial Cutoff Date**” means the date set forth as such in the initial Advance Request.

“**Initial Pool**” means that pool of Eligible Private Credit Loans as of the Initial Cutoff Date identified by the Administrator to the Administrative Agent and the Managing Agents which are party to this Agreement as of the Closing Date, which pool is substantially similar in all material respects to that pool delivered to the Rating Agencies in connection with obtaining the Required Ratings as of the Closing Date.

“**Intangible Assets**” means the amount (to the extent reflected in determining such consolidated stockholders’ equity) of all unamortized debt discount and expense, unamortized deferred charges (which for purposes of this definition do not include deferred taxes or premiums paid in connection with the purchase of student loans), goodwill, patents, trademarks, service marks, trade names, anticipated future benefit of tax loss carry-forwards, copyrights, organization or developmental expenses and other intangible assets.

“**Interest Accrual Period**” means, each period from a Settlement Date until the immediately succeeding Settlement Date, provided that the initial Interest Accrual Period shall be the period from the Closing Date until the first Settlement Date.

“**Interest Coverage Ratio**” means, for any four consecutive fiscal quarter period, the ratio of Adjusted Cash Income for such period to Interest Expense for such period.

“**Interest Expense**” means, for any period, the aggregate amount which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in accordance with GAAP as “total interest expense.”

“**Interim Eligible Lender Trustee**” means The Bank of New York Trust Company, N.A., a national banking association, not in its individual capacity but solely as eligible lender trustee for the Depositor under the Depositor Interim Trust Agreement or for VG Funding, LLC or VL Funding LLC under the Seller Interim Trust Agreements, as applicable, and its successor or successors and any other corporation which may at any time be substituted in its place.

“**Interim Trust Agreements**” means collectively, the Seller Interim Trust Agreements and the Depositor Interim Trust Agreement.

“**Investment Deficit**” has the meaning assigned to such term in [Section 2.01\(d\)](#).

“**Investment Company Act**” means the Investment Company Act of 1940, as amended.

“**Lead Arrangers**” means Banc of America Securities LLC and J.P. Morgan Securities Inc.

“**Legal Final Maturity Date**” means the date occurring on the 40th anniversary of the termination of the Revolving Period.

“**Lender Guarantor**” means any Person which has provided in favor of the Administrative Agent an irrevocable guaranty or provided an irrevocable letter of credit, to secure the obligations of a Non-Rated Lender to fund a Capitalized Interest Advance.

“**Lender Holding Account**” has the meaning assigned to such term in Section 2.23.

“**Lender Holding Deposit**” has the meaning assigned to such term in Section 2.23.

“**Lenders**” means, collectively, the Conduit Lenders, the Alternate Lenders and the LIBOR Lenders.

“**Lenders Fee Letter**” means the Fee Letter, dated as of Closing Date, among the Trust and the Managing Agents and certain other financial institutions party thereto.

“**Liabilities**” means the sum of the Trust’s obligations with respect to (a) the Aggregate Note Balance, (b) all accrued and unpaid Financing Costs applicable thereto to the extent not included in the Aggregate Note Balance, (c) any accrued and unpaid fees, including Servicing Fees, Eligible Lender Trustee Fees and any other fees or payment obligations (other than borrower benefits to the extent the associated reduction in yield has been prefunded in the Borrower Benefit Account) payable by the Trust pursuant to the Transaction Documents, (d) any outstanding Servicer Advances, (e) amounts due and unpaid under the Revolving Credit Agreement and (f) any other accrued and unpaid Obligations.

“**LIBOR Advance**” means an Advance funded with reference to the LIBOR Rate.

“**LIBOR Base Rate**” means:

(i) for any Tranche Period for any Alternate Lender or Conduit Lender:

(a) the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the applicable Managing Agent to be the offered rate that appears on the page of the Reuters Screen that displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01) for deposits in United States dollars (for delivery on the first day of such period) with a term equivalent to such period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period;

(b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried to the fifth decimal place) equal to the rate determined by the applicable Managing Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in

United States dollars (for delivery on the first day of such period) with a term equivalent to such period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period; or

(c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the applicable Managing Agent as the rate of interest at which Dollar deposits (for delivery on the first day of such period) in same day funds in the approximate amount of the applicable investment to be funded by reference to the LIBOR Rate and with a term equivalent to such period would be offered by its London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period; and

(ii) for any day during an Interest Accrual Period for any LIBOR Lender:

(a) the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Reuters Screen on such day that displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01) for deposits in United States dollars (for delivery on a date two Business Days later) with a term equivalent to one month;

(b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried to the fifth decimal place) equal to the rate determined by the Administrative Agent to be the offered rate on such day on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in United States dollars (for delivery on a date two Business Days later) with a term equivalent to one month; or

(c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Administrative Agent on such day as the rate of interest at which Dollar deposits (for delivery on a date two Business days later than such day) in same day funds in the approximate amount of the applicable investment to be funded by reference to the LIBOR Rate and with a term equivalent to one month would be offered by its London Branch to major banks in the London interbank eurodollar market at their request.

“LIBOR-Based Loans” means any Trust Student Loans which are floating rate loans and bear interest by reference to LIBOR.

“LIBOR Lender” means any Person identified as a LIBOR Lender on Exhibit A attached hereto, as such Exhibit may be amended, restated or otherwise revised from time to time, and any successors or assigns (subject to Section 10.04).

“LIBOR Rate” for any Tranche Period (when used with respect to any Alternate Lender) or for any day during an Interest Accrual Period (when used with respect to any LIBOR Lender),

means a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

“**Liquidated Student Loan**” means any defaulted Trust Student Loan liquidated by the Servicer or which the Servicer has, after using all reasonable efforts to realize upon such Trust Student Loan, determined to charge off in accordance with the applicable Servicing Policies.

“**Liquidation Proceeds**” means, with respect to any Liquidated Student Loan which became a Liquidated Student Loan during the current Settlement Period in accordance with the applicable Servicing Policies, the moneys collected in respect of the liquidation thereof from whatever source, other than Recoveries, net of the sum of any amounts expended by the Servicer in connection with such liquidation and any amounts required by law to be remitted to the Obligor on such Liquidated Student Loan.

“**Lockbox Bank**” means a bank that maintains a lockbox into which a Subservicer, or the Obligors of the Trust Student Loans serviced by such Subservicer, deposit Collections.

“**Lockbox Bank Fees**” means fees, reasonable expenses and charges of a Lockbox Bank as may be agreed to in writing by the Administrator and the Lockbox Bank.

“**Managed Private Credit Loan Default Ratio**” means, as of any date of determination, the ratio, equal to the average, for each of the previous 12 months, of the following ratio (calculated on an annualized basis): (a) the monthly “Gross Private Credit Student Loan Charge-Offs” for the types of Student Loans in SLM Corporation’s managed loan portfolio (without reference to whether they are financed on- or off-balance sheet and which satisfy the criterion in clause (a) of the definition of Eligible Private Credit Loan), divided by (b) the Average Student Loans in Repayment Outstanding of the same types of loans in SLM Corporation’s managed loan portfolio (without regard to whether they are financed on- or off-balance sheet), each as reported by the Administrator and calculated in a consistent manner with the methodologies used by SLM Corporation for calculating “Gross Managed Private Credit Student Loan Charge-Offs” and “Average Managed Private Credit Student Loans Outstanding” for purposes of its quarterly and annual financial statements.

“**Managing Agent**” means each of the agents identified as a Managing Agent on Exhibit A attached hereto as such Exhibit may be amended, restated or otherwise revised from time to time, acting on behalf of its related LIBOR Lenders and its related Conduit Lenders, Alternate Lenders and Program Support Providers under this Agreement, as applicable, and any of its successors or assigns (subject to Section 10.04).

“**Master Servicer**” means Sallie Mae, Inc., a Delaware corporation, and its successors and permitted assigns.

“**Material Adverse Effect**” means a material adverse effect on:

(a) with respect to the Trust, the status, existence, perfection, priority or enforceability of the Administrative Agent's interest in the Pledged Collateral or the ability of the Trust to perform its obligations under this Agreement or any other Transaction Document or the ability to collect on a material portion of the Pledged Collateral; or

(b) with respect to any other Person, the ability of the applicable Person to perform its obligations under this Agreement or any other Transaction Document.

“**Material Subservicer**” means any Subservicer responsible for servicing more than 15% of the Trust Student Loans by aggregate Principal Balance.

“**Maximum Advance Amount**” means, for any Advance Date:

(a) with respect to a Purchase Price Advance, an amount equal to the lesser of (i) the Maximum Financing Amount minus the sum of (A) the Capitalized Interest Account Specified Balance and (B) the Aggregate Note Balance and (ii) the aggregate Collateral Value of the Eligible Private Credit Loans being acquired;

(b) with respect to an Excess Collateral Advance, an amount equal to the Maximum Financing Amount minus the sum of (A) the Capitalized Interest Account Specified Balance and (B) the Aggregate Note Balance (after giving effect to any Purchase Price Advance to be made on such Advance Date); and

(c) with respect to a Capitalized Interest Advance, an amount equal to the lesser of (i) the Maximum Financing Amount minus the Aggregate Note Balance and (ii) the amount necessary to cause the amount on deposit in the Capitalized Interest Account to equal the Required Capitalized Interest Account Balance.

“**Maximum Financing Amount**” means, at any time, \$5,850,000,000, as such amount may be adjusted from time to time pursuant to Sections 2.03 and 2.21.

“**Medical Loan**” means a loan made under SLM Corporation's medical loan program.

“**Minimum Asset Coverage Requirement**” means an Asset Coverage Ratio of greater than or equal to 100%.

“**MNPI**” has the meaning assigned to such term in Section 10.02(b).

“**Monthly Administrative Agent's Report**” means the report to be delivered by the Administrative Agent pursuant to Section 2.05(a).

“**Monthly Report**” means a report, in substantially the form of Exhibit D hereto, prepared by the Administrator and furnished to the Administrative Agent.

“**Moody's**” means Moody's Investors Service, Inc. (or its successors in interest).

“**Multiemployer Plan**” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six years contributed to by the Trust or any ERISA Affiliate.

“**Mustang Funding I Facility**” means the financing facility established pursuant to that certain Participation Purchase and Security Agreement, dated as of April 30, 2007, among Mustang Funding I, LLC, the conduit purchasers party thereto, the alternate purchasers party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, Chase Bank USA, National Association, as eligible lender trustee and Sallie Mae, Inc., as administrator.

“**Mustang Funding II Facility**” means the financing facility established pursuant to that certain Participation Purchase and Security Agreement, dated as of April 30, 2007, among Mustang Funding II, LLC, the conduit purchasers party thereto, the alternate purchasers party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, Chase Bank USA, National Association, as eligible lender trustee and Sallie Mae, Inc., as administrator.

“**Net Adjusted Revenue**” means, for any period, Adjusted Revenue for such period less Interest Expense and Operating Expenses for such period.

“**New York UCC**” means the New York Uniform Commercial Code as in effect from time to time.

“**Non-Defaulting Lender**” has the meaning assigned to such term in [Section 2.01\(d\)](#).

“**Non-Rated Lender**” means any Alternate Lender, LIBOR Lender or Committed Conduit Lender which does not satisfy any of the following: (i) has a short-term unsecured indebtedness rating of at least “A-1” by S&P and “P-1” by Moody’s, (ii) has a Lender Guarantor which has a short-term unsecured indebtedness rating of at least “A-1” by S&P and “P-1” by Moody’s or (iii) has a Qualified Program Support Provider.

“**Non-Renewing Facility Group**” means a LIBOR Lender or a Conduit Lender and its related Alternate Lenders and Program Support Providers which have determined not to extend the Scheduled Maturity Date in accordance with [Section 2.16](#).

“**Non-U.S. Lender**” has the meaning assigned to such term in [Section 2.20\(d\)](#).

“**Non-Use Fee**” means, with respect to each Facility Group, a non-use fee, payable monthly by the Trust to the Managing Agent for such Facility Group (or, if applicable, to the Lenders within such Facility Group) as set forth in the Lenders Fee Letter.

“**Note**” means the Note issued by the Trust hereunder to a Registered Owner.

“**Note Account**” has the meaning specified in [Section 2.11](#).

“**Note Purchase**” means the purchase of Notes under this Agreement.

“**Note Purchasers**” means the Lenders and, if applicable, their respective Program Support Providers, and their respective successors and assigns (subject to Section 10.04). Each Facility Group shall purchase its Notes and otherwise act through its Managing Agent.

“**Note Register**” has the meaning assigned to such term in Section 3.05(a).

“**Note Registrar**” has the meaning assigned to such term in Section 3.05(a).

“**Notice of Release**” has the meaning assigned to such term in Section 2.18.

“**Obligations**” means all present and future indebtedness and other liabilities and obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or due or to become due) of the Trust to the Secured Creditors, arising under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby and shall include, without limitation, all liability for principal of and Financing Costs on the Notes, closing fees, unused line fees, audit fees, Administrative Agent Fees, Syndication Agent Fees, Co-Valuation Agent Fees, expense reimbursements, indemnifications, and other amounts due or to become due under the Transaction Documents, including, without limitation, interest, fees and other obligations that accrue after the commencement of an insolvency proceeding (in each case whether or not allowed as a claim in such insolvency proceeding).

“**Obligor**” means the borrower or co-borrower or any other Person obligated to make payments with respect to a Student Loan.

“**Officer’s Certificate**” means a certificate signed and delivered by an Authorized Officer.

“**Official Body**” means any government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of any such government or political subdivision, or any court, tribunal, grand jury or arbitrator, or any accounting board or authority (whether or not a part of government) which is responsible for the establishment or interpretation of national or international accounting principles, in each case whether foreign or domestic.

“**Operating Expenses**” means, for any period, the aggregate amount which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in accordance with GAAP as “total operating expenses.”

“**Opinion of Counsel**” means an opinion in writing of outside legal counsel, who may be counsel or special counsel to the Trust, any Affiliate of the Trust, the Eligible Lender Trustee, the Administrator, the Administrative Agent, the Syndication Agent, any Managing Agent or any Lender.

“**Other Applicable Taxes**” has the meaning assigned to such term in Section 2.13.

“**Other Taxes**” has the meaning assigned to such term in Section 2.20(a).

“**Outstanding**” means, when used with respect to Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Agreement except,

(a) Notes theretofore cancelled by the Note Registrar or delivered to the Note Registrar for cancellation; and

(b) Notes for whose payment or repayment money in the necessary amount and currency and in immediately available funds has been theretofore deposited with the Administrative Agent for the Registered Owners of such Notes; and

(c) Notes which have been exchanged for other Notes, or in lieu of which other Notes have been delivered, pursuant to this Agreement.

“**Participant**” has the meaning assigned to such term in Section 10.04(m).

“**Patriot Act**” has the meaning assigned to such term in Section 10.18 hereof.

“**PBGC**” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

“**Permitted Lockbox**” means a lockbox arrangement between a Subservicer and a Lockbox Bank approved by the Administrative Agent, with respect to which Collections from Obligors whose Student Loans are serviced by such Subservicer are sent to the related lockboxes and are forwarded by the applicable Lockbox Bank to the Collection Account within two Business Days after receipt of good funds.

“**Permitted Release**” means a release of Pledged Collateral in connection with (a) a Take Out Securitization, (b) a Whole Loan Sale, (c) a Fair Market Auction, (d) a Permitted SPE Transfer, (e) a Permitted Seller Buy-Back, (f) a Servicer Buy-Out or (g) any other transfer of Pledged Collateral with respect to which the Administrative Agent has received a Required Legal Opinion.

“**Permitted Seller Buy-Back**” means an arms-length transfer of Pledged Collateral by the Trust to the Depositor and subsequently by the Depositor to the applicable Seller, so long as the aggregate principal amount of such Permitted Seller Buy-Backs does not exceed ten percent of the lesser of (i) the highest Aggregate Note Balance outstanding at any time under this Agreement and (ii) the aggregate original principal amount of all Student Loans sold, directly or indirectly, to the Trust by SLM Education Credit Finance Corporation, including any Student Loans deemed to have been sold by SLM Education Credit Finance Corporation, in its capacity as the assignee of the Student Loan Marketing Association.

“**Permitted SPE Transfer**” means an arms-length transfer of Pledged Collateral by the Trust to the Depositor and subsequently by the Depositor to another special purpose entity established by SLM Corporation.

“**Person**” means an individual, partnership, corporation (including a statutory trust), limited liability company, joint stock company, trust, unincorporated association, joint venture, government (or any agency or political subdivision thereof) or other entity.

“**Phoenix Fundings Facility**” means the financing facility for student loans established pursuant to that certain Note Purchase and Security Agreement, dated as of February 29, 2008, among Phoenix Fundings I, UBS Securities LLC, as administrative agent, The Bank of New York Trust Company, N.A., as eligible lender trustee, Deutsche Bank Trust Company Americas, as paying agent, Sallie Mae, Inc., as administrator and UBS Real Estate Securities Inc., as note purchaser.

“**Platform**” has the meaning assigned to such term in [Section 10.02\(b\)](#).

“**Pledged Collateral**” has the meaning specified in [Section 2.10](#).

“**Portfolio Private Credit Loan Default Ratio**” means, as of any date of determination, the ratio, expressed as a percentage, measured on an annualized basis, equal to the average of each of the previous twelve months (or such lesser number of months that shall have elapsed since the Closing Date) of the following ratio: (a) the monthly “Gross Charge-Offs” for Trust Student Loans, divided by (b) the Average Student Loans in Repayment Outstanding for Trust Student Loans, each as reported by the Administrator and calculated in a consistent manner with the methodologies used by the SLM Corporation for calculating “[Gross Managed Private Credit Student Loan Charge-Offs](#)” and “[Average Managed Private Credit Student Loans Outstanding](#)” for purposes of its quarterly and annual financial statements.

“**Potential Amortization Event**” means an event which but for the lapse of time or the giving of notice, or both, would constitute an Amortization Event.

“**Potential Termination Event**” means an event which but for the lapse of time or the giving of notice, or both, would constitute a Termination Event.

“**Power of Attorney**” means that certain Power of Attorney of the Trust dated as of the Closing Date, appointing Bank of America, N.A., as Administrative Agent, as the Trust’s attorney-in-fact.

“**Primary Servicing Fee**” for any Settlement Date has the meaning specified in Attachment A to the Servicing Agreement, and shall include any such fees from prior Settlement Dates that remain unpaid.

“**Prime Rate**” means, for any day, a fluctuating rate per annum equal to the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its “prime rate.” The “prime rate” is a rate set by the Administrative Agent based upon various factors including the Administrative Agent’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate announced by the Administrative Agent shall take effect at the opening of business on the day specified in the public announcement of such change.

“**Prime-Based Loans**” shall mean any Trust Student Loans which are floating rate loans and bear interest by reference to the prime rate.

“**Principal Balance**” means, with respect to any Student Loan and any specified date, the outstanding principal amount of such Student Loan, plus accrued and unpaid interest thereon to be capitalized.

“**Principal Distribution Amount**” means, with respect to any Settlement Date, (i) during the Revolving Period, the excess, if any, of (a) the Aggregate Note Balance as of the end of the related Settlement Period over (b) the Adjusted Pool Balance as of the end of the related Settlement Period, and (ii) (a) during the Amortization Period or (b) following the occurrence of a Termination Event, the Aggregate Note Balance.

“**Private Credit Forbearance Ratio**” means, as of any date of determination, the ratio, expressed as a percentage, equal to the average, for each of the three immediately preceding calendar months (or such lesser number of months that shall have elapsed since the Closing Date), of the aggregate Principal Balance of Trust Student Loans that are in forbearance and extended forbearance status, divided by the Average Student Loans in Repayment Outstanding for the Trust Student Loans.

“**Private Credit Loan Facility**” means the financing facility for private credit student loans established pursuant to this Agreement.

“**Pro Rata Share**” means (a) with respect to any particular Facility Group, a fraction (expressed as a percentage) the numerator of which is the aggregate Commitment of such Facility Group and the denominator of which is the Maximum Financing Amount; (b) with respect to any Lender within a Facility Group, the percentage of such Facility Group’s Pro Rata Share allocated to such Lender by its Managing Agent; and (c) with respect to any repayment of Notes with respect to any Lender, a fraction (expressed as a percentage) the numerator of which is the Aggregate Note Balance attributable to such Lender, and the denominator of which is the Aggregate Note Balance; provided, that for so long as any Lender is a Defaulting Lender, its Pro Rata Share under this clause (c) shall be deemed to be zero.

“**Program Support Agreement**” means, with respect to any Conduit Lender, any liquidity agreement or any other agreement entered into by any Program Support Provider providing for the issuance of one or more letters of credit for the account of such Conduit Lender (or any related commercial paper issuer that finances such Conduit Lender), the issuance of one or more surety bonds for which such Conduit Lender or such related issuer is obligated to reimburse the applicable Program Support Provider for any drawings thereunder, the sale by the Conduit Lender or such related issuer to any Program Support Provider of any interest in a Note (or portions thereof or participations therein) and/or the making of loans and/or other extensions of liquidity or credit to the Conduit Lender or such related issuer in connection with its commercial paper program, together with any letter of credit, surety bond or other instrument issued thereunder.

“**Program Support Provider**” means and includes any Person now or hereafter extending liquidity or credit or having a commitment to extend liquidity or credit to or for the account of, or to make purchases from, a Conduit Lender (or any related commercial paper issuer that finances such Conduit Lender) in support of commercial paper issued, directly or indirectly, by such Conduit Lender in order to fund Advances made by such Conduit Lender hereunder or

issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such Conduit Lender's or such related issuer's commercial paper program, but only to the extent that such letter of credit, surety bond, or other instrument supported either CP issued to make Advances and purchase the Notes hereunder or was dedicated to that Program Support Provider's support of the Conduit Lender as a whole rather than one particular issuer (other than the Trust) within such Conduit Lender's commercial paper program.

"Program Support Termination Event" means the earliest to occur of the following: (a) any Program Support Provider related to a Conduit Lender has its rating lowered below "A-1" by S&P, "P-1" by Moody's or "F1" by Fitch (if rated by Fitch), unless a replacement Program Support Provider having ratings of at least "A-1" by S&P, "P-1" by Moody's and "F1" by Fitch (if rated by Fitch) is substituted within 30 days of such downgrade or alternative arrangements are then in place that are sufficient to continue to enable such Rating Agency to rate the affected CP at least "A-1" by S&P, "P-1" by Moody's and "F1" by Fitch (if rated by Fitch); (b) any Program Support Provider shall fail to honor any of its payment obligations under its Program Support Agreement unless alternative arrangements are then in place that are sufficient to continue to enable such Rating Agency to rate the affected CP at least "A-1" by S&P, "P-1" by Moody's and "F1" by Fitch (if rated by Fitch); (c) a Program Support Agreement shall cease for any reason to be in full force and effect or be declared null and void; or (d) the final maturity date of such Program Support Agreement (unless such final maturity date is extended pursuant to the Program Support Agreement).

"Proprietary Institution" means a for-profit vocational school.

"Proprietary Loan" means a loan made to or for the benefit of a student attending a Proprietary Institution; provided, however, that if a Student Loan that was initially a Proprietary Loan is consolidated, that Student Loan shall no longer be a Proprietary Loan.

"Public Lender" has the meaning assigned to such term in Section 10.02(b).

"Purchase Agreement" means each Purchase Agreement, dated as of the Closing Date, between a Seller, the Interim Eligible Lender Trustee, if applicable, Sallie Mae, Inc., as master servicer, and the Depositor under which such Seller will sell, on a true sale basis, certain Eligible Private Credit Loans to the Depositor, together with all purchase agreements, blanket endorsements and bills of sale executed pursuant thereto.

"Purchase Price Advance" means an Advance made to fund the purchase by the Trust of Eligible Private Credit Loans.

"Qualified Institution" means the Administrative Agent or, with the written consent of the Administrative Agent and the Trust (or the Administrator on behalf of the Trust), any bank or trust company which has (a) a long-term unsecured debt rating of at least "A2" by Moody's and at least "A" by S&P and (b) a short-term rating of at least "P-1" by Moody's and at least "A-1" by S&P.

"Qualified Program Support Provider" mean, with respect to a Committed Conduit Lender, any Program Support Provider to such Conduit Lender which has a Program Support

Agreement in a form acceptable to the Rating Agencies and has a short-term unsecured indebtedness rating of at least “A-1” by S&P and “P-1” by Moody’s.

“**Rating Agencies**” means Moody’s, S&P and, if applicable, Fitch.

“**Rating Agency Condition**” means, with respect to a particular amendment to or change in the Transaction Documents, that each Rating Agency rating the CP of any Conduit Lender shall, if required pursuant to such Conduit Lender’s program documents or by the related Managing Agent, have provided a statement in writing that such amendment or change will not result in a withdrawal or reduction of the ratings of such CP and that each Rating Agency rating the Notes shall have provided a statement in writing that such amendment or change will not result in a withdrawal or reduction of the ratings of such Notes.

“**Records**” means all documents, books, records, Student Loan Notes and other information (including without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) maintained with respect to Trust Student Loans or otherwise in respect of the Pledged Collateral.

“**Recoveries**” means moneys collected from whatever source with respect to any Liquidated Student Loan which was written off in prior Settlement Periods or during the current Settlement Period, net of the sum of any amounts expended by the Servicer with respect to such Student Loan for the account of any Obligor and any amounts required by law to be remitted to any Obligor.

“**Register**” means that register maintained by the Administrative Agent, pursuant to Section 10.04(j), on which it will record the Lenders’ rights hereunder, and each assignment and acceptance and participation.

“**Registered Owner**” means the Person in whose name a Note is registered in the Note Register. The Managing Agents shall be the initial Registered Owners.

“**Regulatory Change**” means, relative to any Affected Party:

(a) after the date of this Agreement, any change in or the adoption or implementation of, any new (or any new interpretation or administration of any existing):

(i) United States federal or state law or foreign law applicable to such Affected Party;

(ii) regulation, interpretation, directive, requirement, guideline or request (whether or not having the force of law) applicable to such Affected Party of (A) any court or Governmental Authority charged with the interpretation or administration of any law referred to in clause (a)(i) above or (B) any fiscal, monetary or other authority having jurisdiction over such Affected Party; or

(iii) generally accepted accounting principles or regulatory accounting principles applicable to such Affected Party and affecting the application to such

Affected Party of any law, regulation, interpretation, directive, requirement, guideline or request referred to in clause (a)(i) or (a)(ii) above; or

(b) any change after the date of this Agreement in the application to such Affected Party (or any implementation by such Affected Party) of any existing law, regulation, interpretation, directive, requirement, guideline or request referred to in clause (a)(i), (a)(ii) or (a)(iii) above.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Release Reconciliation Statement” has the meaning assigned to such term in [Section 2.18](#).

“Released Collateral” means any Pledged Collateral released pursuant to [Section 2.18](#).

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA.

“Reported Liabilities” means, as of any date, the Liabilities of the Trust (less amounts then outstanding under the Revolving Credit Agreement) reported to the Trust (or to the Administrator on behalf of the Trust) as set forth in the most recent Monthly Report and as adjusted for any Advances made since the date of such Monthly Report or with respect to which the Trust (or the Administrator on behalf of the Trust) has actual knowledge.

“Reporting Date” means the twenty-second (22nd) day of each calendar month, beginning April 22, 2008 or, if such day is not a Business Day, the immediately preceding Business Day.

“Requested Advance Amount” means the amount of the Advance that is requested by the Trust.

“Required Capitalized Interest Account Balance” means (a) (i) at any time that no Capitalized Interest Account Funding Event has occurred and is continuing, \$0, (ii) after the occurrence and during the continuation of a Capitalized Interest Account Funding Event, the Capitalized Interest Account Specified Balance, and (iii) at any time a Non-Renewing Facility Group is required make a Capitalized Interest Advance pursuant to [Section 2.21\(b\)](#), the amount of such Capitalized Interest Advance less (b) any Capitalized Interest Step-Down Amount.

“Required Holding Deposit Amount” has the meaning assigned to such term in [Section 2.23](#).

“Required Legal Opinion” means an opinion of McKee Nelson LLP, or such other outside counsel to the Trust reasonably acceptable to the Administrative Agent, with respect to the true sale of Trust Student Loans and non-consolidation issues that describes the facts of the proposed transaction and contains conclusions reasonably determined by the Administrative Agent to be in form and substance similar to the conclusions contained in the legal opinions previously delivered to and accepted by the Administrative Agent on the Closing Date.

“**Required Managing Agents**” means, at any time, not less than four Managing Agents representing Facility Groups then holding at least 66-2/3% of the Aggregate Note Balance; provided, that if there are no outstanding Advances, then “Required Managing Agents” means at such time Managing Agents representing Facility Groups then holding at least 66-2/3% of the Commitments.

“**Required Ratings**” means, with respect to the Notes, “Aaa” by Moody’s and “AAA” by S&P.

“**Reserve Account**” means the special account created pursuant to Section 2.06(b).

“**Reserve Account Specified Balance**” means (a) on the Closing Date and for each Settlement Period, cash or Eligible Investments in an amount equal to one-half of one percent (0.50%) of the Student Loan Pool Balance as of the Initial Cutoff Date, or as of the last day of that Settlement Period, as applicable, and (b) for each Advance Date, the sum of (i) the Reserve Account Specified Balance as of the last day of the most recent Settlement Period plus (ii) one-half of one percent (0.50%) of the Principal Balance of the Additional Student Loans purchased by the Trust since the last day of the most recent Settlement Period (including Additional Student Loans being purchased by the Trust with the Advance to be made on such Advance Date); provided, however, that the Reserve Account Specified Balance shall be not less than \$1,000,000.

“**Reset Date**” means with respect to any LIBOR Advance made by an Alternate Lender or a Conduit Lender, the last Business Day of the related Tranche Period.

“**Revolving Credit Agreement**” means the subordinated revolving credit agreement, dated the Closing Date, between the Trust and SLM Corporation to (i) fund the difference, if any, between the amount of each related Advance and the fair market value of the Eligible Private Credit Loans purchased pursuant to the Sale Agreement on the related date of purchase and (ii) at the option of SLM Corporation, to cure any breach of the Minimum Asset Coverage Requirement caused by an adjustment of the Applicable Percentage, as such agreement may be amended, restated, or otherwise modified from time to time.

“**Revolving Period**” means the period commencing on the Closing Date and terminating on the earliest of (i) the Scheduled Maturity Date, (ii) the first day of the Amortization Period and (iii) the Termination Date.

“**S&P**” means Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Inc. (or its successors in interest).

“**Sale Agreement**” means the Sale Agreement, dated as of the Closing Date, among the Depositor, the Trust, the Interim Eligible Lender Trustee and the Eligible Lender Trustee, under which the Depositor will transfer certain Eligible Private Credit Loans to the Trust, together with all sale agreements, blanket endorsements and bills of sale executed pursuant thereto.

“**Schedule of Trust Student Loans**” means a listing of all Trust Student Loans delivered to and held by the Administrative Agent (which Schedule of Trust Student Loans may be in the form of microfiche, CD-ROM, electronic or magnetic data file or other medium acceptable to the

Administrative Agent), as from time to time amended, supplemented, or modified, which Schedule of Trust Student Loans shall be the master list of all Trust Student Loans then comprising a part of the Pledged Collateral pursuant to this Agreement.

“**Scheduled Maturity Date**” means February 27, 2009, or if such date is extended pursuant to Section 2.16, the date to which so extended.

“**Secured Creditors**” means the Administrative Agent, the Syndication Agent, each Conduit Lender, LIBOR Lender, Alternate Lender, Managing Agent, Co-Valuation Agent and Program Support Provider, and any assignee or participant of any Lender or any Program Support Provider pursuant to the terms hereof.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Securities Intermediary**” means Bank of America, N.A. and its successors or assigns.

“**Seller Interim Trust Agreements**” means (i) the interim trust agreement, dated the date hereof, between the Interim Eligible Lender Trustee and VG Funding, LLC and (ii) the interim trust agreement, dated the date hereof, between the Interim Eligible Lender Trustee and VL Funding LLC.

“**Sellers**” means one or more of SLM Education Credit Finance Corporation, VG Funding, LLC, VL Funding LLC, Mustang Funding I, LLC and Mustang Funding II, LLC, and such other subsidiaries of SLM Corporation as may be agreed upon by the Required Managing Agents and with respect to which the requirements of Section 4.04 have been satisfied; provided, however, that if a proposed seller is a special purpose subsidiary of SLM Corporation for which the Master Servicer is responsible for any repurchase obligations, only the consent of the Administrative Agent shall be required.

“**Servicer**” means the Master Servicer or a Subservicer.

“**Servicer Advances**” means any Financing Costs advanced by the Master Servicer pursuant to Section 2.17.

“**Servicer Buy-Out**” means the right of the Master Servicer, as set forth in Section 3.05(g) of the Servicing Agreement, to purchase any Trust Student Loans (when added to the aggregate Principal Balance of all Trust Student Loans previously purchased pursuant to a Servicer Buy-Out) in an amount not to exceed 2%, in the aggregate, of the Aggregate Note Balance then Outstanding.

“**Servicer Default**” means a “Servicer Default” as defined in Section 5.01 of the Servicing Agreement.

“**Servicing Agreement**” means, individually or collectively, (a) the Servicing Agreement, dated as of the Closing Date, among the Trust, the Master Servicer, the Eligible Lender Trustee, the Administrator and the Administrative Agent, (b) any other servicing agreement among the Trust, the Master Servicer and any Subservicer under which the respective Subservicer agrees to administer and collect the Trust Student Loans but the Master Servicer remains responsible to the

Trust for the performance of such duties, which is consented to by the Administrative Agent, which consent is not to be unreasonably withheld or delayed, and (c) any other subservicing agreement among the Trust, the Master Servicer and a Subservicer, consented to by each Managing Agent, under which such Subservicer agrees to administer and collect certain Trust Student Loans, but with respect to which the Master Servicer is not liable for such Trust Student Loans.

“**Servicing Fees**” means the Primary Servicing Fee, the Carryover Servicing Fee and any other fees payable by the Trust to the Master Servicer or the Subservicers in respect of servicing Trust Student Loans pursuant to the provisions of any Servicing Agreement.

“**Servicing Policies**” means the policies and procedures of the Master Servicer or any Subservicer, as applicable, with respect to the servicing of Student Loans.

“**Settlement Date**” means the 25th day of each calendar month, beginning April 25, 2008 or, if such day is not a Business Day, the following Business Day.

“**Settlement Period**” means (i) initially the period commencing on the Closing Date and ending on March 31, 2008, and (ii) thereafter, (a) during the Revolving Period and the Amortization Period, each monthly period ending on (and inclusive of) the last day of the calendar month and (b) after the occurrence and during the continuation of a Termination Event, such period as determined by the Administrative Agent in its sole discretion (which may be a period as short as one Business Day).

“**Side Letter**” means the Side Letter, dated as of the Closing Date, among the Trust, the Administrator, the Administrative Agent, the Managing Agents, the Eligible Lender Trustee and certain other financial institutions party thereto.

“**SLM Corporation**” means SLM Corporation, a Delaware corporation, and its successors and assigns.

“**SLM Indemnified Amounts**” has the meaning assigned to such term in [Section 8.02](#).

“**Solvent**” means, at any time with respect to any Person, a condition under which:

(a) the fair value and present fair saleable value of such Person’s total assets is, on the date of determination, greater than such Person’s total liabilities (including contingent and unliquidated liabilities) at such time;

(b) the fair value and present fair saleable value of such Person’s assets is greater than the amount that will be required to pay such Person’s probable liability on its existing debts as they become absolute and matured (“debts,” for this purpose, includes all legal liabilities, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent);

(c) such Person is, and shall continue to be, able to pay all of its liabilities as such liabilities mature; and

(d) such Person does not have unreasonably small capital with which to engage in its current and in its anticipated business.

“**Step-Up Fees**” means, with respect to any Facility Group’s Notes and any Yield Period, the applicable Excess Yield Rate multiplied by the average outstanding principal amount of such Facility Group’s Note during such Yield Period.

“**Student Loan**” means an education loan made to a student or parents of a student that is not guaranteed or reinsured under the FFELP Program or any other federal student loan program.

“**Student Loan Notes**” means the promissory note or notes of an Obligor and any amendment thereto evidencing such Obligor’s obligation with regard to a Student Loan or the electronic records evidencing the same.

“**Student Loan Pool Balance**” means, (i) as of the Initial Cutoff Date, the aggregate Principal Balance of the Trust Student Loans as reported by the Administrator for such date; and (ii) as of any other date of determination, (x) the aggregate Principal Balance (as reported by the Administrator on the last Monthly Report delivered to the Administrative Agent) of the Trust Student Loans, calculated as of the end of the previous calendar month, plus (y) the aggregate Principal Balance of the Trust Student Loans acquired since the end of the previous calendar month as of their respective Cutoff Dates, minus (z) the aggregate Principal Balance of the Trust Student Loans disposed of by the Trust since the end of the previous calendar month as of their date of disposition.

“**Subsequent Cutoff Date**” means, with respect to any Trust Student Loan, the “Purchase Date” for such Trust Student Loan as such term is defined in the Sale Agreement.

“**Subservicer**” means any subservicer appointed by the Master Servicer pursuant to the Servicing Agreement of the Master Servicer.

“**Swap Agreement**” means any ISDA Master Agreement, the related schedule and any related confirmations among the Trust and a Swap Counterparty, the terms of which will have been consented to by all the Managing Agents and with respect to which the Rating Agency Condition shall have been satisfied.

“**Swap Counterparty**” means an Eligible Swap Counterparty.

“**Syndication Agent**” means JPMorgan Chase Bank, N.A.

“**Syndication Agent Fees**” means, the fees, reasonable expenses and charges, if any, of the Syndication Agent, payable pursuant to the Administrative Agent and Syndication Agent Fee Letter.

“**Syndication Period**” has the meaning assigned to such term in the Syndication Procedures Letter.

“**Syndication Procedures Letter**” has the meaning assigned to such term in Section 10.04(l).

“**Take Out Securitization**” means a sale or transfer of any portion of the Trust Student Loans by the Trust (directly or indirectly) to a trust sponsored by an Affiliate of the Depositor as part of a publicly or privately traded, rated or unrated student loan securitization, pass-through, pay through, secured note or similar transaction.

“**Termination Date**” means the earliest to occur of (a) any date designated as the date for terminating the entire Maximum Financing Amount pursuant to Section 2.03, (b) the last day of the Amortization Period and (c) the date of the declaration or automatic occurrence of the Termination Date pursuant to Article VII.

“**Termination Event**” has the meaning assigned to such term in Article VII.

“**Tranche Period**” with respect to LIBOR Advances made by an Alternate Lender or a Conduit Lender, means a period commencing on the date such LIBOR Advance is disbursed or on a Reset Date and ending on the date one day, one week, one month, two months or three months thereafter, as selected by the Trust on its Advance Request; provided, that (i) any Tranche Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Tranche Period shall end on the next preceding Business Day; (ii) any Tranche Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Tranche Period) shall end on the last Business Day of the calendar month at the end of such Tranche Period; and (iii) in no event shall any Tranche Period end after the then current Scheduled Maturity Date.

“**Transaction Documents**” means, collectively, this Agreement, the Trust Agreement, the Administration Agreement, the Servicing Agreement, each Purchase Agreement, the Sale Agreement, the Interim Trust Agreements, the Valuation Agent Agreement, the Guaranty and Pledge Agreement, the Indemnity Agreement, the Revolving Credit Agreement, the Syndication Procedures Letter, the Power of Attorney, the Fee Letters, the Side Letter and all other instruments, fee letters, documents and agreements executed in connection with any of the foregoing.

“**Transaction Parties**” means, collectively, the Trust, the Depositor, the Master Servicer, each Seller and SLM Corporation.

“**Transition Period**” means the period beginning on the day of the initial Advance and ending on the earlier of (i) the date on which all of the Eligible Private Credit Loans in the Initial Pool are purchased by the Trust and (ii) 15 Business Days after the date of the initial Advance.

“**Treasury Regulations**” means any regulations promulgated by the Internal Revenue Service interpreting the provisions of the Code.

“**Trust**” means Rendezvous Funding I, a Delaware statutory trust, and its successors and assigns.

“**Trust Accounts**” means the Administration Account, Collection Account, Capitalized Interest Account, Reserve Account and Borrower Benefit Account.

“**Trust Agreement**” means the Amended and Restated Trust Agreement, dated as of the Closing Date, among the Depositor, the Delaware Trustee and the Eligible Lender Trustee.

“**Trust Indemnified Amounts**” has the meaning assigned to such term in Section 8.01.

“**Trust Materials**” has the meaning assigned to such term in Section 10.02(b).

“**Trust Student Loan**” means any Student Loan held by the Trust.

“**Tuition Answer Loan**” means a Student Loan originated pursuant to the program of the same name of SLM Corporation and its Affiliates.

“**UCC**” means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

“**Underwriting Guidelines**” means the policies and procedures of SLM Corporation and its Affiliates with respect to the origination of loans under their private credit education loan programs related to the Trust Student Loans.

“**United States**” means the United States of America.

“**Used Fee**” means, with respect to any Lender, the used fee as set forth in the Lenders Fee Letter.

“**Valuation Agent Agreement**” means the Valuation Agent Agreement, dated as of the Closing Date, among the Trust, the Administrator, the Administrative Agent, and the Co-Valuation Agents.

“**Valuation Agent Fee Letter**” means the Valuation Agent Fee Letter, dated as of the Closing Date, among the Trust and the Co-Valuation Agents, setting forth the Co-Valuation Agent Fees.

“**Valuation Date**” has the meaning assigned to such term in the Valuation Agent Agreement.

“**Valuation Report**” means a report furnished by the Administrative Agent pursuant to Section 2.25(a).

“**VG Funding Facility**” means the financing facility established pursuant to that certain Amended and Restated Note Purchase and Security Agreement, dated as of May 4, 2005, among VG Funding I, the conduit lenders party thereto, the alternate lenders party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, Chase Bank USA, National Association, as eligible lender trustee and Sallie Mae, Inc., as administrator.

“**Weighted Average FICO Score**” means (a) the sum, for all Trust Student Loans that are Eligible Private Credit Loans, of the product of (i) the Principal Balance of each such Eligible Private Credit Loan (excluding any Medical Loans the Obligor of which do not have a recorded FICO score) and (ii) the FICO score of the Obligor of such Eligible Private Credit Loan, divided

by (b) the aggregate Principal Balance of all Trust Student Loans that are Eligible Private Credit Loans (excluding any Medical Loans the Obligors of which do not have a recorded FICO score).

“**Weighted Average Remaining Term in School**” means, as of any date of determination, (a) the sum, for all Eligible Private Credit Loans that are in “in-school” status, of the products of (i) the Principal Balance of each such Eligible Private Credit Loan, as of such date, and (ii) the number of months remaining in school shown on the Servicer’s record, as of such date, for the student with respect to such Eligible Private Credit Loan, divided by (b) the aggregate Principal Balance of all Eligible Private Credit Loans that are in “in-school” status, as of such date.

“**Weighted Average Remaining Term to Maturity**” means (a) the sum, for all Trust Student Loans that are Eligible Private Credit Loans, of the product of (i) the Principal Balance of each such Eligible Private Credit Loan and (ii) the remaining term to maturity for such Eligible Private Credit Loan, divided by (b) the aggregate Principal Balance of all Trust Student Loans that are Eligible Private Credit Loans.

“**Whole Loan Sale**” means a sale of all or a part of the Trust Student Loans to a third-party purchaser in exchange for not less than fair market value.

“**Withdrawing Facility Group**” means a LIBOR Lender or a Conduit Lender and its related Alternate Lenders and Program Support Providers which have determined to terminate their Commitment prior to the end of the Revolving Period in order to participate in one or more different financing facilities sponsored by SLM Corporation or an Affiliate of SLM Corporation.

“**Yield**” means, for each Facility Group’s Notes and any Yield Period, the applicable Yield Rate multiplied by the average outstanding principal amount of such Facility Group’s Notes during such Yield Period, plus or minus the Estimated Interest Adjustment if and as applicable minus any Step-Up Fees.

“**Yield Period**” means, for a CP Advance or a Base Rate Advance, each Settlement Period and for a LIBOR Advance, each Interest Accrual Period.

“**Yield Protection**” means any Note Purchaser’s reasonable increased costs for taxes, reserves, special deposits, insurance assessments, breakage costs, changes in regulatory capital requirements (or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, such Lender) and certain reasonable expenses imposed on such Lender.

“**Yield Rate**” means with respect to any Yield Period:

(a) other than during the Amortization Period or on and after the occurrence of a Termination Event:

(i) if a Conduit Lender funds (directly or indirectly) its portion of the Aggregate Note Balance with CP, the CP Rate plus the applicable Used Fee;

(ii) if an Alternate Lender or a Conduit Lender (if funding its investment other than with CP) funds its portion of the Aggregate Note Balance, the applicable LIBOR Rate (or if LIBOR Rate is not available, the applicable Base Rate) plus the Applicable Margin; or

(iii) if a LIBOR Lender funds its portion of the Aggregate Note Balance, the applicable LIBOR Rate (or if LIBOR Rate is not available, the applicable Base Rate) plus the Applicable Margin; or

(b) during the Amortization Period, the applicable Amortization Period Rate; and

(c) on and after the occurrence of a Termination Event, the Base Rate plus 2.00% per annum.

Section 1.02. Other Terms.

(a) All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York and not specifically defined herein, are used herein as defined in such Article 9. Any reference to an agreement herein shall be deemed to include a reference to such agreement as amended, supplemented or otherwise modified from time to time.

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.”

(c) Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Transaction Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Transaction Document, shall be construed to refer to such Transaction Document in its entirety and not to any particular provision thereof, (iv) all references in any Transaction Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Transaction Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties.

Section 1.03. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.04. Calculation of Yield Rate and Certain Fees. The Yield Rate on the Notes and all fees payable to the Lenders, the Note Purchasers or the Registered Owners pursuant to this Agreement are calculated based on the actual number of days divided by 360. Interest shall accrue on the Notes from and including the day on which the related Advance is made, and shall not accrue on the Notes or any portion thereof, for the day on which the Notes or such portion is paid. Each determination by the Administrative Agent (or, with respect to the calculation of any CP Rate, LIBOR Base Rate or LIBOR Rate, the applicable Managing Agent), of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 1.05. Time References. All time references in this Agreement shall refer to the time in New York, New York unless otherwise noted.

ARTICLE II

THE FACILITY

Section 2.01. Issuance and Purchase of Notes; Making of Advances.

(a) In consideration of the agreements of the Note Purchasers hereunder, and subject to the terms and conditions set forth in this Agreement, (y) the Trust agrees to sell, transfer and deliver to each Managing Agent, on behalf of its related Note Purchasers, and (z) each Managing Agent on behalf of its related Note Purchasers agrees to purchase from the Trust, on the Closing Date, a Note, the outstanding principal amount of which shall not exceed the applicable Pro Rata Share of such Facility Group multiplied by the Maximum Financing Amount. Subject to the satisfaction of the conditions precedent set forth in Section 4.01, the purchase price payable on the Closing Date for the Note for each Facility Group shall be equal to such Facility Group's Pro Rata Share of the Aggregate Note Balance as of the Closing Date. The payment of such purchase price shall be subject to the same requirements applicable to an Advance under Section 2.01(b). Each Note shall be issued in the name of a Registered Owner.

(b) On the terms and conditions hereinafter set forth, each Alternate Lender, LIBOR Lender and Committed Conduit Lender agrees to make Advances, and each other Conduit Lender may, in its sole discretion, make Advances to the Trust from time to time up to an aggregate principal amount outstanding at any one time not to exceed the Maximum Financing Amount in effect at the time of such Advance; provided, that: (i) the aggregate Advances made on any date must be in a principal amount equal to \$50,000,000 or integral multiples of \$500,000 in excess thereof (other than (x) Capitalized Interest Advances and (y) Excess Collateral Advances made on a Settlement Date the proceeds of which are used to pay Financing Costs owing under clauses (ii) through (v) of Section 2.05(b)), in each case as to which such minimum is not applicable) and (ii) the Requested

Advance Amount on any Advance Date for the Advance shall not, in the aggregate, exceed the Maximum Advance Amount. Within the limits set forth in this Section and the other terms and conditions of this Agreement, during the Revolving Period, the Trust, acting through the Administrator, may request Advances, repay Advances and reborrow Advances under this Section; provided, however, that after the end of the Revolving Period, Capitalized Interest Advances will continue to be made in accordance with Section 4.02(c). In addition, the Administrative Agent may also request Capitalized Interest Advances after the occurrence of a Capitalized Interest Account Funding Event. All Notes issued hereunder shall be denominated in and be payable in United States dollars. Yield on each CP Advance, each Base Rate Advance and each LIBOR Advance shall be due and payable on each Settlement Date. The Aggregate Note Balance and all other Obligations hereunder, if not previously paid pursuant to Section 2.05(b), shall be due and payable on the Termination Date.

(c) Each Lender's obligations under this Section are several and the failure of any Lender to make available its Pro Rata Share of any Requested Advance Amount on an Advance Date shall not relieve any other Note Purchaser of its obligations hereunder or, except as provided in paragraph (d) below, obligate any other Note Purchaser to honor the obligations of any Defaulting Lenders (as defined below). Advances shall be allocated among the Facility Groups in accordance with their respective Pro Rata Shares and shall be further allocated to each Lender within a Facility Group as designated by the applicable Managing Agent. Notwithstanding anything contained in this Agreement to the contrary, (i) no Conduit Lender shall fund any portion of any Advance which would cause the aggregate principal amount of its Advances to exceed the Commitments of its related Alternate Lenders; (ii) no Alternate Lender, LIBOR Lender or Committed Conduit Lender shall be obligated to fund any portion of any Advance which would cause the aggregate principal amount of its Advances to exceed its Commitment; and (iii) no Facility Group shall be obligated to fund any portion of any Advance which would cause the aggregate principal amount of its Advances to exceed its total Commitment. The Commitment of each Lender as of the Closing Date is set forth on Exhibit A.

(d) If by 2:00 p.m. on an Advance Date, whether or not the Administrative Agent has advanced the applicable Requested Advance Amount, one or more Alternate Lenders, LIBOR Lenders or Committed Conduit Lenders fails to make its Pro Rata Share of any Advance required to be made by such Lender (each, a "**Defaulting Lender**") available to the Administrative Agent pursuant to this Agreement (the aggregate amount not so made available to the Administrative Agent being herein called the "**Investment Deficit**"), then the Administrative Agent shall, by no later than 5:00 p.m. on the applicable Advance Date instruct each Alternate Lender, LIBOR Lender and Committed Conduit Lender which is not a Defaulting Lender (each, a "**Non-Defaulting Lender**") to pay, by no later than noon on the next Business Day in immediately available funds, to the account designated by the Administrative Agent, an amount equal to the lesser of (i) such Non-Defaulting Lender's proportionate share (based upon the relative Commitments of the Non-Defaulting Lenders) of the Investment Deficit and (ii) its unused Commitment. A Defaulting Lender shall forthwith, upon demand, pay to the Administrative Agent for the ratable benefit of the Non-Defaulting Lenders all amounts paid by each Non-Defaulting Lender on behalf of such Defaulting Lender.

Section 2.02. The Initial Advance and Subsequent Advances.

(a) Any Advance made by the Lenders during the Revolving Period will be made on any Business Day at the request of the Trust, acting through the Administrator, subject to and in accordance with the terms and conditions of Section 2.01 and this Section.

(b) Subject to the satisfaction of the conditions precedent set forth in this Agreement, the Trust, acting through the Administrator, may request an Advance hereunder by giving written notice substantially in the form of Exhibit E (each, an “**Advance Request**”) to the Administrative Agent not later than 11:00 a.m. on the second Business Day prior to the proposed Advance Date, which the Administrative Agent shall promptly forward to the Managing Agents not later than 1:00 p.m. on such date. Each such Advance Request shall specify:

- (i) the Requested Advance Amount, which shall be equal to or greater than \$50,000,000 in the aggregate with respect to all Facility Groups, except as otherwise permitted under Section 2.01(b);
- (ii) the proposed Advance Date;
- (iii) if such Advance is a Purchase Price Advance, the aggregate Collateral Value of the Eligible Private Credit Loans to be acquired; and
- (iv) the Asset Coverage Ratio after giving effect to such Advance; provided, however, that this condition precedent shall not be applicable during the Transition Period so long as no Excess Concentration Amount exists with respect to the Initial Pool as of the Initial Cutoff Date.

In addition, each Advance Request (other than an Advance Request made during the Transition Period to the extent that there is no Excess Concentration Amount with respect to the Initial Pool) shall include a *pro forma* calculation and certification establishing (x) with respect to a Purchase Price Advance or an Excess Collateral Advance, that the Minimum Asset Coverage Requirement will be satisfied after giving effect to such Advance and (y) with respect to a Capitalized Interest Advance, the Maximum Advance Amount for such Capitalized Interest Advance and that the proceeds thereof will be deposited into the Capitalized Interest Account.

No later than 2:00 p.m. on the Advance Date, each Conduit Lender (other than a Committed Conduit Lender) may, in its sole discretion, and each Committed Conduit Lender and LIBOR Lender shall, upon satisfaction of the applicable conditions set forth in this Agreement, make available to the Trust in same day funds, its respective Pro Rata Share of the Requested Advance Amount by payment to the Administration Account; provided, that Capitalized Interest Advances made by a Non-Renewing Facility Group may be made on a non-pro rata basis as contemplated in Section 2.21(b). If a Conduit Lender (other than a Committed Conduit Lender) elects not to fund its respective Pro Rata Share of the Requested Advance Amount, such Conduit Lender’s related Alternate Lenders shall, upon satisfaction of the applicable conditions set forth in this Agreement,

make available to the Trust in same day funds, their respective Pro Rata Shares of the Requested Advance Amount by payment to the Administration Account and the related Managing Agent shall, no later than 2:00 p.m. on such Advance Date and on each Reset Date, notify the Administrator and the Administrative Agent of the actual Yield Rate applicable to such LIBOR Advance, and the related Tranche Period. Each Advance made by a Conduit Lender shall be a CP Advance unless the applicable Managing Agent otherwise provides notice as provided in the immediately succeeding sentence. To the extent any Conduit Lender is unable or declines to fund a requested Advance by issuing CP or if any Conduit Lender's Alternate Lenders fund any requested Advance in its place, the applicable Conduit Lender's Managing Agent shall promptly advise the Administrative Agent and the Administrator, on behalf of the Trust.

(c) Prior to the commencement of the Amortization Period or the occurrence of a Termination Event, the Administrator, on behalf of the Trust, may request that the Administrative Agent pay any amounts on deposit in the Administration Account as a prepayment on any principal of, and Financing Costs due or accrued on, the Notes in whole or in part on any Business Day by giving written notice two Business Days prior to such date to the Administrative Agent and each Managing Agent indicating the amount of such prepayment and the Business Day on which such prepayment shall be made. The Trust shall pay the applicable Managing Agent for the account of the applicable Lenders in its Facility Group, on demand, such amount or amounts as shall compensate such Lenders for any loss (including loss of profit), cost or expense incurred by such Lenders and including any claims arising under any Program Support Agreement (as reasonably determined by the applicable Managing Agent) and hold such Lenders harmless from any such loss, cost or expenses, incurred by them as a result of payments with respect to the Notes in connection with a prepayment under this Section 2.02(c), a request by the Trust pursuant to Section 2.21, a Permitted Release under Section 2.18 or otherwise, whether voluntary, mandatory, automatic by reason of acceleration or otherwise, such compensation to be (i) limited to an amount equal to any loss or expense suffered by the Lenders during the period from the date of receipt of such repayment to (but excluding) the maturity of the related CP (in the case of a CP Advance by a match-funded Conduit Lender), the maturity of sufficient pool-funded CP (in the case of a CP Advance by a pool-funded Conduit Lender) or the maturity of the related Tranche Period (in the case of a LIBOR Advance by an Alternate Lender or a Conduit Lender), (ii) net of the income, if any, received by the recipient of such reductions from investing the proceeds of such reductions and (iii) inclusive of any loss or expense arising from the liquidation or re-employment of funds obtained by it to maintain such Advance or from fees payable to terminate the deposits from which such funds were obtained; provided, however, that the Trust shall not be obligated to pay such breakage amounts for a period in excess of 60 days under clause (i) above if aggregate discretionary prepayments by the Trust do not exceed 20% of the Aggregate Note Balance per month; provided further, that no such breakage amounts shall be payable by the Trust with respect to the regular distribution of Available Funds (other than proceeds of Permitted Releases) on any Settlement Date pursuant to the priority of payments set forth in Section 2.05(b). The determination by the applicable Managing Agent of the amount of any such loss or expense shall be set forth in a written notice to the Administrator (with a copy to the Administrative Agent), on behalf of the

Trust, including a statement as to such loss or expense (including calculation thereof in reasonable detail), and shall be conclusive, absent manifest error.

(d) Each Advance Request shall be irrevocable and binding on the Trust, and the Trust shall indemnify each Lender against any loss or expense incurred by such Lender, either directly or indirectly (including, in the case of a Conduit Lender, through the applicable Program Support Agreement) as a result of any failure by the Trust to complete such Advance, including any loss or expense incurred by such Lender or such Lender's Managing Agent, either directly or indirectly (including, in the case of a Conduit Lender, pursuant to the applicable Program Support Agreement) by reason of the liquidation or reemployment of funds acquired by such Lender (or the applicable Program Support Provider(s)) (including funds obtained by issuing CP or promissory notes or obtaining deposits or loans from third parties) in order to fund such Advance. Any such amounts shall constitute Yield Protection hereunder.

(e) **Prefunding of Advances.** In order to allow the Lenders to raise funds at times and in amounts that are more advantageous to the Lenders than might otherwise be possible, the Trust may, after consultation with the Administrative Agent and in connection with a proposed purchase or series of purchases of Trust Student Loans, request that all or a portion of the related Purchase Price Advance be funded prior to the actual acquisition of the related Trust Student Loans. Each such prefunding shall constitute a separate Purchase Price Advance for purposes of Section 4.02(b)(xx) and (xxi) and shall otherwise be subject to all applicable conditions precedent, measured as of the date such loans are actually purchased, for Purchase Price Advances set forth in Article IV. The proceeds of any such prefunded advance shall be deposited into the Administration Account (or such subaccount thereof as the Administrative Agent may establish for purposes of convenience) and shall not be released to the Trust until the date of purchase of the related Trust Student Loans. So long as the conditions precedent to a new Advance would be satisfied as if the Lenders were making a new Advance, the Trust may draw against such prefunding amount on any Business Day in order to consummate the related purchase of Trust Student Loans on such date. Upon the occurrence of a Termination Event, the Administrative Agent may direct that any such amounts on deposit in the Administration Account or subaccount, as applicable, be transferred to the Collection Account to be distributed in accordance with Section 2.05 and used to reduce the Aggregate Note Balance

Section 2.03. Reduction, Termination or Increase of the Maximum Financing Amount and Prepayment of the Notes.

(a) The Trust, acting through the Administrator, may, upon at least five Business Days' written notice to the Administrative Agent, (i) terminate the entire facility or (ii) reduce in part the portion of the Maximum Financing Amount that exceeds the sum of the Capitalized Interest Account Specified Balance and the Aggregate Note Balance. Any partial reduction in the Maximum Financing Amount shall be in an amount equal to or greater than \$100,000,000 or any integral multiple of \$10,000,000 in excess thereof. If such reduction is not in connection with an Exiting Facility Group, any such reduction in the Maximum Financing Amount shall be allocated among the Facility Groups in

accordance with their Pro Rata Shares, except as otherwise provided under the Syndication Procedures Letter, and shall be allocated within each Facility Group as designated by the applicable Managing Agent. If such reduction is in connection with an Exiting Facility Group, such reduction shall be allocated first to the Commitment of the Exiting Facility Group and then any balance allocated among the remaining Facility Groups as set forth in the preceding sentence. The Trust shall pay, in immediately available funds, all outstanding principal and Financing Costs on the Notes owned by any Lender, together with any other Obligations owed to such Lender, upon the termination of its Commitment pursuant to this [Section 2.03\(a\)](#).

(b) During any Exiting Group Amortization Period, if there are not sufficient proceeds from Permitted Releases, the Administrative Agent may, in accordance with the procedures set forth in [Section 7.03\(b\)](#), sell or otherwise dispose of a portion of the Pledged Collateral in an amount sufficient to pay the Aggregate Note Balance of the Outstanding Notes owned by each Exiting Facility Group. Amounts received from any such sale or disposition of Pledged Collateral shall be deposited into the Administration Account and, provided no Amortization Event or Termination Event has occurred and is continuing, and the Minimum Asset Coverage Requirement has been satisfied, such amounts shall be distributed to the Exiting Facility Groups, on any Business Day which is not a Settlement Date in accordance with the priority of payments described in [Section 2.05\(b\)\(viii\)](#). Amounts received from the sale of Pledged Collateral in excess of the amount required to repay in full the Aggregate Note Balance of, and accrued Yield on, the Outstanding Notes owned by the Exiting Facility Groups which are deposited in the Collection Account shall be treated as Available Funds; provided, that any Yield Protection associated with any such prepayment shall be paid to the Administrative Agent for the benefit of the applicable Lender on the next Settlement Date (to the extent of Available Funds) in accordance with the priority of payments described in [Section 2.05\(b\)](#). All reductions to principal owed to an Exiting Facility Group in connection with any such disposition, together with any reductions to principal received by such Exiting Facility Group pursuant to clauses (viii) and (xiii) of [Section 2.05\(b\)](#) shall constitute a permanent reduction in the Commitment of such Exiting Facility Group and the Lenders part of such Exiting Facility Group and their Pro Rata Shares shall be calculated accordingly.

(c) Subject to the terms and conditions herein provided, the parties agree that, concurrently with any assignment of the Notes or addition of additional Facility Groups hereunder during the Syndication Period, the Maximum Financing Amount shall automatically increase by the dollar amount of the Commitments assumed by any assignee Lender under [Section 10.04](#) until such time as the aggregate Commitments of all the Lenders is equal to \$6,000,000,000. Any such increase is subject to the condition that no Termination Event or Amortization Event shall have occurred and be continuing immediately before or after giving effect to such increase in the Commitments and in no event shall any Lender's Commitment be increased without the prior written consent of such Lender. In connection with each such increase, the Pro Rata Shares of the Facility Groups and the Lenders will be recalculated accordingly. Once the aggregate Commitments are equal to \$6,000,000,000, the Maximum Financing Amount shall not thereafter be increased except by amendment in accordance with [Section 10.01](#) and any future assignments of Commitments will reduce the Commitments of the applicable

Lenders in accordance with Section 10.04 and, if applicable, the terms of the Syndication Procedures Letter.

Section 2.04. The Accounts.

(a) **Collection Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Collection Account. The Collection Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Collection Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Collection Account. Any Collections received by the Trust, the Administrator, the Eligible Lender Trustee, the Sellers, the Depositor, the Servicers, or any agent thereof, as the case may be, are to be transmitted to the Collection Account as soon as practicable, but in any event, within two Business Days of receipt of good funds. The Trust shall direct the Eligible Lender Trustee, each Servicer, each Seller, the Depositor and each agent of any of the foregoing, in writing, to transmit any Collections it receives with respect to the Trust Student Loans directly to the Administrative Agent for deposit to the Collection Account within two Business Days of receipt of good funds. Funds on deposit in the Collection Account may be invested from time to time in Eligible Investments at the direction of the Administrator in accordance with Section 2.08. Upon the payment in full of all Obligations hereunder and the termination of this Agreement, the Administrative Agent agrees to send notice to the Master Servicer that this Agreement has terminated and that Collections no longer are to be forwarded to the Collection Account pursuant to this Agreement. All investment earnings on the funds on deposit in the Collection Account during any Settlement Period shall be applied as Available Funds for the applicable Settlement Period. The Administrative Agent shall apply funds on deposit in the Collection Account as described in Section 2.05. Each of the Trust and the Administrator agree, by executing this Agreement, to hold any Collections received in trust for the Administrative Agent and to comply with the remittance procedures set forth in this Section 2.04.

(b) **Administration Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Administration Account. The Administration Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Administration Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Prior to the commencement of the Amortization Period or the occurrence of a Termination Event, funds in the Administration Account shall be applied to the following (in the order such events occur for so long as funds are available in the Administration Account): (i) to make payments to any Exiting Facility Group pursuant to Section 2.03(b); (ii) to finance the purchase of Eligible Private Credit Loans pursuant to Section 2.05(c); (iii) if necessary, to be deposited into the Collection Account on each Settlement Date to cover any shortfall in amounts on deposit in the Collection Account as Available Funds to pay amounts described in clauses (i) through (ix) of Section 2.05(b);

(iv) to be released to the Trust to the extent permitted under Section 2.25(d); (v) to be withdrawn for deposit to the extent permitted under Section 4.03; and (vi) if so requested by the Administrator on behalf of the Trust, to be disbursed on any Business Day as a prepayment of principal of the Outstanding Notes pursuant to Section 2.02(c). During the Amortization Period and on and after the Termination Date, funds in the Administration Account shall be released to the Administrative Agent for the account of the applicable Note Purchasers to reduce the Aggregate Note Balance of the Outstanding Notes and to pay accrued Yield thereon. Funds on deposit in the Administration Account may be invested from time to time in Eligible Investments in accordance with Section 2.08 hereof. All investment earnings on the funds on deposit in the Administration Account during any Settlement Period shall be deposited into the Collection Account by the Administrative Agent on or before the second Business Day after the end of that Settlement Period and applied as Available Funds on the Settlement Date for that Settlement Period. Except for the right of the Administrator to withdraw funds as expressly set forth in this Agreement, neither the Trust nor the Administrator shall have any withdrawal rights from the Administration Account. Any funds remaining in the Administration Account after the payment in full of all Obligations under the Transaction Documents shall be paid to the holder of the Excess Distribution Certificate.

(c) ***Borrower Benefit Account.*** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Borrower Benefit Account. The Borrower Benefit Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Borrower Benefit Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Borrower Benefit Account. In the event that new borrower benefits, which are not required under any applicable laws, rules or regulations, are offered to Obligors, the result of which is to reduce the yield on the related Eligible Private Credit Loans, the Borrower Benefit Account will be funded in accordance with Section 6.26 hereof. On or before each Settlement Date, the Administrator will instruct the Administrative Agent to transfer from the Borrower Benefit Account to the Collection Account all amounts on deposit in the Borrower Benefit Account which relate to the related Settlement Period and apply such funds in accordance with Section 2.05(b). Funds on deposit in the Borrower Benefit Account may be invested from time to time in Eligible Investments in accordance with Section 2.08. All investment earnings on the funds on deposit in the Borrower Benefit Account during any Settlement Period shall be deposited into the Collection Account by the Administrative Agent on or before the second Business Day after the end of that Settlement Period and applied as Available Funds on the Settlement Date for the related Settlement Period. Any funds remaining in the Borrower Benefit Account after the payment in full of all Obligations under the Transaction Documents shall be paid to the holder of the Excess Distribution Certificate.

Section 2.05. Transfers from Collection Account.

(a) On or prior to each Reporting Date, the Trust shall cause the Administrator to prepare the Monthly Report and shall provide or cause to be provided to

the Administrator all information necessary or appropriate to accurately prepare such Monthly Report, all calculations, unless otherwise specified, to be made as of the end of the related Settlement Period, and cause the Administrator to forward such Monthly Report to the Administrative Agent and each Rating Agency. The Administrative Agent shall promptly forward the Monthly Report to each Managing Agent. The Administrative Agent shall provide to the Trust and the Administrator the Monthly Administrative Agent's Report in the form attached as Exhibit E hereto no later than five Business Days prior to each Reporting Date.

(b) The Administrative Agent, on each Settlement Date, shall make the following deposits and distributions from Available Funds in the Collection Account in the amount and in the order of priority set forth below as directed by the Administrator on behalf of the Trust (or if the Administrator fails to provide such direction, as provided by the Administrative Agent) pursuant to the Monthly Report, on which the Administrative Agent may conclusively rely, on such Settlement Date (or as otherwise provided in Article VII), in the following priority:

(i) pay to the Master Servicer an amount equal to its unreimbursed Servicer Advances due and owing;

(ii) pay to the Lockbox Banks, the Eligible Lender Trustee and the Administrator, as appropriate and on a pro rata basis, (A) an amount equal to the Lockbox Bank Fees, the Eligible Lender Trustee Fees and the Administrator Fees, which are due and owing as of the close of business on the last day of the immediately preceding calendar month, and (B) the reasonable out-of-pocket costs and expenses of such Persons not to exceed in the aggregate \$100,000 per annum;

(iii) pay to the Master Servicer, for the benefit of the Master Servicer and any Subservicers, an amount equal to the Primary Servicing Fees which are due and owing as of the close of business on the last day of the immediately preceding Settlement Period;

(iv) [reserved];

(v) on a *pro rata* basis, based on the amounts owed, (A) pay to the Administrative Agent, for the benefit of the Note Purchasers (excluding Notes held by any Defaulting Lenders), Yield on the Notes (excluding, for the avoidance of doubt, any Step-Up Fees), for the previous Yield Period) and (B) pay to the Administrative Agent and each Managing Agent as Registered Owner of its Note, as appropriate, an amount equal to all other Financing Costs related to the Notes (other than amounts owed with respect to Step-Up Fees or with respect to Financing Costs of a type described in clause (iii) or (iv) of the definition thereof);

(vi) during the Revolving Period: *first*, pay to the Capitalized Interest Account, any amount required to cause the amount on deposit in the Capitalized Interest Account to equal the Required Capitalized Interest Account Balance and

second, to the Reserve Account, any amount required to cause the amount on deposit in the Reserve Account to equal the Reserve Account Specified Balance;

(vii) following the replacement of the Master Servicer, pay to the replacement Master Servicer the reasonable expenses and charges resulting from the transition in servicing, to the extent such costs have not been paid by the predecessor Master Servicer; provided, that amounts paid under this clause (vii) shall not exceed \$300,000;

(viii) provided no Amortization Event or Termination Event has occurred and the Minimum Asset Coverage Requirement is satisfied before and after giving effect to such payment, pay to the Administrative Agent for the benefit of each Exiting Facility Group its ratable share of the Principal Distribution Amount with respect to its Note until the Note of each Exiting Facility Group has been paid in full;

(ix) pay to the Administrative Agent for the benefit of the Note Purchasers, the Principal Distribution Amount (to the extent not distributed pursuant to clause (viii) above) in accordance with their Pro Rata Shares;

(x) *first*, pay to the replacement Master Servicer any amounts described in clause (vii) above which were not previously paid due to the limitation specified in the proviso to such clause (vii) and *second*, pay to the Administrative Agent, for the benefit of the Note Purchasers (excluding Notes held by Defaulting Lenders), on a pro rata basis if necessary, any Step-Up Fees and any Yield Protection due and owing pursuant to this Agreement as of the close of business on the last day of the immediately preceding Settlement Period;

(xi) pay to the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Co-Valuation Agents, the Conduit Lenders, the LIBOR Lenders, the Managing Agents, the Alternate Lenders, the Program Support Providers and any Affected Party, on a pro rata basis if necessary, any amounts due and owing and not previously paid pursuant to clause (ii) above and any Trust Indemnified Amounts due and owing pursuant to this Agreement or any other Transaction Document as of such Settlement Date;

(xii) pay to the Administrative Agent (i) for the benefit of the Defaulting Lenders any Yield, Step-Up Fees, principal or Yield Protection due and owing and not paid above and (ii) for the benefit of all the Note Purchasers, the Administrative Agent, the Managing Agents and the Program Support Providers, an amount equal to any other Obligations (other than principal, Yield or Step-Up Fees of any Notes) which are accrued and owing as of the close of business on the last day of the immediately preceding Settlement Period;

(xiii) pay to the Administrative Agent for the benefit of each Exiting Facility Group, to the extent not paid in clause (viii) or (ix) above, *pro rata*, an

amount up to its remaining Outstanding Notes, until the Note of each Exiting Facility Group has been paid in full;

(xiv) pay to the Administrator, reimbursements of any out-of-pocket costs and expenses relating to the administration of the Trust or paid on behalf of the Trust, including fees paid to the Rating Agencies on behalf of the Trust, to the extent not previously paid;

(xv) *pro rata*, pay to SLM Corporation in repayment of any SLM Indemnified Amounts paid by it pursuant to Section 8.02(b) and pay to the Administrator in repayment of any amounts paid by it pursuant to Section 10.08;

(xvi) pay to the Master Servicer, for the benefit of the Master Servicer and any Subservicers, an amount equal to any other amounts due and payable to them including Carryover Servicing Fees, if any, which are accrued and unpaid as of the close of business on the last day of the immediately preceding Settlement Period;

(xvii) prior to the commencement of the Amortization Period or the occurrence of a Termination Event, pay to the Administrative Agent for deposit into the Administration Account to fund new purchases of Eligible Private Credit Loans;

(xviii) prior to the commencement of the Amortization Period, solely to the extent requested by the Administrator as a prepayment of the Notes in an amount up to the Aggregate Note Balance, on a *pro rata* basis, pay to the Administrative Agent for the account of the applicable Note Purchasers with respect to their Notes in accordance with their Pro Rata Shares until paid in full;

(xix) [reserved];

(xx) pay to SLM Corporation in repayment of accrued interest on and the unpaid principal balance borrowed under the Revolving Credit Agreement;

(xxi) if the Administrative Agent has received written notice that any amounts are owed to a former Facility Group under the Guaranty and Pledge Agreement, to pay to the Managing Agent for such former Facility Group any remaining funds up to the amounts then owed under the Guaranty and Pledge Agreement; and

(xxii) if so requested by the Administrator (and so long as (A) no Amortization Event or Termination Event has occurred and is continuing and no Potential Termination Event described in Section 7.02(f), or (g) has occurred and is continuing and (B) there is no unresolved dispute as described in Section 2.25(g) as to the Applicable Percentage to be applied with respect to such Settlement Period, to pay to the holder of the Excess Distribution Certificate, any Available Funds remaining after the payment in full of each of the foregoing items.

(c) Any funds deposited into the Administration Account for the purpose of purchasing or financing Eligible Private Credit Loans or prepayment of the Notes shall be disbursed pursuant to a written direction of the Administrator, on behalf of the Trust, or to the Administrative Agent, as applicable.

(d) [Reserved].

(e) [Reserved].

(f) [Reserved].

(g) [Reserved].

(h) In the event that there are insufficient Available Funds to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b) due and payable on such date and if no Servicer Advance has been made and no funds withdrawn from the Reserve Account or the Capitalized Interest Account to pay such amounts, and an Excess Collateral Advance could be made in accordance with the terms hereof, then the Trust shall request an Excess Collateral Advance in the amount necessary to pay such amounts.

Section 2.06. Capitalized Interest Account and Reserve Account.

(a) On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Capitalized Interest Account. The Capitalized Interest Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Capitalized Interest Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Capitalized Interest Account. If at any time a Capitalized Interest Account Funding Event occurs, the Trust shall request a Capitalized Interest Advance in an amount equal to the applicable Maximum Advance Amount for such Advance and deposit the proceeds thereof into the Capitalized Interest Account. In the event that a Capitalized Interest Account Funding Event occurs solely with respect to one or more Non-Renewing Facility Groups, such Advance shall be requested solely from such Non-Renewing Facility Groups. Thereafter, until the commencement of the Amortization Period or the occurrence of a Termination Event, on each Settlement Date, the Administrator shall cause to be deposited into the Capitalized Interest Account from Available Funds pursuant to Section 2.05(b)(vii), such additional amounts as are necessary to cause the amount on deposit in the Capitalized Interest Account to be equal to the Required Capitalized Interest Account Balance calculated as of the last day of the related Settlement Period. Funds on deposit in the Capitalized Interest Account may be invested from time to time in Eligible Investments in accordance with Section 2.08. The Administrative Agent shall apply funds on deposit in the Capitalized Interest Account as described in Section 2.07(a).

(b) On or prior to the date hereof, the Administrator shall establish and maintain, or cause to be established and maintained, the Reserve Account by depositing into the Reserve Account cash or Eligible Investments equal to the Reserve Account

Specified Balance as of the date of the initial Advance hereunder. The Reserve Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Reserve Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Reserve Account. On each Advance Date, the Trust shall deposit into the Reserve Account from proceeds of each Advance the amount, if any, necessary to bring the balance in such account up to the Reserve Account Specified Balance. Thereafter, until the commencement of the Amortization Period or the occurrence of a Termination Event, on each Settlement Date, the Administrator shall cause to be deposited into the Reserve Account from Available Funds pursuant to Section 2.05(b)(vii) such additional amounts as are necessary to cause the amount on deposit in the Reserve Account to be equal to the Reserve Account Specified Balance calculated as of the last day of the related Settlement Period. Funds on deposit in the Reserve Account may be invested from time to time in Eligible Investments in accordance with Section 2.08. The Administrative Agent shall apply funds on deposit in the Reserve Account as described in Section 2.07(b).

Section 2.07. Transfers from the Capitalized Interest Account and Reserve Account.

(a) To the extent there are insufficient Available Funds in the Collection Account to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b) in accordance with the provisions of Section 2.05 on any Settlement Date, the Administrative Agent shall transfer to the Collection Account moneys held by the Administrative Agent in the Capitalized Interest Account, to the extent available for distribution on the specified day, to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b) in the priority set forth in Section 2.05.

(b) To the extent there are insufficient Available Funds in the Collection Account to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b) in accordance with the provisions of Section 2.05 on any Settlement Date (after taking into account any amounts transferred to the Collection Account pursuant to Section 2.07(a)), the Administrative Agent shall transfer to the Collection Account moneys held by the Administrative Agent in the Reserve Account, to the extent available for distribution on the specified day, to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b) in the priority set forth in Section 2.05; provided, that upon the commencement of the Amortization Period or on the occurrence of a Termination Event, all amounts on deposit in the Reserve Account shall immediately be transferred to the Collection Account and shall be part of Available Funds on the next Settlement Date.

(c) To the extent, as of the end of any Settlement Period, there are on deposit in the Reserve Account funds in excess of the Reserve Account Specified Balance calculated as of the end of such Settlement Period (giving effect to any purchase of additional Trust Student Loans between the end of such Settlement Period and the related Settlement Date) or there are on deposit in the Capitalized Interest Account funds in excess of the Required Capitalized Interest Account Balance calculated as of the end of such

Settlement Period, then the Administrative Agent shall withdraw such excess from the relevant account and deposit it into the Collection Account to be used as Available Funds on the related Settlement Date. In addition, (i) if a Capitalized Interest Account Funding Event has occurred solely because of the expiration of the Revolving Period pursuant to clause (ii) of the definition thereof and the Revolving Period is subsequently reinstated, then the Administrative Agent shall withdraw all funds from the Capitalized Interest Account on such date and apply such amounts to repay the Notes on a pro rata basis and (ii) the Administrative Agent shall withdraw and apply funds from the Capitalized Interest Account as and when required in accordance with Section 2.21(b).

Section 2.08. Management of Trust Accounts.

(a) All funds held in the Trust Accounts, including investment earnings thereon, shall be invested at the direction of the Administrator in Eligible Investments having a maturity date not later than the next date on which any distributions are to be made from funds on deposit in such Trust Accounts; provided, however, that from and after the Termination Date, the Administrative Agent shall have the sole right to restrict the maturities of any investments held in the Trust Accounts and to direct the withdrawal of any such investments for the purposes of paying the amounts described in Section 2.05(b), including, without limitation, any unpaid principal and Financing Costs on the Notes. All investment earnings (net of losses) on such Eligible Investments shall be credited to the applicable Trust Accounts. In the event that the Administrator shall have failed to give investment directions to the Administrative Agent by 11:00 a.m. on any Business Day on which there may be uninvested cash deposited in any Trust Account, the Administrative Agent shall have no obligation to invest such funds and shall not be liable for any lost potential investment earnings.

(b) Bank of America, N.A. ("**Bank of America**"), in its capacity as Securities Intermediary or depositary bank with respect to each Trust Account, hereby agrees with the Trust and the Administrative Agent that (i) each of the Trust Accounts shall be either securities accounts or deposit accounts maintained at Bank of America; provided, however, that if, at any time, the rating assigned to Bank of America is downgraded below "A-1" by S&P, the Administrative Agent shall, in cooperation with the Administrator, promptly (but in no event longer than 60 days from the time of such downgrade), at no cost to the Trust, transfer each of the Trust Accounts to another financial institution which has either a long-term senior unsecured debt rating of "A+" or better or a short-term senior unsecured debt or certificate of deposit rating of "A-1" or better by S&P, (ii) each item of property (whether investment property, financial asset, security, cash or instrument) credited to any Trust Account shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC to the extent any such Trust Account is a securities account, (iii) Bank of America shall treat the Administrative Agent as entitled to exercise the rights that comprise each financial asset credited to the Trust Accounts, (iv) Bank of America shall comply with entitlement orders originated by the Administrative Agent with respect to any of the foregoing accounts that is a securities account and shall comply with instructions directing the disposition of funds originated by the Administrative Agent with respect to any of the foregoing accounts that is a deposit account, in each case without the further consent of any other person or

entity, (v) except as otherwise provided in subsection (a) of this Section, Bank of America shall not agree to comply with entitlement orders or instructions directing the disposition of funds originated by any person or entity other than the Administrative Agent, (vi) the Trust Accounts, and all property credited to such accounts shall not be subject to any lien, security interest, right of set-off or encumbrance in favor of Bank of America in its capacity as Securities Intermediary or depository bank or anyone claiming through Bank of America as Securities Intermediary or depository bank (other than the Administrative Agent), and (vii) the agreement herein between Bank of America and the Administrative Agent shall be governed by the laws of the State of New York and the jurisdiction of Bank of America, in its capacity as Securities Intermediary or depository bank with respect to each Trust Account, shall be the State of New York for purposes of the UCC. Each term used in this Section 2.08(b) and in Section 2.08(c) and defined in the New York UCC shall have the meaning set forth in the New York UCC.

(c) No Eligible Investment held in the Trust Accounts in the form of an instrument or certificated security as defined in the New York UCC in the possession of the Securities Intermediary (i) shall be subject to any other security interest or (ii) shall constitute proceeds of any property subject to such third party's security interest.

(d) The Trust agrees to report as its income for financial reporting and tax purposes (to the extent reportable) all investment earnings on amounts in the Trust Accounts.

(e) Any investment of any funds in the Trust Accounts shall be made under the following terms and conditions:

(i) any such investment of funds shall be made in Eligible Investments which will mature no later than the next Settlement Date (or such shorter periods as the Administrative Agent may direct); and

(ii) with respect to each of the investments credited to any of the Trust Accounts, the Administrative Agent for the benefit of the Secured Creditors shall have a first priority perfected security interest in such investment, perfected by control to the extent permitted under Article 9 of the UCC.

(f) The Administrative Agent shall not in any way be held liable by reason of any insufficiency in the Trust Accounts resulting from losses on investments made in accordance with the provisions of this Agreement (but the institution serving as Administrative Agent shall at all times remain liable for its own debt obligations, if any, constituting part of such investments).

(g) With respect to each of the Trust Accounts that is a "securities account" (each, a "**Securities Account**"), the Securities Intermediary hereby confirms and agrees that:

(i) all securities, financial assets or other property credited to the Securities Accounts shall be registered in the name of the Securities Intermediary by a clearing corporation or other securities intermediary and as to which the

Securities Intermediary is entitled to exercise the rights that comprise any financial assets credited to such Securities Account, indorsed to the Securities Intermediary in blank or credited to another Securities Account maintained in the name of the Securities Intermediary, and in no case shall any financial asset credited to any Securities Account be registered in the name of the Trust, payable to the order of the Trust or specially indorsed to the Trust;

(ii) all securities and other property delivered to the Securities Intermediary pursuant to this Agreement shall be promptly credited to the appropriate Securities Account;

(iii) each Securities Account is an account to which financial assets are or may be credited;

(iv) except for the claims and interest of the Administrative Agent and of the Trust in the Securities Accounts and without independent investigation of any kind, the Securities Intermediary does not know of any claim to, or interest in, any Securities Account or in any “financial asset” (as defined in Section 8-102(a)(9) of the UCC) credited thereto; if any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against any Securities Account or in any financial asset carried therein, the Securities Intermediary will promptly notify the Administrative Agent and the Trust thereof upon receiving notice or other actual knowledge thereof.

(h) Each party hereto acknowledges that the Securities Intermediary constitutes a “securities intermediary” within the meaning of Section 8-102(a)(14) of the UCC with respect to each Securities Account and constitutes a “bank” within the meaning of Section 9-102(a)(8) of the New York UCC with respect to each Trust Account that is a “deposit account.”

Section 2.09. [RESERVED]

Section 2.10. Grant of a Security Interest. To secure the prompt and complete payment when due of the Obligations and the performance by the Trust of all of the covenants and obligations to be performed by it pursuant to this Agreement and each other Transaction Document, the Trust (and the Eligible Lender Trustee, in its capacity as titleholder to the Trust Student Loans) hereby (i) assigns to the Administrative Agent, and grants to the Administrative Agent a security interest in, all of its right, title and interest in (but none of its obligations under), each of the Transaction Documents, including all rights and remedies thereunder (excluding any rights and remedies of the Trust under the Revolving Credit Agreement); and (ii) hereby further Grants to the Administrative Agent on behalf of the Secured Creditors (and their respective successors and assigns), a security interest in all of the Trust’s and the Eligible Lender Trustee’s, on behalf of the Trust, right, title and interest in the following property, whether now owned or existing or hereafter arising or acquired and wheresoever located:

(a) all Trust Student Loans;

- (b) all Collections from Trust Student Loans, including payments from Obligor;
- (c) all Eligible Investments, funds and accrued earnings thereon held in the Trust Accounts;
- (d) all Records relating to any of the foregoing items;
- (e) all supporting obligations, liens securing any of the foregoing, money and claims and other rights under insurance policies relating to any of the foregoing;
- (f) all accounts, general intangibles, payment intangibles, instruments, investment property, documents, chattel paper, goods, moneys, letters of credit, letter of credit rights, certificates of deposit, deposit accounts and all other property and interests in property of the Trust or the Eligible Lender Trustee, on behalf of the Trust, whether tangible or intangible; and
- (g) all proceeds of any of the foregoing (collectively, along with the right and title to and interest of the Trust (and the Eligible Lender Trustee, in its capacity as titleholder to the Trust Student Loans) in the Transaction Documents pursuant to Section 2.09 and all proceeds thereof, the “*Pledged Collateral*”).

The Trust and the Eligible Lender Trustee agree that the foregoing sentence is intended to grant in favor of the Administrative Agent, on behalf of the Secured Creditors, a first priority continuing lien and security interest in all of the Trust’s (and the Eligible Lender Trustee’s in its capacity as titleholder to the Trust Student Loans) personal property. Each of the Trust and the Eligible Lender Trustee authorizes the Administrative Agent and its counsel to file UCC financing statements in form and substance satisfactory to the Eligible Lender Trustee, describing the collateral as all personal property of the Trust. In addition, at the request of the Administrative Agent, the Trust shall file or cause to be filed, and authorizes the Administrative Agent to file, UCC financing statement assignments assigning to the Administrative Agent any financing statement showing the Trust as secured party with respect to the Pledged Collateral. The Trust further confirms and agrees that the Administrative Agent shall have, following the occurrence or declaration of the Termination Date, the sole right to enforce the Trust’s rights and remedies under the Transaction Documents with respect to the Pledged Collateral for the benefit of the Secured Creditors, but without any obligation on the part of the Administrative Agent or any other Secured Creditor or any of their respective Affiliates, to perform any of the obligations of the Trust under the Transaction Documents.

Section 2.11. Evidence of Debt. Each Managing Agent shall maintain a Note Account (the “*Note Account*”) on its books in which shall be recorded (a) all Advances owed to each related Lender in its related Facility Group by the Trust pursuant to this Agreement, (b) the Aggregate Note Balance of the Note held by or on behalf of its related Facility Group, (c) all payments of principal and Financing Costs made by the Trust on such Note, and (d) all appropriate debits and credits with respect to its related Facility Group as provided in this Agreement including, without limitation, all fees, charges, expenses and interest. All entries in each Managing Agent’s Note Account shall be made in accordance with such Managing Agent’s

customary accounting practices as in effect from time to time. The entries in the Note Account shall be conclusive and binding for all purposes, absent manifest error. Any failure to so record or any errors in doing so shall not, however, limit or otherwise affect the obligation of the Trust to pay any amount owing with respect to the Notes or any of the other Obligations.

Section 2.12. Payments by the Trust. All payments to be made by the Trust shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by, or on behalf of, the Trust for the account of a Conduit Lender, a LIBOR Lender, an Alternate Lender or a Program Support Provider, as the case may be, shall be made to the Administrative Agent, for further credit to an account designated by such Conduit Lender, LIBOR Lender, Alternate Lender or Program Support Provider or its related Managing Agent, in United States dollars. Such payments (other than amounts already on deposit in the Collection Account) shall be made in immediately available funds to the Administrative Agent no later than 12:00 noon on the date specified herein and the Administrative Agent shall forward such amounts to such Conduit Lender, LIBOR Lender, Alternate Lender or Program Support Provider no later than 1:00 p.m. on the date specified herein. Payments shall be applied in the order of priority specified in Section 2.05(b). Any payment which is received later than 1:00 p.m. (other than payments from amounts already on deposit in the Collection Account) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

Section 2.13. Payment of Stamp Taxes, Etc. Subject to any limitations set forth in Section 2.20, the Trust agrees to pay any present or future stamp, mortgage, value-added, court or documentary taxes or any other excise or property taxes, charges or similar levies imposed by any federal, state or local governmental body, agency or instrumentality (hereinafter referred to as “**Other Applicable Taxes**”) relating to this Agreement, any of the other Transaction Documents or any recordings or filings made pursuant hereto and thereto.

Section 2.14. Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Note Purchaser shall obtain on account of the Notes owned by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share (or other share contemplated hereunder), such Note Purchaser shall immediately (a) notify the Administrative Agent of such fact and (b) purchase from the other Note Purchasers such participations made by them as shall be necessary to cause such purchasing Note Purchaser to share the excess payment pro rata (based on the Pro Rata Share of each Note Purchaser) with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Note Purchaser, such purchase shall to that extent be rescinded and each other Note Purchaser shall repay to the purchasing Note Purchaser the purchase price paid therefor, together with an amount equal to such paying Note Purchaser’s ratable share (according to the proportion of (i) the amount of such paying Note Purchaser’s required repayment to (ii) the total amount so recovered from the purchasing Note Purchaser) of any interest or other amount paid or payable by the purchasing Note Purchaser in respect of the total amount so recovered. The Trust agrees that any Note Purchaser so purchasing a participation from another Note Purchaser may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Note Purchaser was the direct creditor of the Trust in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive

and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify each Managing Agent following any such purchases or repayments.

Section 2.15. Yield Protection.

(a) If any Regulatory Change (including a change to Regulation D under the Securities Act):

(i) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Federal Reserve Board), special deposit, insurance assessment, or similar requirement against assets of any Affected Party, deposits or obligations with or for the account of any Affected Party or with or for the account of any Affiliate (or entity deemed by the Federal Reserve Board to be an affiliate) of an Affected Party, or credit extended to or participated in by any Affected Party;

(ii) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Party;

(iii) shall impose any other condition, cost or expense affecting this Agreement or any portion of the Obligations owed or funded in whole or in part by any Affected Party, or its obligations or rights, if any, to pay any portion of its unused Commitment or to provide funding therefor (other than any condition or expense resulting from the gross negligence or willful misconduct of such Affected Party);

(iv) shall change the rate for, or the manner in which the Federal Deposit Insurance Corporation (or any successor thereto) assesses deposit insurance premiums or similar charges; or

(v) subject any Affected Party to any tax of any kind whatsoever with respect to this Agreement, any Obligations or any LIBOR Advance made by it, or change the basis of taxation of payments to such Affected Party in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 2.20 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Affected Party, and the result of any of the foregoing is or would be:

(A) to increase the cost to or to impose a cost in any material amount on an Affected Party funding or making or maintaining any portion of the Obligations, or any purchases, reinvestments or loans or other extensions of credit under the Program Support Agreement or any Transaction Document or any commitment of such Affected Party with respect to the foregoing;

(B) to reduce the amount of any sum received or receivable by an Affected Party under this Agreement, or under any Program Support

Agreement or any Transaction Document with respect thereto; or

(C) in the sole determination of such Affected Party, to reduce the rate of return on the capital of an Affected Party as a consequence of its obligations hereunder or under any Program Support Agreement or arising in connection herewith to a level below that which the Affected Party could otherwise have achieved;

then on or before the 30th day following the date of demand by such Affected Party (which demand shall be accompanied by a statement setting forth in reasonable detail the basis of such demand), the Trust shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such additional or increased cost or such reduction; provided, that such additional amount or amounts shall not be payable with respect to any period in excess of 90 days prior to the date of demand by the Affected Party unless (1) the effect of the Regulatory Change is retroactive by its terms to a period prior to the date of the Regulatory Change, in which case any additional amount or amounts shall be payable for the retroactive period but only if the Affected Party provides its written demand not later than 90 days after the Regulatory Change; or (2) the Affected Party reasonably and in good faith did not believe the Regulatory Change resulted in such an additional or increased cost or such a reduction during such prior period. Each Affected Party agrees that the Trust shall not be asked to pay amounts which the Affected Party's similarly situated customers are not being requested to pay.

(b) Each Affected Party will promptly notify the Administrator and the Administrative Agent of any event of which it has actual knowledge which will entitle such Affected Party to any compensation pursuant to this Section; provided, however, no failure or delay in giving such notification shall adversely affect the rights of any Affected Party to such compensation.

(c) In determining any amount provided for or referred to in this Section, an Affected Party may use any reasonable averaging or attribution methods that it (in its sole discretion exercised in good faith) shall deem applicable and which it applies on a consistent basis. Any Affected Party when making a claim under this Section shall submit to the Administrator and the Administrative Agent a statement as to such increased cost or reduced return (including calculation thereof in reasonable detail), which statement shall, in the absence of manifest error, be conclusive and binding upon the Trust and the Administrative Agent.

Section 2.16. Extension of Scheduled Maturity Date. Provided that no Amortization Event or Termination Event shall have occurred and be continuing, the Trust, acting through the Administrator, may, at any time during the period which is no more than 90 days or less than 45 days immediately preceding the Scheduled Maturity Date (as such date may have been previously extended pursuant to this [Section 2.16](#)), request that the then applicable Scheduled Maturity Date be extended for an additional period of up to 364 days. Any such request shall be in writing and delivered to each Managing Agent and the Administrative Agent. None of the Lenders, Managing Agents or Facility Groups shall have any obligation to extend the Scheduled Maturity Date at any time. Any such extension of the Scheduled Maturity Date

with respect to a Lender shall be effective only upon the written agreement of the Trust, the Managing Agent for such Lender's Facility Group, such Lender and, if applicable, the related Conduit Lender. Each Managing Agent will (on behalf of its related Note Purchasers) respond to any such request by providing a response to the Trust and the Administrative Agent within the later of (i) 30 days of its receipt of such request and (ii) 30 days prior to the then-effective Scheduled Maturity Date; provided, however, that if any Facility Group determines that it will not renew its Commitment prior to the response date set forth above, the related Managing Agent shall notify the Administrator as soon as practicable after such determination has been made. Any failure by a Managing Agent to respond by the later of the dates set forth in clause (i) and (ii) of the preceding sentence shall be deemed to be a rejection of the requested extension by such Managing Agent and the related Lenders in its Facility Group. If one or more Managing Agents (but less than all) does not extend the Scheduled Maturity Date, the provisions of Section 2.21(b) shall apply with respect to its Facility Group and the Scheduled Maturity Date shall be extended with respect to the remaining Facility Groups.

Section 2.17. Servicer Advances. In the event that, on the Settlement Date relating to any Settlement Period, the amount on deposit in the Collection Account which is allocable to the payment of amounts described in Sections 2.05(b)(i) through (v) due and payable on such Settlement Date is not sufficient to pay such amounts, the Master Servicer may, if permitted pursuant to its Servicing Agreement, make an advance in an amount equal to such insufficiency to the extent it believes such Servicer Advance will be recoverable.

Section 2.18. Release and Transfer of Pledged Collateral.

(a) The Administrative Agent hereby agrees to release its lien on that portion of the Pledged Collateral transferred from the Trust to the Depositor or the Servicer as a result of purchases or repurchases (including substitutions) of Trust Student Loans pursuant to the Sale Agreement, any Purchase Agreement or any Servicing Agreement; provided, however, that with respect to a repurchase of a Student Loan pursuant to the Sale Agreement or a Purchase Agreement that is not a Permitted Release covered by clause (b) below, it shall be a condition to such release that the Administrative Agent shall have received cash into the Administration Account in an amount equal to the sum of (i) the product of the Applicable Percentage (determined as if each Student Loan were an Eligible Private Credit Loan) multiplied by the Principal Balance of such Student Loan and (ii) any amount previously drawn under the Revolving Credit Agreement to purchase such Student Loan (as reduced by any payments of principal received on such Student Loan, proportionately, based on the portion of the purchase price of such Student Loan financed under the Revolving Credit Agreement) or, in the case of any substitution, the Trust shall have received new Eligible Private Credit Loans with a Principal Balance equal to or greater than the Principal Balance of the Student Loans being released and the tests set forth in Section 2.18(b)(i)(B) and (iii) shall be satisfied; and provided further, that with respect to purchases of Student Loans by a Servicer required or expressly permitted as a result of the related Servicing Agreement that is not a Permitted Release covered by clause (b) below, the Administrative Agent has received cash into the Administration Account in an amount equal to that set forth in Section 3.05(a) of the Servicing Agreement or, in the case of any substitution, the Trust shall have received new Eligible Private Credit Loans with a Principal Balance equal to or greater than the Principal Balance of the Student

Loans being released and the tests set forth in Section 2.18(b)(i)(B) and (iii) shall be satisfied.

(b) In addition, the Administrative Agent hereby further agrees to release its lien on that portion of the Pledged Collateral transferred from the Trust to the Depositor or an Affiliate thereof in connection with a Permitted Release. The release of the Administrative Agent's security interest in any Released Collateral pursuant to this Section 2.18(b) shall be subject to the following conditions precedent unless the Required Managing Agents (or following a Termination Event or Amortization Event or with respect to a failure to satisfy condition (ii)(B) below, all of the Managing Agents) have waived such condition (and by transferring the Pledged Collateral the Trust shall be deemed to have certified that all such conditions precedent are satisfied):

(i) such release shall be a Permitted Release,

(ii) before and after giving effect to such release and to any simultaneous acquisition of Trust Student Loans at such time,

(A) there shall not exist any Amortization Event, Servicer Default, Termination Event or Potential Termination Event; and

(B) the Minimum Asset Coverage Requirement is met; and

(iii) after giving effect to such release and to any simultaneous acquisition of Trust Student Loans at such time,

(A) the Weighted Average FICO Score will not be below 690;

(B) the Weighted Average Remaining Term in School of all Trust Student Loans that are Eligible Private Credit Loans shall not be more than 24 months; provided, that this condition need not be satisfied if the Rating Agency Condition has been satisfied with respect to such release; and

(C) if more than \$1,000,000,000 of the Principal Balance of the Trust Student Loans shall have been subject to releases pursuant to this Section 2.18 since the Closing Date or, if later, since the last date on which the Rating Agencies have issued a confirmation letter affirming the Required Ratings, the Rating Agency Condition shall have been satisfied.

(iv) three Business Days prior to any such release that is a Take Out Securitization, a Fair Market Auction, Whole Loan Sale, a Permitted Seller Buy-Back or a Servicer Buy-Out, the Trust, acting through the Administrator, shall have delivered a notice describing the Trust Student Loans proposed to be released substantially in the form and substance of Exhibit G attached hereto (a "**Notice of Release**") to the Administrative Agent, certifying that the foregoing conditions described in clauses (ii) and (iii) above shall have been satisfied in connection therewith, together with a pro forma report in the form attached as

Exhibit H demonstrating compliance with the condition described in clauses (ii) and (iii) above, and

(v) on or prior to such Permitted Release, the Trust shall have deposited into the Administration Account cash in an amount equal to the sum of (A) the product of the Applicable Percentage (determined as if each Student Loan were an Eligible Private Credit Loan) multiplied by the Principal Balance of such Student Loan and (B) any amount previously drawn under the Revolving Credit Agreement to purchase such Student Loan (as reduced by any payments of principal received on such Student Loan, proportionately, based on the portion of the purchase price of such Student Loan financed under the Revolving Credit Agreement).

(c) Within five Business Days after each release of collateral hereunder in connection with a Take Out Securitization, the Trust, acting through the Administrator, shall deliver to the Administrative Agent a reconciliation statement (the “**Release Reconciliation Statement**”) which shall include an updated calculation, based on actual figures, in the form attached as Exhibit I, confirming that the Minimum Asset Coverage Requirement was satisfied before and after giving effect to the related release. If the Release Reconciliation Statement shows that the value of the released Trust Student Loans was greater than the value provided on the Notice of Release, then the Trust shall deposit such difference into the Administration Account.

Section 2.19. Effect of Release. Upon the satisfaction of the conditions in Section 2.18, all right, title and interest of the Administrative Agent in, to and under such Released Collateral shall terminate and revert to the Trust, its successors and assigns, and the right, title and interest of the Administrative Agent in such Released Collateral shall thereupon cease, terminate and become void; and, upon the written request of the Trust, acting through its Administrator, its successors or assigns, and at the cost and expense of the Trust, the Administrative Agent, acting through the Administrator, shall deliver and, if necessary, execute such UCC-3 financing statements and releases prepared by and submitted to the Administrative Agent for authorization as are necessary or reasonably requested in writing by the Trust, acting through the Administrator, to terminate and remove of record any documents constituting public notice of the security interest in such Released Collateral granted hereunder being released.

Section 2.20. Taxes.

(a) All payments made by the Trust under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding any U.S. federal taxes (other than federal withholding taxes on interest), net income taxes and franchise taxes or branch profit taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent, any Managing Agent, any Lender or any Program Support Provider as a result of a present or former connection between the Administrative Agent, the Syndication Agent, each Co-Valuation Agent, any Managing Agent, such Lender or any Program Support Provider and the jurisdiction of the

Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent, any Managing Agent, such Lender or any Program Support Provider having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Transaction Document) (collectively, the “**Excluded Taxes**”). If any non-Excluded Taxes, levies, imposts, duties, charges, fees of any kind, deductions, withholdings or assessments (including, but not limited to any current or future stamp as documentary taxes or any other excise or property taxes, charges or similar levies, but excluding Excluded Taxes) (“**Other Taxes**”) are required to be withheld from any amounts payable to the Administrative Agent, the Syndication Agent, each Co-Valuation Agent, any Managing Agent, any Lender or any Program Support Provider hereunder, the amounts so payable to the Administrative Agent, any Managing Agent, such Lender or any Program Support Provider shall be increased to the extent necessary to yield to the Administrative Agent, the Syndication Agent, each Co-Valuation Agent, any Managing Agent, such Lender or any Program Support Provider (after payment of all Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; provided, however, that the Trust shall not be required to increase any such amounts payable to any Lender with respect to (i) any Other Taxes that are United States withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender’s assignor (if any) was entitled, at the time of the assignment, to receive additional amounts from the Trust with respect to such Other Taxes pursuant to this paragraph or (ii) Other Taxes to the extent the Administrative Agent, Managing Agent or Lender will receive a refund or realize the benefit of a credit or reduction in taxes or amount owed to any taxing jurisdiction. To be entitled to receive additional amounts for Other Taxes, the Administrative Agent, Managing Agent or Lender must certify to the Trust that, based upon advice from one of its inside or outside tax advisors, such Administrative Agent, Managing Agent or Lender does not reasonably expect to receive a refund or realize the benefit of a credit or reduction in taxes or amount owed to any taxing jurisdiction as a result of such Other Taxes.

(b) In addition, the Trust shall pay to the relevant Governmental Authority in accordance with applicable law all Other Taxes imposed upon the Administrative Agent, any Managing Agent, such Lender or any Program Support Provider that arise from any payment made hereunder or from the execution, delivery, or registration of or otherwise similarly with respect to, this Agreement.

(c) Whenever any Other Taxes are payable by the Trust, the Administrative Agent or the applicable Managing Agent shall promptly notify the Trust in writing and as soon as practicable, but no later than 30 days thereafter the Trust shall send to the Administrative Agent for its own account or for the account of the Syndication Agent, any Co-Valuation Agent, any Managing Agent, any Program Support Provider or relevant Lender, as the case may be, a certified copy of an original official receipt received by the Trust showing payment thereof. The Trust agrees to indemnify the Administrative Agent, any Managing Agent, any Program Support Provider and each Lender within 10 days after demand therefor from and against the full amount of the Other Taxes arising out of this Agreement (whether directly or indirectly) imposed upon or paid by the Administrative

Agent, any Managing Agent, any Program Support Provider or such Lender and any liability (including penalties, interest, and expenses arising with respect thereto), regardless of whether such Other Taxes were correctly or legally asserted by the relevant Governmental Authority; provided, that such Lender shall have provided the Trust with evidence, setting forth in reasonable detail, of payment of such Other Taxes, and the certification required in clause (a) above.

(d) Each Lender (or transferee) that is not a "U.S. Person" as defined in section 7701(a)(30) of the Code (a "**Non-U.S. Lender**") shall deliver to the Trust and the Administrative Agent and its Managing Agent two copies of either U.S. Internal Revenue Service form W-8BEN or form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from the withholding of U.S. federal income tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest," both a form W-8BEN and a certificate substantially in the form of Exhibit I (a "**2.20(d) Certificate**") or any subsequent versions thereof or successors thereto, in all cases properly completed and duly executed by such Non-U.S. Lender, claiming complete exemption from withholding of U.S. federal income tax on all payments by the Trust under this Agreement. Such forms shall be delivered by each Non-U.S. Lender at least five Business Days before the date of the initial payment to be made pursuant to this Agreement by the Trust to such Lender. In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Trust at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Trust (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision in this paragraph, a Non-U.S. Lender shall not be required to deliver any subsequent form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) For any period with respect to which a Lender has failed to provide the Trust, the Administrative Agent or its Managing Agent with the appropriate form, certificate or other document described in Section 2.20(d) (unless such failure is due to a change in treaty, law or regulation, or any interpretation or administration thereof by any Governmental Authority, occurring after the date on which a form, certificate or other document originally was required to be provided), such Lender shall not be entitled to indemnification of additional amounts under Section 2.20 with respect to Other Taxes by reason of such failure; provided, however, that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Other Taxes because of its failure to deliver a form required hereunder, the Trust shall take such steps as such Lender shall reasonably request to recover such Other Taxes.

(f) A Lender which is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Trust is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Trust (with a copy to the Administrative Agent), at the time or times prescribed by the applicable law or reasonably requested by the Trust, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate; provided, that such Lender

is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(g) In cases in which the Trust makes a payment under this Agreement to a U.S. Person with knowledge that such U.S. Person is acting as an agent for a foreign person, the Trust will not treat such payment as being made to a U.S. Person for purposes of Treas. Reg. § 1.1441-1(b)(2)(ii) (or a successor provision) without the express written consent of such U.S. Person.

(h) Each Lender hereby agrees that, upon the occurrence of any circumstances entitling such Lender to indemnification or additional amounts pursuant to this Section 2.20, such Lender shall use reasonable efforts to designate a different lending office if the making of such a change would avoid the need for, or materially reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be materially disadvantageous to such Lender.

(i) If a Lender receives a refund or realizes the benefit of a credit or reduction in respect of any Other Taxes as to which the Lender has been indemnified by the Trust, or with respect to which the Trust has paid an additional amount hereunder, the Lender shall, within 30 days after the date of such receipt or realization, pay over the amount of such refund or credit (to the extent so attributable, but only to the extent of indemnity payments made, or additional amounts paid, by the Trust under this Section with respect to the taxes or Other Taxes giving rise to such refund or credit) to the Trust, net of all out-of-pocket expenses of such Lender related to claiming such refund or credit, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit); provided, however, that (i) the Lender, acting in good faith, will be the sole judge of the amount of any such refund, credit or reduction and of the date on which such refund, credit or reduction is received, (ii) the Lender, acting in good faith, shall have absolute discretion as to the order and manner in which it employs or claims tax refunds, credits, reductions and allowances available to it and (iii) the Trust agrees to repay the Lender, upon written request from the Lender, as the case may be, the amount of such refund, credit or reduction received by the Trust, plus any penalties, interest or other charges imposed by the relevant Governmental Authority, in the event and to the extent, the Lender is required to repay such refund, credit or reduction to any relevant Governmental Authority.

(j) Notwithstanding any other provision of this Agreement, in the event that a Lender is party to a merger or consolidation pursuant to which such Lender no longer exists or is not the surviving entity (but excluding any change in the ownership of such Lender), any taxes payable under applicable law as a result of such change shall be considered Excluded Taxes to the extent such taxes are in excess of the taxes that would have been payable had such change not occurred.

(k) Within 30 days of the written request of the Trust therefor, the applicable Lender shall execute and deliver to the Trust such certificates, forms or other documents which can be furnished consistent with the facts and which are reasonably necessary to

assist the Trust in applying for refunds of taxes remitted hereunder; provided that nothing in this Section 2.20 shall be construed to require any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Trust or any other Person.

(l) The Trust and each Lender will treat the Notes as debt for U.S. federal income tax purposes.

(m) The agreements in this Section shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

Section 2.21. Replacement or Repayment of Facility Group.

(a) **Departing Facility Group.** In the event that (i) the Trust is required to pay amounts under Section 2.15, 2.20 or 10.08 or Article VIII of this Agreement that are particular to an individual Lender, a Program Support Provider or its Managing Agent, (ii) the Administrator reasonably determines that, as a result of a Conduit Lender issuing CP outside the United States commercial paper market, the funding costs for such Conduit Lender are materially higher than for other Lenders or (iii) a Program Support Termination Event occurs with respect to a Program Support Provider, then the Trust may require, at its sole expense and effort, upon notice to such Lender or Program Support Provider or to the applicable Managing Agent, that the Managing Agent for such Lender or Program Support Provider assign, without recourse, to one or more financial institutions designated by the Administrator, on behalf of the Trust, all of the rights and obligations hereunder of all, or with the consent of the related Managing Agent, the applicable, Lenders or Program Support Providers within such Facility Group in accordance with Section 10.04; provided, that in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.20, such assignment will result in a reduction in such compensation or payments thereafter.

A Managing Agent shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by the affected Lender, Program Support Provider, or Managing Agent or otherwise, the circumstances entitling the Trust to require such assignment and delegation cease to apply. Each member of the Departing Facility Group shall cooperate fully with the Trust in effecting any such assignment. If the Trust is unable to effect such an assignment, the Trust may terminate the Commitment of the Departing Facility Group. Upon receipt by the Departing Facility Group of a notice of termination hereunder, the obligation of the Departing Facility Group to make additional Advances shall cease and the Exiting Facility Group Amortization Period for such Departing Facility Group shall begin.

(b) **Non-Renewing Facility Group.** In the event that one or more Managing Agents (but less than all) gives notice that its Facility Group will not extend the Scheduled Maturity Date pursuant to Section 2.16, then the Trust, acting through the Administrator, may request that the Managing Agent for such Facility Group arrange for an assignment to one or more entities and financial institutions designated by the Administrator, acting on behalf of the Trust, of all of the rights and obligations hereunder of such Non-Renewing

Facility Group. If the Managing Agent does not comply with such request within ten Business Days of such request, then the Administrator, on behalf of the Trust, may arrange for an assignment to one or more existing Facility Groups or replacement Facility Groups of all of the rights and obligations hereunder of the Non-Renewing Facility Group in accordance with Section 10.04. Each member of the Non-Renewing Facility Group shall cooperate fully with the Administrator in effecting any such assignment. If the Administrator is unable to arrange such an assignment within an additional 15 Business Days, then the Commitment of the Non-Renewing Facility Group to make new Advances hereunder shall terminate on the relevant Scheduled Maturity Date; provided, that the Non-Renewing Facility Group shall make a Capitalized Interest Advance in an amount equal to the lesser of (i) its Pro Rata Share of the Capitalized Interest Account Specified Balance and (ii) such Non-Renewing Facility Group's unused Commitment on the Business Day prior to its Scheduled Maturity Date for deposit into the Capitalized Interest Account; provided further, that the Non-Renewing Facility Group will continue to make Advances in an amount not to exceed the amount of such Non-Renewing Facility Group's unused Commitment until its Scheduled Maturity Date. The Exiting Facility Group Amortization Period for the Non-Renewing Facility Group shall begin on its Scheduled Maturity Date. So long as the Exiting Facility Group Amortization Period for such Non-Renewing Facility Group has not terminated pursuant to clause (i) or (ii) of the definition thereof, at such time as all other Advances made by such Non-Renewing Facility Group have been paid in full, the aggregate amount of all Capitalized Interest Advances made by the Non-Renewing Facility Group shall be repaid to such Non-Renewing Facility Group to reduce its portion of the Aggregate Note Balance to zero.

(c) **Withdrawing Facility Group.** In the event a Managing Agent gives notice to the Administrator of the desire of its Facility Group to terminate its Commitment prior to the end of the Revolving Period in order to participate in one or more different financing facilities sponsored by SLM Corporation or an Affiliate of SLM Corporation, including any determination to participate in a Competing Financing Transaction as described in Section 6.28(y), such Withdrawing Facility Group may, with the prior written consent of the Administrator, terminate its Commitment upon a mutually agreeable date. The Exiting Facility Group Amortization Period with respect to a Withdrawing Facility Group shall begin on such mutually agreeable termination date.

(d) **Termination of the Exiting Facility Group Amortization Period.** The Exiting Facility Group Amortization Period with respect to any Exiting Facility Group shall terminate upon the occurrence of an Amortization Event or Termination Event. After the occurrence of either such event, the Exiting Facility Group shall be entitled to payment with respect to the Aggregate Note Balance pro rata with other Note Purchasers in accordance with Section 2.05(b) or Section 7.03 as applicable.

Section 2.22. Notice of Amendments to Program Support Agreements. Each Managing Agent shall provide the Trust and the Administrator with written notice of any amendment to the Program Support Agreements executed in connection with this Agreement if such amendment is reasonably expected by such Managing Agent to result in any material increase in costs or expenses for the Trust or otherwise materially impact the Trust.

Section 2.23. Lender Holding Account.

(a) Each Non-Rated Lender must, at the time such Lender becomes a party hereto (or, if a Lender hereunder subsequently becomes a Non-Rated Lender, within ten Business Days of the time it becomes a Non-Rated Lender), and any other Lender may, in its sole discretion at any time, make an advance (such advance, the “**Lender Holding Deposit**”) to the Administrative Agent in an amount equal to its Pro Rata Share of the Capitalized Interest Account Specified Balance (such amount, the “**Required Holding Deposit Amount**”). Upon receipt of any such Lender Holding Deposit, the Administrative Agent shall deposit such funds into a trust account maintained at a Qualified Institution (each such account, a “**Lender Holding Account**”), in the name of such Holding Account Lender and referencing the name of the Trust. The Lender Holding Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the applicable Holding Account Lender and the Trust. The Lender Holding Account shall not be deemed to be a Trust Account for purposes of this Agreement, but shall be deemed to be property of the Holding Account Lender held for the benefit of the Trust as described herein, and neither the Administrator nor the Trust shall have any rights to withdraw funds from such Lender Holding Account or any interest in or rights to the earnings thereon. Thereafter, until the release and termination of such Lender Holding Account under clause (b) below, any Capitalized Interest Advance to be made by such Holding Account Lender shall be made by withdrawing funds from such Lender Holding Account. Each of the applicable Holding Account Lender and the Trust hereby grants to the Administrative Agent full power and authority, on behalf of the Trust and the applicable Holding Account Lender, to withdraw funds from the applicable Lender Holding Account in order to honor such Holding Account Lender's obligations to fund any Capitalized Interest Advance.

(b) Each Lender Holding Account with respect to any Holding Account Lender, once established, shall continue to be maintained until the earliest of (i) the assignment by such Lender of all of its rights pursuant to Section 10.04 hereof, (ii) such Lender receiving a short-term unsecured indebtedness rating of at least A-1 by S&P and P-1 by Moody's, (iii) such Lender obtaining a guarantee or letter of credit that causes it to cease to be a Holding Account Lender, (iv) the funding of a Capitalized Interest Advance through a withdrawal of funds from such Lender Holding Account that satisfies in full such Holding Account Lender's obligation to fund further Capitalized Interest Advances and (v) the payment in full of the Aggregate Note Balance and the termination of the Commitments hereunder. Upon any of the events described in clauses (i) through (v) of the immediately preceding sentence, the Administrative Agent, at the times and in the manner requested by the Holding Account Lender, shall sell, liquidate or otherwise transfer the investments on deposit in the applicable Lender Holding Account to such accounts as the Holding Account Lender may request, and release to the Holding Account Lender any remaining funds on deposit in such Lender Holding Account. If, due to a reduction in or partial assignment of Commitments of the Holding Account Lender, the amounts on deposit in its Lender Holding Account exceed the applicable Required Holding Deposit Amount, the Administrative Agent shall, at the request of such Holding Account Lender, release such excess to such Holding Account Lender.

(c) From and after the establishment of a Lender Holding Account until one of the events described in clauses (i) through (v) of the first sentence of [Section 2.23\(b\)](#), the Administrative Agent shall continue to maintain such Lender Holding Account and shall, at the direction of the applicable Holding Account Lender, from time to time invest and reinvest the funds on deposit in such Lender Holding Account in Eligible Investments having a maturity not greater than those permitted for funds in the Trust Accounts under [Section 2.08\(a\)](#). The funding of a Lender Holding Deposit shall not be considered an Advance or part of the Aggregate Note Balance for any purpose under this Agreement, including for purposes of calculating any Yield or Non-Use Fees owed to the Lenders hereunder. The Administrative Agent shall remit or cause to be remitted to the Managing Agent for each relevant Holding Account Lender, on each Settlement Date or on such other dates on which the Administrative Agent and such Managing Agent mutually agree, all realized investment earnings earned or received in connection with the investment of such funds on deposit in the Lender Holding Account of such Holding Account Lender so long as the release of such earnings would not cause the amount on deposit in the Lender Holding Account to be less than the Required Holding Deposit Amount. Notwithstanding anything contained herein to the contrary, neither the Administrative Agent nor the Trust shall have any liability for any loss arising from any investment or reinvestment made by it in accordance with, and pursuant to, the provisions hereof.

Section 2.24. Deliveries by Administrative Agent. The Administrative Agent agrees that it will forward to the Managing Agents each of the following, promptly after receipt thereof: (a) the annual Administrator's statement delivered to the Administrative Agent pursuant to [Section 3.02\(a\)](#) of the Administration Agreement and (b) any notice of a change in the location of the records of a Servicer delivered to the Administrative Agent pursuant to [Section 2.03](#) of the Servicing Agreement.

Section 2.25. Mark-to-Market Valuation.

(a) In accordance with the Valuation Agent Agreement, the Administrator shall provide to the Co-Valuation Agents and, upon request, to each Managing Agent, no later than (i) the fifth calendar day of each month, a collateral tape reflecting the portfolio of Trust Student Loans as of the end of the immediately preceding calendar month and (ii) if required under the Valuation Agent Agreement, the fifth calendar day after each Valuation Date, a collateral tape reflecting the portfolio of Trust Student Loans as of such Valuation Date (provided that portfolio information from subservicers may not be available). Pursuant to the Valuation Agent Agreement, on or before the fifth Business Day after receipt of such collateral tape, each Co-Valuation Agent will deliver to the Administrative Agent two mark-to-market valuations of the Trust Student Loans based on such collateral tape. The Administrative Agent shall deliver to the Administrator, each Managing Agent and the Co-Valuation Agents on or before the Business Day following receipt of the mark-to-market valuations from the Co-Valuation Agents, a Valuation Report setting forth (i) the mark-to-market valuations submitted by the Co-Valuation Agents and (ii) the resulting Applicable Percentage determined in accordance with the Valuation Agent Agreement. The Managing Agents may request, within reason, that such mark-to-market valuations occur more frequently in accordance with and subject to the terms of the Valuation Agent Agreement.

(b) If any Managing Agent disagrees at any time with the mark-to-market valuation stated in the Valuation Report by more than 0.25% (e.g., such Managing Agent believes that a different percentage, which is at least 0.25% less than the mark-to-market valuation set forth in such Valuation Report, should be used to reflect the market value of the Trust Student Loans), such Managing Agent shall submit a notice of such dispute in writing together with such Managing Agent's own good faith valuation to each Co-Valuation Agent, the Administrative Agent and the Administrator within two Business Days after receipt of the related Valuation Report. In such event, the Co-Valuation Agents shall be required to negotiate with such Managing Agent in good faith to determine an agreed upon mark-to-market valuation within three Business Days after receipt of such notice. If the Co-Valuation Agents do not reach an agreement with the Managing Agent within such three Business Day period, the mark-to-market valuation to be used for determining the new Applicable Percentage shall be the average of the mark-to-market valuations submitted by the Co-Valuation Agents and such Managing Agent.

(c) If the Administrator disagrees at any time with the mark-to-market valuation stated in the Valuation Report by more than 0.25% (e.g., the Administrator believes that a different percentage, which is at least 0.25% greater than the mark-to-market valuation set forth in such Valuation Report, should be used to reflect the market value of the Trust Student Loans), the Administrator shall submit a notice of such dispute in writing to the Administrative Agent and each Co-Valuation Agent within two Business Days after receipt of the related Valuation Report. The Co-Valuation Agents shall be required to negotiate with the Administrator in good faith to determine an agreed upon mark-to-market valuation within three Business Days after receipt of such notice. At the end of such period, each Co-Valuation Agent shall resubmit its good faith valuation (adjusted, to the extent applicable, following such negotiation) to the Administrative Agent and the mark-to-market valuation to be used for determining the new Applicable Percentage shall be the average of the mark-to-market valuations submitted by the Co-Valuation Agents.

(d) During the pendency of any dispute described in clause (b) or (c) above, the Applicable Percentage to be applied shall be the disputed Applicable Percentage set forth in the Valuation Report; provided, however, that to the extent the Administrator has disputed the Applicable Percentage, the Administrator, on behalf of the Trust, shall cause to be transferred into the Administration Account amounts required to cure any breach of the Minimum Asset Coverage Requirement based on the disputed Applicable Percentage, which amounts shall be maintained therein until such dispute is resolved, at which time the Administrator, on behalf of the Trust, may, if the dispute is resolved at a higher valuation, withdraw the portion of such payment that is no longer required to satisfy the Minimum Asset Coverage Requirement and release such amount to the Trust. To the extent an Applicable Percentage changes due to either a mark-to-market valuation or as a result of the process required to obtain a periodic ratings confirmation letter, all new Eligible Private Credit Loans shall thereafter be sold to the Trust using such revised Applicable Percentages, and with respect to all Eligible Private Credit Loans then owned by the Trust, the Administrator, on behalf of the Trust, shall cure any Minimum Asset Coverage Requirement deficiency by causing cash to be contributed, or by causing Eligible Private

Credit Loans to be transferred, to the Trust by the Business Day following the date of adjustment of the Applicable Percentage.

(e) No amounts shall be paid to the holder of the Excess Distribution Certificate pursuant to Section 2.05(b)(xxi) until any dispute as to the Applicable Percentage is resolved and, if applicable, any additional amounts required to be deposited into the Administration Account to satisfy the Minimum Asset Coverage Requirement shall have been deposited therein.

(f) In connection with any Permitted Release under Section 2.18 involving a release of Trust Student Loans with an aggregate Principal Balance of more than \$500,000,000, the Trust, acting through the Administrator, shall deliver to each Co-Valuation Agent, within five Business Days of request therefor, at the Administrator's option, either (i) summary statistics of the Pledged Collateral being released, together with a copy of a collateral tape describing the released assets, to the extent such a tape has been prepared and delivered to any third parties in connection with such release, or (ii) an updated collateral tape reflecting the portfolio of Trust Student Loans after giving effect to such release. The Trust, acting through the Administrator, shall also use commercially reasonable efforts to provide, with reasonable promptness, such other information as may be reasonably requested by any Managing Agent in connection with such release.

(g) The parties agree that, for purposes of this Agreement and the Valuation Agent Agreement, delivery of any collateral tape shall be effective if (i) the same is posted through the Administrator's customary file transfer protocols as in effect on the Closing Date (as such protocols may be modified in a manner mutually acceptable to the Administrator and the Co-Valuation Agents), and (ii) notice of such posting is given to the applicable recipient in accordance with Section 10.02.

Section 2.26. Inability to Determine Rates. If the Required Managing Agents determine, for any reason in connection with any request for a LIBOR Advance, that (a) dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Tranche Period of such LIBOR Advance, (b) adequate and reasonable means do not exist for determining the LIBOR Base Rate for any requested Tranche Period with respect to a proposed LIBOR Advance, or (c) the LIBOR Base Rate for any requested Tranche Period with respect to a proposed LIBOR Advance does not adequately and fairly reflect the cost to such Lenders of funding such Advance, the Administrative Agent will promptly so notify the Trust and each Lender. Thereafter, the obligation of the Lenders to make or maintain a LIBOR Advance shall be suspended until the Administrative Agent (upon the instruction of the Required Managing Agents) revokes such notice. Upon receipt of such notice, the Trust may revoke any pending request for a LIBOR Advance, or failing that, will be deemed to have converted such request into a request for Base Rate Advances in the amount specified therein.

Section 2.27. Calculation of Monthly Yield. On or before the fifth calendar day after the last day of any Settlement Period, each Managing Agent shall notify the Administrator and the Administrative Agent of the Yield payable to its Facility Group on the succeeding Settlement Date together with, (i) if interest for any portion of any Note for any portion of such Settlement Period is determined by reference to the CP Rate, the applicable CP Rate for such

Settlement Period for the applicable Conduit Lender; (ii) if interest for any portion of any Note for any portion of such Settlement Period is determined by reference to the LIBOR Rate, such Managing Agent's calculation of the applicable LIBOR Rate for such Settlement Period (which rate may be based on such Managing Agent's good faith estimates of the LIBOR Rates to be in effect during the remainder of such Interest Accrual Period) and (iii) any Estimated Interest Adjustments owing in respect of the previous Settlement Date.

ARTICLE III

THE NOTES

Section 3.01. Form of Notes Generally.

(a) The Notes shall be in substantially the form set forth in Exhibit K, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes.

(b) The Notes shall be typewritten or printed.

(c) The Notes shall be issuable only in registered form and with a maximum aggregate principal amount that, when aggregated with the maximum aggregate principal amounts of each other Outstanding Note, will equal the Maximum Financing Amount. One Note in an amount equal to the applicable Pro Rata Share of the Maximum Financing Amount of each Facility Group shall be registered in the name of the Managing Agent for such Facility Group.

(d) All Notes shall be substantially identical except as to maximum denomination and except as may otherwise be provided in or pursuant to this Section.

Section 3.02. Securities Legend. Each Note issued hereunder will contain the following legend:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR REGULATORY AUTHORITY OF ANY STATE. THIS NOTE HAS BEEN OFFERED AND SOLD PRIVATELY. THE REGISTERED OWNER HEREOF ACKNOWLEDGES THAT THESE SECURITIES ARE "RESTRICTED SECURITIES" THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREES FOR THE BENEFIT OF THE TRUST AND ITS AFFILIATES THAT THESE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (I) TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES IS AN INSTITUTIONAL ACCREDITED INVESTOR TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR TRANSFER IS BEING MADE IN RELIANCE ON

REGULATION D, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION OR (II) TO A PERSON IN A TRANSACTION THAT IS REGISTERED UNDER THE SECURITIES ACT OR THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE DEPOSITOR, THE ADMINISTRATOR, THE ADMINISTRATIVE AGENT AND THE ELIGIBLE LENDER TRUSTEE THAT: IT IS AN INSTITUTIONAL ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1)-(3) AND (7) OF REGULATION D UNDER THE SECURITIES ACT) OR AN ENTITY IN WHICH ALL THE EQUITY OWNERS COME WITHIN SUCH PARAGRAPHS; ITS ACQUISITION OF THIS NOTE IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS AND IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION.

Section 3.03. Priority. Except as permitted by [Section 2.05\(b\)](#), [Section 2.21](#) or [Section 7.03\(b\)](#), all Notes issued under this Agreement shall be in all respects equally and ratably entitled to the benefits hereof and secured by the Pledged Collateral without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Agreement. Except as provided in [Section 2.05\(b\)](#), payments of Financing Costs on the Notes shall be made pro rata among all Outstanding Notes based on the amount of Financing Costs owed on such Notes, without preference or priority of any kind. Except as provided in [Sections 2.05\(b\)](#) and [2.21](#), payments of principal on the Notes shall be made pro rata among all Outstanding Notes, without preference or priority of any kind.

Section 3.04. Execution and Dating. The Notes shall be executed on behalf of the Trust by any of the Authorized Officers of the Eligible Lender Trustee. The signature of any of these officers on the Notes may be manual or facsimile. Each Note shall be dated the date of its execution.

Section 3.05. Registration, Registration of Transfer and Exchange, Transfer Restrictions.

(a) The Trust shall cause to be kept a register (the “**Note Register**”) in which, subject to such reasonable regulations as it may prescribe, the Trust shall provide for the registration of the Notes and for transfers of the Notes. The Administrative Agent, acting solely for this purpose as agent for the Trust, shall serve as “**Note Registrar**” for the purpose of registering the Notes and transfers of the Notes as herein provided.

(b) Upon surrender for registration of transfer of any Note at the address of the Trust referred to in [Exhibit N](#), the Trust shall execute and deliver in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like tenor and aggregate principal amount.

(c) At the option of the Registered Owner, Notes may be exchanged for other Notes of the same series and of like tenor in a maximum principal amount consistent with Section 3.01(c), upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Trust shall execute and deliver the Notes, which the Registered Owner making the exchange is entitled to receive.

(d) All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Trust, evidencing the same debt, and entitled to the same benefits under this Agreement, as the Notes surrendered upon such registration of transfer or exchange.

(e) Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Trust or the Administrative Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trust and the Note Registrar duly executed, by the Registered Owner thereof or his attorney duly authorized in writing with such signature guaranteed by a commercial bank or trust company, or by a member firm of a national securities exchange, and such other documents as the Administrative Agent may require. The Trust shall notify the Administrative Agent, as the Note Registrar, of each transfer or exchange of Notes.

(f) No service charge shall be made for any registration of transfer or exchange of Notes, but the Trust or the Administrative Agent may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes.

Section 3.06. Mutilated, Destroyed, Lost and Stolen Notes.

(a) If any mutilated Note is surrendered to the Administrative Agent, the Trust shall execute and deliver in exchange therefor a new Note of the same series and of like tenor and maximum principal amount and bearing a number not contemporaneously outstanding. If there shall be delivered to the Trust (i) evidence to the Trust's satisfaction of the destruction, loss or theft of any Note and (ii) such security or indemnity as may be required by them to hold the Trust and any of its agents, including the Administrative Agent and the Eligible Lender Trustee, harmless, then, in the absence of notice to the Trust that such Note has been acquired by a bona fide purchaser, the Trust shall execute and deliver, in lieu of any such destroyed, lost or stolen Note, a new Note of the same series and of like tenor and principal amount and maximum principal amount and bearing a number not contemporaneously outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Trust in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section, the Trust may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Note Registrar) connected therewith.

(d) Every new Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Trust, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Notes duly issued hereunder.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 3.07. Persons Deemed Owners. Prior to due presentment of a Note for registration of transfer, the Trust, the Administrative Agent and any agent of the Trust or the Administrative Agent may treat the Person in whose name such Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and Financing Costs on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Trust, the Administrative Agent or any agent of the Trust or the Administrative Agent shall be affected by notice to the contrary.

Section 3.08. Cancellation. Subject to Section 3.05(b), all Notes surrendered for payment, prepayment in whole, registration of transfer or exchange shall, if surrendered to any Person other than the Trust, be delivered to the Trust and shall be promptly cancelled by the Trust. The Trust may at any time cancel any Notes previously delivered hereunder which the Trust may have acquired in any manner whatsoever, and may cancel any Notes previously executed hereunder which the Trust has not issued and sold. No Notes shall be executed and delivered in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Agreement. All cancelled Notes held by the Trust shall be held or destroyed by the Trust in accordance with its standard retention or disposal policy as in effect at the time.

Section 3.09. CUSIP/DTC Listing. Each of the Administrator, SLM Corporation and the Trust hereby covenants and agrees, at the request of any Lender, to take any actions reasonably requested by any such requesting Lender in order to obtain a CUSIP number for such Lender's Notes or to list such Lender's Notes on The Depository Trust Company ("DTC"); provided, however, that the Trust shall not be required to pay amounts under Section 2.15, 2.20 or 10.08 as a result of such action. The requesting Lender agrees to pay all costs and expenses (other than legal expenses) associated with obtaining any such CUSIP number or making such listing on DTC, and the Administrator agrees to pay all costs and expenses associated with any amendments to be made to this Agreement as determined to be reasonably necessary to accomplish the foregoing; provided further, that the parties hereto agree that no amendment fee in connection therewith will apply.

Section 3.10. Legal Final Maturity Date. The Notes shall be due and payable in full on the Legal Final Maturity Date.

ARTICLE IV

CONDITIONS TO CLOSING DATE AND ADVANCES

Section 4.01. Conditions Precedent to Closing Date. The purchase of the Notes on the Closing Date are subject to the condition precedents, unless waived by the Required Managing Agents (and the Trust, by executing this Agreement, shall be deemed to have certified that all such conditions precedent unless waived are satisfied on the Closing Date), that:

(a) the Administrative Agent shall have received on or before the Closing Date the following documents and opinions, in form and substance satisfactory to each Managing Agent:

(i) executed copies of the Transaction Documents and each Note,

(ii) UCC-1 Financing Statements;

(iii) Officer's Certificates of the Trust, the Eligible Lender Trustee, the Administrator, the Master Servicer, SLM Corporation, each Seller and the Depositor certifying, in each case the articles of incorporation or equivalent organization document, certificate of formation, by-laws or the equivalent, board resolutions, good standing certificates and the incumbency and specimen signature of each officer authorized to execute the Transaction Documents (on which certificates the Administrative Agent, Managing Agents and Note Purchasers may conclusively rely until such time as the Administrative Agent and the Managing Agents shall receive from the applicable Person a revised certificate meeting the requirements of this clause);

(iv) Opinions of Counsel to the Trust, the Depositor, each Seller, the Administrator, the Master Servicer, SLM Corporation, and the Eligible Lender Trustee in form and substance acceptable to the Administrative Agent; with respect to, among other things: (A) the due organization, good standing and power and authority of each of the Transaction Parties; (B) the due authorization, execution and delivery of each of the Transaction Documents by the Transaction Parties party thereto; (C) the enforceability of each of the transaction documents against each of the Transaction Parties party thereto; (D) that all governmental consents or filings required under New York or federal law or applicable corporate law in connection with the execution, delivery and performance of the Transaction Documents have been made; (E) the absence of conflicts with organizational documents, laws, regulations, court orders or contracts arising from the execution, delivery and performance by the Transaction Parties of the Transaction Documents; (F) the exemption from registration of the Notes under the Securities Act; (G) the exemption of the Trust and the Depositor from registration under the Investment Company Act; (H) the validity and perfection of the security interests created under the Transaction Documents; (I) that each transfer of assets under the Purchase Agreements constitutes a "true sale" in the event of the bankruptcy of the applicable Seller; (J) the priority of any security interests created under the Transaction Documents; (K) the non-consolidation of the assets and liabilities of the Depositor and the Trust with the Sellers, Sallie Mae, Inc. and SLM Corporation in the event of the bankruptcy of any such entity; and (L) the treatment of the Notes as debt for federal income tax purposes and the classification of the Trust not as an association or otherwise taxable as a corporation for federal income tax purposes;

(v) a schedule of all Trust Student Loans as of the Closing Date;

- (vi) UCC search report results dated a date reasonably near the Closing Date listing all effective financing statements which name the Trust, any Seller, the Depositor or the Eligible Lender Trustee (under its present name or any previous names) in any jurisdictions where filings are to be made under clause (ii) above (or similar filings would have been made in the past five years);
- (vii) financing statement terminations on Form UCC-3, if necessary, to release any liens;
- (viii) evidence of establishment of the Trust Accounts;
- (ix) evidence of any required certification from S&P and Moody's with respect to pre-review Conduit Lenders;
- (x) such powers of attorney as the Administrative Agent or any Managing Agent shall reasonably request to enable the Administrative Agent to collect all amounts due under any and all of the Pledged Collateral;
- (xi) a list of any pre-approved Lockbox Bank arrangements and copies of all related documentation; and
- (xii) a letter from Moody's stating that the Notes have received a long-term definitive rating of "Aaa", subject to customary surveillance procedures;
- (b) all fees due and payable to the Arrangers, the Co-Valuation Agents, the Lenders, the Managing Agents, the Administrative Agent, the Syndication Agent and the Eligible Lender Trustee on the Closing Date shall have been paid;
- (c) a review of the portfolio and servicing operations has been conducted by Protiviti Inc. based on procedures agreed upon among the Managing Agents, the Administrative Agent, the Administrator and the Master Servicer;
- (d) the Managing Agents shall have completed satisfactory due diligence on the status of SLM Corporation's current class action litigation and legal compliance issues;
- (e) the FFELP Loan Facilities shall have closed contemporaneously;
- (f) the senior unsecured debt rating of SLM Corporation shall not have been downgraded by Moody's or S&P below investment grade;
- (g) there shall not have occurred since December 31, 2007, any event which could reasonably be expected to have a material adverse effect on the business, assets or condition of SLM Corporation and its Affiliates taken as a whole, other than as disclosed to each of the Administrative Agent, the Lead Arrangers, the Managing Agents and the Lenders prior to January 25, 2008;
- (h) there are no Competing Financing Transactions outstanding or being offered, placed or arranged, other than the other FFELP Loan Facilities, the Private Credit Loan Facility,

the VG Funding Facility, the Mustang Funding I Facility, the Mustang Funding II Facility and the Phoenix Fundings Facility;

(i) the Administrator shall have delivered to the Administrative Agent evidence of (i) notification to the administrative agents under the VG Funding Facility, the Mustang Funding I Facility and the Mustang Funding II Facility that no further advances shall be made thereunder after the Closing Date; (ii) an irrevocable written request from or on behalf of VG Funding I to terminate the VG Funding Facility in full on the date of the initial Advance; (iii) written agreement from VG Funding I and Sallie Mae, Inc., in its capacity as administrator under the VG Funding Facility to waive any waiting period or extension period during which the lenders under the VG Funding Facility are stayed from exercising remedies; (iv) an irrevocable written request from or on behalf of each of Mustang Funding I, LLC and Mustang Funding II, LLC providing for the termination of the Mustang Funding I Facility and the Mustang Funding II Facility, on or prior to the 15th Business Day after the date the initial Advance has been made under this Agreement and (v) written agreement from Mustang Funding I, LLC, Mustang Funding II, LLC, and Sallie Mae, Inc., in its capacity as administrator under the Mustang Funding I Facility and Mustang Funding II Facility to waive any waiting period or extension period during which the lenders under the Mustang Funding I Facility and Mustang Funding II Facility are stayed from exercising remedies;

(j) the aggregate amount of (i) Commitments under this Agreement, (ii) commitments under the FFELP Loan Facilities, (iii) commitments under any Competing Financing Transactions with a commitment maturity of not less than 364 days, and (iv) funds received from any term securitizations or whole loan sales consummated after January 25, 2008, the proceeds of which have been or will be used to repay outstanding amounts under the VG Funding Facility, the Mustang Funding I Facility or the Mustang Funding II Facility and which financings of the type described in this clause (iv) are in excess of any financings projected by SLM Corporation on or prior to January 25, 2008 and which do not involve a material portion of the unencumbered assets of SLM Corporation or its Affiliates, equals or exceeds \$30,000,000,000; and

(k) such other information, certificates, documents and actions as the Required Managing Agents and the Administrative Agent may reasonably request has been received or performed.

Section 4.02. Conditions Precedent to Advances.

(a) **Conditions Precedent to the Initial Advance.** The initial Advance hereunder shall be subject to the condition precedents, unless waived by each of the Managing Agents, that on or prior to the date of such Advance (and the Trust, by accepting the proceeds of such initial Advance, shall be deemed to have certified that all such conditions unless waived are satisfied on the date of such Advance):

(i) (A) from and after the Closing Date, no additional advances shall have been made under the VG Funding Facility and (B) after giving effect to the initial Advance, the VG Funding Facility shall have been repaid in full and terminated; and

(ii) the aggregate amount of (A) Commitments under this Agreement (including for this purpose executed letters from additional lenders committing to become a new Facility Group under this Agreement), (B) commitments under the FFELP Loan Facilities, (C) commitments under any Competing Financing Transactions with a commitment maturity of not less than 364 days, and (D) funds received from any term securitizations or whole loan sales consummated after January 25, 2008, the proceeds of which have been used to repay outstanding amounts under the VG Funding Facility, the Mustang Funding I Facility or the Mustang Funding II Facility and which financings of the type described in this clause (D) are in excess of any financings projected by SLM Corporation on or prior to January 25, 2008 and which do not involve a material portion of the unencumbered assets of SLM Corporation or its Affiliates, equals or exceeds \$35,000,000,000. The parties hereby agree that the condition set forth in this clause (ii) has been satisfied on the Closing Date and therefore do not need be retested on the date of the initial Advance.

(b) **Conditions Precedent to All Advances.** Each Advance (including the initial Advance but excluding any Capitalized Interest Advances) shall be subject to the further conditions precedent, unless waived by the Required Managing Agents (or, in the case of clauses (iv)(B)(1), (iv)(B)(2), (iv)(B)(4), (iv)(C), (iv)(D), (iv)(F), (v), (x), (xi), (xiii), (xiv) and (xvii) below, waived by all of the Managing Agents), that on the date of such Advance (and the Trust, by accepting the proceeds of such Advance, shall be deemed to have certified that all such conditions unless waived are satisfied on the date of such Advance):

(i) with respect to any Purchase Price Advance, the Eligible Private Credit Loans are being (A) purchased by the Depositor from a Seller pursuant to a Purchase Agreement and (B) subsequently purchased by the Trust from the Depositor pursuant to the Sale Agreement;

(ii) with respect to any Purchase Price Advance, on or prior to the Advance Date, the Trust shall cause to be delivered to the Administrative Agent copies of the relevant Purchase Agreement (except to the extent previously delivered), Sale Agreement (except to the extent previously delivered), bills of sale and blanket endorsements, together with a Schedule of Trust Student Loans, and copies of all schedules, financing statements and other documents required to be delivered by the applicable Seller and the Depositor as a condition of purchase thereunder;

(iii) with respect to any Advance, on or prior to the Advance Date, the Trust shall cause to be delivered to the Administrative Agent an Advance Request at the time required in Section 2.02(b);

(iv) on the Advance Date, the following statements shall be true, and the Trust by accepting the amount of such Advance shall be deemed to have certified that:

(A) the representations and warranties contained in Article V are correct on and as of such day as though made on and as of such date, both before and after giving effect to such Advance (or, to the extent such representations and

warranties speak as of a specific date, were true and correct on and as of such date);

(B) no event has occurred and is continuing, or would result from such Advance, which constitutes (1) a Termination Event, (2) a Servicer Default, (3) a Potential Termination Event, or (4) an Amortization Event;

(C) the Requested Advance Amount for the Advance does not, in the aggregate, exceed the Maximum Advance Amount;

(D) there has occurred no event which could reasonably be determined to have a Material Adverse Effect with respect to the Trust;

(E) no law or regulation shall prohibit, and no order, judgment or decree of any Official Body shall prohibit or enjoin, the making of such Advances in accordance with the provisions hereof;

(F) the amount of money equal to any shortfall in the Reserve Account Specified Balance on such date is deposited into the Reserve Account on such date from the proceeds of such Advance; and

(G) all covenants and agreements contained in the Transaction Documents, including the delivery of all reports required to be delivered thereunder, shall have been complied with by the Trust, subject to any applicable grace periods or waivers granted;

(v) the Termination Date shall not have been declared;

(vi) with respect to any Purchase Price Advance, the related Servicer, as bailee for the Administrative Agent for the benefit of the Secured Creditors, shall be in possession of the original Student Loan Notes or certified copies thereof, to the extent more than one loan is evidenced by such Student Loan Note, representing the Student Loans being financed with the proceeds of such Advance;

(vii) with respect to any Purchase Price Advance, all conditions precedent to the Trust's acquisition of the Student Loans to be financed with the proceeds of such Advance (other than the payment of the purchase price therefor) shall have been satisfied;

(viii) no suit, action or other proceeding, investigation or injunction, or final judgment relating thereto, shall be pending or threatened before any court or governmental agency, seeking to restrain or prohibit or to obtain damages or other relief in connection with any of the Transaction Documents or the consummation of the transactions contemplated hereby;

(ix) no statute, rule, regulation or order shall have been enacted, entered or deemed applicable by any government or governmental or administrative agency or court that would make the transactions contemplated by any of the Transaction Documents illegal or otherwise prevent the consummation thereof;

(x) after giving effect to such Advance, the Asset Coverage Ratio shall be greater than or equal to the Minimum Asset Coverage Requirement; provided, however, that this condition precedent shall not be applicable during the Transition Period so long as no Excess Concentration Amount exists with respect to the Initial Pool as of the Initial Cutoff Date;

(xi) the ratings for the Notes shall not have been reduced below the applicable Required Ratings on such Advance Date;

(xii) the amount of such Advance, together with any amounts drawn under the Revolving Credit Agreement in connection with the purchase of the related Student Loans, shall, in the aggregate, be reasonably equal to the fair market value of such Student Loans;

(xiii) the Managed Private Credit Loan Default Ratio shall not exceed 3.25% ; provided, however, that this condition precedent shall not apply during the Transition Period if the Initial Pool shall satisfy such condition;

(xiv) the purchase of the related Eligible Private Credit Loans will not cause the Weighted Average FICO Score to be below 690; provided, however, that this condition precedent shall not apply during the Transition Period if the Initial Pool satisfies such condition;

(xv) with respect to any Purchase Price Advance and each category of Student Loans referenced in Schedule 1 to the Side Letter and being acquired by the Trust in connection therewith, (a) the weighted average interest rate payable by the Obligor for each such category of Eligible Private Credit Loans that are floating rate loans being acquired on such date shall not be less than the prime rate as of such date plus the weighted average margin over the prime rate (assuming, in the case of LIBOR-Based Loans, that LIBOR equals the prime rate minus 2.15%) set forth in Schedule 1 to the Side Letter with respect to such category, (b) the Weighted Average Remaining Term to Maturity for each such category of Student Loans being acquired on such date shall not be less than the minimum term set forth in Schedule 1 to the Side Letter with respect to such category; and (c) the Weighted Average Remaining Term in School for each such category of Student Loans being acquired on such date shall not be more than 24 months;

(xvi) from and after the date the aggregate Principal Balance of Trust Student Loans in repayment exceeds \$50,000,000, the Portfolio Private Credit Loan Default Ratio shall not exceed, and as of the last Business Day of each of the two immediately preceding calendar months has not exceeded, 3.0%;

(xvii) the Private Credit Forbearance Ratio does not exceed, and as of the last Business Day of each of the two immediately preceding calendar months has not exceeded, 27.0%;

(xviii) [reserved];

(xix) after the Transition Period, after giving effect to the acquisition by the Trust of additional Eligible Private Credit Loans with the proceeds of such Advance, (A) the percentage of all Direct-To-Consumer Loans purchased with such Advance the Obligors of which had original FICO scores below 670 shall not exceed 10% of all Direct-To-Consumer Loans purchased with the proceeds of such Advance; (B) the Weighted Average FICO Score of the Direct-To-Consumer Loans which have co-signers purchased with the proceeds of such Advance shall not be below 715; and (C) the Weighted Average FICO Score of the Direct-To-Consumer Loans which do not have co-signers purchased with the proceeds of such Advance shall not be below 685;

(xx) the Requested Advance Amount for such Advance Date, together with the aggregate amount of all advances to be made under the FFELP Loan Facilities on such Advance Date, shall not exceed (x) \$2,000,000,000 if such Advance Date is on or prior to the end of the Transition Period and (y) \$1,500,000,000 on any date thereafter (it being understood that Advances made with proceeds of any prefunding arrangements agreed to by the Managing Agents (including amounts allocated to the Lenders that are also Lenders in the Mustang I Facility and the Mustang II Facility) shall not be counted towards such numbers in clauses (x) and (y)); and

(xxi) the sum of (A) the Requested Advance Amount on such Advance Date, (B) the aggregate amount of all advances to be made under the FFELP Loan Facilities on such Advance Date, (C) the amount of all Advances already made during such calendar week and (D) the aggregate amount of all advances already made under the FFELP Loan Facilities during such calendar week, shall not exceed (x) \$10,000,000,000 if such Advance Date is on or prior to the end of the Transition Period and (y) \$5,000,000,000 on any date thereafter (it being understood that Advances made with proceeds of any prefunding arrangements agreed to by the Managing Agents (including amounts allocated to the Lenders that are also Lenders in the Mustang I Facility and the Mustang II Facility) shall not be counted towards such numbers in clauses (x) and (y));

provided, however, that the consent of each Managing Agent shall be required to waive the conditions precedent set forth in subclauses (xiii) and (xvii) if, after giving effect to the acquisition by the Trust of additional Eligible Private Credit Loans with such Advance, the limitations set forth in such subclauses are exceeded by 5% or more or, in the case of subclause (xiv), if the Weighted Average FICO Score would be below 680.

(c) *Conditions Precedent to Capitalized Interest Advances.* Each Capitalized Interest Advance shall be subject to the following conditions precedent, unless waived by each of the Managing Agents, that on the date of such Advance (and the Trust, by accepting the proceeds of such Advance, shall be deemed to have certified that all such conditions unless waived are satisfied on the date of such Advance):

(i) the Trust shall cause to be delivered to the Administrative Agent an Advance Request (and, if the Trust fails to deliver such Advance Request, the Administrative Agent shall prepare and deliver to the Managing Agents on the Trust's behalf) at the time required in **Section 2.02(b)**; and

(ii) on the Advance Date, the following statements shall be true, and the Trust by accepting the amount of such Advance shall be deemed to have certified that:

- (A) the Requested Advance Amount for the Capitalized Interest Advance does not, in the aggregate, exceed the Maximum Advance Amount;
- (B) no law or regulation shall prohibit, and no order, judgment or decree of any Official Body shall prohibit or enjoin, the making of such Advances in accordance with the provisions hereof;
- (C) no Event of Bankruptcy shall have occurred with respect to the Trust; and
- (D) the Scheduled Maturity Date shall not have occurred.

Section 4.03. Condition Subsequent to Advances (other than the Initial Advance). Within five Business Days after each Advance other than the initial Advance, the Trust shall cause to be delivered to the Administrative Agent a reconciliation statement (the "**Advance Reconciliation Statement**") which shall include an updated calculation, based on actual figures, and certification in the form attached as Exhibit M confirming that the Minimum Asset Coverage Requirement was satisfied after giving effect to the related Advance. The foregoing notwithstanding, so long as the Trust has not acquired any Student Loans other than those in the Initial Pool, the Trust shall not be required to deliver any Reconciliation Statements or to comply with the next sentence until the end of the Transition Period. If the Advance Reconciliation Statement shows that the actual value of the Trust Student Loans was less than the value provided on the pro forma certification or that the Minimum Asset Coverage Requirement was not satisfied as of the Advance Date, then the Trust shall deposit into the Administration Account an amount for each Trust Student Loan equal to the product of (a) the Applicable Percentage for such Trust Student Loan multiplied by (b) such difference in value. If the Advance Reconciliation Statement shows that the value of the Trust Student Loans was greater than the value provided on the pro forma certification, then the Administrative Agent shall release funds to the Depositor in an amount, for each Trust Student Loan, equal to the product of (x) the Applicable Percentage for such Trust Student Loan multiplied by (y) such difference in value from the following accounts in order and to the extent available: *first*, from the Administration Account and *second*, from the Collection Account. Before funds from the Collection Account may be used for this purpose, the Administrator must determine that the amounts on deposit in the Collection Account as of the date of payment after any withdrawal for this purpose are sufficient to pay items (i) through (v) in Section 2.05(b) of this Agreement due and payable on the next Settlement Date.

Section 4.04. Conditions Precedent to Addition of New Seller. The addition of any new Seller to a Purchase Agreement shall be subject to the prior written consent of the Administrative Agent and the further conditions precedent that (a) at least five Business Days prior to the first transfer of Eligible Private Credit Loans from such Seller, the Trust or the Administrator shall have delivered copies of the following documents to the Administrative Agent and the Managing Agents in form acceptable to the Administrative Agent and the Required Managing Agents and (b) at least three Business Days prior to the first transfer of

Eligible Private Credit Loans from such Seller, the Administrative Agent shall have delivered notice of the proposed addition of such new Seller to the Rating Agencies:

- (i) Executed agreements adding the Seller (and, if applicable, the eligible lender trustee for such Seller) to the Purchase Agreement;
- (ii) If applicable, an executed trust agreement with respect to the Seller and the Seller's "Eligible Lender Trustee" (as defined in such trust agreement), to the extent the Seller will be transferring Student Loans with respect to which legal title is held by such trustee;
- (iii) UCC, tax lien, pending suit and judgment searches against the Seller in the appropriate jurisdictions;
- (iv) A good standing certificate and organizational documents certified by the Secretary of State of such Seller's jurisdiction of organization, together with an officer's certificate with respect to such Seller's organizational documents and incumbency of officers in the form prepared for the initial Sellers;
- (v) Evidence of filing of UCC financing statements reflecting the Seller and, to the extent applicable, its eligible lender trustee, in the form prepared for the initial Sellers in the appropriate jurisdiction; and
- (vi) To the extent not already covered by a legal opinion of outside legal counsel given to the Administrative Agent, a legal opinion in form reasonably acceptable to the Administrative Agent with respect to true sale, non-consolidation, enforceability and security interest issues.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.01. General Representations and Warranties of the Trust. The Administrator (on behalf of the Trust) represents and warrants for the benefit of the Secured Creditors as follows on the Closing Date, on the date of each Advance and on each Reporting Date:

- (a) The Trust is a statutory trust duly organized, validly existing and in good standing solely under the laws of the State of Delaware and is duly qualified to do business, and is in good standing, in every jurisdiction in which the nature of its business requires it to be so qualified.
- (b) The execution, delivery and performance by the Trust of this Agreement and all Transaction Documents to be delivered by it in connection herewith or therewith, including the Trust's use of the proceeds of Advances,
 - (i) are within the Trust's organizational powers,

- (ii) have been duly authorized by all necessary organizational action,
 - (iii) do not contravene (A) the Trust's organizational documents; (B) any law, rule or regulation applicable to the Trust; (C) any contractual restriction binding on or affecting the Trust or its property; or (D) any order, writ, judgment, award, injunction or decree binding on or affecting the Trust or its property,
 - (iv) do not result in a breach of or constitute a default under any indenture, agreement, lease or other instrument to which the Trust is a party,
 - (v) do not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties (other than in favor of the Administrative Agent, for the benefit of the Secured Creditors, with respect to the Pledged Collateral), and
 - (vi) no transaction contemplated hereby or by the other Transaction Documents to which it is a party requires compliance with any bulk sales act or similar law.
- (c) This Agreement and the other Transaction Documents to which it is named as a party have each been duly executed and delivered by the Eligible Lender Trustee, on behalf of the Trust. The Notes have been duly and validly authorized and, when executed and paid for in accordance with the terms of this Agreement, will be duly and validly issued and Outstanding, and will be entitled to the benefits of this Agreement.
- (d) No permit, authorization, consent, license or approval or other action by, and no notice to or filing with, any Official Body is required for the due execution, delivery and performance by the Trust of this Agreement or any other Transaction Document to which it is a party, except for the filing of UCC financing statements which shall have been filed on or prior to the date of the initial Advance and except as may be required under non-U.S. law in connection with any future transfer of the Notes.
- (e) This Agreement and each other Transaction Document to which the Trust is a party constitute the legal, valid and binding obligations of the Trust, enforceable against the Trust in accordance with their respective terms, subject to (i) applicable bankruptcy, insolvency, moratorium, or other similar laws affecting the rights of creditors and (ii) general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.
- (f) No Amortization Event, Termination Event, Servicer Default, or, to the best of the Trust's knowledge, Potential Termination Event has occurred and is continuing.
- (g) No Monthly Report, Valuation Report (but only to the extent that information contained therein is supplied by the Administrator on behalf of the Trust or by the Trust), information, exhibit, financial statement, document, book, record or report furnished or to be furnished by or on behalf of the Trust to the Affected Parties in connection with this Agreement is or will be incorrect in any material respect as of the date it is or shall be dated.

(h) The Notes will be characterized as debt for federal income tax purposes. The Trust has or has caused to be (i) timely filed all tax returns (federal, state and local) required to be filed, (ii) paid or made adequate provision for the payment of all taxes, assessments and other governmental charges and (iii) accounted for the sale and pledge of the Trust Student Loans in its books consistent with GAAP.

(i) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Trust, overtly threatened in writing against or affecting the Trust (x) asserting the invalidity of this Agreement or any other Transaction Document, (y) seeking to prevent the consummation of any of the transactions contemplated by this Agreement and the other Transaction Documents, or (z) wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect on the Trust or which affects, or purports to affect, the validity or enforceability against the Trust of any Transaction Document.

(j) The Trust is not required to register as an “investment company” or a company controlled by an “investment company” under the Investment Company Act.

(k) The Trust is Solvent at the time of (and immediately after) each Advance and each purchase of Eligible Private Credit Loans made by the Trust. The Trust has given reasonably equivalent value to the Depositor in consideration for the transfer to it of the Trust Student Loans from the Depositor and each such transfer shall not have been made for or on account of an antecedent debt owed by the Depositor to it. No Event of Bankruptcy has occurred with respect to the Trust.

(l) The principal place of business and chief executive office of the Trust and the office where the Trust keeps any Records in its possession are located at the addresses of the Trust referred to in Section 10.02 or such other location as the Trust shall have given notice of to the Administrative Agent pursuant to this Agreement.

(m) The Trust has no trade names, fictitious names, assumed names or “doing business as” names or other names under which it has done or is doing business.

(n) All representations and warranties of the Trust set forth in the Transaction Documents to which it is a party are true and correct in all material respects as of the date made the Trust is hereby deemed to have made each such representation and warranty, as of the date made, to, and for the benefit of, the Secured Creditors as if the same were set forth in full herein.

(o) The Trust is not in violation of, or default under, any material law, rule, regulation, order, writ, judgment, award, injunction or decree binding upon it or affecting the Trust or its property or any indenture, agreement, lease or instrument.

(p) The Trust has incurred no Debt and has no other obligation or liability, other than normal trade payables and the Liabilities.

(q) The sale of the Notes to the initial Note Purchasers pursuant to this Agreement will not require the registration of the Notes under the Securities Act.

(r) (i) No Reportable Event has occurred during the six year period prior to the date on which this representation is made or deemed made with respect to any Benefit Plan; (ii) no steps have been taken by any Person to terminate any Benefit Plan subject to Title IV of ERISA; (iii) no contribution failure or other event has occurred with respect to any Benefit Plan which is sufficient to give rise to a lien on the assets of the Trust or any ERISA Affiliate in favor of the PBGC, during such six-year period; (iv) each Benefit Plan has been administered in all material respects in compliance with its terms and the applicable provisions of ERISA and the Code; (v) neither the Trust nor any ERISA Affiliate maintains or contributes to any employee welfare benefit plan within the meaning of Section 3(1) of ERISA which provides benefits to employees after termination of employment and which is unfunded by a material amount, except as specifically required by the continuation requirements of Part 6 of Title I of ERISA; (vi) the present value of all accrued benefits under each Benefit Plan subject to Title IV of ERISA (based on those assumptions used to fund such Benefit Plans) did not, as of the last valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Benefit Plan allocable to such accrued benefits; (vii) neither the Trust nor any ERISA Affiliate has had a complete or partial withdrawal from any Multiemployer Plan and neither the Trust nor any ERISA Affiliate would become subject to any liability under ERISA if the Trust or any such ERISA Affiliate were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made; and (viii) no such Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA or in reorganization within the meaning of Section 4241 of ERISA; provided that this subsection (r) shall not apply to events which could not reasonably be expected to have a Material Adverse Effect on the Trust or on SLM Corporation.

(s) No proceeds of any Advances will be used by the Trust for any purpose that violates applicable law, including Regulation U of the Federal Reserve Board. The Trust does not own any “margin stock” within the meaning of Regulation T, U and X of the Federal Reserve Board.

(t) Each Student Loan to be financed with the proceeds of any Advance constitutes an Eligible Private Credit Loan as of the date of such Advance and is purchased, or was previously purchased by the Trust, from the Depositor pursuant to the Sale Agreement. Each Trust Student Loan represented as an Eligible Private Credit Loan in a Monthly Report, in fact satisfied as of the last day of the related Settlement Period the definition of “Eligible Private Credit Loan.” Each Trust Student Loan represented to be an Eligible Private Credit Loan on any other date or included in the calculation of Asset Coverage Ratio on any other date in fact satisfied as of such date the definition of “Eligible Private Credit Loan.”

(u) Since the date of its formation, no event has occurred which has had a Material Adverse Effect on the Trust.

(v) Since the Closing Date, there have been no material changes to the Underwriting Guidelines or Servicing Policies except as permitted under Section 6.24.

(w) The information provided to the Administrative Agent and the Managing Agents with respect to the Trust Student Loans is accurate in all material respects.

(x) Each payment of interest on and principal of the Notes will have been (i) in payment of a debt incurred in the ordinary course of business or financial affairs on the part of the Trust and (ii) made in the ordinary course of business or financial affairs of the Trust.

(y) Each Trust Student Loan was originated and has been serviced in compliance with all requirements of applicable law including, without limitation, Consumer Credit Laws.

Section 5.02. Representations and Warranties of the Trust Regarding the Administrative Agent's Security Interest. The Administrator (on behalf of the Trust) hereby represents and warrants for the benefit of the Secured Creditors as follows:

(a) This Agreement creates a valid and continuing security interest (as defined in the New York UCC) in the Pledged Collateral in favor of the Administrative Agent, which security interest is both perfected and prior to all other liens, charges, security interests, mortgages or other encumbrances, and is enforceable as such as against creditors of and purchasers from the Trust.

(b) The Trust, by and through the Eligible Lender Trustee as its Eligible Lender, owns and has good and marketable title to the Trust Student Loans and other Pledged Collateral free and clear of any Adverse Claim.

(c) The Trust has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Pledged Collateral granted to the Administrative Agent hereunder.

(d) All executed originals (or certified copies thereof to the extent more than one loan is evidenced by such Student Loan Note) of each Student Loan Note that constitute or evidence the Trust Student Loans have been delivered to the applicable Servicer, as bailee for the Administrative Agent for the benefit of the Secured Creditors.

(e) Other than the security interest granted to the Administrative Agent pursuant to this Agreement, the Trust has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Pledged Collateral. The Trust has not authorized the filing of and is not aware of any financing statements against the Trust that include a description of collateral covering the Pledged Collateral other than any financing statement relating to the security interest granted to the Administrative Agent hereunder or any financing statement that has been terminated. There are no judgments or tax lien filings against the Trust.

(f) The Trust is a "registered organization" (as defined in § 9-102(a)(70) of the UCC) organized exclusively under the laws of the State of Delaware and, for purposes of Article 9 of the UCC, the Trust is located in the State of Delaware.

(g) The Trust's exact legal name is the name set forth for it on the signature page hereto.

Section 5.03. Particular Representations and Warranties of the Trust. The Administrator (on behalf of the Trust) further represents and warrants to each of the parties hereto with respect to each of the Trust Student Loans included in the Pledged Collateral:

- (a) Such Trust Student Loans constitute "accounts," "promissory notes" or "payment intangibles" within the meaning of the applicable UCC and are within the coverage of Sections 432(m)(1)(E) and 439(d)(3) of the Higher Education Act;
- (b) Such Trust Student Loans are Eligible Private Credit Loans as of the date they become Pledged Collateral and as of any other date upon which they are declared by the Trust or the Administrator to be Eligible Private Credit Loans and the description of such Eligible Private Credit Loans set forth in the Transaction Documents or the Schedule of Trust Student Loans and in any other documents or written information provided to any of the parties hereunder (other than documents or information stated to be preliminary which have subsequently been replaced by definitive documents or information), as applicable, is true and correct in all material respects;
- (c) The Trust is authorized to pledge such Trust Student Loans and the other Pledged Collateral; and the sale, assignment and transfer of such Trust Student Loans has been made pursuant to and consistent with the laws and regulations under which the Trust operates, and will not violate any decree, judgment or order of any court or agency, or conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Trust is a party or by which the Trust or its property is bound, or constitute a default (or an event which could constitute a default with the passage of time or notice or both) thereunder;
- (d) No consents or approvals are required for the consummation of the pledge of the Pledged Collateral hereunder to the Administrative Agent for the benefit of the Secured Creditors;
- (e) Any payments on such Trust Student Loans received by the Trust which have been allocated to the reduction of principal and interest on such Trust Student Loans have been allocated on a simple interest basis or as otherwise required by applicable law;
- (f) Due diligence and reasonable care have been exercised in making, administering, servicing and collecting the Trust Student Loans and, with respect to any Trust Student Loan for which repayment terms have been established, all disclosures of information required to be made pursuant to the Higher Education Act have been made;
- (g) There is only one original executed copy of the Student Loan Note evidencing each such Trust Student Loan. For such Trust Student Loans that were executed electronically, the Master Servicer has possession of the electronic records evidencing the Student Loan Note. Each applicable Servicer has in its possession a copy of the endorsement and each Loan Transmittal Summary Form identifying the Student Loan Notes that constitute or evidence the Trust Student Loans. The Student Loan Notes

that constitute or evidence the Trust Student Loans do not have any marks or notations indicating that they are currently pledged, assigned or otherwise conveyed to any Person other than the Administrative Agent. All financing statements filed or to be filed against the Eligible Lender Trustee and the Trust in favor of the Administrative Agent in connection herewith describing the Pledged Collateral contain a statement to the following effect: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of the Secured Party"; and

(h) The applicable parties shall have performed, satisfied and complied with the conditions set forth in Section 3 of the Purchase Agreement and the Sale Agreement as of the date of the related bill of sale.

Section 5.04. Repurchase of Student Loans; Reimbursement. The Trust shall cause the obligations of the Depositor, the Master Servicer and the Sellers to purchase, repurchase, make reimbursement or substitute Trust Student Loans to be enforced to the extent such obligations are set forth in the Sale Agreement, the applicable Purchase Agreement and the Servicing Agreement. The Trust shall cause any such repurchase amount or reimbursement to be remitted to the Collection Account. Any substitute Trust Student Loan obtained by the Trust from the Depositor, any Servicer or Seller shall constitute Pledged Collateral hereunder.

Section 5.05. Administrator Actions Attributable to the Trust. Any action required to be taken by the Trust hereunder may be taken by the Administrator on behalf of the Trust, to the extent permitted under the Administration Agreement. The Trust shall be fully responsible for each of the representations, warranties, certifications and other statements made herein, in any other Transaction Document, any Advance Request, any Notice of Release or any other communication hereunder or thereunder by the Administrator on its behalf as if such representations, warranties, certifications or statements had been made directly by the Trust. In addition, the Trust shall be fully responsible for all actions of the Administrator taken on its behalf under this Agreement or any other Transaction Document as if such actions had been taken directly by the Trust. Nothing in this Section shall limit the responsibility of the Administrator, or relieve the Administrator from any liability for exceeding its authority under the Administration Agreement.

ARTICLE VI

COVENANTS OF THE TRUST

From the date hereof until all of the Obligations hereunder and under the other Transaction Documents have been satisfied in full:

Section 6.01. Preservation of Separate Existence.

(a) **Nature of Business.** The Trust will engage in no business other than (i) purchases, sales and financings of Trust Student Loans, (ii) the other transactions permitted or contemplated by this Agreement and the other Transaction Documents, and (iii) any other transactions permitted or contemplated by its organizational documents as they exist on the Closing Date, or as amended as such amendments may be permitted

pursuant to the terms of this Agreement. The Trust will incur no other Debt except as expressly contemplated by the Transaction Documents.

(b) **Maintenance of Separate Existence.** The Trust will do all things necessary to maintain its existence as a Delaware statutory trust separate and apart from all Affiliates of the Trust, including complying with the provisions described in Section 9j(iv) of the Limited Liability Company Agreement of the Depositor.

(c) **Transactions with Affiliates.** The Trust will not enter into, or be a party to, any transaction with any of its respective Affiliates, except (i) the transactions permitted or contemplated by this Agreement (including the sale and purchase of Eligible Private Credit Loans to or from Affiliates) or the other Transaction Documents; and (ii) other transactions (including, without limitation, the lease of office space or computer equipment or software by the Trust to or from an Affiliate) (A) in the ordinary course of business, (B) pursuant to the reasonable requirements of the Trust's business, (C) upon fair and reasonable terms that are no less favorable to the Trust than could be obtained in a comparable arm's-length transaction with a Person not an Affiliate of the Trust, and (D) not inconsistent with the factual assumptions set forth in the opinion letter issued as of the Closing Date by McKee Nelson LLP to the Secured Creditors relating to the issues of substantive consolidation.

Section 6.02. Notice of Termination Event, Potential Termination Event or Amortization Event. As soon as possible and in any event within three Business Days after the occurrence of each Termination Event, each Potential Termination Event, each Amortization Event and each Potential Amortization Event (or, to the extent the Trust does not have knowledge of a Termination Event, Potential Termination Event, Amortization Event or Potential Amortization Event, promptly upon obtaining such knowledge), the Trust will provide (or shall cause the Administrator to provide) to the Administrative Agent a statement setting forth details of such Termination Event, Potential Termination Event, Amortization Event or Potential Amortization Event and the action which the Trust has taken or proposes to take with respect thereto. The Administrative Agent shall promptly forward such notice to the Managing Agents. The Administrative Agent shall promptly provide written notice of any Termination Event, Potential Termination Event, Amortization Event or Potential Amortization Event of which it has knowledge to the applicable Rating Agencies.

Section 6.03. Notice of Material Adverse Change. As soon as possible and in any event within three Business Days after becoming aware of an event which could reasonably be expected to have a Material Adverse Effect on the Trust, the Trust will provide to the Administrative Agent written notice thereof. The Administrative Agent shall promptly forward such notice to the Managing Agents.

Section 6.04. Compliance with Laws; Preservation of Corporate Existence; Code of Conduct.

(a) The Trust will comply in all material respects with all applicable laws, rules, regulations and orders and preserve and maintain its legal existence, and will

preserve and maintain its rights, franchises, qualifications and privileges in all material respects.

(b) Sallie Mae, Inc. agrees to comply in all material respects with the Student Loan Code of Conduct that it entered into with the New York Attorney General on April 11, 2007 and agrees to comply in all material respects with any other similar codes of conduct that it may expressly agree to after the date hereof.

Section 6.05. Enforcement of Obligations.

(a) **Enforcement of Trust Student Loans.** The Trust shall cause to be diligently enforced and taken all steps, actions and proceedings reasonably necessary for the enforcement of all terms, covenants and conditions of all Trust Student Loans and agreements in connection therewith (except as otherwise permitted pursuant to the Transaction Documents), including the prompt payment of all principal and interest payments and all other amounts due the Trust or the Eligible Lender Trustee, as applicable thereunder.

(b) **Enforcement of Servicing Agreements and Administration Agreement.** The Trust shall cause to be diligently enforced and taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Servicing Agreements and the Administration Agreement which relate to any Trust Student Loans. Except as otherwise permitted under any Transaction Document, the Trust shall not permit the release of the obligations of any Servicer under any Servicing Agreement or of the Administrator under the Administration Agreement and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust, the Eligible Lender Trustee and the Secured Creditors under or with respect to each Servicing Agreement and the Administration Agreement. The Trust shall not consent or agree to or permit any amendment or modification of any Servicing Agreement or of the Administration Agreement, except (i) as required by applicable law; (ii) solely for the purpose of extending the term thereof; or (iii) in any other manner, if such modification, amendment or supplement is made pursuant to the terms of that agreement. Upon the occurrence of a Servicer Default and during the continuation thereof, the Trust shall replace the Servicer subject to such Servicer Default if instructed to do so by the Administrative Agent. Upon the occurrence of an Administrator Default and during the continuation thereof, the Trust shall replace the Administrator if instructed to do so by the Administrative Agent.

(c) **Enforcement of Purchase Agreements and Sale Agreement.** The Trust shall cause to be diligently enforced and taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of each Purchase Agreement and the Sale Agreement. Except as otherwise permitted under any Transaction Document, the Trust shall not permit the release of the obligations of any Seller under any Purchase Agreement or of the Depositor under the Sale Agreement and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust, the Depositor, the Eligible Lender Trustee and the Secured Creditors under or with respect to each Purchase Agreement and

the Sale Agreement. Except as otherwise permitted under any Transaction Document, the Trust shall not consent or agree to or permit any amendment or modification of any Purchase Agreement or the Sale Agreement which will in any manner materially adversely affect the rights or security of the Administrative Agent, the Eligible Lender Trustee or the Secured Creditors. To the extent such action is required under the terms of the Sale Agreement, upon a determination that a Trust Student Loan sold pursuant to a Purchase Agreement was not an Eligible Private Credit Loan at the time it was represented to be as such, the Trust shall require the Depositor to repurchase such Trust Student Loan from the Trust pursuant to the Sale Agreement.

Section 6.06. Maintenance of Books and Records. The Administrator on behalf of the Trust shall maintain and implement or cause to be maintained and implemented administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Pledged Collateral in the event of the destruction of the originals thereof), and keep and maintain, or cause to be kept and maintained, all documents, books, records and other information reasonably necessary or advisable for the collection of all the Pledged Collateral.

Section 6.07. Fulfillment of Obligations. The Trust shall fulfill its obligations pursuant to the Transaction Documents. The Trust shall cause each of its Affiliates to fulfill its respective obligations pursuant to the Transaction Documents.

Section 6.08. Notice of Material Litigation. As soon as possible and in any event within three Business Days of the Trust's actual knowledge thereof, the Trust shall cause the Administrative Agent to be provided with written notice of (a) any litigation, investigation or proceeding which may exist at any time which could be reasonably likely to have a Material Adverse Effect on the Trust; and (b) to the extent reasonably requested by the Administrative Agent in connection with the delivery of each Monthly Report, a monthly update of material adverse developments in previously disclosed litigation, including in each case, if known to the Trust, including any of the same against a Servicer.

Section 6.09. Notice of Relocation. The Administrator on behalf of the Trust shall cause the Administrative Agent to be provided notice of any change in the location of the Trust's principal offices or any change in the location of the Trust's books and records within thirty days before any such change.

Section 6.10. Rescission or Modification of Trust Student Loans and Transaction Documents.

(a) Except as expressly permitted in the Servicing Agreement, the Trust shall not permit the release of the obligations of any Obligor under any Trust Student Loan and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust and the Secured Creditors under or with respect to each Trust Student Loan and each agreement in connection therewith. The Trust shall not consent or agree to or permit any modification, extension or renegotiation in any way of any Trust Student Loan or agreement in connection therewith unless such modification, extension or renegotiation is (i) required under applicable laws, rules or

regulations, (ii) provided for in the applicable Underwriting Guidelines or Servicing Policies, if such modification, extension or renegotiation does not materially adversely affect the value or collectability thereof or (iii) expressly provided for or permitted in the Transaction Documents. Nothing in this Agreement shall be construed to prevent the Trust, the Eligible Lender Trustee or the Administrative Agent, as applicable, from offering any Obligor any borrower benefit to the extent permissible by this Agreement or the Servicing Agreement or settling a default or curing a delinquency on any Trust Student Loan on such terms as shall be permitted by law and shall be consistent with the applicable Underwriting Guidelines or Servicing Policies.

(b) Unless otherwise specified pursuant to clause (a) above or in any Transaction Document, without the written consent of the Required Managing Agents (and the written consent of the Administrative Agent or the Syndication Agent to the extent any of the following would require the Administrative Agent or the Syndication Agent to take any action or amend, modify or waive the duties or responsibilities of the Administrative Agent or the Syndication Agent hereunder), the Trust will not (nor will it permit any of its agents to):

(i) cancel, terminate, extend, amend, modify or waive (or consent to or approve any of the foregoing) any provision of any Transaction Document; or

(ii) take or consent to any other action that may impair the rights of any Secured Creditor to any Pledged Collateral or modify, in a manner adverse to any Secured Creditor, the right of such Secured Creditor to demand or receive payment under any of the Transaction Documents.

Section 6.11. Liens.

(a) **Transaction Documents.** The Trust (i) will cause to be taken all action necessary to perfect, protect and more fully evidence the ownership interest of the Trust (or of the Eligible Lender Trustee, acting on behalf of the Trust) and the first priority perfected security interest of the Administrative Agent in favor of the Secured Creditors in the Trust Student Loans, Collections with respect thereto and in the other Pledged Collateral and the Transaction Documents including, without limitation, (A) filing and maintaining effective financing statements (Form UCC-1) in all necessary or appropriate filing offices; (B) filing continuation statements, amendments or assignments with respect thereto in such filing offices; (C) filing amendments, releases and terminations with respect to filed financing statements, as necessary; and (D) executing or causing to be executed such other instruments or notices as may be necessary or appropriate; and (ii) will cause to be taken all additional actions to perfect, protect and fully evidence the first priority security interest of the Administrative Agent, for the benefit of the Secured Creditors, in the Trust Student Loans and other Pledged Collateral related thereto reasonably requested by the Administrative Agent.

(b) **UCC Matters; Protection and Perfection of Pledged Collateral; Delivery of Documents.** Unless the Trust has complied with Section 6.09, the Trust will keep its principal place of business and chief executive office, and the office where it keeps any

Records in its possession, at the address of the Trust referred to in Exhibit N. The Trust will not make any change to its name unless prior to the effective date of any such name change or use, the Trust delivers to the Administrative Agent such financing statements necessary, or as the Administrative Agent may request, to reflect such name change, together with such other documents and instruments as the Administrative Agent may request in connection therewith. The Trust will not change its jurisdiction of formation or its corporate structure.

The Trust agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action necessary, or that the Administrative Agent may reasonably request, in order to maintain the Administrative Agent's first priority perfected security interest in the Pledged Collateral for the benefit of the Secured Creditors, or to enable the Administrative Agent or the Secured Creditors to exercise or enforce any of their respective rights hereunder (provided, however, that the foregoing sentence shall not be deemed to require the Trust or the Master Servicer to relocate or deliver any Student Loan Notes to or at the direction of the Administrative Agent prior to the Termination Date). Without limiting the generality of the foregoing, the Trust will: (i) authorize and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate (or as the Administrative Agent may request); and (ii) mark their master data processing records evidencing such Pledged Collateral with a legend or numeric code acceptable to the Administrative Agent, evidencing that the Administrative Agent, for the benefit of the Secured Creditors, has acquired an interest therein as provided in this Agreement. The Trust hereby authorizes the Administrative Agent, or any Secured Creditor on behalf of the Trust, to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Pledged Collateral now existing or hereafter arising without the signature of the Trust where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Pledged Collateral, or any part thereof, shall be sufficient as a financing statement. If the Trust fails to perform any of its agreements or obligations under this Section, the Administrative Agent or any Secured Creditor may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the expenses of the Administrative Agent or such Secured Creditor incurred in connection therewith shall be payable by the Trust upon the Administrative Agent's or such Secured Creditor's demand therefor.

For purposes of enabling the Administrative Agent or any such Secured Creditor to exercise their respective rights described in the preceding sentence and elsewhere in this Agreement, the Trust and the Eligible Lender Trustee hereby authorize, and irrevocably grant a Power of Attorney, exercisable only after the occurrence and during the continuation of a Termination Event, to the Administrative Agent and its respective successors and assigns to take any and all steps in the Trust's and the Eligible Lender Trustee's name and on behalf of the Trust and/or the Eligible Lender Trustee necessary or desirable, in the determination of the Administrative Agent, as the case may be, to collect all amounts due under any and all Trust Student Loans and other Pledged Collateral, including, without limitation, (i) endorsing the promissory notes to the Administrative Agent or its designee, such that the Administrative Agent or such designee becomes the

holder of the promissory notes and has the rights and powers of a holder under applicable law, (ii) endorsing the Trust's and/or the Eligible Lender Trustee's name on checks and other instruments representing Collections and (iii) enforcing such Trust Student Loans and other Pledged Collateral.

Section 6.12. Sales of Assets; Consolidation/Merger.

(a) **Sales, Liens, Etc.** Except as otherwise provided herein or in any other Transaction Document, the Trust will not (nor will it permit the Eligible Lender Trustee to) sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, any Pledged Collateral.

(b) **Merger, Etc.** The Trust will not merge or consolidate with any other entity. The Trust will not convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions), all or substantially all of its assets (whether now owned or hereafter acquired), or acquire all or substantially all of the assets or capital stock or other ownership interest of any Person, other than with respect to asset acquisitions or dispositions permitted under the Transaction Documents. The Trust shall not form or create any subsidiary without the consent of each Managing Agent.

Section 6.13. Change in Business. The Trust will not make any change in the character of its business, which change could reasonably be expected to impair the collectability of any Pledged Collateral or otherwise materially adversely affect the interests or remedies of the Administrative Agent or the Note Purchasers under this Agreement or any other Transaction Document.

Section 6.14. Residual Interest. The Trust will not issue any Excess Distribution Certificates (other than replacement Excess Distribution Certificates) to any Person other than the Depositor; provided, however, that the Excess Distribution Certificate may be transferred to and owned by an Affiliate of the Depositor and the Depositor or such Affiliate may pledge the Excess Distribution Certificate to the Administrative Agent for the benefit of the Secured Creditors to secure the obligations under the Transaction Documents.

Section 6.15. General Reporting Requirements. The Trust shall provide to the Administrative Agent (and, as applicable, will cause the Master Servicer to provide) the following:

(a) as soon as available and in any event within 120 days after the end of each fiscal year of the Trust, the Depositor and the Master Servicer, an annual statement of compliance with the Transaction Documents and applicable law together with an agreed upon procedures letter delivered by an independent public accountant with respect to the Transaction Documents, all in form acceptable to the Administrative Agent;

(b) as soon as available and in any event within 90 days after the end of each fiscal year of SLM Corporation, a copy of the balance sheet of SLM Corporation and its consolidated subsidiaries and the related statements of income, stockholders' equity and cash flows for such year, each prepared in accordance with GAAP consistently applied and duly certified by nationally recognized independent certified public accountants selected

by SLM Corporation, together with a certificate of an officer certifying that such financial statements fairly present in all material respects the financial condition of SLM Corporation and its consolidated subsidiaries;

(c) as soon as available and in any event within 60 days after the end of each fiscal quarter of SLM Corporation, a copy of an unaudited balance sheet of SLM Corporation and its consolidated subsidiaries and the related statements of income, stockholders' equity and cash flows for such fiscal quarter, each prepared in accordance with GAAP consistently applied, together with a certificate of an officer certifying that such financial statements fairly present in all material respects the financial condition of SLM Corporation and its consolidated subsidiaries;

(d) promptly following the Administrative Agent's or any Managing Agent's request therefor, copies of all financial statements, settlement statements, portfolio and other material reports, notices, disclosures, certificates and other written material delivered or made available to the Trust by any Person pursuant to the terms of any Transaction Document;

(e) promptly following the Administrative Agent's or any Managing Agent's request therefor, such other information respecting the Trust Student Loans and the other Pledged Collateral or the conditions or operations, financial or otherwise, of the Trust as the Administrative Agent or any Managing Agent may from time to time reasonably request;

(f) with respect to each Servicer, and promptly after receipt thereof after a good faith effort to obtain such material is made by the Trust, (i) copies of any annual audited financial statements of such Servicer other than the Master Servicer for so long as the Master Servicer is a consolidated subsidiary of SLM Corporation, to the extent available, certified by an independent certified public accounting firm, (ii) with respect to the Trust Student Loans, on an annual basis within 30 days after receipt thereof, copies of SAS 70 reports for such Servicer and (iii) to the extent not included in the financial information provided pursuant to clauses (i) and (ii) above and to the extent available, such Servicer's net dollar loss for the year due to servicing errors;

(g) promptly following the Administrative Agent's or any Managing Agent's request therefor, a Schedule of Trust Student Loans;

(h) promptly and in any event within 45 days after the filing or receiving thereof, copies of all reports and notices with respect to (A) any "Reportable Event," relating to a Benefit Plan (B) the institution of proceedings or the taking of any other action regarding the termination of, withdrawal from, reorganization within the meaning of Section 4241 of ERISA or insolvency within the meaning of Section 4245 of ERISA, any Benefit Plan subject to Title IV of ERISA which the Trust or any of its ERISA Affiliates files under ERISA with the Internal Revenue Service, the PBGC or the U.S. Department of Labor or which the Trust or any of its ERISA Affiliates receives from the PBGC, (C) a failure to make any required contribution to a Benefit Plan or (D) the creation of any lien

against the assets of the Trust or an ERISA Affiliate in favor of the PBGC or a Benefit Plan under ERISA;

(i) promptly after the occurrence thereof, written notice of changes in the Higher Education Act or any other law of the United States that could reasonably have a probability of having a Material Adverse Effect on the Trust or could materially and adversely affect (i) the ability of a Servicer to perform its obligations under its Servicing Agreement, (ii) the ability of a Subservicer to perform its obligations under its Servicing Agreement, or (iii) the collectability or enforceability of a material amount of the Trust Student Loans;

(j) promptly, notice of any change in the accountants of the Trust or SLM Corporation;

(k) promptly, after the occurrence thereof or if sooner upon any executive officer of the Administrator having direct or primary responsibility for ABS trust administration obtaining knowledge of any pending change, notice of any change in the accounting policy of the Trust or SLM Corporation to the extent such change could reasonably be seen to have a material and adverse impact on the transactions contemplated herein; and

(l) promptly after the occurrence thereof, written notice of any material reduction in the minimum required FICO scores for non-U.S. Obligors in the Underwriting Guidelines.

Section 6.16. Inspections. The Administrative Agent and the Managing Agents may, upon reasonable notice and from time to time during regular business hours, once per calendar year (or, after the occurrence and during the continuation of an Amortization Event or a Termination Event, as frequently as requested by the Administrative Agent on behalf of any Managing Agent) (i) examine and make copies of and take abstracts from all books, records and documents (including computer tapes and disks) relating to the Pledged Collateral and (ii) visit the offices and properties of the Trust (or the Master Servicer or Subservicer, as applicable) for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to the Pledged Collateral or the Trust's (or the Master Servicer's or Subservicer's) performance hereunder and under the other Transaction Documents with any of the officers, directors, employees or independent public accountants of the Trust (to the extent available), the Master Servicer or Subservicer having knowledge of such matters. Any reasonable expenses related to such inspections shall be reimbursable directly by the Master Servicer. In addition, from time to time during the year, the Administrative Agent and the Managing Agents may, at their own expense, conduct any other inspections as they may deem necessary or appropriate, provided such inspections occur upon reasonable notice and during regular business hours.

Section 6.17. ERISA. The Trust will not adopt, maintain, contribute to or incur by any of its own actions or assume any legal obligation with respect to any Benefit Plan or Multiemployer Plan.

Section 6.18. Servicers. Except as permitted by any Servicing Agreement, the Trust will not permit any Person other than the Master Servicer or a Subservicer to collect, service or administer the Trust Student Loans. The Trust will promptly provide, or cause to be provided, to the Rating Agencies notice of any resignation, replacement, merger or consolidation of the Servicer and of any amendments or other modifications made to the Servicing Agreement.

Section 6.19. Acquisition, Financing, Collection and Assignment of Student Loans. The Trust shall acquire or finance only Eligible Private Credit Loans with proceeds of the Advances and shall cause to be collected all principal and interest payments on all the Trust Student Loans and all sums to which the Trust or Administrative Agent is entitled pursuant to the Sale Agreement, which relate to such Trust Student Loans as more fully set forth in the Servicing Agreement.

Section 6.20. Administration and Collection of Trust Student Loans. All Trust Student Loans shall be administered and collected either by the Trust or by the Master Servicer or a Subservicer on behalf of the Trust in accordance in all material respects with the Servicing Agreements.

Section 6.21. Obligations of the Trust With Respect to Pledged Collateral. The Trust will (a) at its expense, regardless of any exercise by any Secured Creditor of its rights hereunder, timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the Transaction Documents included in the Pledged Collateral to the same extent as if the Pledged Collateral had not been pledged hereunder; and (b) pay when due any taxes, including without limitation, sales and excise taxes, payable in connection with the Pledged Collateral. In no event shall any Secured Creditor have any obligation or liability with respect to any Trust Student Loans or other instrument document or agreement included in the Pledged Collateral, nor shall any of them be obligated to perform any of the obligations of the Trust or any of its Affiliates thereunder. The Trust will timely and fully comply in all respects with each Transaction Document to which it is a party.

Section 6.22. Asset Coverage Requirement. The Trust shall maintain at all times, to the best of its actual knowledge, the Minimum Asset Coverage Requirement.

Section 6.23. Amendment of Organizational Documents. The Trust shall cause the Administrative Agent to be notified in writing of any proposed amendments to the Trust's organizational documents. No such amendment shall become effective unless and until the Required Managing Agents have consented in writing thereto, which consent shall not be unreasonably withheld or delayed.

Section 6.24. Amendment of Underwriting Guidelines or Servicing Policies. Promptly after the occurrence thereof, the Trust shall cause the Administrative Agent to be notified of any material changes to the Underwriting Guidelines or Servicing Policies. The Trust shall not permit or implement any change in the Underwriting Guidelines or Servicing Policies applicable to any Trust Student Loan which would materially and adversely affect the collectability of any Trust Student Loan, the performance of the portfolio of Trust Student Loans or the Administrative Agent's security interest in such Trust Student Loans without the prior written consent of the Required Managing Agents, and unless such changes are made with

respect to all Eligible Private Credit Loans serviced by the Servicer for its own portfolio and for securitization trusts sponsored by SLM Corporation. The Trust shall not permit or implement any material changes to the forbearance, deferment or principal forgiveness policies in the Underwriting Guidelines with respect to the Trust Student Loans without prior written notice to each Managing Agent.

Section 6.25. No Payments on Excess Distribution Certificate. Except as expressly permitted by Section 2.05(b) of this Agreement, the Trust shall not make any payments or distributions with respect to the Excess Distribution Certificate without the prior written consent of the Required Managing Agents.

Section 6.26. Borrower Benefit Programs. The Trust shall cause the Servicer to maintain any rate reduction programs or other borrower benefit programs in effect at the time the Trust purchased such Trust Student Loan. The Trust shall not permit any Servicer to apply any rate reduction programs with respect to the Trust Student Loans unless (i) such borrower benefit programs are in effect as of the Closing Date, (ii) the Master Servicer, the Depositor or the applicable Seller has deposited funds into the Borrower Benefit Account in an amount sufficient to offset any effective yield reductions in accordance with Section 3.12 of the Servicing Agreement and the Rating Agency Condition has been satisfied with respect to such program or (iii) the Administrative Agent has consented to the Trust's participation in that borrower benefit program or other rate reduction program and the Rating Agency Condition has been satisfied with respect to such program.

Section 6.27. Required Ratings. Within 60 days following the Closing Date, with the cooperation of the Lead Arrangers, the Trust shall obtain a rating letter from S&P stating that the Notes have received a long-term definitive rating of "AAA", subject to customary surveillance procedures. Required Ratings for the Notes and deliver it to the Administrative Agent. The Lead Arrangers are expected to assist the Trust in securing the Required Ratings, which effort may include preparing statistical and other reports required by the Rating Agencies, participating in teleconferences and/or meetings as needed and otherwise providing information to the Rating Agencies to the extent requested as a condition to obtaining the Required Ratings. Without limiting the foregoing, at any time following an amendment to the Bankruptcy Code affecting the non-dischargeability of Trust Student Loans, any Managing Agent may request an immediate reconfirmation of the ratings of the Notes. The cost of obtaining each ratings confirmation letter shall be paid by the Administrator.

Section 6.28. Competing Financing Transactions. During the Syndication Period, SLM Corporation hereby agrees that neither it nor any of its Affiliates will negotiate or solicit offers, bids or engagements, or otherwise seek to obtain commitments, or to assign, participate or transfer any interest in the commitments, advances, notes, collateral or any other right or interest in respect of, the Private Credit Loan Facility or any Competing Financing Transactions, except in cooperation and consultation with the Arrangers. If SLM Corporation or any of its Affiliates enters into, or commits to enter into any financing transaction on or before the end of the Syndication Period, and such financing transaction is a (i) conduit securitization of student loans, (ii) student loan warehouse financing transaction, or (iii) secured financing with a commitment maturity of 364 days or less that is secured by student loans that would otherwise have been Eligible Private Credit Loans (any of (i), (ii) or (iii) being a "**Competing Financing**")

Transaction”), which the Required Managing Agents reasonably determine contains terms or conditions (including pricing) which are materially more favorable than substantially analogous terms set forth herein, then upon reasonable written notice by the Administrative Agent to the Administrator, (x) the Administrative Agent on behalf of the Note Purchasers, may elect to amend this Agreement in accordance with Section 10.01 to the extent required to conform its terms to the substantially analogous terms set forth in the transaction documents related to such Competing Financing Transaction, or (y) to the extent such participation is feasible under the terms of such Competing Financing Transaction, the Note Purchasers shall be permitted to participate in such Competing Financing Transaction. In the event a Lender determines to participate in a Competing Financing Transaction and to terminate its Commitment under this Agreement, such Lender’s Facility Group shall be treated as a Withdrawing Facility Group and shall terminate its Commitment hereunder in accordance with Section 2.21(c) to the extent it participates in such Competing Financing Transaction. In addition, if, at any time while the Notes are Outstanding, SLM Corporation or any of its Affiliates enters into, or commits to enter into, any financing transaction (whether or not such financing transaction is a Competing Financing Transaction), which contains financial covenants substantially similar or in addition to those set forth in Section 7.02(q), 7.02(p), or 7.02(q) herein, the Administrator must, prior to the time SLM Corporation or any of its Affiliates enters into such transaction, certify to the Administrative Agent and the Managing Agents a true and correct copy of all financial covenants contained in any such financing transaction. If, in the reasonable determination of the Required Managing Agents, such financial covenants are materially more favorable to the lenders under such financing transaction than the corresponding covenants set forth herein, then, at the request of the Administrative Agent, this Agreement shall be amended in accordance with Section 10.01 to conform to the more restrictive (or more expansive, as applicable) financial covenants set forth in the related transaction documents.

Section 6.29. Initial Advances. After or concurrently with the termination and payment of all outstanding amounts under the VG Funding Facility and until the termination and payment in full of the Mustang Funding I Facility and Mustang Funding II Facility, the Trust will, subject to limitations on the ability of the Conduit Lenders to raise CP, request the Lenders to make Purchase Price Advances to acquire Student Loans from, and repay outstanding amounts (and permanently reduce commitments to the extent of such repayment) under, the Mustang Funding I Facility and Mustang Funding II Facility, in an aggregate minimum amount of not less than \$2,250,000,000 per calendar week (or, if greater, 25% of all Advances made under this Agreement and the FFELP Loan Facilities in such week or, if less, the amounts necessary to acquire the entire Initial Pool) until the end of the Transition Period and will not use any proceeds from any Advance for any other purpose until such facilities are paid in full.

Section 6.30. Initial Pool. Until such time as it has acquired each Eligible Private Credit Loan in the Initial Pool, the Trust shall not acquire any other Student Loan.

Section 6.31. Swap Transaction. After the Closing Date, the Trust may enter into a Swap Agreement with an Eligible Swap Counterparty only upon (i) the written consent of each Managing Agent and (ii) satisfaction of the Rating Agency Condition.

ARTICLE VII
AMORTIZATION EVENTS AND TERMINATION EVENTS

Section 7.01. Amortization Events.

Each of the following events (each, an "***Amortization Event***") shall be an Amortization Event under this Agreement:

- (a) the Aggregate Note Balance and all other Obligations due under the Transaction Documents are not repaid in full on the Scheduled Maturity Date (as such date may be extended from time to time); or
- (b) any settlement or one or more judgments or orders for the payment of money or adverse rulings shall be rendered against any Seller, the Depositor, the Administrator or the Master Servicer in excess of \$50,000,000 on an individual basis or on an aggregate basis that relates to the student loan origination or servicing practices of such Person and such settlement, judgment or ruling shall remain unsatisfied or unstayed for a period in excess of 30 days; or
- (c) the filing of any judgment or adverse ruling against any Seller, the Depositor, the Master Servicer, the Administrator or SLM Corporation that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on such Person and such judgment or ruling shall remain unsatisfied or unstayed for a period in excess of 30 days; or
- (d) any material adverse development in any federal or state litigation, investigation or proceeding against the Trust, the Depositor, the Administrator, any Seller, the Master Servicer or SLM Corporation shall occur that could reasonably be expected to have a Material Adverse Effect on such Person or on the Pledged Collateral which continues for 30 days after the earlier to occur of knowledge thereof or written notice thereof shall have been received by the Trust; or
- (e) the filing of any actions or proceedings against the Trust, the Depositor, the Administrator, any Seller, the Master Servicer or SLM Corporation that involves the Transaction Documents or any material portion of the Pledged Collateral as to which the Administrative Agent reasonably believes there is likely to result a materially adverse determination which remains unsettled, unsatisfied or unstayed for a period in excess of 30 days; or
- (f) (i) the Internal Revenue Service shall file notice of a lien involving a sum in excess of \$50,000,000 pursuant to Section 6323 of the Code with regard to any assets of the Trust and such lien shall not have been released within two Business Days, (ii) any Person shall institute steps to terminate any Benefit Plan if the assets of such Benefit Plan are insufficient to satisfy all of its benefit liabilities in excess of \$50,000,000 (as determined under Title IV of ERISA), or a contribution failure in excess of \$50,000,000 occurs with respect to any Benefit Plan, which is sufficient to give rise to a lien under Section 302(f) or 303(k), as applicable, of ERISA or where the PBGC shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Trust and in each case such lien shall not have been released within two Business Days, or (iii) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving a Benefit Plan; or any Reportable Event shall occur with respect to, or proceedings

shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, a Benefit Plan subject to Title IV of ERISA, which Reportable Event is likely to result in termination of such Benefit Plan; or the Trust or any ERISA Affiliate is likely to incur any liability in connection with the withdrawal from, or the insolvency within the meaning of Section 4245 of ERISA or reorganization within the meaning of Section 4241 of ERISA of, a Multiemployer Plan; provided, that an event described in this subsection (f) shall not be an Amortization Event unless such event could reasonably be expected to have a Material Adverse Effect on the Trust or on SLM Corporation; or

(g) any material provision of this Agreement or any other Transaction Document to which the Trust, the Administrator, any Seller, the Depositor or the Master Servicer is a party shall cease to be in full force and effect for a period of 30 days subject to any other applicable cure period under this Agreement or any other Transaction Documents; or

(h) any amendment to applicable law that becomes effective that materially adversely affects the interests of the Administrative Agent or the Note Purchasers in the Pledged Collateral; or

(i) the failure to obtain from S&P within 60 days of the Closing Date its explicit and published Required Ratings for the Notes; provided, that this Amortization Event shall terminate and the Revolving Period shall be reinstated if such Required Ratings are subsequently obtained prior to the occurrence of the Termination Date; or

(j) the Managed Private Credit Loan Default Ratio exceeds 3.50%.

Section 7.02. Termination Events.

Each of the following events (each, a “**Termination Event**”) shall be a Termination Event under this Agreement:

(a) (i) the Trust shall fail to pay the Aggregate Note Balance or any other Obligations in full on the last day of the Amortization Period, (ii) the Trust shall fail to make any payment under Sections 2.05(b)(i), through 2.05(b)(v) within five Business Days of the due date thereof, or (iii) the Trust, the Depositor, the Master Servicer, any Material Subservicer or the Eligible Lender Trustee shall fail to make any other payment, transfer or deposit (unless waived by the payee or in the case of a failure to make a payment by a Material Subservicer, such failure was cured by the Master Servicer within the permissible grace period) on the date first required of such party under the Transaction Documents and such failure shall remain uncured following the expiration of any applicable payment or grace period provided for in the Transaction Documents (including the Amortization Period, if applicable); provided, however, that failure by the Trust to make a required payment on a Settlement Date under Sections 2.05(b)(vi) through (xxi) solely due to insufficient Available Funds on such Settlement Date shall not by itself constitute a Termination Event (other than with respect to all amounts due and owing on the Termination Date or as expressly specified below); or

(b) any material representation, warranty, certification or statement made or deemed to be made by the Trust, the Administrator, the Eligible Lender Trustee, any Seller, the Depositor, the Master Servicer or any Material Subservicer (to the extent such entity remains a

Subservicer after the 30-day cure period noted below) under or in connection with this Agreement or any other Transaction Document, or other information, report or document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made, deemed made or delivered (except for representations and warranties concerning Eligible Private Credit Loans with respect to which the applicable Seller, the Depositor or the Servicer has repurchased the related Student Loans) and shall remain unremedied (if such default can be remedied) for the greater of (i) 30 days or (ii) the time period expressly provided for the cure of such representation or warranty in the related Transaction Document, in each case after written notice thereof shall have been received by the Trust; or

(c) the Trust, the Administrator, the Eligible Lender Trustee, any Seller, the Depositor, the Master Servicer or any Material Subservicer shall materially default in the performance or observance of any term, covenant or undertaking to be performed or observed herein or in any other Transaction Document on its part and any such failure shall remain unremedied (if such default can be remedied) for 30 days after the earlier of actual knowledge by an Authorized Officer of the Trust, the Administrator or the Master Servicer and written notice thereof shall have been received by the Trust (or, if the obligation in question arises under another Transaction Document, within the cure period, if any, provided in such Transaction Document); provided, however, such 30-day cure period shall not apply to defaults under Section 6.01, 6.11, 6.12, 6.25, 6.29 or 6.30; or

(d) a Servicer Default shall have occurred with respect to the Master Servicer or the Servicing Agreement of the Master Servicer shall not be in full force and effect for any reason and the Master Servicer shall not have been replaced within 30 days after notification from the Administrative Agent; or

(e) an Event of Bankruptcy shall have occurred with respect to the Trust, the Eligible Lender Trustee, the Depositor, any Seller, the Administrator, the Master Servicer, SLM Corporation or any Material Subservicer (to the extent such entity remains a Subservicer after the 30-day period provided in the definition of an Event of Bankruptcy); or

(f) [reserved]; or

(g) the Trust shall fail to deposit, (i) for two consecutive Settlement Periods, into the Reserve Account, such additional amounts, if any, as are necessary to cause the amount on deposit in the Reserve Account to be at least equal to the Reserve Account Specified Balance or (ii) into the Borrower Benefit Account, any amount required to be deposited therein under the Transaction Documents on or prior to the first Settlement Date for such deposit as described in the Transaction Documents; or

(h) the filing of any judgment or adverse ruling against the Trust that could reasonably be expected to have a Material Adverse Effect on the Trust and such judgment or ruling shall continue unsatisfied or unstayed for a period in excess of 30 days; or

(i) the Administrative Agent, for the benefit of the Secured Creditors, shall, for any reason, cease to have a valid and perfected first priority security interest in the Pledged Collateral, or the Trust shall, for any reason, cease to have a valid and perfected first priority

ownership interest in any of the Pledged Collateral, in each case for a period of two Business Days following the date the Administrator acquired such knowledge or its receipt of such notice; or

(j) a Change of Control has occurred with respect to the Trust, the Administrator, any Seller, the Depositor or the Master Servicer; or

(k) the Depositor shall fail to maintain its status as a limited purpose bankruptcy remote limited liability company or the Trust shall fail to maintain its status as a single purpose bankruptcy remote Delaware statutory trust; or

(l) the Excess Spread Test is not satisfied; or

(m) the Trust shall be required to register as an “investment company” or a company controlled by an “investment company” under the Investment Company Act; or

(n) any Seller, the Depositor, the Master Servicer, any Material Subservicer (to the extent such Material Subservicer has not been removed as a Subservicer prior to the expiration of any related cure period), the Administrator or any Affiliate thereof (other than the Trust) shall default with respect to any outstanding financing arrangement (other than in connection with this Agreement and the Transaction Documents) representing indebtedness in excess of \$50,000,000 and the result of such default is to cause the acceleration of such indebtedness; or

(o) the Asset Coverage Ratio shall be less than the Minimum Asset Coverage Requirement and such deficiency shall not have been cured within one Business Day; or

(p) the Portfolio Private Credit Default Ratio exceeds 3.50%; or

(q) the Private Credit Forbearance Ratio exceeds 32.00%; or

(r) the Consolidated Tangible Net Worth of SLM Corporation shall be less than \$1,380,000,000; or

(s) at the last day of each fiscal quarter of SLM Corporation, either (i) the Interest Coverage Ratio shall be less than 1.15:1.00 or (ii) the Net Adjusted Revenue shall be less than \$400,000,000, in each case for the period of four consecutive fiscal quarters then ended; or

(t) the Trust shall fail to pay to any Exiting Facility Group its Pro Rata Share of the Aggregate Note Balance within 90 days of the commencement of the Exiting Facility Group Amortization Period with respect to such Exiting Facility Group; or

(u) any Rating Agency shall withdraw or downgrade its rating of the Notes below the Required Ratings; or

(v) any failure by the Trust to pay amounts required to be paid under Section 2.15, 8.01 or 10.08 on or before the 30th day following the date of demand for payment thereof; or

(w) the failure to pay in full all amounts outstanding under the Mustang Funding I Facility and Mustang Funding II Facility and to terminate each such facility on or prior to the 15th Business Day after the date the initial Advance has been made under this Agreement.

Section 7.03. Remedies.

(a) Amortization Event. After the occurrence of an Amortization Event, the Yield Rate shall be increased to the Amortization Period Rate until the expiration of the Amortization Period and any increase in amounts owed shall be payable as Step-Up Fees subject to the priority of payments set forth in Section 2.05(b). In addition, following the occurrence of an Amortization Event, no further Advances (other than Capitalized Interest Advances) shall be made and all amounts on deposit in the Reserve Account will be transferred to the Collection Account and will become part of Available Funds on the next Settlement Date. During the Amortization Period, the Administrative Agent or any party acting on its behalf shall not have the right to seize or sell the Pledged Collateral. Upon the expiration of the Amortization Period, the Administrative Agent may, by notice to the Trust, declare that the Termination Date has occurred and may sell the Pledged Collateral to the extent required in order to repay in full all outstanding Advances and all other amounts due and owing under this Agreement and the other Transaction Documents in accordance with the procedures set forth in subsection (b) below.

(b) Termination Event. After the occurrence of a Termination Event, the Yield Rate shall be increased as set forth in clause (c) of the definition thereof and any increase in amounts owed shall be payable as Step-Up Fees subject to the priority of payments set forth in Section 2.05(b). In addition, after the occurrence of a Termination Event, the Administrative Agent may, and shall, at the direction of the Required Managing Agents, by notice to the Trust, declare that a Termination Date shall have occurred (except that, in the case of any event described in Section 7.02(g) above, the Termination Date shall be deemed to have occurred automatically). Upon the declaration of the Termination Date or the automatic occurrence thereof, no further Advances will be made and all of the Obligations due and owing to the Affected Party shall become immediately due and payable. Upon any such declaration or automatic occurrence, the Administrative Agent (for the benefit of the Secured Creditors) shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided to a secured party under the UCC of the applicable jurisdiction and other applicable laws, which rights shall be cumulative. The rights and remedies of a secured party which may be exercised by the Administrative Agent pursuant to this Article shall include, without limitation, the right, without notice except as specified below, to solicit and accept bids for and sell the Pledged Collateral or any part thereof in one or more parcels at a public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable, including selling Trust Student Loans on a servicing released basis; provided, that the Administrative Agent may not, without the prior written consent of the Required Managing Agents, sell the entire corpus of the Trust Student Loans unless the net proceeds of such sale will be sufficient to pay in full all interest and principal owing on the Notes. The Trust agrees that, to the extent notice of sale shall be required by law, ten Business Days' notice to the Trust and

the Administrator of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification and that it shall be commercially reasonable for the Administrative Agent to sell the Pledged Collateral on an “as is” basis, without representation or warranty of any kind. The proceeds of any such sale shall be deposited into the Collection Account and shall be distributed pursuant to Section 2.05(b). The Administrative Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given and may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

Section 7.04. Setoff. Each of the Secured Creditors and the Administrative Agent on behalf of all the Secured Creditors is hereby authorized (in addition to any other rights it may have) at any time after the occurrence of the Termination Date due to the occurrence of a Termination Event or during the continuation of a Potential Termination Event to set off, appropriate and apply (without presentment, demand, protest or other notice which are hereby expressly waived) any deposits and any other indebtedness held or owing by such Secured Creditor or all the Secured Creditors, as applicable, to, or for the account of, the Trust against the amount of the Outstanding Notes owing by the Trust to such Secured Creditor or to the Administrative Agent on behalf of such Secured Creditor (even if contingent or unmatured).

ARTICLE VIII

INDEMNIFICATION

Section 8.01. Indemnification by the Trust.

(a) Without limiting any other rights which the Affected Parties or any of their respective Affiliates may have hereunder or under applicable law, the Trust hereby agrees to indemnify the Affected Parties and each of their respective members, investors, officers, directors, employees, agents, advisors, attorneys-in-fact and Affiliates (each, an “**Indemnified Party**”) from and against any and all damages, losses, claims, liabilities and related costs and expenses, including reasonable attorneys’ fees and disbursements (except as may be expressly limited by Section 10.08) awarded against or incurred by any of the Indemnified Parties arising out of or as a result of the purchase of any Notes, the funding of Advances, this Agreement, the other Transaction Documents or the Pledged Collateral; excluding, however (i) any indemnified amounts to the extent determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Party seeking indemnification and (ii) any recourse for Defaulted Student Loans or Delinquent Student Loans or losses attributable to changes in the market value of the Trust Student Loans because of changes in market interest rates or in rate of prepayment (the foregoing, being collectively referred to as “**Trust Indemnified Amounts**”).

(b) Any amounts subject to the indemnification provisions of this Section 8.01 shall be paid by the Trust, to the extent not already paid by the Seller, the Depositor or the Servicer under any other Transaction Documents, to the related Indemnified Party on or

before the 30th day following the date of demand therefor accompanied by reasonable supporting documentation with respect to such amounts.

Section 8.02. Indemnification by SLM Corporation.

(a) Without limiting any other rights that any such Person may have hereunder or under applicable law (including, without limitation, the right to recover damages for breach of contract), SLM Corporation hereby agrees to indemnify each Indemnified Party, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including attorneys' fees and disbursements awarded against or incurred by any of them arising out of or relating to (i) the Transaction Documents, the transactions contemplated under the Transaction Documents or the Trust Student Loans, or (ii) use of proceeds hereunder, including indemnified amounts arising out of or relating to any Regulatory Change after the date of this Agreement that results in any Other Tax, all interest and penalties thereon or with respect thereto, and all out-of-pocket costs and expenses, including the reasonable fees and expenses of counsel in defending against the same, which may arise by reason of the purchases hereunder, or any security interest in the Trust Student Loans or any item of the Trust Student Loans; excluding, however, (A) indemnified amounts to the extent determined by a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of such Indemnified Party, (B) any amounts payable as indemnification by the Trust for which the Indemnified Party has a claim against the Depositor, a Seller or the Master Servicer under the indemnification provisions in the Sale Agreement, any Purchase Agreement or the Servicing Agreement, unless such claim has not been paid within the applicable timeframe provided therein, (C) recourse for Defaulted Student Loans or Delinquent Student Loans or losses attributable to changes in the market value of the Trust Student Loans because of changes in market interest rates or in rate of prepayment, or (D) indemnified amounts to the extent that such indemnified amounts exceed in the aggregate the lesser of (1) 5% of the highest Aggregate Note Balance at any time during the immediately preceding 12-month period, and (2) \$100,000,000 (the foregoing being collectively referred to as "**SLM Indemnified Amounts**").

(b) Any Trust Indemnified Amounts which are also SLM Indemnified Amounts and are not paid by the Trust on or before the 30th day following the date of demand pursuant to Section 8.01, shall be paid by SLM Corporation to the related Indemnified Party within five Business Days following demand therefor accompanied by reasonable supporting documentation with respect to such amounts.

ARTICLE IX

ADMINISTRATIVE AGENT, SYNDICATION AGENT AND MANAGING AGENTS

Section 9.01. Authorization and Action of Administrative Agent and Syndication Agent.

(a) The Conduit Lenders, the LIBOR Lenders, the Managing Agents and the Alternate Lenders hereby accept the appointment of and authorize the Administrative Agent and the Syndication Agent to take such action as agent on their behalf and to exercise such powers as are delegated to the Administrative Agent and the Syndication Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Each of the Administrative Agent and the Syndication Agent reserves the right, in its sole discretion, to take any actions and exercise any rights or remedies under this Agreement and any related agreements and documents. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Transaction Document, the Administrative Agent and the Syndication Agent shall not have any duties or responsibilities, except those expressly set forth in this Agreement, nor shall the Administrative Agent or the Syndication Agent have or be deemed to have any fiduciary relationship with any Lender or Managing Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Transaction Document or otherwise exist against the Administrative Agent and the Syndication Agent. Without limiting the generality of the foregoing sentence, the use of the terms “Administrative Agent” and “Syndication Agent” in this Agreement with reference to the Administrative Agent and the Syndication Agent, respectively, are not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such terms are used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each of the Administrative Agent and the Syndication Agent may execute any of its duties under this Agreement or any other Transaction Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each of the Administrative Agent and the Syndication Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care. The Administrative Agent agrees to give the Managing Agents notice of each notice and determination and a copy of each certificate and report (if such notice, report, determination, or certificate is not given by the applicable Person to such Managing Agent) given to it by the Trust, the Administrator, any Seller, the Master Depositor, the Depositor, any Servicer, any Co-Valuation Agent or the Eligible Lender Trustee pursuant to the terms of the Transaction Documents within five Business Days of receipt thereof. Except for actions which each of the Administrative Agent and the Syndication Agent is expressly required to take pursuant to this Agreement, neither the Administrative Agent nor the Syndication Agent shall be required to take any action which exposes the Administrative Agent or the Syndication Agent to personal liability or which is contrary to applicable law unless the Administrative Agent or the Syndication Agent shall receive further assurances to its satisfaction from the Managing Agents that it will be indemnified against any and all liability and expense which may be incurred in taking or continuing to take such action.

(c) The Syndication Agent shall provide prompt notice to the Administrator of a successful syndication as described under the Syndication Procedures Letter.

Section 9.02. Authorization and Action of Managing Agents.

(a) Each Lender hereby accepts the appointment of and authorize its related Managing Agent to take such action as agent on its behalf and to exercise such powers as are delegated to such Managing Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Each Managing Agent reserves the right, in its sole discretion, to take any actions and exercise any rights or remedies under this Agreement and any related agreements and documents. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Transaction Document, no Managing Agent shall have any duties or responsibilities, except those expressly set forth in this Agreement, nor shall any Managing Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Transaction Document or otherwise exist against any Managing Agent. Without limiting the generality of the foregoing sentence, the use of the term “Managing Agent” in this Agreement with reference to any Managing Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each Managing Agent may execute any of its duties under this Agreement or any other Transaction Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Managing Agent shall be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care. Each Managing Agent agrees to give to its related Lenders prompt notice of each notice and determination and a copy of each certificate and report (if such notice, report, determination, or certificate is not given by the applicable Person to such Lender) given to it by the Administrative Agent, the Syndication Agent, the Trust, the Administrator, any Seller, the Depositor, any Servicer, any Co-Valuation Agent or the Eligible Lender Trustee pursuant to the terms of this Agreement. Except for actions which each Managing Agent is expressly required to take pursuant to this Agreement, such Managing Agent shall not be required to take any action which exposes such Managing Agent to personal liability or which is contrary to applicable law unless such Managing Agent shall receive further assurances to its satisfaction from its related Lenders that it will be indemnified against any and all liability and expense which may be incurred in taking or continuing to take such action.

Section 9.03. Agency Termination. The appointment and authority of the Administrative Agent, the Syndication Agent and the Managing Agents hereunder shall terminate upon the payment by the Trust of all Obligations hereunder unless sooner terminated pursuant to Sections 9.07 and 9.08, as applicable.

Section 9.04. Administrative Agent’s, Syndication Agent’s and Managing Agent’s Reliance, Etc. None of the Administrative Agent, the Syndication Agent, any Managing Agent or any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it as Administrative Agent, the Syndication Agent, or Managing Agent, as applicable, under or in connection with this Agreement or any related agreement or document, except for its own gross negligence or willful misconduct. Without limiting the foregoing, each of the Administrative Agent, the Syndication Agent and each Managing Agent:

(a) may consult with legal counsel (including counsel for the Trust or any Affiliate of the Trust), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;

(b) makes no warranty or representation to any Lender, any Managing Agent or any Program Support Provider and shall not be responsible to any Lender, any Managing Agent or any Program Support Provider for any statements, warranties or representations made by the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Seller, the Depositor, any Servicer or any Co-Valuation Agent in connection with this Agreement or any other Transaction Document;

(c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Transaction Document on the part of the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Servicer, any Seller, the Depositor or any Co-Valuation Agent or to inspect the property (including the books and records) of the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Servicer, any Seller, the Depositor or any Co-Valuation Agent;

(d) shall not be responsible to any Lender, any Managing Agent, or any Program Support Provider, as the case may be, for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any Transaction Document or any other instrument or document furnished pursuant hereto; and

(e) shall incur no liability under or in respect of this Agreement by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile or other electronic means) believed by it in good faith to be genuine and signed or sent by the proper party or parties.

Section 9.05. Administrative Agent, Syndication Agent, Managing Agents and Affiliates. The Administrative Agent, the Syndication Agent, the Managing Agents and their Affiliates may generally engage in any kind of business with the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Servicer, any Guarantor, any Seller, the Depositor, any of their respective Affiliates and any Person who may do business with or own securities of the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Servicer, any Guarantor, any Seller, the Depositor, or any of their respective Affiliates, all as if such entities were not the Administrative Agent, the Syndication Agent or a Managing Agent and without any duty to account therefor to any Lender, any Managing Agent or any Program Support Provider.

Section 9.06. Decision to Purchase Notes and Make Advances. The Lenders acknowledge that each has, independently and without reliance upon the Administrative Agent or any Managing Agent, and based on such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement and to make Advances hereunder. The Lenders also acknowledge that each will, independently and without reliance upon the Administrative Agent, any Managing Agent or any of their Affiliates, and based on such documents and information as it shall deem appropriate at the time, continue to

make its own decisions in taking or not taking action under this Agreement or any related agreement, instrument or other document. Furthermore, each of the Lenders and Managing Agents acknowledges and agrees that although it may have received modeling and other structural information (including cash flow analysis) from the Administrative Agent or a Managing Agent, neither the Administrative Agent nor any Managing Agent assumes any responsibility for the accuracy or completeness of such information and such information is not intended to be relied upon as a prediction of performance or for any other reason.

Section 9.07. Successor Administrative Agent or Syndication Agent.

(a) The Administrative Agent or the Syndication Agent may resign at any time by giving five days' written notice thereof to the Syndication Agent or the Administrative Agent, as applicable, each Conduit Lender, each Managing Agent, each LIBOR Lender, each Alternate Lender, the Trust, the Administrator and the Eligible Lender Trustee. Upon any such resignation, the Conduit Lenders, the Managing Agents, the LIBOR Lenders and the Alternate Lenders shall have the right to appoint a successor Administrative Agent or Syndication Agent approved by the Administrator (which approval will not be unreasonably withheld or delayed and will not be required after the occurrence and during the continuation of a Termination Event). If no successor Administrative Agent or Syndication Agent shall have been so appointed and shall have accepted such appointment within sixty days after the retiring Administrative Agent's or Syndication Agent's giving of notice of resignation, then the retiring Administrative Agent or Syndication Agent may, on behalf of the Conduit Lenders, the Managing Agents, the LIBOR Lenders and the Alternate Lenders, appoint a successor Administrative Agent or Syndication Agent. If the successor Administrative Agent or Syndication Agent is not an Affiliate of the resigning Administrative Agent or Syndication Agent, a LIBOR Lender or an Alternate Lender, such successor Administrative Agent or Syndication Agent shall be subject to the Administrator's prior written approval (which approval will not be unreasonably withheld or delayed). Upon the acceptance of any appointment as Administrative Agent or Syndication Agent hereunder by a successor Administrative Agent or Syndication Agent, such successor Administrative Agent or Syndication Agent shall thereupon succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Administrative Agent or Syndication Agent, and the retiring Administrative Agent or Syndication Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's or Syndication Agent's resignation hereunder as Administrative Agent or Syndication Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Administrative Agent or Syndication Agent under this Agreement.

(b) The "Administrative Agent" and "Syndication Agent" shall include any successors to the Administrative Agent or Syndication Agent as a result of a merger, consolidation, combination, conversion, reorganization or any other transaction (or series of related transactions) in which shares of the Administrative Agent's or the Syndication Agent's capital stock are sold or exchanged for or converted or otherwise changed into other stock or securities, cash and/or any other property, or the sale, lease, assignment, transfer or other conveyance of a majority of the assets of the Administrative Agent or the

Syndication Agent in any transaction (or series of related transactions). Notwithstanding anything to the contrary in this Agreement, no consent of the Lenders, the Managing Agents or the Trust shall be required in connection with the succession of the Administrative Agent or the Syndication Agent as a result of any of the foregoing transactions.

Section 9.08. Successor Managing Agents. Any Managing Agent may resign at any time by giving five days' written notice thereof to its related Lenders, the Trust, the Administrator, the Administrative Agent and the Eligible Lender Trustee. Upon any such resignation, the applicable Lenders shall have the right to appoint a successor Managing Agent approved by the Administrator (which approval will not be unreasonably withheld or delayed and will not be required after the occurrence and during the continuation of a Termination Event). If no successor Managing Agent shall have been so appointed and shall have accepted such appointment, within sixty days after the retiring Managing Agent's giving of notice of resignation, then the retiring Managing Agent may, on behalf of its related Lenders, appoint a successor Managing Agent. If the successor Managing Agent is not an Affiliate of the resigning Managing Agent, such successor Managing Agent shall be subject to the Administrator's prior written approval (which approval will not be unreasonably withheld or delayed and will not be required after the occurrence and during the continuation of a Termination Event). Upon the acceptance of any appointment as a Managing Agent hereunder by a successor Managing Agent, such successor Managing Agent shall thereupon succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Managing Agent, and the retiring Managing Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Managing Agent's resignation hereunder as a Managing Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was a Managing Agent under this Agreement.

Section 9.09. Reimbursement. Each Managing Agent, Alternate Lender, LIBOR Lender and Committed Conduit Lender agrees to reimburse and indemnify the Administrative Agent, the Syndication Agent and its officers, directors, employees, representatives, counsel and agents (to the extent the Administrative Agent or the Syndication Agent is not paid or reimbursed by the Trust, the Administrator, SLM Corporation, the Master Servicer, the Sellers or the Depositor), ratably according to the amounts owed to each such Person hereunder, from and against such Lender's ratable share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent or the Syndication Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent or the Syndication Agent under this Agreement or any Transaction Document; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's or the Syndication Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Alternate Lender, LIBOR Lender and Committed Conduit Lender agrees to reimburse the Administrative Agent and the Syndication Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent and the Syndication Agent in connection with the due diligence, negotiation, preparation, execution, delivery, administration, modification, amendment or

enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any other Transaction Document and in connection with the initial syndication of the Commitments as described in the Syndication Procedures Letter, in each case to the extent that the Administrative Agent or the Syndication Agent is not reimbursed for such expenses by the Trust, the Administrator, SLM Corporation, the Master Servicer, the Sellers, the Master Depositor or the Depositor.

Section 9.10. Notice of Amortization Events, Termination Events, Potential Amortization Events, Potential Termination Events or Servicer Defaults. Neither the Administrative Agent nor the Syndication Agent shall be deemed to have knowledge or notice of the occurrence of an Amortization Event, a Termination Event, a Potential Amortization Event, a Potential Termination Event or a Servicer Default, unless the Administrative Agent or the Syndication Agent has received written notice from a Note Purchaser, a Managing Agent or the Trust referring to this Agreement, describing such Amortization Event, Termination Event, Potential Amortization Event, Potential Termination Event or Servicer Default and stating that such notice is a "Notice of Termination Event or Potential Termination Event," "Notice of Amortization Event or Potential Amortization Event" or "Notice of Servicer Default," as applicable. The Administrative Agent or the Syndication Agent will notify the Managing Agents of its receipt of any such notice.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendments, Etc.

(a) Unless otherwise specified herein, no amendment to or waiver of any provision of this Agreement or the Side Letter nor consent to any departure by the Trust or any other Person therefrom shall in any event be effective unless the same shall be in writing and signed by the Trust, the Eligible Lender Trustee and the Required Managing Agents and the Rating Agency Condition has been satisfied; provided, however, that (u) SLM Education Credit Finance Corporation agrees that it shall notify the Administrative Agent in writing of any proposed amendments or other modifications to the organizational documents of any Seller or the Depositor and will not effect any such amendment or other modification without the prior written consent of the Required Managing Agents, not to be unreasonably withheld; (v) any waiver of the Termination Event set forth in Section 7.02(r) shall also require the consent of the applicable Exiting Facility Group; (w) each of the Trust, the Eligible Lender Trustee, SLM Corporation and SLM Education Credit Finance Corporation agrees that it will execute any amendment to this Agreement or any other Transaction Document (the form and substance of which shall be reasonably acceptable to the Eligible Lender Trustee) requested by the Lead Arrangers to effect changes expressly permitted under the Commitment Fee Letter dated as of January 25, 2008 among certain of the Alternate Lenders and their Affiliates and SLM Corporation; (x) no such amendment, waiver or consent shall, without the consent of the Administrative Agent or the Syndication Agent, require the Administrative Agent or the Syndication Agent, as applicable, to take any action or amend, modify or waive the duties, responsibilities or rights of the Administrative Agent or the Syndication Agent, as

applicable, hereunder or under any other Transaction Document; (y) the consent of the applicable Alternate Lender, LIBOR Lender or Committed Conduit Lender, shall be required to increase the amount of its Commitment or extend the Scheduled Maturity Date; and (z) no such amendment, waiver or consent shall, without the consent of each affected Managing Agent (unless such amendment, waiver or consent is (A) necessary to correct a mistake or cure any ambiguity or (B) made solely to satisfy the Rating Agency Condition, in each case as reasonably determined by the Required Managing Agents):

(i) amend Section 7.01, Section 7.02 or Article VIII or the definitions of Adjusted Pool Balance, Amortization Period, Applicable Percentage (including as set forth in the Side Letter), Asset Coverage Ratio, Defaulted Student Loan, Eligible Private Credit Loan, Excess Concentration Amount (including as set forth in the Side Letter), Excess Spread, Excess Spread Test, Managed Private Credit Loan Default Ratio, Maximum Advance Amount, Minimum Asset Coverage Ratio, Portfolio Private Credit Loan Default Ratio, Private Credit Forbearance Ratio or Required Managing Agents or any other provision hereof specifying the percentage of Managing Agents required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder contained in this Agreement or modify the then existing Excess Concentration Amount;

(ii) amend, modify or waive any provision of this Agreement in any way which would (A) reduce the amount of principal or Financing Costs payable on account of any Note or delay any scheduled date for payment thereof, (B) reduce fees payable by the Trust to the Administrative Agent, the Managing Agents or the Lenders or delay the dates on which such fees are payable or (C) modify any provisions relating to the Asset Coverage Ratio or any required reserves so as to reduce such reserves;

(iii) agree to the payment of a different rate of interest on the Notes pursuant to this Agreement;

(iv) waive the Termination Events set forth in Section 7.02(e) (with respect to the Trust, the Administrator, the Master Servicer or SLM Corporation), Section 7.02(j), Section 7.02(q), Section 7.02(p), Section 7.02(q), Section 7.02(u), or Section 7.02(w);

(v) amend this Section 10.01 in any way other than expanding the list of amendments, waivers or consents that require the consent of each Managing Agent;

(vi) release all or substantially all of the Pledged Collateral except as expressly permitted by this Agreement;

(vii) amend Section 2.14 in a manner that would alter the pro rata sharing of payments required thereby;

(viii) amend or waive the provisions of Section 6.27; or

(ix) amend, modify or waive any provision of the Side Letter.

(b) Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. To the extent the consent of any of the parties hereto (other than the Trust) is required under any of the Transaction Documents, the determination as to whether to grant or withhold such consent shall be made by such party in its sole discretion without any implied duty toward any other Person, except as otherwise expressly provided herein or therein. The parties acknowledge that, before entering into such an amendment or granting such a waiver or consent, Lenders may be entitled to receive an amount as may be mutually agreed upon between the Trust and the Managing Agents and, in addition, may be required to obtain the approval of some or all of the Program Support Providers. If any Conduit Lender is required pursuant to its program documents to provide notice of an amendment to the Transaction Documents to any Rating Agency rating the CP of such Conduit Lender, such Conduit Lender's related Managing Agent shall provide such Rating Agency with notice of such amendment to the Transaction Documents.

(c) The Administrative Agent covenants and agrees not to consent to any amendment or waiver to the Administration Agent or the Servicing Agreement without receiving the consent of the Required Managing Agents (or, in the case of any amendment to Section 5.01 of the Servicing Agreement in clause (a) of the definition of Servicing Agreement, all of the Managing Agents).

(d) [Reserved].

Section 10.02. Notices; Non-Public Information, Etc.

(a) **Notices.** All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including communication by facsimile copy or other electronic means) and mailed, delivered by nationally recognized overnight courier service, transmitted or delivered by hand, as to each party hereto, at its address set forth on Exhibit N hereto or at such other address as shall be designated by such party in a written notice to the other parties hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the specified facsimile number and an appropriate confirmation is received, (ii) if given by e-mail, when sent to the specified e-mail address and an appropriate confirmation is received, (iii) if given by mail, five days after being deposited in the United States mails, first class postage prepaid (except that notices and communications pursuant to Article II shall not be effective until received), (iv) if given by nationally recognized courier guaranteeing overnight delivery, the Business Day following such day after such communication is delivered to such courier or (v) if given by any other means, when delivered at the address (electronic or otherwise) specified in this Section. Notwithstanding the foregoing, with respect to any Transaction Document, any recipient may designate what it deems to be appropriate confirmation and that notification by e-mail to it shall not be effective without such confirmation.

(b) **MNPI.** The Trust hereby acknowledges that (i) the Administrative Agent and/or the Syndication Agent will make available to the Lenders materials and/or information provided by or on behalf of the Trust hereunder (collectively, “Trust Materials”) by posting the Trust Materials on IntraLinks or another similar electronic system (the “Platform”) and (ii) certain of the Lenders may be “public-side” Lenders (each, a “Public Lender”) which may have personnel who do not wish to receive material non-public information (within the meaning of the United States federal securities laws) with respect to the Trust or its Affiliates, or the respective securities of any of the foregoing (“MNPI”), and who may be engaged in investment and other market-related activities with respect to the Trust’s or its Affiliate’s securities or debt. The Trust hereby agrees that (w) all Trust Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Trust Materials “PUBLIC,” the Trust shall be deemed to have authorized the Administrative Agent, the Syndication Agent and the Lenders to treat such Trust Materials as not containing any MNPI with respect to the Trust, its Affiliates or their respective securities for purposes of United States federal and state securities laws (provided, however, that to the extent such Trust Materials constitute confidential information, they shall be treated as set forth in Section 10.12); (y) all Trust Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (z) the Administrative Agent and the Syndication Agent shall be entitled to treat any Trust Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.”

(c) **The Platform.** THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE.” THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE TRUST MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE TRUST MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE TRUST MATERIALS OR THE PLATFORM. In no event shall any of the Administrative Agent, the Syndication Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Trust, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Trust’s, the Administrative Agent’s or the Syndication Agent’s transmission of Trust Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party.

(d) **Private Side Information.** Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender at all times to have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public

Lender's compliance procedures and applicable law, including United States federal and state securities laws, to make reference to Trust Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain MNPI with respect to the Trust or its securities for purposes of United States federal or state securities laws.

Section 10.03. No Waiver; Remedies; Limitation of Liability. No failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. No claim may be made by any Transaction Party or any other Person against any Lender, Managing Agent, the Administrative Agent, the Syndication Agent or any of their Related Parties for any indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any act, omission or event occurring in connection therewith; and each party hereto hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. No claim may be made by any Lender, Managing Agent, the Administrative Agent, the Syndication Agent or any other Person against any Transaction Party or any of their Related Parties for any indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any act, omission or event occurring in connection therewith; and each party hereto hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 10.04. Successors and Assigns; Binding Effect.

(a) This Agreement shall be binding on the parties hereto and their respective successors and permitted assigns; provided, however, that neither the Trust nor the Administrator may assign or otherwise transfer any of its rights or obligations or delegate any of its duties hereunder or under any of the other Transaction Documents to which it is a party without the prior written consent of the Administrative Agent. Except as provided in clauses (b), (d), (f) and (g) below and except as provided in Article III, no provision of this Agreement shall in any manner restrict the ability of any Lender to assign, participate, grant security interests in, or otherwise transfer any portion of its Note.

(b) **Committed Lenders.** Any Alternate Lender, LIBOR Lender or Committed Conduit Lender may assign all or any portion of its Commitment and its interest in its Facility Group's Notes, the Pledged Collateral and its other rights and obligations hereunder to any Person with the prior written approval of the Administrator and the Administrative Agent (which approvals shall not be unreasonably withheld or delayed and shall not be required after the occurrence and during the continuation of a Termination Event) and the approval of the Managing Agent of such Lender's Facility Group; provided, however, such consent of the Administrator or the Administrative Agent shall not be required in the case of an assignment to a Lender, an Affiliate of an existing

Lender or any Approved Fund or in the case of a Committed Conduit Lender, to a commercial paper conduit managed by an Affiliate of an existing Lender or Managing Agent; provided further, that (x) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and interest in its Facility Group's Notes at the time owing to it or in the case of any assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and (y) in any case not described in clause (x) of this proviso, the aggregate minimum amount of the Commitment or interest in a Facility Group's Notes to be assigned determined as of the date of the assignment and assumption agreement shall not be less than \$10,000,000, unless each of the Administrative Agent and, so long as no Amortization Event or Termination Event has occurred and is continuing, the Administrator otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignment from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

In connection with any such assignment, the assignor shall deliver to the assignee(s) an assignment and assumption agreement, duly executed, assigning to such assignee a pro rata interest in such assignor's Commitment and other obligations hereunder and in its interest in its Facility Group's Notes and the Pledged Collateral and other rights hereunder, and such assignor shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to protect, or more fully evidence the assignee's right, title and interest in and to such interest and to enable the Administrative Agent, on behalf of such assignee, to exercise or enforce any rights hereunder and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party. Upon any such assignment, (i) the assignee shall have all of the rights and obligations of the assignor hereunder and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party with respect to such assignor's Commitment and interest in its Facility Group's Notes and the Pledged Collateral for all purposes of this Agreement and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party and (ii) except as otherwise contemplated in Section 2.03(c) for assignments during the Syndication Period, the assignor shall have no further obligations with respect to the portion of its Commitment which has been assigned and shall relinquish its rights with respect to the portion of its interest in its Facility Group's Notes and Pledged Collateral which has been assigned for all purposes of this Agreement and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party. No such assignment shall be effective until a fully executed copy of the related assignment and assumption agreement has been delivered to the Administrative Agent, the applicable Managing Agent and the Administrator, together with an assignment processing and recordation fee in the amount of \$3,500.00 (which fee includes all costs and expenses of the Administrative Agent, assignor and assignee for which the Trust is responsible in connection with such assignment); provided, however, that the Administrative Agent may, in its sole discretion elect to waive such processing recordation fee in the case of any assignment.

(c) The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. No such assignment shall be made to the Trust or any of the Trust's Affiliates, except as otherwise explicitly permitted by this Agreement.

(d) **Conduit Lenders.** Without limiting the foregoing, each Conduit Lender may, from time to time, with prior or concurrent notice to the Trust, the Administrator, the Managing Agent for such Conduit Lender's Facility Group, and the Administrative Agent, in one transaction or a series of transactions, assign all or a portion of its interest in its Facility Group's Notes and its rights and obligations under this Agreement and any other Transaction Documents to which it is a party to a Conduit Assignee. Upon and to the extent of such assignment by a Conduit Lender to a Conduit Assignee:

(i) such Conduit Assignee shall be the owner of the assigned portion of the related Facility Group's Notes and the right to make Advances;

(ii) unless otherwise provided for in an agreement among the Conduit Assignee, the Administrative Agent and the Trust, the Managing Agent for the Conduit Lender assignor will act as the Managing Agent for such Conduit Assignee, with all corresponding rights and powers, express or implied, granted to the Managing Agent hereunder or under the other Transaction Documents;

(iii) such Conduit Assignee (and any related commercial paper issuer, if such Conduit Assignee does not itself issue commercial paper) and their respective Program Support Providers and other Related Parties shall have the benefit of all the rights and protections provided to the Conduit Lender and its Program Support Provider(s) herein and in the other Transaction Documents (including any limitation on recourse against such Conduit Assignee or Related Parties, any agreement not to file or join in the filing of a petition to commence an insolvency proceeding against such Conduit Assignee, and the right to assign to another Conduit Assignee as provided in this paragraph);

(iv) such Conduit Assignee shall assume all (or the assigned or assumed portion) of the Conduit Lender's obligations, if any, hereunder or any other Transaction Document, and the Conduit Lender shall be released from such obligations, in each case to the extent of such assignment, and the obligations of the Conduit Lender and such Conduit Assignee shall be several and not joint;

(v) all distributions in respect of the Notes shall be made to the applicable agent or Managing Agent, as applicable, on behalf of the Conduit Lender and such Conduit Assignee on a pro rata basis according to their respective interests;

(vi) the defined terms and other terms and provisions of this Agreement and the other Transaction Documents shall be interpreted in accordance with the foregoing; and

(vii) if requested by the Administrative Agent or the Managing Agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such Managing Agent may reasonably request to evidence and give effect to the foregoing.

No assignment by a Conduit Lender to a Conduit Assignee of all or any portion of its interest in its Facility Group's Notes shall in any way diminish its related Alternate Lenders' obligation under this Agreement to fund any Advances not previously funded by the Conduit Lender or such Conduit Assignee.

(e) In the event that a Conduit Lender makes an assignment to a Conduit Assignee in accordance with clause (d) above, the Alternate Lenders in such Conduit Lender's Facility Group:

(i) if requested by the related Managing Agent, shall terminate their participation in the applicable Program Support Agreement related to the assigning Conduit Lender to the extent of such assignment;

(ii) if requested by the related Managing Agent, shall execute (either directly or through a participation agreement, as determined by such Managing Agent) the program support agreement related to such Conduit Assignee, to the extent of such assignment, the terms of which shall be substantially similar to those of the participation or other agreement entered into by such Alternate Lender with respect to the applicable Program Support Agreement (or which shall be otherwise reasonably satisfactory to the related Managing Agent and the Alternate Lenders);

(iii) if requested by the Conduit Assignee, shall enter into such agreements as requested by the Conduit Assignee pursuant to which they shall be obligated to provide funding to the Conduit Assignee on substantially the same terms and conditions as is provided for in this Agreement in respect of the Conduit Lender (or which agreements shall be otherwise reasonably satisfactory to the Conduit Assignee and the Alternate Lenders); and

(iv) shall take such actions as the Administrative Agent shall reasonably request in connection therewith.

(f) Notwithstanding the foregoing, each of the Administrator and the Trust hereby agrees and consents to the assignment by any Conduit Lender from time to time of all or any part of its rights under, interest in and title to the Advances, the Pledged Collateral, this Agreement, and the other Transaction Documents to any Program Support Provider.

(g) If its related Managing Agent so elects, a Conduit Lender shall assign (and each of the Administrator and the Trust consents to such assignment), effective on the Assignment Date referred to below, all or such portions as may be elected by the Conduit Lender of its interest in its Facility Group's Note, at such time to its related Alternate

Lender(s); provided, however, that no such assignment shall take place pursuant to this paragraph at a time when an Event of Bankruptcy with respect to such Conduit Lender exists. No further documentation or action on the part of the Conduit Lender shall be required to exercise the rights set forth in the immediately preceding sentence, other than the giving of notice by its related Managing Agent on behalf of the Conduit Lender referred to above and the delivery by such related Managing Agent of a copy of such notice to each related Alternate Lender (the date of the receipt by the applicable Managing Agent of any such notice being the “**Assignment Date**”). Each related Alternate Lender hereby agrees, unconditionally and irrevocably and under all circumstances, without setoff, counterclaim or defense of any kind, to pay the full amount of its Assignment Amount on such Assignment Date to its related Conduit Lender or Conduit Lenders in immediately available funds to an account designated by the related Managing Agent. Upon payment of its Assignment Amount, each such Alternate Lender shall acquire an interest in such Facility Group’s Notes equal to that transferred by the Conduit Lender. In the event that the aggregate of the Assignment Amounts paid by any Facility Group’s Alternate Lenders pursuant to this paragraph on any Assignment Date occurring is less than the principal balance of the Notes of the applicable Conduit Lender on such Assignment Date, then to the extent payments are therefore received by the applicable Managing Agent hereunder in respect of such Notes in excess of the aggregate of the unrecovered Assignment Amounts funded by the related Alternate Lenders, such excess shall be remitted by the applicable Managing Agent to the applicable Conduit Lenders.

(h) By executing and delivering an assignment and assumption agreement, the assignor and assignee thereunder confirm to and agree with each other and the other parties hereto as follows:

(i) other than as provided in such assignment and assumption agreement, the assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, the other Transaction Documents or any other instrument or document furnished pursuant hereto or thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Transaction Documents or any such other instrument or document;

(ii) the assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Administrator, SLM Corporation, the Trust or any Affiliate thereof or the performance or observance by the Administrator, SLM Corporation, the Trust or any Affiliate thereof of any of their respective obligations under this Agreement or the other Transaction Documents or any other instrument or document furnished pursuant hereto;

(iii) such assignee confirms that it has received a copy of this Agreement and each other Transaction Document and such other instruments, documents and information as it has deemed appropriate to make its own credit

analysis and decision to enter into such assignment and assumption agreement and to purchase such interest;

(iv) such assignee will, independently and without reliance upon the Administrative Agent, any Managing Agent, any other Lender, or any of their respective Affiliates, or the assignor and based on such agreements, documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Transaction Documents;

(v) such assignee appoints and authorizes the Administrative Agent and its applicable Managing Agent to take such action as agent on its behalf and to exercise such powers under this Agreement, the other Transaction Documents and any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent or its applicable Managing Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto and to enforce its respective rights and interests in and under this Agreement, the other Transaction Documents and the Pledged Collateral;

(vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Transaction Documents are required to be performed by it as the assignee of the assignor; and

(vii) such assignee agrees that it will not institute against the Conduit Lenders any proceeding of the type referred to in Section 10.15 prior to the date which is one year and one day (or, if longer, any applicable preference period plus one day) after the payment in full of all CP issued by the Conduit Lender (or any related commercial paper issuer, if the Conduit Lender does not itself issue CP).

(i) From and after the effective date specified in each assignment and acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such assignment and acceptance, have the rights and obligations of the assigning Lender under this Agreement, (ii) the assigning Lender shall, to the extent of the interest so assigned, be relieved from its obligations hereunder and (iii) in the case of an assignment of all of a Lender's rights and obligations hereunder, such Lender shall cease to be a party hereto provided that such Lender shall continue to be entitled to the benefits of Sections 2.02(c), 2.15, 2.20 and 10.08 and Article VIII, in each case solely with respect to facts and circumstances occurring prior to the effective date of such assignment.

(j) The Administrative Agent shall, acting solely for this purpose as an agent of the Trust, maintain a register (the "**Register**") on which it will record the Lenders' rights hereunder, and each assignment and acceptance and participation. The Register shall include the names and addresses of the Lenders (including all assignees, successors and participants). Failure to make any such recordation, or any error in such recordation, shall not affect the Lenders' obligations in respect of such rights. If a Lender assigns or sells a

participation in its rights hereunder, it shall provide the Trust and the Administrative Agent with the information described in this paragraph and permit the Trust to review such information as reasonably needed for the Trust and the Administrative Agent to comply with its obligations under this Agreement or to maintain the Obligations at all times in “registered form” within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations. The entries in the Register shall be conclusive, and the Trust, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Trust and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(k) Each Lender may at any time pledge or Grant a security interest in all or any portion of its rights under this Agreement (including, without limitation, rights to payment of principal and Yield) to secure its obligations, including without limitation any pledge, grant, or assignment to secure obligations to a Federal Reserve Bank, without notice to or consent of SLM Corporation, the Administrator, the Trust or the Administrative Agent; provided, that no such pledge or Grant of a security interest shall release a Lender from any of its obligations under this Agreement, or substitute any such pledgee or grantee for such Lender as a party to this Agreement.

(l) Each initial Alternate Lender, LIBOR Lender and Committed Conduit Lender hereto agrees that notwithstanding anything to the contrary set forth herein, each such party may, in accordance with the terms of that certain side letter dated the date hereof (the “**Syndication Procedures Letter**”), assign a portion of its Commitment hereunder in accordance with the provisions of the Syndication Procedures Letter.

(m) Any Lender may, at any time after the termination of the Syndication Period and subject to any restrictions set forth therein, without the consent of, or notice to, the Trust or the Administrative Agent, sell participations to any Person (other than a natural person or the Trust or any of the Trust’s Affiliates) (each, a “**Participant**”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or its interest in its Facility Group’s Notes owing to it); provided, that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; (iii) the Trust and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement; and (iv) such Lender shall obtain from the Participant, on behalf of the Administrator, a confidentiality agreement consistent with the restrictions set forth in Section 10.12 or a written agreement to comply with the provisions of Section 10.12.

Section 10.05. Survival. The rights and remedies with respect to any breach of a representation and warranty made by or on behalf of the Trust pursuant to Article V and the indemnification and payment provisions of Articles VIII and IX and Sections 2.14, 2.15, 2.20, 10.06, 10.07, 10.08, 10.09, 10.10, 10.12, 10.14, 10.15, 10.16 and 10.17 shall be continuing and shall survive the termination of this Agreement and, with respect to the Administrative Agent’s,

the Syndication Agent's, each Managing Agent's and the Eligible Lender Trustee's rights under Articles VIII, IX and X, the removal or resignation of the Administrative Agent, the Syndication Agent, such Managing Agent or the Eligible Lender Trustee.

Section 10.06. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 10.07. Submission to Jurisdiction; Waiver of Jury Trial; Appointment of Service Agent.

(a) EACH OF THE PARTIES HERETO HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE CITY OF NEW YORK FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING IN THIS SECTION 10.07 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, THE MANAGING AGENTS OR THE NOTE PURCHASERS TO BRING ANY ACTION OR PROCEEDING AGAINST THE TRUST OR THE ADMINISTRATOR OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS.

(b) 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, AMONG ANY OF THEM ARISING OUT OF, CONNECTED WITH, RELATING TO OR INCIDENTAL TO THE RELATIONSHIP BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS.

(c) The Trust and the Administrator each hereby appoint CT Corporation located at 111 Eighth Avenue, New York, New York 10011 as the authorized agent upon whom process may be served in any action arising out of or based upon this Agreement, the other Transaction Documents to which such Person is a party or the transactions contemplated hereby or thereby that may be instituted in the United States District Court for the Southern District of New York and of any New York State court sitting in The City

of New York by the Administrative Agent or the Note Purchasers or any successor or assignee of any of them.

Section 10.08. Costs and Expenses. The Trust agrees to pay, on or before the 30th day following the date of demand, all reasonable and customary costs, fees and expenses of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Lead Arrangers, the Managing Agents, the Lenders or the Program Support Providers incurred in connection with the due diligence, negotiation, preparation, execution, delivery, renewal or any amendment or modification of, or any waiver or consent issued in connection with, this Agreement, any Program Support Agreement or any other Transaction Document, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Lead Arrangers, the Managing Agents, the Lenders or the Program Support Providers with respect thereto and all costs, fees and expenses, if any (including the applicable Rating Agency fees and reasonable auditors' and counsel fees and expenses), incurred by the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Lead Arrangers, the Managing Agents, the Lenders or the Program Support Providers in connection with the enforcement of this Agreement and the other Transaction Documents. Notwithstanding the foregoing, each of the Managing Agents, the Lenders and the Program Support Providers agrees that the Trust shall only be required to pay amounts for legal fees and expenses of not more than two law firms engaged by the Administrative Agent or the Syndication Agent, as applicable, on behalf of the Secured Creditors, unless otherwise agreed to by the Trust in its sole discretion. Each of SLM Education Credit Finance Corporation and the Administrator agrees to pay such required payments on behalf of the Trust on the Closing Date to the extent such expenses are properly invoiced prior to the Closing Date.

Section 10.09. Bankruptcy Non-Petition and Limited Recourse. Notwithstanding any other provision of this Agreement, each party hereto (other than the Trust) covenants and agrees that it shall not, prior to the date which is one year and one day (or, if longer, any applicable preference period plus one day) after payment in full of the Notes, institute against, or join any other Person in instituting against, the Trust, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or any similar proceeding under any federal or state bankruptcy or similar law; provided, that nothing in this provision shall preclude or be deemed to stop any party hereto (a) from taking any action prior to the expiration of the aforementioned one year and one day period in (i) any case or proceeding voluntarily filed or commenced by the Trust or (ii) any involuntary insolvency proceeding filed or commenced against the Trust by any Person other than a party hereto or (b) from commencing against the Trust or the Pledged Collateral any legal action which is not a bankruptcy, reorganization, arrangement, insolvency or a liquidation proceeding. The obligations of the Trust under this Agreement are limited recourse obligations payable solely from the Pledged Collateral and, following realization of the Pledged Collateral and its application in accordance with the terms hereof, any outstanding obligations of the Trust hereunder shall be extinguished and shall not thereafter revive. In addition, no recourse shall be had for any amounts payable or any other obligations arising under this Agreement against any officer, member, director, employee, partner or security holder of the Trust or any of its successors or assigns. The provisions of this Section shall survive the termination of this Agreement.

Section 10.10. Recourse Against Certain Parties. No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers as contained in this Agreement or any other agreement, instrument or document entered into by it pursuant hereto or in connection herewith shall be had against any administrator of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers or any incorporator, Affiliate, stockholder, officer, employee or director of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers or of any such administrator, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the agreements of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders and the Program Support Providers contained in this Agreement and all of the other agreements, instruments and documents entered into by the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers, as applicable. No personal liability whatsoever shall attach to or be incurred by any administrator of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers or any incorporator, stockholder, Affiliate, officer, employee or director thereof or any such administrator, as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers contained in this Agreement or in any other such instruments, documents or agreements, or which are implied therefrom, and any and all personal liability of every such administrator and each incorporator, stockholder, Affiliate, officer, employee or director of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers or of any such administrator, or any of them, for breaches by the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers of any such obligations, covenants or agreements, which liability may arise either at common law or at equity, by statute or constitution, or otherwise, is hereby expressly waived as a condition of and in consideration for the execution of this Agreement. The provisions of this Section shall survive the termination of this Agreement and, with respect to the rights of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent or the Managing Agents, the resignation or removal of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent or the Managing Agents.

Section 10.11. Execution in Counterparts; Severability. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery by facsimile or electronic mail of an executed signature page of this Agreement or any other Transaction Document shall be effective as delivery of an executed counterpart hereof. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity,

legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 10.12. Confidentiality.

(a) Each of the Administrative Agent, the Syndication Agent, the Managing Agents and the Lenders agrees to keep confidential and not disclose any non-public information or documents related to the Trust or any Affiliate of the Trust delivered or provided to such Person in connection with this Agreement, any other Transaction Document or the transactions contemplated hereby or thereby and which are clearly identified in writing by the Trust or such Affiliate as being confidential; provided, however, that each of the foregoing may disclose such information:

- (i) to the extent required or deemed necessary and/or advisable by such Person's counsel in any judicial, regulatory, arbitration or governmental proceeding or under any law, regulation, order, subpoena or decree;
- (ii) to its officers, directors, employees, accountants, auditors and outside counsel, in each case, provided they are informed of the confidentiality thereof and agree to maintain such confidentiality;
- (iii) to any Program Support Provider, any potential Program Support Provider, or any assignee or participant or potential assignee or participant of any Program Support Provider, provided they are informed of the confidentiality thereof and agree to maintain such confidentiality;
- (iv) to any assignee, participant or potential assignee or participant of or with any of the foregoing;
- (v) in connection with the enforcement hereof or of any of the other Transaction Documents or any Program Support Agreement;
- (vi) to any Rating Agency rating the Notes, the CP of the Conduit Lenders or rating SLM Corporation; and
- (vii) to such other Persons as may be approved by the Trust.

Notwithstanding the foregoing, the foregoing obligations shall not apply to any such information, documents or portions thereof that (x) were of public knowledge or literature generally available to the public at the time of such disclosure; or (y) have become part of the public domain by publication or otherwise, other than as a result of the failure of such party or any of its respective employees, directors, officers, advisors, accountants, auditors, or legal counsel to preserve the confidentiality thereof.

(b) Each of the Trust and the Administrator hereby agrees that it will not disclose the contents of this Agreement or any other Transaction Document or any other proprietary or confidential information of or with respect to any Note Purchaser, any Managing Agent, the Administrative Agent, the Syndication Agent or any Program

Support Provider to any other Person except (i) its auditors and attorneys, employees or financial advisors (other than any commercial bank) and any nationally recognized statistical rating organization, provided such auditors, attorneys, employees, financial advisors or rating agencies are informed of the highly confidential nature of such information or (ii) as otherwise required by applicable law or order of a court of competent jurisdiction.

(c) Notwithstanding any other provision herein to the contrary, each of the parties hereto (and each employee, representative or other agent of each such party) may disclose to any and all persons, without limitation of any kind, any information with respect to the United States federal, state and local “tax treatment” and “tax structure” (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated by the Transaction Documents and all materials of any kind (including opinions or other tax analyses) that are provided to such party or its representatives relating to such tax treatment and tax structure; provided, that no person may disclose the name of or identifying information with respect to any party identified in the Transaction Documents or any pricing terms or other nonpublic business or financial information that is unrelated to the United States federal, state and local tax treatment of the transaction and is not relevant to understanding the United States federal, state and local tax treatment of the transaction, without complying with the provisions of Section 10.12(a); provided further, that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the United States federal, state and local tax treatment or tax structure of the transactions contemplated hereby.

Section 10.13. Section Titles. The section titles contained in this Agreement shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties.

Section 10.14. Entire Agreement. This Agreement, including all Exhibits, Schedules and Appendices and other documents attached hereto or incorporated by reference herein, together with the other Transaction Documents constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other negotiations, understandings and representations, oral or written, with respect to the subject matter hereof.

Section 10.15. No Petition. Each of the Trust, the Administrator, the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent and the Managing Agents hereby covenants and agrees with respect to each Conduit Lender that, prior to the date which is one year and one day (or, if longer, any applicable preference period plus one day) after the payment in full of all outstanding indebtedness of such Conduit Lender (or its related commercial paper issuer), it will not institute against or join any other person or entity in instituting against such Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. The foregoing shall not limit the rights of the Trust, the Administrator, the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent or the Managing Agents to file any claim in, or otherwise take any action with respect to, any insolvency

proceeding instituted against any Conduit Lender by a Person other than the Trust, the Administrator, the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent or the Managing Agents, as applicable. The provisions of this Section shall survive the termination of this Agreement.

Section 10.16. Excess Funds. Notwithstanding any provisions contained in this Agreement to the contrary, no Conduit Lender shall, nor shall be obligated to, pay any amount pursuant to this Agreement unless (i) such Conduit Lender has received funds which may be used to make such payment and which funds are not required to repay its CP when due and (ii) after giving effect to such payment, either (x) such Conduit Lender could issue CP to refinance all of its outstanding CP (assuming such outstanding CP matured at such time) in accordance with the program documents governing such Conduit Lender's securitization program or (y) all of such Conduit Lender's CP are paid in full. Any amount which a Conduit Lender does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in §101 of the Bankruptcy Code) against or corporate obligation of such Conduit Lender for any such insufficiency unless and until such Conduit Lender satisfies the provisions of clauses (i) and (ii) above.

Section 10.17. Eligible Lender Trustee.

(a) The parties hereto agree that the Eligible Lender Trustee shall be afforded all of the rights, immunities and privileges afforded to the Eligible Lender Trustee under the Trust Agreement in connection with its execution of this Agreement.

(b) Notwithstanding the foregoing, none of the Secured Parties shall have recourse to the assets of the Eligible Lender Trustee in its individual capacity in respect of the obligations of the Trust. The parties hereto acknowledge and agree that The Bank of New York Trust Company N.A. and any successor eligible lender trustee is entering into this Agreement solely in its capacity as Eligible Lender Trustee, and not in its individual capacity, and in no case shall The Bank of New York Trust Company N.A. (or any person acting as successor eligible lender trustee) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Trust, all such liability, if any, being expressly waived by the parties hereto, any person claiming by, through, or under any such party.

Section 10.18. USA PATRIOT Act Notice. Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Trust that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the Trust, which information includes the name and address of the Trust and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Trust in accordance with the Patriot Act.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE TRUST:

RENDEZVOUS FUNDING I

By: THE BANK OF NEW YORK TRUST COMPANY,
N.A., not in its individual capacity but solely in its capacity as Eligible Lender
Trustee under the Amended and Restated Trust Agreement dated as of the
Closing Date by and among the Depositor, the Delaware Trustee and the
Eligible Lender Trustee

By: /s/ Michael G. Ruppel
Name: Michael G. Ruppel
Title: Vice President

THE ELIGIBLE LENDER TRUSTEE:

THE BANK OF NEW YORK TRUST COMPANY, N.A., not in its individual
capacity but solely in its capacity as Eligible Lender Trustee under the Amended
and Restated Trust Agreement dated as of the Closing Date by and among the
Depositor, the Delaware Trustee and the Eligible Lender Trustee

By: /s/ Michael G. Ruppel
Name: Michael G. Ruppel
Title: Vice President

THE ADMINISTRATOR:

SALLIE MAE, INC.

By: /s/ Mark W. Daly

Name: Mark W. Daly

Title: Senior Vice President

THE ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By: /s/ Maureen L. Macan
Name: Maureen L. Macan
Title: Managing Director

BANK OF AMERICA, N.A., as securities
intermediary and depository bank with respect to the Trust Accounts

By: /s/ Maureen L. Macan
Name: Maureen L. Macan
Title: Managing Director

LEAD ARRANGER:

BANC OF AMERICA SECURITIES LLC

By: /s/ Maureen L. Macan
Name: Maureen L. Macan
Title: Managing Director

BANK OF AMERICA FACILITY GROUP:

CONDUIT LENDERS:

KITTY HAWK FUNDING COMPANY LLC

By: /s/ Philip A. Martone
Name: Philip A. Martone
Title: Vice President

YC SUSI TRUST

By: BANK OF AMERICA, NATIONAL ASSOCIATION, as Administrative Trustee

By: /s/ Maureen L. Macan
Name: Maureen L. Macan
Title: Managing Director

MANAGING AGENT:

BANK OF AMERICA, N.A.

By: /s/ Maureen L. Macan
Name: Maureen L. Macan
Title: Managing Director

ALTERNATE LENDER:

BANK OF AMERICA, N.A.

By: /s/ Maureen L. Macan
Name: Maureen L. Macan
Title: Managing Director

THE SYNDICATION AGENT:

JPMORGAN CHASE BANK, N.A.

By: /s/ George S. Wilkins
Name: George S. Wilkins
Title: Executive Director

LEAD ARRANGER:

J.P. MORGAN SECURITIES INC.

By: /s/ George S. Wilkins
Name: George S. Wilkins
Title: Executive Director

JPMORGAN FACILITY GROUP:

CONDUIT LENDERS:

CHARIOT FUNDING LLC

By: JPMORGAN CHASE BANK, N.A., its
attorney-in-fact

By: /s/ George S. Wilkins
Name: George S. Wilkins
Title: Executive Director

FALCON ASSET SECURITIZATION COMPANY LLC

By: JPMORGAN CHASE BANK, N.A., its
attorney-in-fact

By: /s/ George S. Wilkins
Name: George S. Wilkins
Title: Executive Director

JS SILOED TRUST

By: JPMORGAN CHASE BANK, N.A., its
Administrative Trustee

By: /s/ George S. Wilkins
Name: George S. Wilkins
Title: Executive Director

PARK AVENUE RECEIVABLES COMPANY, LLC

By: JPMORGAN CHASE BANK, N.A., its
attorney-in-fact

By: /s/ George S. Wilkins
Name: George S. Wilkins
Title: Executive Director

MANAGING AGENT:

JPMORGAN CHASE BANK, N.A.

By: /s/ George S. Wilkins
Name: George S. Wilkins
Title: Executive Director

ALTERNATE LENDER:

JPMORGAN CHASE BANK, N.A.

By: /s/ George S. Wilkins
Name: George S. Wilkins
Title: Executive Director

CO-LEAD ARRANGER:

BARCLAYS BANK PLC

By: /s/ Jeffrey Goldberg
Name: Jeffrey Goldberg
Title: Associate Director

BARCLAYS FACILITY GROUP:

COMMITTED CONDUIT LENDER:

SHEFFIELD RECEIVABLES CORPORATION

By: BARCLAYS BANK PLC, as attorney-in-fact

By: /s/ Janette Lieu
Name: Janette Lieu
Title: Director

MANAGING AGENT:

BARCLAYS BANK PLC

By: /s/ Jeffrey Goldberg
Name: Jeffrey Goldberg
Title: Associate Director

CO-LEAD ARRANGER:

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ David Viney

Name: David Viney

Title: Managing Director

RBS GREENWICH FACILITY GROUP:

CONDUIT LENDER:

THAMES ASSET GLOBAL SECURITIZATION NO. 1, INC.

By: /s/ R. Douglas Donaldson

Name: R. Douglas Donaldson

Title: Treasurer

MANAGING AGENT:

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ David Viney

Name: David Viney

Title: Managing Director

ALTERNATE LENDER:

**THE ROYAL BANK OF SCOTLAND PLC,
NEW YORK BRANCH**

By: GREENWICH CAPITAL MARKETS, INC.,
as agent

By: /s/ Fergus Small

Name: Fergus Small

Title: Senior Vice President

CO-LEAD ARRANGER:

DEUTSCHE BANK SECURITIES INC.

By: /s/ Sumeet Wadhera
Name: Sumeet Wadhera
Title: Director

By: /s/ Peter Kim
Name: Peter Kim
Title: Vice President

DEUTSCHE BANK FACILITY GROUP:

CONDUIT LENDER:

GEMINI SECURITIZATION CORP., LLC

By: /s/ R. Douglas Donaldson
Name: R. Douglas Donaldson
Title: Treasurer

MANAGING AGENT:

DEUTSCHE BANK AG, NEW YORK BRANCH

By: /s/ Sumeet Wadhera
Name: Sumeet Wadhera
Title: Director

By: /s/ Peter Kim
Name: Peter Kim
Title: Vice President

ALTERNATE LENDER:

DEUTSCHE BANK AG, NEW YORK BRANCH

By: /s/ Sumeet Wadhera
Name: Sumeet Wadhera
Title: Director

By: /s/ Peter Kim
Name: Peter Kim
Title: Vice President

ARRANGER:

CREDIT SUISSE, NEW YORK BRANCH

By: /s/ Josh Borg
Name: Josh Borg
Title: Director

By: /s/ Mark Golombeck
Name: Mark Golombeck
Title: Director

CREDIT SUISSE FACILITY GROUP:

CONDUIT LENDER:

ALPINE SECURITIZATION CORPORATION

By: /s/ Mark Lengel
Name: Mark Lengel
Title: Attorney-In-Fact

By: /s/ Alex Smith
Name: Alex Smith
Title: Attorney-In-Fact

MANAGING AGENT:

CREDIT SUISSE, NEW YORK BRANCH

By: /s/ Josh Borg
Name: Josh Borg
Title: Director

By: /s/ Mark Golombeck
Name: Mark Golombeck
Title: Director

ALTERNATE LENDER:

CREDIT SUISSE, NEW YORK BRANCH

By: /s/ Josh Borg
Name: Josh Borg
Title: Director

By: /s/ Mark Golombeck
Name: Mark Golombeck
Title: Director

Agreed and acknowledged
with respect to Section 3.09, the first sentence of Section 6.28, Section 8.02 and Section 10.01(a):

SLM CORPORATION

By: /s/ J. Lance Franke
Name: J. Lance Franke
Title: Executive Vice President

Agreed and acknowledged
with respect to Section 10.01(a) and the last sentence of Section 10.08:

SLM EDUCATION CREDIT FINANCE CORPORATION

By: /s/ Mark L. Heleen
Name: Mark L. Heleen
Title: Senior Vice President

NOTE PURCHASE AND SECURITY AGREEMENT

by and among

BLUEMONT FUNDING I,
as the Trust,

THE CONDUIT LENDERS PARTY HERETO,
as Conduit Lenders,

CERTAIN FINANCIAL INSTITUTIONS PARTIES HERETO,
as Alternate Lenders,

CERTAIN FINANCIAL INSTITUTIONS PARTIES HERETO,
as LIBOR Lenders,

CERTAIN FINANCIAL INSTITUTIONS PARTIES HERETO,
as Managing Agents,

BANK OF AMERICA, N.A.,
as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,
as Syndication Agent,

BANC OF AMERICA SECURITIES LLC and
J.P. MORGAN SECURITIES INC.,
as Lead Arrangers,

BARCLAYS BANK PLC,
THE ROYAL BANK OF SCOTLAND PLC, and
DEUTSCHE BANK SECURITIES INC.,
as Co-Lead Arrangers,

CREDIT SUISSE, NEW YORK BRANCH,
as Arranger,

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Eligible Lender Trustee,

and

SALLIE MAE, INC.,
as Administrator

February 29, 2008

TABLE OF CONTENTS

ARTICLE I.

DEFINITIONS

Section 1.01. Certain Defined Terms	2
Section 1.02. Other Terms	44
Section 1.03. Computation of Time Periods	45
Section 1.04. Calculation of Yield Rate and Certain Fees	45
Section 1.05. Time References	45

ARTICLE II.

THE FACILITY

Section 2.01. Issuance and Purchase of Notes; Making of Advances	45
Section 2.02. The Initial Advance and Subsequent Advances	47
Section 2.03. Reduction, Termination or Increase of the Maximum Financing Amount and Prepayment of the Notes	49
Section 2.04. The Accounts	50
Section 2.05. Transfers from Collection Account	53
Section 2.06. Capitalized Interest Account and Reserve Account	56
Section 2.07. Transfers from the Capitalized Interest Account and Reserve Account	57
Section 2.08. Management of Trust Accounts	58
Section 2.09. [RESERVED]	60
Section 2.10. Grant of a Security Interest	60
Section 2.11. Evidence of Debt	62
Section 2.12. Payments by the Trust	62
Section 2.13. Payment of Stamp Taxes, Etc.	62
Section 2.14. Sharing of Payments, Etc	62
Section 2.15. Yield Protection	63
Section 2.16. Extension of Scheduled Maturity Date	64
Section 2.17. Servicer Advances	65
Section 2.18. Release and Transfer of Pledged Collateral	65
Section 2.19. Effect of Release	67

Section 2.20. Taxes	67
Section 2.21. Replacement or Repayment of Facility Group	70
Section 2.22. Notice of Amendments to Program Support Agreements	72
Section 2.23. Lender Holding Account	72
Section 2.24. Deliveries by Administrative Agent	73
Section 2.25. Mark-to-Market Valuation	73
Section 2.26. Inability to Determine Rates	75
Section 2.27. Calculation of Monthly Yield	76

ARTICLE III.

THE NOTES

Section 3.01. Form of Notes Generally	76
Section 3.02. Securities Legend	77
Section 3.03. Priority	77
Section 3.04. Execution and Dating	78
Section 3.05. Registration, Registration of Transfer and Exchange, Transfer Restrictions	78
Section 3.06. Mutilated, Destroyed, Lost and Stolen Notes	78
Section 3.07. Persons Deemed Owners	79
Section 3.08. Cancellation	79
Section 3.09. CUSIP/DTC Listing	80
Section 3.10. Legal Final Maturity Date	80

ARTICLE IV.

CONDITIONS TO CLOSING DATE AND ADVANCES

Section 4.01. Conditions Precedent to Closing Date	80
Section 4.02. Conditions Precedent to Advances	83
Section 4.03. Condition Subsequent to Advances (other than the Initial Advance)	87
Section 4.04. Conditions Precedent to Addition of New Seller	87

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

Section 5.01. General Representations and Warranties of the Trust	88
Section 5.02. Representations and Warranties of the Trust Regarding the Administrative Agent's Security Interest	91
Section 5.03. Particular Representations and Warranties of the Trust	92
Section 5.04. Repurchase of Student Loans; Reimbursement	93
Section 5.05. Administrator Actions Attributable to the Trust	93

ARTICLE VI.

COVENANTS OF THE TRUST

Section 6.01. Preservation of Separate Existence	94
Section 6.02. Notice of Termination Event, Potential Termination Event or Amortization Event	94
Section 6.03. Notice of Material Adverse Change	95
Section 6.04. Compliance with Laws; Preservation of Corporate Existence; Code of Conduct	95
Section 6.05. Enforcement of Obligations	95
Section 6.06. Maintenance of Books and Records	97
Section 6.07. Fulfillment of Obligations	97
Section 6.08. Notice of Material Litigation	97
Section 6.09. Notice of Relocation	97
Section 6.10. Rescission or Modification of Trust Student Loans and Transaction Documents	97
Section 6.11. Liens	98
Section 6.12. Sales of Assets; Consolidation/Merger	99
Section 6.13. Change in Business	100
Section 6.14. Residual Interest	100
Section 6.15. General Reporting Requirements	100
Section 6.16. Inspections	102
Section 6.17. ERISA	102
Section 6.18. Servicers	102
Section 6.19. Acquisition, Financing, Collection and Assignment of Student Loans	102

Section 6.20. Administration and Collection of Trust Student Loans	103
Section 6.21. Obligations of the Trust With Respect to Pledged Collateral	103
Section 6.22. Asset Coverage Requirement	103
Section 6.23. Amendment of Organizational Documents	103
Section 6.24. Amendment of Underwriting Guidelines or Servicing Policies	103
Section 6.25. No Payments on Excess Distribution Certificate	103
Section 6.26. Borrower Benefit Programs	103
Section 6.27. Required Ratings	104
Section 6.28. Competing Financing Transactions	104
Section 6.29. Initial Advances	105

ARTICLE VII.

AMORTIZATION EVENTS AND TERMINATION EVENTS

Section 7.01. Amortization Events	105
Section 7.02. Termination Events	107
Section 7.03. Remedies	109
Section 7.04. Setoff	110

ARTICLE VIII.

INDEMNIFICATION

Section 8.01. Indemnification by the Trust	111
Section 8.02. Indemnification by SLM Corporation	111

ARTICLE IX.

ADMINISTRATIVE AGENT, SYNDICATION AGENT AND MANAGING AGENTS

Section 9.01. Authorization and Action of Administrative Agent and Syndication Agent	112
Section 9.02. Authorization and Action of Managing Agents	113
Section 9.03. Agency Termination	114
Section 9.04. Administrative Agent's, Syndication Agent's and Managing Agent's Reliance, Etc.	114
Section 9.05. Administrative Agent, Syndication Agent, Managing Agents and Affiliates	115

Section 9.06. Decision to Purchase Notes and Make Advances	115
Section 9.07. Successor Administrative Agent or Syndication Agent	115
Section 9.08. Successor Managing Agents	116
Section 9.09. Reimbursement	117
Section 9.10. Notice of Amortization Events, Termination Events, Potential Amortization Events, Potential Termination Events or Servicer Defaults	117

ARTICLE X.

MISCELLANEOUS

Section 10.01. Amendments, Etc.	118
Section 10.02. Notices; Non-Public Information, Etc.	119
Section 10.03. No Waiver; Remedies; Limitation of Liability	121
Section 10.04. Successors and Assigns; Binding Effect	121
Section 10.05. Survival	127
Section 10.06. Governing Law	127
Section 10.07. Submission to Jurisdiction; Waiver of Jury Trial; Appointment of Service Agent	128
Section 10.08. Costs and Expenses	128
Section 10.09. Bankruptcy Non-Petition and Limited Recourse	129
Section 10.10. Recourse Against Certain Parties	129
Section 10.11. Execution in Counterparts; Severability	130
Section 10.12. Confidentiality	130
Section 10.13. Section Titles	132
Section 10.14. Entire Agreement	132
Section 10.15. No Petition	132
Section 10.16. Excess Funds	132
Section 10.17. Eligible Lender Trustee	133
Section 10.18. USA PATRIOT Act Notice	133

EXHIBIT A COMMITMENTS
EXHIBIT B LIST OF APPROVED GUARANTORS
EXHIBIT C FORM OF MONTHLY REPORT
EXHIBIT D FORM OF ADVANCE REQUEST
EXHIBIT E FORM OF MONTHLY ADMINISTRATIVE AGENT'S REPORT
EXHIBIT F FORM OF NOTICE OF RELEASE
EXHIBIT G FORM OF PRO FORMA REPORT (SECTION 2.18(b)(ii))
EXHIBIT H FORM OF RELEASE RECONCILIATION STATEMENT
EXHIBIT I FORM OF 2.20(d) CERTIFICATE
EXHIBIT J FORM OF CLASS A VARIABLE FUNDING NOTE
EXHIBIT K FORM OF CLASS B VARIABLE FUNDING NOTE
EXHIBIT L FORM OF ADVANCE RECONCILIATION STATEMENT
EXHIBIT M NOTICE ADDRESSES

NOTE PURCHASE AND SECURITY AGREEMENT

THIS NOTE PURCHASE AND SECURITY AGREEMENT (this “*Agreement*”) is made as of February 29, 2008, among BLUEMONT FUNDING I, a statutory trust duly organized under the laws of the State of Delaware, as the trust hereunder (the “*Trust*”), SALLIE MAE, INC., a Delaware corporation, as administrator (the “*Administrator*”), THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as the eligible lender trustee hereunder (the “*Eligible Lender Trustee*”), J.P. MORGAN SECURITIES INC. and BANC OF AMERICA SECURITIES LLC, as lead arrangers (the “*Lead Arrangers*”), BARCLAYS BANK PLC, THE ROYAL BANK OF SCOTLAND PLC and DEUTSCHE BANK SECURITIES INC., as co-lead arrangers (the “*Co-Lead Arrangers*”), CREDIT SUISSE, NEW YORK BRANCH, as arranger (the “*Arranger*”), the CONDUIT LENDERS (as hereinafter defined) from time to time parties hereto, the ALTERNATE LENDERS (as hereinafter defined) from time to time parties hereto, the LIBOR LENDERS (as hereinafter defined) from time to time parties hereto, JPMORGAN CHASE BANK, N.A., a national banking association, BANK OF AMERICA, N.A., a national banking association, BARCLAYS BANK PLC, a public limited company organized under the laws of England and Wales, THE ROYAL BANK OF SCOTLAND PLC, a bank organized under the laws of Scotland, DEUTSCHE BANK AG, NEW YORK BRANCH, a German banking corporation acting through its New York Branch, and CREDIT SUISSE, NEW YORK BRANCH, the New York branch of a Swiss banking corporation, each as agent on behalf of its related LIBOR Lender or its related Conduit Lenders, Alternate Lenders and Program Support Providers (as hereinafter defined) (and together with any other similar financial institutions which become parties hereto, collectively, the “*Managing Agents*”), JPMORGAN CHASE BANK, N.A., as syndication agent hereunder (in such capacity, the “*Syndication Agent*”), and BANK OF AMERICA, N.A., as the administrative agent for the Conduit Lenders, Alternate Lenders, LIBOR Lenders and Managing Agents (in such capacity, the “*Administrative Agent*”).

PRELIMINARY STATEMENTS

WHEREAS, the Conduit Lenders are special purpose entities engaged in the business of issuing promissory notes and obtaining funding (directly or indirectly) in the commercial paper market and purchasing notes of certain entities for the purpose of financing financial assets of such entities; and

WHEREAS, the LIBOR Lenders are financial institutions engaged in the business of purchasing notes of certain entities for the purpose of financing financial assets of such entities; and

WHEREAS, the Master Depositor will purchase certain Eligible FFELP Loans in accordance with the Purchase Agreements; and

WHEREAS, the Depositor will purchase certain Eligible FFELP Loans in accordance with the Conveyance Agreement and the Tri-Party Transfer Agreement; and

WHEREAS, the Trust will purchase certain Eligible FFELP Loans in accordance with the Sale Agreement; and

WHEREAS, the Eligible Lender Trustee will maintain legal title of the Trust Student Loans on behalf of the Trust in accordance with the terms of the Trust Agreement; and

WHEREAS, the Trust desires to fund such purchases through the issuance of its Class A variable funding notes (the “*Class A Notes*”) and Class B variable funding notes (the “*Class B Notes*” and together with the Class A Notes, the “*Notes*”) and the sale of such Notes to the Managing Agents for the benefit of the Conduit Lenders, the LIBOR Lenders and the Alternate Lenders, as applicable, on the terms and conditions set forth herein; and

WHEREAS, the Conduit Lenders may, from time to time, assign all or a part of such Notes or assign interests therein or commitments to purchase or fund such Notes to the Alternate Lenders or to certain Program Support Providers (as hereinafter defined) pursuant to the terms of the Program Support Agreements (as hereinafter defined); and

WHEREAS, each of the Managing Agents is willing to act as the agent on behalf of its related LIBOR Lender or on behalf of each of its related Conduit Lenders, Alternate Lenders and Program Support Providers, as applicable, pursuant to this Agreement and the corresponding Program Support Agreements.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.01. Certain Defined Terms. Certain capitalized terms used throughout this Agreement are defined above or in this Section.

As used in this Agreement and its exhibits, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined unless otherwise noted).

“**Additional Student Loan**” means any Student Loan that becomes a Trust Student Loan after the Closing Date.

“**Adjusted Cash Income**” means, for any period, Adjusted Revenue for such period less Operating Expenses for such period.

“**Adjusted Pool Balance**” means, as of any date:

(a) (i) the aggregate of the Principal Balance of each Eligible FFELP Loan acquired by the Trust on or prior to the Valuation Date set forth in the most recent Valuation Report multiplied by the Applicable Percentage for such Eligible FFELP Loan, determined by reference to the most recent Valuation Report, plus (ii) the Collateral Value of each Eligible FFELP Loan acquired by the Trust since the Valuation Date set forth in the most recent Valuation Report, minus (iii) the aggregate of the Principal Balance of each Eligible FFELP Loan that was subject

to a release pursuant to Section 2.18 since the Valuation Date set forth in the most recent Valuation Report, multiplied by the Applicable Percentage for such Eligible FFELP Loan, minus

(b) the Excess Concentration Amount multiplied by the weighted average Applicable Percentage for all Eligible FFELP Loans.

“**Adjusted Revenue**” means, for any period, (a) the sum, without duplication, of all items which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in accordance with GAAP as (i) “total interest income” and (ii) “total other income,” less (b) the sum of (i) “provisions for losses,” (ii) “gains on student loan securitizations” and (iii) “servicing and securitization revenue,” eliminating (c) “total net impact of SFAS No. 133 derivative accounting,” and including (d) “net interest income on securitized loans, after provisions for losses,” in the case of (c) and (d) above as currently reported in SLM Corporation’s most recent Form 10-Q or Form 10-K, as applicable, under “RESULTS OF OPERATIONS” – “Alternative Performance Measures” or as subsequently identified in writing by SLM Corporation.

“**Administrative Agent**” means Bank of America, N.A., a national banking association, and its successors and assigns, in its capacity as agent of the Conduit Lenders, the Managing Agents, the LIBOR Lenders and the Alternate Lenders hereunder.

“**Administrative Agent Fees**” means the fees, reasonable expenses and charges of the Administrative Agent, including reasonable legal fees and expenses, as set forth in the Administrative Agent and Syndication Agent Fee Letter.

“**Administrative Agent and Syndication Agent Fee Letter**” means the Administrative Agent and Syndication Agent Fee Letter, dated as of the Closing Date, among the Trust, the Administrative Agent and the Syndication Agent.

“**Administrative Questionnaire**” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“**Administration Account**” means the special account created pursuant to Section 2.04(b).

“**Administration Agreement**” means the Administration Agreement, dated as of the Closing Date, among the Depositor, the Trust, the Eligible Lender Trustee, the Master Servicer, the Administrator and the Administrative Agent.

“**Administrator Fee**” means, for each calendar month, a fee payable to the Administrator monthly in arrears equal to \$10,000.

“**Administrator**” means Sallie Mae, Inc., a Delaware corporation, and its successors and assigns, in its capacity as administrator of the Trust in accordance with the Administration Agreement.

“**Administrator Default**” has the meaning assigned to such term in Section 5.01 of the Administration Agreement.

“**Advance**” means an advance, including a Purchase Price Advance, an Excess Collateral Advance or a Capitalized Interest Advance, made by the Lenders pursuant to Article II.

“**Advance Date**” means, with respect to any Advance, the date on which such Advance is made.

“**Advance Reconciliation Statement**” has the meaning assigned to such term in Section 4.03.

“**Advance Request**” has the meaning assigned to such term in Section 2.02(b).

“**Adverse Claim**” means a lien, security interest, charge, encumbrance or other right or claim or restriction in favor of any Person (including any UCC financing statement or similar instrument filed against the assets of that Person) other than, with respect to the Pledged Collateral, any lien, security interest, charge, encumbrance or other right or claim or restriction in favor of the Administrative Agent, for the benefit of the Secured Creditors.

“**Affected Party**” means the Administrative Agent, the Syndication Agent, each Co-Valuation Agent, each LIBOR Lender, each Conduit Lender, each Managing Agent, each Alternate Lender, each Program Support Provider and any permitted assignee or participant of any LIBOR Lender, any Conduit Lender, any Alternate Lender or any Program Support Provider.

“**Affiliate**” means, when used with respect to a Person, any other Person controlling, controlled by or under common control with such Person. A Person shall be deemed to control another person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, membership interests, by contract or otherwise.

“**Agent Parties**” has the meaning assigned to such term in Section 10.02(c).

“**Aggregate Note Balance**” means, as of any date of determination, the sum of the Class A Note Balance and the Class B Note Balance.

“**Agreement**” means this Note Purchase and Security Agreement, together with all exhibits and appendices attached hereto as the same may be amended, restated, supplemented or otherwise modified from time to time hereafter.

“**Alternate Lender**” means any financial institution identified as an Alternate Lender on Exhibit A attached hereto as such Exhibit may be amended, restated or otherwise revised from time to time, and any successors or assigns (subject to Section 10.04).

“**Amortization Event**” has the meaning assigned to such term in Section 7.01.

“**Amortization Period**” means the period commencing on the occurrence of an Amortization Event and ending on the earliest of (a) the date the Notes and all other Obligations are paid in full, (b) 90 days from the occurrence of such Amortization Event and (c) the occurrence of a Termination Event.

“**Amortization Period Rate**” means, (a) during the first 30 days following the commencement of the Amortization Period, the Base Rate plus 0.50% per annum, (b) during the second 30 days following the commencement of the Amortization Period, the Base Rate plus 1.00% per annum and (c) thereafter, until the Termination Date, the Base Rate plus 1.50% per annum.

“**Applicable Margin**” means, with respect to any Class A Advance or Class B Advance and any Lender, the Applicable Margin as set forth in the Lenders Fee Letter.

“**Applicable Percentage**” has the meaning set forth in the Side Letter.

“**Approved Fund**” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of any entity that administers or manages a Lender.

“**Arranger**” means Credit Suisse, New York Branch.

“**Arrangers**” means collectively, the Lead Arrangers, the Co-Lead Arrangers and the Arranger.

“**Asset Coverage Ratio**” means, on the last day of each calendar month, and as of any other date of determination, the ratio (expressed as a percentage) of (a) the sum of (i) the Adjusted Pool Balance as of such date plus (ii) (without duplication) any accrued and unpaid interest thereon and any accrued and unpaid Special Allowance Payments and Interest Subsidy Payments on the Trust Student Loans as of such date plus (iii) funds (including Eligible Investments) on deposit in the Collection Account, the Administration Account, the Capitalized Interest Account and the Reserve Account, if any, as of such date, to (b) the Reported Liabilities as of such date and rounding to the nearest second decimal place.

“**Assignee Group**” means two or more assignees that meet the requirements to be an assignee under Section 10.04(b) and that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“**Assignment Amount**” means, with respect to an Alternate Lender at the time of any assignment pursuant to Section 10.04(g), an amount equal to the lesser of (a) such Alternate Lender’s pro rata share of the aggregate principal amount of the Notes requested by the related Conduit Lender to be assigned at such time plus any accrued and unpaid interest owed thereon at the applicable CP Rate and (b) such Alternate Lender’s unused Assignment Commitment (minus the unrecovered principal amount of such Alternate Lender’s investments pursuant to the Program Support Agreement to which it is a party).

“**Assignment Commitment**” means, with respect to an Alternate Lender, such Alternate Lender’s Commitment multiplied by 1.02.

“**Authorized Officer**” means:

- (a) with respect to the Trust, any officer of the Eligible Lender Trustee who is authorized to act for the Eligible Lender Trustee in matters relating to the Trust pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Eligible Lender Trustee to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Eligible Lender Trustee from time to time thereafter and delivered to the Administrative Agent);
- (b) with respect to the Administrator, any officer of the Administrator who is authorized to act for the Administrator in matters relating to itself or to the Trust and to be acted upon by the Administrator pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Administrator to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Administrator from time to time thereafter and delivered to the Administrative Agent);
- (c) with respect to the Depositor, any officer of the Depositor who is authorized to act for the Depositor in matters relating to itself or to be acted upon by the Depositor pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Depositor to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Depositor from time to time thereafter and delivered to the Administrative Agent);
- (d) with respect to the Master Servicer, any officer of the Master Servicer who is authorized to act for the Master Servicer in matters relating to itself or to be acted upon by the Master Servicer pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Master Servicer to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Master Servicer from time to time thereafter and delivered to the Administrative Agent);
- (e) with respect to the Eligible Lender Trustee, any officer of the Eligible Lender Trustee who is authorized to act for the Eligible Lender Trustee in matters relating to itself or to be acted upon by the Eligible Lender Trustee pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Eligible Lender Trustee to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by the Eligible Lender Trustee from time to time thereafter and delivered to the Administrative Agent);
- (f) with respect to SLM Corporation, chief executive officer, chief financial officer, president, any vice president, treasurer or other senior officer of SLM Corporation who is authorized to act for SLM Corporation in matters relating to itself or to be acted upon by SLM Corporation pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by SLM Corporation to the Administrative Agent on the Closing Date (as such list may be modified or supplemented by SLM Corporation from time to time thereafter and delivered to the Administrative Agent); and
- (g) with respect to the Administrative Agent, any officer of the Administrative Agent who is authorized to act for the Administrative Agent in matters relating to itself or to be acted

upon by the Administrative Agent pursuant to the Transaction Documents and who is identified on the list of Authorized Officers delivered by the Administrative Agent to the Administrator and the Eligible Lender Trustee on the Closing Date (as such list may be modified or supplemented by the Administrative Agent from time to time thereafter and delivered to the Administrator and the Eligible Lender Trustee).

“**Available Funds**” means, with respect to a Settlement Date, the sum of the following amounts received into the Collection Account with respect to the related Settlement Period:

- (a) all collections of principal and interest on the Trust Student Loans, including any payments received from the Guarantees on the Trust Student Loans but net of (i) any collections in respect of principal on the Trust Student Loans applied by the Trust to repurchase Guaranteed loans from the Guarantors under the Guarantee Agreements, (ii) amounts required by the Higher Education Act to be paid to the Department or to be repaid or rebated to Obligor (whether or not in the form of a principal reduction of the applicable Trust Student Loan) on the Trust Student Loans for that Settlement Period including Floor Income Rebate Fees and Monthly Rebate Fees and (iii) amounts deposited into the Floor Income Rebate Account during the related Settlement Period;
- (b) any Interest Subsidy Payments and Special Allowance Payments with respect to the Trust Student Loans received during that Settlement Period for the Trust Student Loans;
- (c) all Liquidation Proceeds from any Trust Student Loans which became Liquidated Student Loans during that Settlement Period in accordance with the Servicer's applicable Servicing Policies, plus all Recoveries on Liquidated Student Loans which were written off in prior Settlement Periods or during that Settlement Period;
- (d) the aggregate amounts received during that Settlement Period for those Trust Student Loans (i) repurchased by the applicable Seller or the Depositor, as applicable, (ii) purchased by the Servicer or its assignee or (iii) sold to another eligible lender pursuant to Section 3.11 of the Servicing Agreement;
- (e) the aggregate amounts, if any, received by the Trust from the applicable Seller, the Depositor or the Servicer, as the case may be, as reimbursement of non-guaranteed principal or interest amounts, or lost Interest Subsidy Payments and Special Allowance Payments, on the Trust Student Loans pursuant to the Sale Agreement or Section 3.05 of the Servicing Agreement, respectively;
- (f) amounts received by the Trust pursuant to Sections 3.01 and 3.12 of the Servicing Agreement during that Settlement Period as to yield or principal adjustments other than deposits into the Borrower Benefit Account;
- (g) investment earnings for that Settlement Period earned on investments in the Trust Accounts during such Settlement Period;
- (h) amounts, if any, transferred into the Collection Account from the Capitalized Interest Account in excess of the Required Capitalized Interest Account Balance, calculated as of the end of the Settlement Period related to that Settlement Date;

- (i) amounts, if any, transferred into the Collection Account from the Reserve Account in excess of the Reserve Account Specified Balance, calculated as of the end of the Settlement Period related to that Settlement Date;
- (j) amounts, if any, transferred into the Collection Account from the Floor Income Rebate Account representing amounts no longer required to be held in connection with floor income payment obligations;
- (k) amounts, if any, transferred into the Collection Account from the Borrower Benefit Account to offset reductions in yield on affected Trust Student Loans during the related Settlement Period;
- (l) amounts, if any, received by the Trust from SLM Corporation under the Revolving Credit Agreement and which have been deposited into the Collection Account;
- (m) all proceeds from any Permitted Release (to the extent such proceeds were not previously used to prepay the Aggregate Note Balance or used to purchase new Eligible FFELP Loans);
- (n) amounts received, if any, in respect of insurance proceeds; and
- (o) all other Collections or other amounts deposited into the Collection Account for application pursuant to Section 2.05(b) on the applicable Settlement Date;

provided, that if on any Settlement Date, there would not be sufficient funds, after application of Available Funds, as defined above, and application of amounts available from the Capitalized Interest Account and the Reserve Account, in that order, to pay any of the items specified in clauses (i) through (v) of Section 2.05(b), then Available Funds for that Settlement Date will include, in addition to the Available Funds as defined above, amounts on deposit in the Collection Account, or amounts held by the Administrative Agent for deposit into the Collection Account which would have constituted Available Funds for the Settlement Date immediately succeeding that Settlement Date, up to the amount necessary to pay such items, and the Available Funds for the immediately succeeding Settlement Date will be adjusted accordingly.

“**Bankruptcy Code**” means Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time, and any successor statute.

“**Base Rate**” means, for any day, a rate per annum determined by the Administrative Agent equal to the higher of (a) the Prime Rate for such day and (b) the sum of 0.50% plus the Federal Funds Rate for such day.

“**Base Rate Advance**” means an Advance funded with reference to the Base Rate.

“**Benefit Plan**” means any employee benefit plan as defined in Section 3(3) of ERISA in respect of which the Trust or any ERISA Affiliate is, or at any time during the immediately preceding six years was, an “employer” as defined in Section 3(5) of ERISA.

“**Borrower Benefit Account**” means the special account created pursuant to Section 2.04(d).

“**Business Day**” means a day of the year other than a Saturday or a Sunday or other day on which (a) banks are not authorized or required to close in Charlotte, North Carolina or New York, New York and (b) trust companies are not authorized or required to close in Wilmington, Delaware; provided, however, if the term “Business Day” is used in connection with the LIBOR Rate, it means any day on which (x) dealings in dollar deposits are carried on in the London interbank market and (y) banks are not authorized or required to close in New York, New York.

“**Capitalized Interest Account**” means the special account created pursuant to Section 2.06(a).

“**Capitalized Interest Account Funding Event**” means (i) an event which occurs as of any date on which an Advance has been requested and after giving effect to such Advance, the Aggregate Note Balance plus the Capitalized Interest Account Specified Balance exceeds the Maximum Financing Amount, (ii) the third Business Day preceding the Scheduled Maturity Date, or (iii) the last day of the Revolving Period under clause (ii) or (iii) of the definition of Revolving Period.

“**Capitalized Interest Account Specified Balance**” means, as of any date of determination, the sum of (i) for each Eligible FFELP Loan that is a Trust Student Loan included in the Initial Pool, the product of 2% multiplied by the Principal Balance thereof as of such date of determination, and (ii) for each Eligible FFELP Loan that becomes a Trust Student Loan not included in the Initial Pool, the product of 4% multiplied by the Principal Balance thereof as of such date of determination.

“**Capitalized Interest Advance**” means an Advance made upon a Capitalized Interest Account Funding Event or as provided in Section 2.21(b), the proceeds of which are to be deposited into the Capitalized Interest Account.

“**Carryover Servicing Fee**” has the meaning specified in Attachment A to the Servicing Agreement.

“**Change of Control**” means (i) a merger or consolidation of the Trust, the Administrator, any Seller, the Depositor, the Master Depositor or the Master Servicer, as applicable, into another Person (other than an Affiliate of SLM Corporation), (ii) any merger or consolidation to which the Trust, the Administrator, any Seller, the Depositor, the Master Depositor or the Master Servicer, as applicable, shall be a party resulting in the creation of another Person (other than an Affiliate of SLM Corporation), (iii) any Person (other than an Affiliate of SLM Corporation) succeeding to the properties and assets of the Trust, the Administrator, any Seller, the Depositor, the Master Depositor or the Master Servicer, as applicable, substantially as a whole or (iv) an event or series of events by which any Person (other than an Affiliate of SLM Corporation) acquires the right to vote more than 50% of the common stock or other voting interest of the Trust, the Administrator, any Seller, the Depositor, the Master Depositor or the Master Servicer, as applicable.

“**Class A Advance**” means an Advance under a Class A Note.

“**Class A Maximum Financing Amount**” means an amount equal to the product of 97% and the Maximum Financing Amount.

“**Class A Note**” means a variable funding note, substantially in the form attached hereto as Exhibit J.

“**Class A Note Balance**” means, as of any date of determination, the principal amount of each Class A Note Outstanding and for all Class A Notes, the aggregate principal amount of all Class A Notes Outstanding, after giving effect to (i) all distributions applied to principal on the Class A Notes on such date of determination and (ii) Class A Advances made on such date of determination.

“**Class A Principal Distribution Amount**” means (a) with respect to any Settlement Date prior to the occurrence of an Amortization Event or a Termination Event and at a time when the Minimum Asset Coverage Requirement is satisfied, 97% of the Principal Distribution Amount, and (b) with respect to any Settlement Date following the occurrence of an Amortization Event or a Termination Event or on any Settlement Date on which the Minimum Asset Coverage Requirement is not satisfied, 100% of the Principal Distribution Amount, in each case until the Class A Note Balance is reduced to zero.

“**Class B Advance**” means an Advance under the Class B Notes.

“**Class B Maximum Financing Amount**” means an amount equal to the product of 3% and the Maximum Financing Amount.

“**Class B Note**” means a variable funding note, substantially in the form attached hereto as Exhibit K.

“**Class B Note Balance**” means, as of any date of determination, the principal amount of each Class B Note Outstanding and for all Class B Notes, the aggregate principal amount of all Class B Notes Outstanding at the date of determination after giving effect to (i) all distributions applied to principal on the Class B Notes on such date of determination and (ii) Class B Advances made on such date of determination.

“**Class B Principal Distribution Amount**” means (a) with respect to any Settlement Date until and including the Settlement Date on which the Class A Note Balance is reduced to zero, the Principal Distribution Amount, less the Class A Principal Distribution Amount, and (b) with respect to any Settlement Date after the Class A Note Balance is reduced to zero, 100% of any remaining Principal Distribution Amount, in each case until the Class B Note Balance is reduced to zero.

“**Closing Date**” means February 29, 2008.

“**Co-Lead Arrangers**” means Barclays Bank PLC, The Royal Bank Of Scotland PLC and Deutsche Bank Securities Inc.

“**Co-Valuation Agents**” means J.P. Morgan Securities Inc., Banc of America Securities LLC and Barclays Bank PLC, or any other entity appointed as a successor Co-Valuation Agent pursuant to the Valuation Agent Agreement.

“**Co-Valuation Agents Fees**” means the fees and charges, if any, of the Co-Valuation Agents, including reasonable legal fees and expenses, payable to the Co-Valuation Agents pursuant to the Valuation Agent Fee Letter.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute and the regulations promulgated and rulings issued thereunder.

“**Collateral Value**” means, with respect to each pool of Eligible FFELP Loans to be added to the Trust Student Loans in connection with a particular Purchase Price Advance, an amount equal to the product of the weighted average advance rate referred to in clause (a) of the definition of Applicable Percentage for such pool and the aggregate Principal Balance of such pool; provided, however, that if the Applicable Percentage set forth in the most recent Valuation Report is the percentage referred to in clause (b) or (c) of the definition of Applicable Percentage, then in calculating each of the percentages used in determining the weighted average advance rate referred to in clause (a) of the definition of Applicable Percentage for such pool, each such percentage shall be multiplied by a fraction the numerator of which is the lower of the percentages calculated pursuant to clause (b) and (c) of the definition of Applicable Percentage in the most recent Valuation Report and the denominator of which is the weighted average advance rate calculated pursuant to clause (a) of the definition of Applicable Percentage in the most recent Valuation Report.

“**Collection Account**” means the special account created pursuant to Section 2.04(a).

“**Collections**” means (a) all amounts received with respect to principal and interest and other proceeds, payments and reimbursements, including Recoveries, with respect to any Trust Student Loan and any other collection of cash with respect to such Trust Student Loan and (b) all other cash collections and other cash proceeds of the Pledged Collateral (including, without limitation, in each of clauses (a) and (b) above, each of the items enumerated in the definition of Available Funds with respect to any Settlement Period).

“**Commitment**” means (i) with respect to a Lender, the obligation, if any, of such Lender to fund Advances pursuant to this Agreement in the amount stated to be such Lender’s “Commitment” on Exhibit A attached hereto, as such Exhibit may be amended, restated or otherwise revised from time to time and (ii) with respect to a Facility Group, the aggregate Commitment of the Lenders within such Facility Group, in each case as such Commitment may be reduced or increased pursuant to Section 2.03.

“**Committed Conduit Lender**” means any Conduit Lender that has a Commitment and any of its successors or assigns (subject to Section 10.04).

“**Competing Financing Transaction**” has the meaning assigned to such term in Section 6.28.

“**Conduit Assignee**” means any special purpose entity that finances its activities directly or indirectly through asset backed commercial paper and is administered by a Managing Agent or any Affiliate of a Managing Agent and designated by such Managing Agent from time to time to accept an assignment from such Managing Agent's related Conduit Lender of outstanding Advances; provided, however, that with respect to any Conduit Lender with a Commitment hereunder, such Conduit Assignee must be an assignee with respect to such Commitment.

“**Conduit Lender**” means any special purpose entity identified as a Conduit Lender on Exhibit A attached hereto, as such Exhibit may be amended, restated or otherwise revised from time to time, and any successors or assigns (subject to Section 10.04).

“**Consolidated Tangible Net Worth**” means, as of any date of determination, the consolidated stockholders' equity of SLM Corporation and its consolidated subsidiaries, determined in accordance with GAAP, less their consolidated Intangible Assets, all determined as of such date.

“**Consolidation Loan**” means a loan made to a borrower which loan consolidates such borrower's PLUS/SLS Loans, direct loans made by the Department of Education, Stafford Loans in accordance with the Higher Education Act and/or loans made under the Federal Health Education Assistance Loan Program authorized under Sections 701 through 720 of the Public Health Services Act.

“**Conveyance Agreement**” means the Conveyance Agreement, dated as of the Closing Date, among the Master Depositor, the Depositor and the Interim Eligible Lender Trustee, under which the Master Depositor will transfer, on a true sale basis, certain Eligible FFELP Loans to the Depositor, together with all transfer agreements, blanket endorsements and bills of sale executed pursuant thereto.

“**CP**” means the commercial paper notes issued from time to time by means of which a Conduit Lender (directly or indirectly) obtains financing.

“**CP Advance**” means an Advance made through the issuance of CP.

“**CP Rate**” means, for any Settlement Period, for any Conduit Lender, for the portion of the Aggregate Note Balance funded by such Conduit Lender directly or indirectly with CP, the rate equivalent to the weighted average cost (as determined by the applicable Managing Agent and which shall include Dealer Fees, incremental carrying costs incurred with respect to CP maturing on dates other than those on which corresponding funds are received by the Conduit Lender, other borrowings by the Conduit Lender to fund any Advances hereunder or its related commercial paper issuer if the Conduit Lender does not itself issue commercial paper (other than under any Program Support Agreement), actual costs of swapping foreign currencies into dollars to the extent the CP is issued in a market outside the U.S. and any other costs associated with the issuance of CP) of or related to the issuance of CP that are allocated, in whole or in part, by the Conduit Lender or the applicable Managing Agent to fund or maintain such portion of the Aggregate Note Balance (and which may be also allocated in part to the funding of other assets of the Conduit Lender); provided, however, that if the rate (or rates) is a discount rate, then the

rate (or if more than one rate, the weighted average of the rates) shall be the rate resulting from converting such discount rate (or rates) to an interest-bearing equivalent rate per annum.

“**Cutoff Date**” means the Initial Cutoff Date or any Subsequent Cutoff Date, as applicable.

“**Dealer Fees**” means a commercial paper dealer fee, payable to each Conduit Lender, of not greater than five basis points per annum on the amount of CP Advances made by such Conduit Lender.

“**Debt**” means, with respect to any Person, (a) indebtedness of such Person for borrowed money; (b) obligations of such Person evidenced by bonds, debentures, notes, letters of credit, interest rate and currency swaps or other similar instruments; (c) obligations of such Person to pay the deferred purchase price of property or services; (d) obligations of such Person as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases; (e) obligations secured by an Adverse Claim upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations; (f) obligations of such Person under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of other Persons of the kinds referred to in clauses (a) through (e) above; (g) all obligations of such Person upon which interest charges are customarily paid; (h) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person; (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances or as an account party in respect of letters of credit and letters of guaranty; (j) all obligations of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such obligations provide that such Person is not liable therefor; and (k) any other liabilities of such Person which would be treated as indebtedness in accordance with GAAP.

“**Defaulted Student Loan**” means any Trust Student Loan (a) as to which any payment or portion thereof is more than the number of days past due from the original due date thereof that would permit the Eligible Lender Trustee, or any other Person acting on its behalf, to submit a default claim to the applicable Guarantor under the terms of the Higher Education Act (which number of days, as of the Closing Date, is 270), (b) the Obligor of which is the subject of an Event of Bankruptcy (without giving effect to any applicable cure or continuance period) or is deceased or disabled or (c) as to which a continuing condition exists that, with notice or the lapse of time or both, would constitute a default, breach, violation or event permitting acceleration under the terms of such Student Loan (other than payment defaults continuing for a period of not more than the number of days past due from the original due date thereof that would permit the submission of a default claim to the applicable Guarantor under the terms of the Higher Education Act).

“**Defaulting Lender**” has the meaning assigned to such term in [Section 2.01\(d\)](#).

“**Delaware Trustee**” means BNYM (Delaware), a Delaware banking corporation.

“Delinquent Student Loan” means any Trust Student Loan, which is not a Defaulted Student Loan, as to which any payment, or portion thereof, is more than 120 days past due from the original due date thereof.

“Departing Facility Group” means a Facility Group whose Commitment the Trust has determined to assign or terminate in accordance with Section 2.21(a).

“Department of Education” or **“Department”** means the United States Department of Education, or any other officer, board, body, commission or agency succeeding to the functions thereof under the Higher Education Act.

“Depositor” means Bluemont Funding LLC, a Delaware limited liability company, in its capacity as depositor with respect to the Trust.

“Depositor Interim Trust Agreement” means the interim trust agreement, dated the date hereof, between the Depositor and the Interim Eligible Lender Trustee.

“Eligible FFELP Loan” means a Student Loan which meets the following criteria as of any date of determination:

(a) such Student Loan is fully disbursed;

(b) such Student Loan has not been owned by the Trust or by any Related SPE Trusts for more than 364 days in the aggregate for all such parties;

(c) such Student Loan is a Stafford Loan, an SLS Loan, a PLUS Loan or a Consolidation Loan and the Obligor thereof was an Eligible Obligor at the time such Student Loan was originated;

(d) such Student Loan is a U.S. Dollar denominated obligation payable in the United States;

(e) at least 97% of the principal of and interest on such Student Loan is guaranteed by the applicable Guarantor and eligible for reinsurance under the Higher Education Act, such percentage to be met without giving effect to any increase due to any special servicer status under the Higher Education Act of any applicable Servicer;

(f) such Student Loan provides for periodic payments which fully amortize the amount financed over its term to maturity (exclusive of any deferral or forbearance periods granted in accordance with applicable law, including, without limitation, the Higher Education Act, and in accordance with the applicable Guarantee Agreement);

(g) such Student Loan is being serviced by a Servicer under a Servicing Agreement and if such Student Loan is serviced by a Subservicer, the related Obligor has been directed to make all payments into a Permitted Lockbox;

- (h) such Student Loan bears interest at a stated rate equal to the maximum rate permitted under the Higher Education Act for such Student Loan (before giving effect to any borrower benefit programs);
- (i) such Student Loan is eligible for the payment of quarterly Special Allowance Payments at a rate established under the formula set forth in the Higher Education Act for such Student Loan;
- (j) if not yet in repayment status, such Student Loan is eligible for the payment of Interest Subsidy Payments by the Department of Education or, if not so eligible, is a Student Loan for which interest either is billed quarterly to the Obligor or deferred until commencement of the repayment period, in which case such accrued interest is subject to capitalization to the full extent permitted by the applicable Guarantor;
- (k) such Student Loan is not a Defaulted Student Loan at the time the Advance to purchase such Student Loan is made;
- (l) such Student Loan is supported by the following documentation:
 - (i) loan application, and any supplement thereto;
 - (ii) evidence of Guarantee;
 - (iii) any other document and/or record which the Trust or the related Servicer or other agent may be required to retain pursuant to the Higher Education Act;
 - (iv) if applicable, payment history (or similar documentation) including (A) an indication of the Principal Balance and the date through which interest has been paid, each as of the related date of determination and (B) an accounting of the allocation of all payments by the Obligor or on Obligor's behalf to principal and interest on the Student Loan;
 - (v) if applicable, documentation which supports periods of current or past deferment or past forbearance;
 - (vi) if applicable, a collection history, if the Student Loan was ever in a delinquent status, including detailed summaries of contacts and including the addresses or telephone numbers used in contacting or attempting to contact the related Obligor and any endorser and, if required by the Guarantor, copies of all letters and other correspondence relating to due diligence processing;
 - (vii) if applicable, evidence of all requests for skip-tracing assistance and current address of the related Obligor, if located;
 - (viii) if applicable, evidence of requests for pre-claims assistance, and evidence that the Obligor's school(s) have been notified; and

(ix) if applicable, a record of any event resulting in a change to or confirmation of any data in the Student Loan file;

(m) such Student Loan was originated and has been serviced in compliance with all requirements of applicable law, including the Higher Education Act and all origination fees authorized to be collected pursuant to Section 438 of the Higher Education Act have been paid to the United States Secretary of Education;

(n) such Student Loan is evidenced by a single original Student Loan Note and any addendum thereto (or a certified copy thereof if more than one Student Loan is represented by a single Student Loan Note and all Student Loans represented thereby are not being sold) (whether e-signed or otherwise), containing terms in accordance with those required by the FFELP Program, the applicable Guarantee Agreements and other applicable requirements and which does not require the Obligor to consent to the transfer, sale or assignment of the rights and duties of the related Seller, the Master Depositor (or the Interim Eligible Lender Trustee on behalf of the Master Depositor), or the Depositor (or the Interim Eligible Lender Trustee on behalf of the Depositor) or the Trust (or the Eligible Lender Trustee on behalf of the Trust) and does not contain any provision that restricts the ability of the Administrative Agent, on behalf of the Secured Creditors, to exercise its rights under the Transaction Documents;

(o) in each case, (i) immediately prior to the sale thereof to the Master Depositor, the applicable Seller had, (ii) immediately prior to the sale thereof by the Master Depositor to the Depositor, the Master Depositor had, and (iii) immediately following the acquisition thereof on the related Advance Date, the Trust has good and marketable title to such Student Loan free and clear of any Adverse Claim or other encumbrance, lien or security interest, or any other prior commitment, other than as may be granted in favor of the Administrative Agent, on behalf of the Secured Creditors;

(p) such Student Loan has not been modified, extended or renegotiated in any way, except (i) as required under the Higher Education Act or other applicable laws, rules and regulations and the applicable Guarantee Agreement, (ii) as provided for or permitted under the applicable underwriting guidelines or Servicing Policies if such modification, extension or renegotiation does not materially adversely affect the value or collectability thereof or (iii) as provided for in the Transaction Documents;

(q) such Student Loan constitutes a legal, valid and binding obligation to pay on the part of the related Obligor enforceable in accordance with its terms and is not noted on the appropriate Servicer's books and records as being subject to a current bankruptcy proceeding;

(r) such Student Loan constitutes an instrument, an account or a general intangible as defined in the UCC in the jurisdiction that governs the perfection of the interests of the Trust therein and the perfection of the Secured Creditors' interest therein;

(s) the sale or assignment of such Student Loan to the Master Depositor or an interim eligible lender trustee on its behalf pursuant to a Purchase Agreement, the sale or assignment of which to the Depositor or the Interim Eligible Lender Trustee on its behalf pursuant to the Conveyance Agreement or the Tri-Party Transfer Agreement, the sale or assignment of which to

the Trust or the Eligible Lender Trustee on its behalf pursuant to the Sale Agreement, and the granting of a security interest to the Administrative Agent pursuant to this Agreement does not contravene or conflict with any applicable law, rule or regulation, or require the consent or approval of, or notice to, any Person;

(t) such Student Loan was acquired by the Master Depositor pursuant to a Purchase Agreement and acquired by the Depositor pursuant to the Conveyance Agreement or the Tri-Party Transfer Agreement and sold to the Trust pursuant to the Sale Agreement and was not previously owned by the Trust and subsequently re-acquired, unless such repurchase is required under the Higher Education Act;

(u) the purchase price paid for such Student Loan at the time of purchase by the Trust (i) did not exceed the Applicable Percentage (in effect at the time of purchase) multiplied by the Principal Balance thereof, plus amounts, if any, drawn under the Revolving Credit Agreement; and (ii) is reasonably equal to its fair market value at the time of purchase; and

(v) the purchase of such Student Loan will not result in (i) an Amortization Event, (ii) a Termination Event or (iii) an increase in any Excess Concentration Amount that would result in the Asset Coverage Ratio being less than 100%.

“**Eligible Institution**” means (a) an institution of higher education, (b) a vocational school or (c) any other institution which, in all of the above cases, is an “eligible institution” as defined in the Higher Education Act and has been approved by the Department of Education and the applicable Guarantor.

“**Eligible Investments**” means book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which evidence:

(a) direct obligations of, and obligations fully guaranteed as to timely payment by, the United States of America, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association or any agency or instrumentality of the United States of America, the obligations of which are backed by the full faith and credit of the United States of America; provided, that obligations of, or guaranteed by, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association shall be Eligible Investments only if, at the time of investment, they have a rating from each of the Rating Agencies in the highest investment category granted thereby;

(b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company incorporated under the laws of the United States of America or any State (or any domestic branch of a foreign bank) and subject to supervision and examination by federal or state banking or depository institution authorities (including depository receipts issued by any such institution or trust company as custodian with respect to any obligation referred to in clause (a) above or portion of such obligation for the benefit of the holders of such depository receipts); provided, that at the time of the investment or contractual commitment to invest therein (which shall be deemed to be

made again each time funds are reinvested following each Settlement Date), the commercial paper or other short-term senior unsecured debt obligations (other than such obligations the rating of which is based on the credit of a Person other than such depository institution or trust company) thereof shall have a credit rating from each of the Rating Agencies in the highest investment category granted thereby;

(c) non-extendible commercial paper having, at the time of the investment, a rating from each of the Rating Agencies then rating that commercial paper in the highest investment category granted thereby;

(d) investments in money market funds having a rating from each of the Rating Agencies in the highest investment category granted thereby (including funds for which the Administrative Agent, the Syndication Agent, or the Eligible Lender Trustee or any of their respective Affiliates is investment manager or advisor);

(e) bankers' acceptances issued by any depository institution or trust company referred to in clause (b) above; and

(f) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of the United States of America, in each case entered into with a depository institution or trust company (acting as principal) described in clause (b) above.

For purposes of the definition of "Eligible Investments," the phrase "highest investment category" means (i) in the case of Fitch, "AAA" for long-term investments (or the equivalent) and "F-1+" for short-term investments (or the equivalent), (ii) in the case of Moody's, "Aaa" for long-term investments and "P-1" for short-term investments, and (iii) in the case of S&P, "AAA" for long-term investments and "A-1+" for short-term investments. A proposed investment not rated by Fitch but rated in the highest investment category by Moody's and S&P shall be considered to be rated by each of the Rating Agencies in the highest investment category granted thereby. In the event the rating(s) of an Eligible Investment falls below the applicable rating(s) set forth herein, the Administrative Agent shall promptly (but in no event longer than 60 days from the time of such downgrade) replace such investment, at no cost to the Trust, with an Eligible Investment which has the required ratings; provided, that if each of the Rating Agencies has approved an Eligible Investment with other terms relating to a downgrade (including, but not limited to collateralization of the Eligible Investment or furnishing a guaranty or insurance), such other terms shall prevail.

"**Eligible Lender**" means any "eligible lender," as defined in the Higher Education Act, which has received an eligible lender designation from the Department of Education or from a Guarantor with respect to Student Loans.

"**Eligible Lender Trustee**" means The Bank of New York Trust Company, N.A., a national banking association, not in its individual capacity but solely as Eligible Lender Trustee under the Trust Agreement and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the terms of the Trust Agreement.

“**Eligible Lender Trustee Fees**” means the fees, reasonable expenses and charges of the Eligible Lender Trustee, including reasonable legal fees and expenses, as agreed to in writing by the Eligible Lender Trustee and the Administrator.

“**Eligible Lender Trustee Guarantee Agreement**” means any guarantee or similar agreement issued by any Guarantor to the Eligible Lender Trustee relating to the Guarantee of Trust Student Loans, and any amendment thereto entered into in accordance with the provisions thereof and hereof.

“**Eligible Obligor**” means an Obligor who is eligible under the Higher Education Act to be the obligor of a loan for financing a program of education at an Eligible Institution, including an Obligor who is eligible under the Higher Education Act to be an obligor of a loan made pursuant to Section 428A, 428B and 428C of the Higher Education Act.

“**ERISA**” means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute and the regulations promulgated and rulings issued thereunder.

“**ERISA Affiliate**” means (a) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Trust, (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with the Trust, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Trust, any corporation described in clause (a) above or any trade or business described in clause (b) above or other Person which is required to be aggregated with the Trust pursuant to regulations promulgated under Section 414(o) of the Code.

“**Estimated Interest Adjustment**” means, for each Settlement Date with respect to any Facility Group, the variation, if any, between (x) the Yield paid on the preceding Settlement Date to such Facility Group and (y) the Yield that accrued on the portion of the Aggregate Note Balance allocable to such Facility Group during the Interest Accrual Period then ending on such preceding Settlement Date. The amount by which clause (y) exceeds clause (x) shall be a positive Estimated Interest Adjustment and the amount by which clause (x) exceeds clause (y) shall be a negative Estimated Interest Adjustment.

“**Eurodollar Reserve Percentage**” means, for any day during any period, the reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board of Governors of the Federal Reserve System for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as “eurocurrency liabilities”). The LIBOR Rate shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“**Event of Bankruptcy**” means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state

bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, which decree or order remains unstayed and in effect for a period of 30 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“**Excess Collateral Advance**” means an Advance made to the Trust after the Transition Period, that is not a Purchase Price Advance or a Capitalized Interest Advance and is made to provide additional Available Funds; provided, however, that the amount of any such Advance shall not exceed the amount by which (a) the Adjusted Pool Balance plus the sum of the amounts on deposit in the Trust Accounts (other than the Borrower Benefit Account and the Floor Income Rebate Account) exceeds (b) the Reported Liabilities.

“**Excess Concentration Amount**” has the meaning set forth in the Side Letter.

“**Excess Distribution Certificate**” has the meaning assigned to such term in the Trust Agreement.

“**Excess Spread**” means the annualized percentage, calculated on the last day of each calendar month, which is a fraction, the numerator of which is the positive difference, if any, between (x) the Expected Interest Collections for such month with respect to the Trust Student Loans and (y) the sum of (i) the Primary Servicing Fee payable to the Master Servicer for such month, (ii) all other fees payable under this Agreement for such month (other than the Non-Use Fee), (iii) all Monthly Rebate Fees for such month, (iv) all other accrued and unpaid amounts generally payable by the Trust with respect to the Trust Student Loans to the Department or any Guarantor, regardless of whether such amounts are then due and owing and whether such amounts may be netted or deducted from payments to be received from the Department or such Guarantor, as applicable, and (v) all Yield payable to the Lenders for such month in respect of the Notes, and the denominator of which is the weighted average Principal Balance of all Trust Student Loans held by the Trust during such month.

“**Excess Spread Test**” means the three-month average Excess Spread is greater than 0.25%.

“**Excess Yield Rate**” means, with respect to any Advance and any Yield Period, the amount by which the applicable Yield Rate for such Advance exceeds the sum of (a) the CP Rate or the LIBOR Rate (whichever is applicable to such Advance) plus the Used Fee that would be applicable if such Advance were a CP Advance.

“**Excluded Taxes**” has the meaning assigned to such term in Section 2.20(a).

“**Exiting Facility Group**” means any Departing Facility Group, Non-Renewing Facility Group or Withdrawing Facility Group, as applicable.

“**Exiting Facility Group Amortization Period**” means the period beginning on (a) with respect to any Departing Facility Group, the Settlement Date following the date on which the Managing Agent for such Facility Group and the Administrative Agent receive written notice from the Administrator of its termination in accordance with Section 2.21(a), (b) with respect to any Non-Renewing Facility Group, the then current Scheduled Maturity Date for such Non-Renewing Facility Group and (c) with respect to any Withdrawing Facility Group the Settlement Date following the date the Managing Agent for such Facility Group and the Administrator mutually agree by joint written notice to the Administrative Agent; and in each case ending on the earliest to occur of (i) the occurrence of an Amortization Event or a Termination Event, (ii) 90 days after the start of the period described in clause (a), (b) or (c) above and (iii) the date the Class A Note Balance of the Class A Note and the Class B Note Balance of the Class B Note held by the Exiting Facility Group have been repaid in full.

“**Expected Interest Collections**” means, for any calendar month, the sum of (i) the amount of interest due or accrued with respect to the Trust Student Loans and payable by the related Obligors thereon during such calendar month (whether or not such interest is actually paid), (ii) all Interest Subsidy Payments and Special Allowance Payments estimated to have accrued with respect to the Trust Student Loans during such calendar month whether or not actually received and (iii) investment earnings on the Trust Accounts for such calendar month.

“**Facility Group**” means a Managing Agent and its related Conduit Lenders, Alternate Lenders, LIBOR Lenders and Program Support Providers, as applicable.

“**Fair Market Auction**” means a commercially reasonable sale of Trust Student Loans pursuant to an arms-length auction process with respect to which (a) bids have been solicited from two or more potential bidders including at least two bidders that are not Affiliates of SLM Corporation, (b) at least one bid is received from a bidder that is not an Affiliate of SLM Corporation and (c) if an Affiliate of SLM Corporation submits the winning bid, such bid is in an amount reasonably equal to the fair market value of the Trust Student Loans being sold.

“**Federal Funds Rate**” means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (adjusted, if necessary, to the nearest 1/100 of 1%) charged to the Administrative Agent on such day on such transactions as determined by it.

“**Federal Reimbursement Contracts**” means any agreement between any Guarantor and the Department of Education providing for the payment by the Department of Education of amounts authorized to be paid pursuant to the Higher Education Act, including but not

necessarily limited to reimbursement of amounts paid or payable upon defaulted student loans Guaranteed by such Guarantor to holders of qualifying student loans Guaranteed by any Guarantor.

“**Fee Letters**” means the Administrative Agent and Syndication Agent Fee Letter, each Lenders Fee Letter and the Valuation Agent Fee Letter.

“**FFELP Loan**” means a Consolidation Loan, a PLUS Loan, an SLS Loan or a Stafford Loan.

“**FFELP Loan Facilities**” means the FFELP student loan conduit securitization facilities established pursuant to (i) this Agreement; (ii) that certain Note Purchase and Security Agreement, dated as of the Closing Date, among Town Center Funding I, the arrangers party thereto, the conduit lenders party thereto, the alternate lenders party thereto, the LIBOR lenders party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, The Bank of New York Trust Company, N.A., as eligible lender trustee, JPMorgan Chase Bank, N.A., as syndication agent, and Sallie Mae, Inc., as administrator; and (iii) that certain Note Purchase and Security Agreement, dated as of the Closing Date, among Town Hall Funding I, the arrangers party thereto, the conduit lenders party thereto, the alternate lenders party thereto, the LIBOR lenders party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, The Bank of New York Trust Company, N.A., as eligible lender trustee, JPMorgan Chase Bank, N.A., as syndication agent, and Sallie Mae, Inc., as administrator.

“**FFELP Program**” means the Federal Family Education Loan Program authorized under the Higher Education Act, including Stafford Loans, SLS Loans, PLUS Loans and Consolidation Loans.

“**Financing Costs**” means, with respect to:

(a) the Class A Notes, an amount equal to the sum (without duplication) of (i) the accrued Yield applicable to the Class A Notes for the preceding Yield Period and the applicable portion of the Non-Use Fee; (ii) any past due Yield payable on the Class A Notes; (iii) interest on any related loans or other disbursements payable by the Lenders as a result of unreimbursed draws on or under a Program Support Agreement supporting the purchase of the Class A Notes; and (iv) increased costs of the Affected Parties resulting from Yield Protection, if any, and

(b) the Class B Notes, an amount equal to the sum (without duplication) of (i) the accrued Yield applicable to the Class B Notes for the preceding Yield Period and the applicable portion of the Non-Use Fee; (ii) any past due Yield payable on the Class B Notes; (iii) interest on any related loans or other disbursements payable by the Lenders as a result of unreimbursed draws on or under a Program Support Agreement supporting the purchase of the Class B Notes; and (iv) increased costs of the Affected Parties resulting from Yield Protection, if any.

“**Fitch**” means Fitch, Inc. (or its successors in interest).

“**Floor Income Rebate Account**” means the special account created pursuant to Section 2.04(c).

“**Floor Income Rebate Fee**” means the quarterly rebate fee payable to the Department of Education on Trust Student Loans originated on or after April 1, 2006 for which interest payable by the related Obligor for such quarter exceeds the Interest Subsidy Payments or Special Allowance Payments applicable to such Trust Student Loans for such quarter.

“**Fund**” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding, or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“**GAAP**” means generally accepted accounting principles as in effect from time to time in the United States of America that are applicable to the circumstances as of the date of determination and applied on a consistent basis.

“**GLB Regulations**” means the Joint Banking Agencies’ Privacy of Consumer Financial Information, Final Rule (12 CFR Parts 40, 216, 332 and 573) or the Federal Trade Commission’s Privacy of Consumer Financial Information, Final Rule (16 CFR Part 313), as applicable, implementing Title V of the Gramm-Leach-Bliley Act, Public Law 106-102, as amended.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions or pertaining to government, including without limitation any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“**Grant**” or “**Granted**” means to pledge, create and grant a security interest in and with regard to property. A Grant of Trust Student Loans, other assets or of any other agreement includes all rights, powers and options (but none of the obligations) of the granting party thereunder.

“**Guarantee**” or “**Guaranteed**” means, with respect to a Student Loan, the insurance or guarantee by the applicable Guarantor, in accordance with the terms and conditions of the applicable Guarantee Agreement, of some or all of the principal of and accrued interest on such Student Loan and the coverage of such Student Loan by the Federal Reimbursement Contracts providing, among other things, for reimbursement to such Guarantor for losses incurred by it on defaulted Student Loans insured or guaranteed by such Guarantor.

“**Guarantee Agreements**” means the Federal Reimbursement Contracts, the Eligible Lender Trustee Guarantee Agreements and any other guarantee or agreement issued by a Guarantor to the Eligible Lender Trustee, which pertain to Student Loans, providing for the payment by the Guarantor of amounts authorized to be paid pursuant to the Higher Education Act to holders of qualifying Student Loans guaranteed in accordance with the Higher Education Act by such Guarantor.

“**Guarantee Payments**” means, with respect to a Student Loan, any payment made by a Guarantor pursuant to a Guarantee Agreement in respect of a Trust Student Loan.

“**Guarantee Percentage**” means, with respect to a Student Loan, the percentage of principal of and accrued interest on such Student Loan that is Guaranteed under the applicable Guarantee Agreement.

“**Guarantor**” means any entity listed on Exhibit B to this Agreement authorized to guarantee Student Loans under the Higher Education Act and with which the Eligible Lender Trustee maintains in effect a Guarantee Agreement.

“**Guaranty and Pledge Agreement**” means the Guaranty and Pledge Agreement, dated as of the Closing Date between the Depositor and the Administrative Agent.

“**Higher Education Act**” means the Higher Education Act of 1965, as amended or supplemented from time to time, and all regulations and guidelines promulgated thereunder.

“**Holding Account Lender**” means (i) any Non-Rated Lender and (ii) any other Lender that has elected at its option to make a Lender Holding Deposit.

“**Indemnified Party**” has the meaning assigned to such term in Section 8.01(a).

“**Indemnity Agreement**” means the Indemnity Agreement entered into by SLM Corporation, the Trust and the Administrative Agent dated as of the Closing Date.

“**Initial Cutoff Date**” means the date set forth as such in the initial Advance Request.

“**Initial Pool**” means that pool of Eligible FFELP Loans as of the Initial Cutoff Date identified by the Administrator to the Administrative Agent and the Managing Agents party to this Agreement as of the Closing Date.

“**Intangible Assets**” means the amount (to the extent reflected in determining such consolidated stockholders’ equity) of all unamortized debt discount and expense, unamortized deferred charges (which for purposes of this definition do not include deferred taxes or premiums paid in connection with the purchase of student loans), goodwill, patents, trademarks, service marks, trade names, anticipated future benefit of tax loss carry-forwards, copyrights, organization or developmental expenses and other intangible assets.

“**Interest Accrual Period**” means, each period from a Settlement Date until the immediately succeeding Settlement Date, provided that the initial Interest Accrual Period shall be the period from the Closing Date until the first Settlement Date.

“**Interest Coverage Ratio**” means, for any four consecutive fiscal quarter period, the ratio of Adjusted Cash Income for such period to Interest Expense for such period.

“**Interest Expense**” means, for any period, the aggregate amount which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in accordance with GAAP as “total interest expense.”

“**Interest Subsidy Payments**” means the interest subsidy payments on certain Trust Student Loans authorized to be made by the Department of Education pursuant to Section 428 of the Higher Education Act or similar payments authorized by federal law or regulations.

“**Interim Eligible Lender Trustee**” means The Bank of New York Trust Company, N.A., a national banking association, not in its individual capacity but solely as eligible lender trustee for the Depositor under the Depositor Interim Trust Agreement, for the Master Depositor under the Master Depositor Interim Trust Agreement, or for the applicable Sellers under the Seller Interim Trust Agreements, as applicable, and its successor or successors and any other corporation which may at any time be substituted in its place.

“**Interim Trust Agreements**” means collectively, the Seller Interim Trust Agreements, the Master Depositor Interim Trust Agreement and the Depositor Interim Trust Agreement.

“**Investment Deficit**” has the meaning assigned to such term in [Section 2.01\(d\)](#).

“**Investment Company Act**” means the Investment Company Act of 1940, as amended.

“**Lead Arrangers**” means Banc of America Securities LLC and J.P. Morgan Securities Inc.

“**Legal Final Maturity Date**” means the date occurring on the 40th anniversary of the termination of the Revolving Period.

“**Lender Guarantor**” means any Person which has provided in favor of the Administrative Agent an irrevocable guaranty or provided an irrevocable letter of credit, to secure the obligations of a Non-Rated Lender to fund a Capitalized Interest Advance.

“**Lender Holding Account**” has the meaning assigned to such term in [Section 2.23](#).

“**Lender Holding Deposit**” has the meaning assigned to such term in [Section 2.23](#).

“**Lenders**” means, collectively, the Conduit Lenders, the Alternate Lenders and the LIBOR Lenders.

“**Lenders Fee Letter**” means the Fee Letter, dated as of the Closing Date, among the Trust and the Managing Agents and certain other financial institutions party thereto.

“**Liabilities**” means the sum of the Trust’s obligations with respect to (a) the Aggregate Note Balance, (b) all accrued and unpaid Financing Costs applicable thereto to the extent not included in the Aggregate Note Balance, (c) any accrued and unpaid fees, including Servicing Fees, Eligible Lender Trustee Fees and any other fees or payment obligations (other than borrower benefits to the extent the associated reduction in yield has been prefunded in the Borrower Benefit Account) payable by the Trust pursuant to the Transaction Documents, (d) any outstanding Servicer Advances, (e) amounts due and unpaid under the Revolving Credit Agreement, (f) all amounts payable by the Trust with respect to the Trust Student Loans to the Department or any Guarantor then due and owing, regardless of whether such amounts may be netted or deducted from payments to be received from the Department or such Guarantor (other

than any such amount payable from or with respect to which the Trust will be reimbursed from the Floor Income Rebate Account) and (g) any other accrued and unpaid Obligations.

“**LIBOR Advance**” means an Advance funded with reference to the LIBOR Rate.

“**LIBOR Base Rate**” means:

(i) for any Tranche Period for any Alternate Lender or Conduit Lender:

(a) the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the applicable Managing Agent to be the offered rate that appears on the page of the Reuters Screen that displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01) for deposits in United States dollars (for delivery on the first day of such period) with a term equivalent to such period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period;

(b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried to the fifth decimal place) equal to the rate determined by the applicable Managing Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in United States dollars (for delivery on the first day of such period) with a term equivalent to such period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period; or

(c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the applicable Managing Agent as the rate of interest at which Dollar deposits (for delivery on the first day of such period) in same day funds in the approximate amount of the applicable investment to be funded by reference to the LIBOR Rate and with a term equivalent to such period would be offered by its London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period; and

(ii) for any day during an Interest Accrual Period for any LIBOR Lender:

(a) the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Reuters Screen on such day that displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01) for deposits in United States dollars (for delivery on a date two Business Days later) with a term equivalent to one month;

(b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried to the fifth decimal place) equal to the rate determined by the Administrative Agent to be the offered rate on such day on such other page or other

service that displays an average British Bankers Association Interest Settlement Rate for deposits in United States dollars (for delivery on a date two Business Days later) with a term equivalent to one month; or

(c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Administrative Agent on such day as the rate of interest at which Dollar deposits (for delivery on a date two Business days later than such day) in same day funds in the approximate amount of the applicable investment to be funded by reference to the LIBOR Rate and with a term equivalent to one month would be offered by its London Branch to major banks in the London interbank eurodollar market at their request.

“**LIBOR Lender**” means any Person identified as a LIBOR Lender on Exhibit A attached hereto, as such Exhibit may be amended, restated or otherwise revised from time to time, and any successors or assigns (subject to Section 10.04).

“**LIBOR Rate**” for any Tranche Period (when used with respect to any Alternate Lender) or for any day during an Interest Accrual Period (when used with respect to any LIBOR Lender), means a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

“**Liquidated Student Loan**” means any defaulted Trust Student Loan liquidated by the Servicer (which shall not include any Trust Student Loan on which payments pursuant to the applicable Guarantee are received) or which the Servicer has, after using all reasonable efforts to realize upon such Trust Student Loan, determined to charge off in accordance with the applicable Servicing Policies.

“**Liquidation Proceeds**” means, with respect to any Liquidated Student Loan which became a Liquidated Student Loan during the current Settlement Period in accordance with the applicable Servicing Policies, the moneys collected in respect of the liquidation thereof from whatever source, other than Recoveries, net of the sum of any amounts expended by the Servicer in connection with such liquidation and any amounts required by law to be remitted to the Obligor on such Liquidated Student Loan.

“**Lockbox Bank**” means a bank that maintains a lockbox into which a Subservicer, or the Obligors of the Trust Student Loans serviced by such Subservicer, deposit Collections.

“**Lockbox Bank Fees**” means fees, reasonable expenses and charges of a Lockbox Bank as may be agreed to in writing by the Administrator and the Lockbox Bank.

“**Managing Agent**” means each of the agents identified as a Managing Agent on Exhibit A attached hereto as such Exhibit may be amended, restated or otherwise revised from time to time, acting on behalf of its related LIBOR Lenders and its related Conduit Lenders, Alternate

Lenders and Program Support Providers under this Agreement, as applicable, and any of its successors or assigns (subject to [Section 10.04](#)).

“**Master Depositor**” means Churchill Funding LLC, a Delaware limited liability company.

“**Master Depositor Interim Trust Agreement**” means the interim trust agreement, dated the date hereof, between the Master Depositor and the Interim Eligible Lender Trustee.

“**Master Servicer**” means Sallie Mae, Inc., a Delaware corporation, and its successors and permitted assigns.

“**Material Adverse Effect**” means a material adverse effect on:

(a) with respect to the Trust, the status, existence, perfection, priority or enforceability of the Administrative Agent’s interest in the Pledged Collateral or the ability of the Trust to perform its obligations under this Agreement or any other Transaction Document or the ability to collect on a material portion of the Pledged Collateral; or

(b) with respect to any other Person, the ability of the applicable Person to perform its obligations under this Agreement or any other Transaction Document.

“**Material Subservicer**” means any Subservicer responsible for servicing more than 15% of the Trust Student Loans by aggregate Principal Balance.

“**Maximum Advance Amount**” means, for any Advance Date:

(a) with respect to a Purchase Price Advance, an amount equal to the lesser of (i) the Maximum Financing Amount minus the sum of (A) the Capitalized Interest Account Specified Balance and (B) the Aggregate Note Balance and (ii) the aggregate Collateral Value of the Eligible FFELP Loans being acquired;

(b) with respect to an Excess Collateral Advance, an amount equal to the Maximum Financing Amount minus the sum of (A) the Capitalized Interest Account Specified Balance and (B) the Aggregate Note Balance (after giving effect to any Purchase Price Advance to be made on such Advance Date); and

(c) with respect to a Capitalized Interest Advance, an amount equal to the lesser of (i) the Maximum Financing Amount minus the Aggregate Note Balance and (ii) the amount necessary to cause the amount on deposit in the Capitalized Interest Account to equal the Required Capitalized Interest Account Balance.

“**Maximum Financing Amount**” means, at any time, \$7,800,000,000, as such amount may be adjusted from time to time pursuant to [Sections 2.03](#) and [2.21](#).

“**Minimum Asset Coverage Requirement**” means an Asset Coverage Ratio of greater than or equal to 100%.

“**MNPI**” has the meaning assigned to such term in [Section 10.02\(b\)](#).

“**Monthly Administrative Agent’s Report**” means the report to be delivered by the Administrative Agent pursuant to [Section 2.05\(a\)](#).

“**Monthly Rebate Fee**” means the monthly rebate fee payable to the Department of Education on the Trust Student Loans which are Consolidation Loans.

“**Monthly Report**” means a report, in substantially the form of [Exhibit C](#) hereto, prepared by the Administrator and furnished to the Administrative Agent.

“**Moody’s**” means Moody’s Investors Service, Inc. (or its successors in interest).

“**Multiemployer Plan**” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six years contributed to by the Trust or any ERISA Affiliate.

“**Mustang Funding I Facility**” means the financing facility established pursuant to that certain Participation Purchase and Security Agreement, dated as of April 30, 2007, among Mustang Funding I, LLC, the conduit purchasers party thereto, the alternate purchasers party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, Chase Bank USA, National Association, as eligible lender trustee and Sallie Mae, Inc., as administrator.

“**Mustang Funding II Facility**” means the financing facility established pursuant to that certain Participation Purchase and Security Agreement, dated as of April 30, 2007, among Mustang Funding II, LLC, the conduit purchasers party thereto, the alternate purchasers party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, Chase Bank USA, National Association, as eligible lender trustee and Sallie Mae, Inc., as administrator.

“**Net Adjusted Revenue**” means, for any period, Adjusted Revenue for such period less Interest Expense and Operating Expenses for such period.

“**New York UCC**” means the New York Uniform Commercial Code as in effect from time to time.

“**Non-Defaulting Lender**” has the meaning assigned to such term in [Section 2.01\(d\)](#).

“**Non-Rated Lender**” means any Alternate Lender, LIBOR Lender or Committed Conduit Lender which does not satisfy any of the following: (i) has a short-term unsecured indebtedness rating of at least “A-1” by S&P and “P-1” by Moody’s, (ii) has a Lender Guarantor which has a short-term unsecured indebtedness rating of at least “A-1” by S&P and “P-1” by Moody’s or (iii) has a Qualified Program Support Provider.

“**Non-Renewing Facility Group**” means a LIBOR Lender or a Conduit Lender and its related Alternate Lenders and Program Support Providers which have determined not to extend the Scheduled Maturity Date in accordance with [Section 2.16](#).

“**Non-U.S. Lender**” has the meaning assigned to such term in Section 2.20(d).

“**Non-Use Fee**” means, with respect to each Facility Group, a non-use fee, payable monthly by the Trust to the Managing Agent for such Facility Group (or, if applicable, to the Lenders within such Facility Group) as set forth in the Lenders Fee Letter.

“**Note**” means, as applicable, the Class A Note or the Class B Note issued by the Trust hereunder to a Registered Owner.

“**Note Account**” has the meaning specified in Section 2.11.

“**Note Purchase**” means the purchase of Notes under this Agreement.

“**Note Purchasers**” means the Lenders and, if applicable, their respective Program Support Providers, and their respective successors and assigns (subject to Section 10.04). Each Facility Group shall purchase its Notes and otherwise act through its Managing Agent.

“**Note Register**” has the meaning assigned to such term in Section 3.05(a).

“**Note Registrar**” has the meaning assigned to such term in Section 3.05(a).

“**Notice of Release**” has the meaning assigned to such term in Section 2.18.

“**Obligations**” means all present and future indebtedness and other liabilities and obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or due or to become due) of the Trust to the Secured Creditors, arising under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby and shall include, without limitation, all liability for principal of and Financing Costs on the Notes, closing fees, unused line fees, audit fees, Administrative Agent Fees, Syndication Agent Fees, Co-Valuation Agent Fees, expense reimbursements, indemnifications, and other amounts due or to become due under the Transaction Documents, including, without limitation, interest, fees and other obligations that accrue after the commencement of an insolvency proceeding (in each case whether or not allowed as a claim in such insolvency proceeding).

“**Obligor**” means the borrower or co-borrower or any other Person obligated to make payments with respect to a Student Loan.

“**Officer's Certificate**” means a certificate signed and delivered by an Authorized Officer.

“**Official Body**” means any government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of any such government or political subdivision, or any court, tribunal, grand jury or arbitrator, or any accounting board or authority (whether or not a part of government) which is responsible for the establishment or interpretation of national or international accounting principles, in each case whether foreign or domestic.

“**Operating Expenses**” means, for any period, the aggregate amount which would fairly be presented in the consolidated income statement of SLM Corporation and its consolidated subsidiaries for such period (subject to normal year-end adjustments) prepared in accordance with GAAP as “total operating expenses.”

“**Opinion of Counsel**” means an opinion in writing of outside legal counsel, who may be counsel or special counsel to the Trust, any Affiliate of the Trust, the Eligible Lender Trustee, the Administrator, the Administrative Agent, the Syndication Agent, any Managing Agent or any Lender.

“**Other Applicable Taxes**” has the meaning assigned to such term in [Section 2.13](#).

“**Other Taxes**” has the meaning assigned to such term in [Section 2.20\(a\)](#).

“**Outstanding**” means, when used with respect to Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Agreement except,

(a) Notes theretofore cancelled by the Note Registrar or delivered to the Note Registrar for cancellation; and

(b) Notes for whose payment or repayment money in the necessary amount and currency and in immediately available funds has been theretofore deposited with the Administrative Agent for the Registered Owners of such Notes; and

(c) Notes which have been exchanged for other Notes, or in lieu of which other Notes have been delivered, pursuant to this Agreement.

“**Participant**” has the meaning assigned to such term in [Section 10.04\(m\)](#).

“**Patriot Act**” has the meaning assigned to such term in [Section 10.18](#) hereof.

“**PBGC**” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

“**Permitted Lockbox**” means a lockbox arrangement between a Subservicer and a Lockbox Bank approved by the Administrative Agent, with respect to which Collections from Obligor whose Student Loans are serviced by such Subservicer are sent to the related lockboxes and are forwarded by the applicable Lockbox Bank to the Collection Account within two Business Days after receipt of good funds.

“**Permitted Release**” means a release of Pledged Collateral in connection with (a) a Take Out Securitization, (b) a Whole Loan Sale, (c) a Fair Market Auction, (d) a Permitted SPE Transfer, (e) a Permitted Seller Buy-Back, (f) a Servicer Buy-Out or (g) any other transfer of Pledged Collateral with respect to which the Administrative Agent has received a Required Legal Opinion.

“**Permitted Seller Buy-Back**” means an arms-length transfer of Pledged Collateral by the Trust to the Depositor and subsequently by the Depositor to the applicable Seller, so long as the

aggregate principal amount of such Permitted Seller Buy-Backs does not exceed ten percent of the lesser of (i) the highest Aggregate Note Balance outstanding at any time under this Agreement and (ii) the aggregate original principal amount of all Student Loans sold, directly or indirectly to the Trust by SLM Education Credit Finance Corporation, including any Student Loans deemed to have been sold by SLM Education Credit Finance Corporation, in its capacity as the assignee of the Student Loan Marketing Association.

“**Permitted SPE Transfer**” means an arms-length transfer of Pledged Collateral by the Trust to the Depositor and subsequently by the Depositor to another special purpose entity established by SLM Corporation.

“**Person**” means an individual, partnership, corporation (including a statutory trust), limited liability company, joint stock company, trust, unincorporated association, joint venture, government (or any agency or political subdivision thereof) or other entity.

“**Phoenix Fundings Facility**” means the financing facility for student loans established pursuant to that certain Note Purchase and Security Agreement, dated as of February 29, 2008, among Phoenix Fundings I, UBS Securities LLC, as administrative agent, The Bank of New York Trust Company, N.A., as eligible lender trustee, Deutsche Bank Trust Company Americas, as paying agent, Sallie Mae, Inc., as administrator and UBS Real Estate Securities Inc., as note purchaser.

“**Platform**” has the meaning assigned to such term in [Section 10.02\(b\)](#).

“**Pledged Collateral**” has the meaning specified in [Section 2.10](#).

“**PLUS Loan**” means a student loan originated under the authority set forth in Section 428A or B (or a predecessor section thereto) of the Higher Education Act and shall include student loans designated as “PLUS Loans” or “Grad PLUS Loans,” as defined under the Higher Education Act.

“**Potential Amortization Event**” means an event which but for the lapse of time or the giving of notice, or both, would constitute an Amortization Event.

“**Potential Termination Event**” means an event which but for the lapse of time or the giving of notice, or both, would constitute a Termination Event.

“**Power of Attorney**” means that certain Power of Attorney of the Trust dated as of the Closing Date, appointing Bank of America, N.A., as Administrative Agent, as the Trust’s attorney-in-fact.

“**Primary Servicing Fee**” for any Settlement Date has the meaning specified in Attachment A to the Servicing Agreement, and shall include any such fees from prior Settlement Dates that remain unpaid.

“**Prime Rate**” means, for any day, a fluctuating rate per annum equal to the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its “prime rate.” The “prime rate” is a rate set by the Administrative Agent based upon

various factors including the Administrative Agent's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate announced by the Administrative Agent shall take effect at the opening of business on the day specified in the public announcement of such change.

"Principal Balance" means, with respect to any Student Loan and any specified date, the outstanding principal amount of such Student Loan, plus accrued and unpaid interest thereon to be capitalized.

"Principal Distribution Amount" means, with respect to any Settlement Date, (i) during the Revolving Period, the excess, if any, of (a) the Aggregate Note Balance as of the end of the related Settlement Period over (b) the Adjusted Pool Balance as of the end of the related Settlement Period, and (ii)(a) during the Amortization Period or (b) following the occurrence of a Termination Event, the Aggregate Note Balance.

"Private Credit Loan Facility" means the financing facility for private credit student loans established pursuant to that certain Note Purchase and Security Agreement, dated as of the Closing Date, among Rendezvous Funding I, the conduit lenders party thereto, the alternate lenders party thereto, the LIBOR lenders party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, the arrangers party thereto, The Bank of New York Trust Company, N.A., as eligible lender trustee, JPMorgan Chase Bank, N.A., as syndication agent, and Sallie Mae, Inc., as administrator.

"Pro Rata Share" means (a) with respect to any particular Facility Group, a fraction (expressed as a percentage) the numerator of which is the aggregate Commitment of such Facility Group and the denominator of which is the Maximum Financing Amount; (b) with respect to any Lender within a Facility Group, the percentage of such Facility Group's Pro Rata Share allocated to such Lender by its Managing Agent; and (c) with respect to any repayment of Notes with respect to any Lender, a fraction (expressed as a percentage) the numerator of which is the Aggregate Note Balance attributable to such Lender, and the denominator of which is the Aggregate Note Balance; provided, that for so long as any Lender is a Defaulting Lender, its Pro Rata Share under this clause (c) shall be deemed to be zero.

"Program Support Agreement" means, with respect to any Conduit Lender, any liquidity agreement or any other agreement entered into by any Program Support Provider providing for the issuance of one or more letters of credit for the account of such Conduit Lender (or any related commercial paper issuer that finances such Conduit Lender), the issuance of one or more surety bonds for which such Conduit Lender or such related issuer is obligated to reimburse the applicable Program Support Provider for any drawings thereunder, the sale by the Conduit Lender or such related issuer to any Program Support Provider of any interest in a Note (or portions thereof or participations therein) and/or the making of loans and/or other extensions of liquidity or credit to the Conduit Lender or such related issuer in connection with its commercial paper program, together with any letter of credit, surety bond or other instrument issued thereunder.

“**Program Support Provider**” means and includes any Person now or hereafter extending liquidity or credit or having a commitment to extend liquidity or credit to or for the account of, or to make purchases from, a Conduit Lender (or any related commercial paper issuer that finances such Conduit Lender) in support of commercial paper issued, directly or indirectly, by such Conduit Lender in order to fund Advances made by such Conduit Lender hereunder or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such Conduit Lender’s or such related issuer’s commercial paper program, but only to the extent that such letter of credit, surety bond, or other instrument supported either CP issued to make Advances and purchase the Notes hereunder or was dedicated to that Program Support Provider’s support of the Conduit Lender as a whole rather than one particular issuer (other than the Trust) within such Conduit Lender’s commercial paper program.

“**Program Support Termination Event**” means the earliest to occur of the following: (a) any Program Support Provider related to a Conduit Lender has its rating lowered below “A-1” by S&P, “P-1” by Moody’s or “F1” by Fitch (if rated by Fitch), unless a replacement Program Support Provider having ratings of at least “A-1” by S&P, “P-1” by Moody’s and “F1” by Fitch (if rated by Fitch) is substituted within 30 days of such downgrade or alternative arrangements are then in place that are sufficient to continue to enable such Rating Agency to rate the affected CP at least “A-1” by S&P, “P-1” by Moody’s and “F1” by Fitch (if rated by Fitch); (b) any Program Support Provider shall fail to honor any of its payment obligations under its Program Support Agreement unless alternative arrangements are then in place that are sufficient to continue to enable such Rating Agency to rate the affected CP at least “A-1” by S&P, “P-1” by Moody’s and “F1” by Fitch (if rated by Fitch); (c) a Program Support Agreement shall cease for any reason to be in full force and effect or be declared null and void; or (d) the final maturity date of such Program Support Agreement (unless such final maturity date is extended pursuant to the Program Support Agreement).

“**Proprietary Institution**” means a for-profit vocational school.

“**Proprietary Loan**” means a loan made to or for the benefit of a student attending a Proprietary Institution; provided, however, that if a Student Loan that was initially a Proprietary Loan is consolidated, that Student Loan shall no longer be a Proprietary Loan.

“**Public Lender**” has the meaning assigned to such term in Section 10.02(b).

“**Purchase Agreement**” means each Purchase Agreement, dated as of the Closing Date, between a Seller (other than a Related SPE Seller), the Interim Eligible Lender Trustee, if applicable, Sallie Mae, Inc., as master servicer, and the Master Depositor under which such Seller will sell, on a true sale basis, certain Eligible FFELP Loans to the Master Depositor, together with all purchase agreements, blanket endorsements and bills of sale executed pursuant thereto.

“**Purchase Price Advance**” means an Advance made to fund the purchase by the Trust of Eligible FFELP Loans.

“**Qualified Institution**” means the Administrative Agent or, with the written consent of the Administrative Agent and the Trust (or the Administrator on behalf of the Trust), any bank or

trust company which has (a) a long-term unsecured debt rating of at least “A2” by Moody’s and at least “A” by S&P and (b) a short-term rating of at least “P-1” by Moody’s and at least “A-1” by S&P.

“**Qualified Program Support Provider**” mean, with respect to a Committed Conduit Lender, any Program Support Provider to such Conduit Lender which has a Program Support Agreement in a form acceptable to the Rating Agencies and has a short-term unsecured indebtedness rating of at least “A-1” by S&P and “P-1” by Moody’s.

“**Rating Agencies**” means Moody’s, S&P and, if applicable, Fitch.

“**Rating Agency Condition**” means, with respect to a particular amendment to or change in the Transaction Documents, that each Rating Agency rating the CP of any Conduit Lender shall, if required pursuant to such Conduit Lender’s program documents or by the related Managing Agent, have provided a statement in writing that such amendment or change will not result in a withdrawal or reduction of the ratings of such CP and that each Rating Agency rating the Notes shall have provided a statement in writing that such amendment or change will not result in a withdrawal or reduction of the ratings of such Notes.

“**Records**” means all documents, books, records, Student Loan Notes and other information (including without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) maintained with respect to Trust Student Loans or otherwise in respect of the Pledged Collateral.

“**Recoveries**” means moneys collected from whatever source with respect to any Liquidated Student Loan which was written off in prior Settlement Periods or during the current Settlement Period, net of the sum of any amounts expended by the Servicer with respect to such Student Loan for the account of any Obligor and any amounts required by law to be remitted to any Obligor.

“**Register**” means that register maintained by the Administrative Agent, pursuant to Section 10.04(j), on which it will record the Lenders’ rights hereunder, and each assignment and acceptance and participation.

“**Registered Owner**” means the Person in whose name a Note is registered in the Note Register. The Managing Agents shall be the initial Registered Owners.

“**Regulatory Change**” means, relative to any Affected Party:

(a) after the date of this Agreement, any change in or the adoption or implementation of, any new (or any new interpretation or administration of any existing):

(i) United States federal or state law or foreign law applicable to such Affected Party;

(ii) regulation, interpretation, directive, requirement, guideline or request (whether or not having the force of law) applicable to such Affected Party of (A) any court or Governmental Authority charged with the interpretation or

administration of any law referred to in clause (a)(i) above or (B) any fiscal, monetary or other authority having jurisdiction over such Affected Party; or

(iii) generally accepted accounting principles or regulatory accounting principles applicable to such Affected Party and affecting the application to such Affected Party of any law, regulation, interpretation, directive, requirement, guideline or request referred to in clause (a)(i) or (a)(ii) above; or

(b) any change after the date of this Agreement in the application to such Affected Party (or any implementation by such Affected Party) of any existing law, regulation, interpretation, directive, requirement, guideline or request referred to in clause (a)(i), (a)(ii) or (a)(iii) above.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Related SPE Sellers” means Town Hall Funding LLC and Town Center Funding LLC, each a Delaware limited liability company.

“Related SPE Trusts” means Town Hall Funding I and Town Center Funding I, each a Delaware statutory trust.

“Release Reconciliation Statement” has the meaning assigned to such term in Section 2.18.

“Released Collateral” means any Pledged Collateral released pursuant to Section 2.18.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA.

“Reported Liabilities” means, as of any date, the Liabilities of the Trust (less amounts then outstanding under the Revolving Credit Agreement) reported to the Trust (or to the Administrator on behalf of the Trust) as set forth in the most recent Monthly Report and as adjusted for any Advances made since the date of such Monthly Report or with respect to which the Trust (or the Administrator on behalf of the Trust) has actual knowledge.

“Reporting Date” means the twenty-second (22nd) day of each calendar month, beginning April 22, 2008 or, if such day is not a Business Day, the immediately preceding Business Day.

“Requested Advance Amount” means the amount of the Class A Advance and the amount of the Class B Advance that is requested by the Trust.

“Required Capitalized Interest Account Balance” means (i) at any time that no Capitalized Interest Account Funding Event has occurred and is continuing, \$0, (ii) after the occurrence and during the continuation of a Capitalized Interest Account Funding Event, the Capitalized Interest Account Specified Balance, and (iii) at any time a Non-Renewing Facility

Group is required to make a Capitalized Interest Advance pursuant to Section 2.21(b), the amount of such Capitalized Interest Advance.

“**Required Holding Deposit Amount**” has the meaning assigned to such term in Section 2.23.

“**Required Legal Opinion**” means an opinion of McKee Nelson LLP, or such other outside counsel to the Trust reasonably acceptable to the Administrative Agent, with respect to the true sale of Trust Student Loans and non-consolidation issues that describes the facts of the proposed transaction and contains conclusions reasonably determined by the Administrative Agent to be in form and substance similar to the conclusions contained in the legal opinions previously delivered to and accepted by the Administrative Agent on the Closing Date.

“**Required Managing Agents**” means, at any time, not less than four Managing Agents representing Facility Groups then holding at least 66-2/3% of the Aggregate Note Balance; provided, that if there are no outstanding Advances, then “Required Managing Agents” means at such time Managing Agents representing Facility Groups then holding at least 66-2/3% of the Commitments.

“**Required Ratings**” means, with respect to the Class A Notes, “Aaa” by Moody’s and “AAA” by S&P, and with respect to the Class B Notes, “A2” by Moody’s and “A” by S&P.

“**Reserve Account**” means the special account created pursuant to Section 2.06(b).

“**Reserve Account Specified Balance**” means (a) on the Closing Date and for each Settlement Period, cash or Eligible Investments in an amount equal to one-half of one percent (0.50%) of the Student Loan Pool Balance as of the Initial Cutoff Date, or as of the last day of that Settlement Period, as applicable, and (b) for each Advance Date, the sum of (i) the Reserve Account Specified Balance as of the last day of the most recent Settlement Period plus (ii) one-half of one percent (0.50%) of the Principal Balance of the Additional Student Loans purchased by the Trust since the last day of the most recent Settlement Period (including Additional Student Loans being purchased by the Trust with the Advance to be made on such Advance Date); provided, however, that the Reserve Account Specified Balance shall be not less than \$500,000.

“**Reset Date**” means with respect to any LIBOR Advance made by an Alternate Lender or a Conduit Lender, the last Business Day of the related Tranche Period.

“**Revolving Credit Agreement**” means the subordinated revolving credit agreement, dated the Closing Date, between the Trust and SLM Corporation to (i) fund the difference, if any, between the amount of each related Advance and the fair market value of the Eligible FFELP Loans purchased pursuant to the Sale Agreement on the related date of purchase and (ii) at the option of SLM Corporation, to cure any breach of the Minimum Asset Coverage Requirement caused by an adjustment of the Applicable Percentage, as such agreement may be amended, restated, or otherwise modified from time to time.

“**Revolving Period**” means the period commencing on the Closing Date and terminating on the earliest of (i) the Scheduled Maturity Date, (ii) the first day of the Amortization Period and (iii) the Termination Date.

“**S&P**” means Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Inc. (or its successors in interest).

“**Sale Agreement**” means the Sale Agreement, dated as of the Closing Date, among the Depositor, the Trust, the Interim Eligible Lender Trustee and the Eligible Lender Trustee, under which the Depositor will transfer certain Eligible FFELP Loans to the Trust, together with all sale agreements, blanket endorsements and bills of sale executed pursuant thereto.

“**Schedule of Trust Student Loans**” means a listing of all Trust Student Loans delivered to and held by the Administrative Agent (which Schedule of Trust Student Loans may be in the form of microfiche, CD-ROM, electronic or magnetic data file or other medium acceptable to the Administrative Agent), as from time to time amended, supplemented, or modified, which Schedule of Trust Student Loans shall be the master list of all Trust Student Loans then comprising a part of the Pledged Collateral pursuant to this Agreement.

“**Scheduled Maturity Date**” means February 27, 2009, or if such date is extended pursuant to [Section 2.16](#), the date to which so extended.

“**Secured Creditors**” means the Administrative Agent, the Syndication Agent, each Conduit Lender, LIBOR Lender, Alternate Lender, Managing Agent, Co-Valuation Agent and Program Support Provider, and any assignee or participant of any Lender or any Program Support Provider pursuant to the terms hereof.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Securities Intermediary**” means Bank of America, N.A. and its successors or assigns.

“**Seller Interim Trust Agreements**” means (i) the interim trust agreement, dated the date hereof, between the Interim Eligible Lender Trustee and VG Funding, LLC, (ii) the interim trust agreement, dated the date hereof, between the Interim Eligible Lender Trustee and VL Funding LLC and (iii) the interim trust agreement, dated the date hereof, between the Interim Eligible Lender Trustee and Phoenix Fundings LLC.

“**Sellers**” means one or more of SLM Education Credit Finance Corporation, VG Funding, LLC, VL Funding LLC, Mustang Funding I, LLC, Mustang Funding II, LLC, the Related SPE Sellers, and Phoenix Fundings LLC, and such other subsidiaries of SLM Corporation as may be agreed upon by the Required Managing Agents and with respect to which the requirements of [Section 4.04](#) have been satisfied; provided, however, that if a proposed seller is a special purpose subsidiary of SLM Corporation for which the Master Servicer is responsible for any repurchase obligations, only the consent of the Administrative Agent shall be required.

“**Servicer**” means the Master Servicer or a Subservicer.

“**Servicer Advances**” means any Financing Costs advanced by the Master Servicer pursuant to [Section 2.17](#).

“**Servicer Buy-Out**” means the right of the Master Servicer, as set forth in [Section 3.05\(h\)](#) of the Servicing Agreement, to purchase any Trust Student Loans (when added to the

aggregate Principal Balance of all Trust Student Loans previously purchased pursuant to a Servicer Buy-Out) in an amount not to exceed 2%, in the aggregate, of the Aggregate Note Balance then Outstanding.

“**Servicer Default**” means a “Servicer Default” as defined in Section 5.01 of the Servicing Agreement.

“**Servicing Agreement**” means, individually or collectively, (a) the Servicing Agreement, dated as of the Closing Date, among the Trust, the Master Servicer, the Eligible Lender Trustee, the Administrator and the Administrative Agent, (b) any other servicing agreement among the Trust, the Master Servicer and any Subservicer under which the respective Subservicer agrees to administer and collect the Trust Student Loans but the Master Servicer remains responsible to the Trust for the performance of such duties, which is substantially similar to the subservicing agreement signed with Great Lakes Higher Education Servicing Corporation or is otherwise consented to by the Administrative Agent, which consent is not to be unreasonably withheld or delayed, and (c) any other subservicing agreement among the Trust, the Master Servicer and a Subservicer, consented to by the Administrative Agent, under which such Subservicer agrees to administer and collect certain Trust Student Loans, but with respect to which the Master Servicer is not liable for such Trust Student Loans.

“**Servicing Fees**” means the Primary Servicing Fee, the Carryover Servicing Fee and any other fees payable by the Trust to the Master Servicer or the Subservicers in respect of servicing Trust Student Loans pursuant to the provisions of any Servicing Agreement.

“**Servicing Policies**” means the policies and procedures of the Master Servicer or any Subservicer, as applicable, with respect to the servicing of Student Loans.

“**Settlement Date**” means the 25th day of each calendar month, beginning April 25, 2008 or, if such day is not a Business Day, the following Business Day.

“**Settlement Period**” means (i) initially the period commencing on the Closing Date and ending on March 31, 2008, and (ii) thereafter, (a) during the Revolving Period and the Amortization Period, each monthly period ending on (and inclusive of) the last day of the calendar month and (b) after the occurrence and during the continuation of a Termination Event, such period as determined by the Administrative Agent in its sole discretion (which may be a period as short as one Business Day).

“**Side Letter**” means the Side Letter, dated as of the Closing Date, among the Trust, the Administrator, the Administrative Agent, the Managing Agents, the Eligible Lender Trustee and certain other financial institutions party thereto.

“**SLM Corporation**” means SLM Corporation, a Delaware corporation, and its successors and assigns.

“**SLM Indemnified Amounts**” has the meaning assigned to such term in Section 8.02.

“**SLS Loan**” means a student loan originated under the authority set forth in Section 428A (or a predecessor section thereto) of the Higher Education Act and shall include student loans designated as “SLS Loans,” as defined under the Higher Education Act.

“**Solvent**” means, at any time with respect to any Person, a condition under which:

(a) the fair value and present fair saleable value of such Person’s total assets is, on the date of determination, greater than such Person’s total liabilities (including contingent and unliquidated liabilities) at such time;

(b) the fair value and present fair saleable value of such Person’s assets is greater than the amount that will be required to pay such Person’s probable liability on its existing debts as they become absolute and matured (“debts,” for this purpose, includes all legal liabilities, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent);

(c) such Person is, and shall continue to be, able to pay all of its liabilities as such liabilities mature; and

(d) such Person does not have unreasonably small capital with which to engage in its current and in its anticipated business.

“**Special Allowance Payments**” means special allowance payments on Student Loans authorized to be made by the Department of Education pursuant to Section 438 of the Higher Education Act, or similar allowances authorized from time to time by federal law or regulation.

“**Stafford Loan**” means a loan designated as such that is made under the Robert T. Stafford Student Loan Program in accordance with the Higher Education Act.

“**Step-Up Fees**” means, with respect to any Facility Group’s Notes and any Yield Period, the applicable Excess Yield Rate multiplied by the average outstanding principal amount of such Facility Group’s Class A Note and Class B Note, as applicable, during such Yield Period.

“**Student Loan**” means a FFELP Loan.

“**Student Loan Notes**” means the promissory note or notes of an Obligor and any amendment thereto evidencing such Obligor’s obligation with regard to a Student Loan or the electronic records evidencing the same.

“**Student Loan Pool Balance**” means, (i) as of the Initial Cutoff Date, the aggregate Principal Balance of the Trust Student Loans as reported by the Administrator for such date; and (ii) as of any other date of determination, (x) the aggregate Principal Balance (as reported by the Administrator on the last Monthly Report delivered to the Administrative Agent) of the Trust Student Loans, calculated as of the end of the previous calendar month, plus (y) the aggregate Principal Balance of the Trust Student Loans acquired since the end of the previous calendar month as of their respective Cutoff Dates, minus (z) the aggregate Principal Balance of the Trust Student Loans disposed of by the Trust since the end of the previous calendar month as of their date of disposition.

“**Subsequent Cutoff Date**” means, with respect to any Trust Student Loan, the “Purchase Date” for such Trust Student Loan as such term is defined in the Sale Agreement.

“**Subservicer**” means, on the Closing Date, Great Lakes Higher Education Servicing Corporation and, thereafter, any subservicer appointed by the Master Servicer pursuant to the Servicing Agreement of the Master Servicer.

“**Syndication Agent**” means JPMorgan Chase Bank, N.A.

“**Syndication Agent Fees**” means, the fees, reasonable expenses and charges, if any, of the Syndication Agent, payable pursuant to the Administrative Agent and Syndication Agent Fee Letter.

“**Syndication Period**” has the meaning assigned to such term in the Syndication Procedures Letter.

“**Syndication Procedures Letter**” has the meaning assigned to such term in [Section 10.04\(l\)](#).

“**Take Out Securitization**” means a sale or transfer of any portion of the Trust Student Loans by the Trust (directly or indirectly) to a trust sponsored by an Affiliate of the Depositor as part of a publicly or privately traded, rated or unrated student loan securitization, pass-through, pay through, secured note or similar transaction.

“**Termination Date**” means the earliest to occur of (a) any date designated as the date for terminating the entire Maximum Financing Amount pursuant to [Section 2.03](#), (b) the last day of the Amortization Period and (c) the date of the declaration or automatic occurrence of the Termination Date pursuant to [Article VII](#).

“**Termination Event**” has the meaning assigned to such term in [Article VII](#).

“**Tranche Period**” with respect to LIBOR Advances made by an Alternate Lender or a Conduit Lender, means a period commencing on the date such LIBOR Advance is disbursed or on a Reset Date and ending on the date one day, one week, one month, two months or three months thereafter, as selected by the Trust on its Advance Request; provided, that (i) any Tranche Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Tranche Period shall end on the next preceding Business Day; (ii) any Tranche Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Tranche Period) shall end on the last Business Day of the calendar month at the end of such Tranche Period; and (iii) in no event shall any Tranche Period end after the then current Scheduled Maturity Date.

“**Transaction Documents**” means, collectively, this Agreement, the Trust Agreement, the Administration Agreement, the Servicing Agreement, each Purchase Agreement, the Conveyance Agreement, the Sale Agreement, the Tri-Party Transfer Agreement, all Guarantee Agreements, the Interim Trust Agreements, the Valuation Agent Agreement, the Guaranty and Pledge Agreement, the Indemnity Agreement, the Revolving Credit Agreement, the Syndication

Procedures Letter, the Power of Attorney, the Fee Letters, the Side Letter and all other instruments, fee letters, documents and agreements executed in connection with any of the foregoing.

“**Transaction Parties**” means, collectively, the Trust, the Depositor, the Master Depositor, the Master Servicer, each Seller and SLM Corporation.

“**Transition Period**” means the period beginning on the day of the initial Advance and ending on the earlier of (i) the date on which all of the Eligible FFELP Loans in the Initial Pool are purchased by the Trust and (ii) 15 Business Days after the date of the initial Advance.

“**Treasury Regulations**” means any regulations promulgated by the Internal Revenue Service interpreting the provisions of the Code.

“**Tri-Party Transfer Agreement**” means the sale and purchase agreement dated as of the Closing Date, among the Depositor, the Related SPE Sellers, the Master Servicer and the related eligible lender trustees.

“**Trust**” means Bluemont Funding I, a Delaware statutory trust, and its successors and assigns.

“**Trust Accounts**” means the Administration Account, Collection Account, Capitalized Interest Account, Reserve Account, Borrower Benefit Account and Floor Income Rebate Account.

“**Trust Agreement**” means the Amended and Restated Trust Agreement, dated as of the Closing Date, among the Depositor, the Delaware Trustee and the Eligible Lender Trustee.

“**Trust Indemnified Amounts**” has the meaning assigned to such term in Section 8.01.

“**Trust Materials**” has the meaning assigned to such term in Section 10.02(b).

“**Trust Student Loan**” means any Student Loan held by the Trust.

“**UCC**” means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

“**United States**” means the United States of America.

“**Used Fee**” means, with respect to any Lender, the used fee as set forth in the Lenders Fee Letter.

“**Valuation Agent Agreement**” means the Valuation Agent Agreement, dated as of the Closing Date, among the Trust, the Administrator, the Administrative Agent, and the Co-Valuation Agents.

“**Valuation Agent Fee Letter**” means the Valuation Agent Fee Letter, dated as of the Closing Date, among the Trust and the Co-Valuation Agents, setting forth the Co-Valuation Agent Fees.

“**Valuation Date**” has the meaning assigned to such term in the Valuation Agent Agreement.

“**Valuation Report**” means a report furnished by the Administrative Agent pursuant to Section 2.25(a).

“**VG Funding Facility**” means the financing facility established pursuant to that certain Amended and Restated Note Purchase and Security Agreement, dated as of May 4, 2005, *among VG Funding I*, the conduit lenders party thereto, the alternate lenders party thereto, Bank of America, N.A., as administrative agent, the managing agents party thereto, Chase Bank USA, National Association, as eligible lender trustee and Sallie Mae, Inc., as administrator.

“**Weighted Average Remaining Term in School**” means, as of any date of determination, (a) the sum, for all Eligible FFELP Loans that are in in-school status, of the products of (i) *the Principal Balance of each such Eligible FFELP Loan*, as of such date, and (ii) the number of months remaining in school shown on the Servicer’s record, as of such date, for the student with respect to such Eligible FFELP Loan, divided by (b) the aggregate Principal Balance of all Eligible FFELP Loans that are in in-school status, as of such date.

“**Whole Loan Sale**” means a sale of all or a part of the Trust Student Loans to a third-party purchaser in exchange for not less than fair market value.

“**Withdrawing Facility Group**” means a LIBOR Lender or a Conduit Lender and its related Alternate Lenders and Program Support Providers which have determined to terminate *their Commitment prior to the end* of the Revolving Period in order to participate in one or more different financing facilities sponsored by SLM Corporation or an Affiliate of SLM Corporation.

“**Yield**” means, for each Facility Group’s Notes and any Yield Period, the applicable Yield Rate multiplied by the average outstanding principal amount of such Facility Group’s Class A Note and/or Class B Note, as applicable, during such Yield Period, plus or minus the Estimated Interest Adjustment if and as applicable minus any Step-Up Fees.

“**Yield Period**” means, for a CP Advance or a Base Rate Advance, each Settlement Period and for a LIBOR Advance, each Interest Accrual Period.

“**Yield Protection**” means any Note Purchaser’s reasonable increased costs for taxes, reserves, special deposits, insurance assessments, breakage costs, changes in regulatory capital requirements (or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, such Lender) and certain reasonable expenses imposed on such Lender.

“**Yield Rate**” means with respect to any Yield Period:

(a) other than during the Amortization Period or on and after the occurrence of a Termination Event:

(i) if a Conduit Lender funds (directly or indirectly) its portion of the Aggregate Note Balance with CP, the CP Rate plus the applicable Used Fee;

(ii) if an Alternate Lender or a Conduit Lender (if funding its investment other than with CP) funds its portion of the Aggregate Note Balance, the applicable LIBOR Rate (or if LIBOR Rate is not available, the applicable Base Rate) plus the Applicable Margin; or

(iii) if a LIBOR Lender funds its portion of the Aggregate Note Balance, the applicable LIBOR Rate (or if LIBOR Rate is not available, the applicable Base Rate) plus the Applicable Margin; or

(b) during the Amortization Period, the applicable Amortization Period Rate; and

(c) on and after the occurrence of a Termination Event, the Base Rate plus 2.00% per annum.

Section 1.02. Other Terms.

(a) All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York and not specifically defined herein, are used herein as defined in such Article 9. Any reference to an agreement herein shall be deemed to include a reference to such agreement as amended, supplemented or otherwise modified from time to time.

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.”

(c) Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Transaction Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Transaction Document, shall be construed to refer to such Transaction Document in its entirety and not to any particular provision thereof, (iv) all references in any Transaction Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Transaction Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the

words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties.

Section 1.03. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.04. Calculation of Yield Rate and Certain Fees. The Yield Rate on the Notes and all fees payable to the Lenders, the Note Purchasers or the Registered Owners pursuant to this Agreement are calculated based on the actual number of days divided by 360. Interest shall accrue on the Notes from and including the day on which the related Advance is made, and shall not accrue on the Notes or any portion thereof, for the day on which the Notes or such portion is paid. Each determination by the Administrative Agent (or, with respect to the calculation of any CP Rate, LIBOR Base Rate or LIBOR Rate, the applicable Managing Agent), of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 1.05. Time References. All time references in this Agreement shall refer to the time in New York, New York unless otherwise noted.

ARTICLE II.

THE FACILITY

Section 2.01. Issuance and Purchase of Notes; Making of Advances.

(a) In consideration of the agreements of the Note Purchasers hereunder, and subject to the terms and conditions set forth in this Agreement, (y) the Trust agrees to sell, transfer and deliver to each Managing Agent, on behalf of its related Note Purchasers, and (z) each Managing Agent on behalf of its related Note Purchasers agrees to purchase from the Trust, on the Closing Date, (i) a Class A Note, the outstanding principal amount of which shall not exceed the applicable Pro Rata Share of such Facility Group multiplied by the Class A Maximum Financing Amount and (ii) a Class B Note, the outstanding principal amount of which shall not exceed the applicable Pro Rata Share of such Facility Group multiplied by the Class B Maximum Financing Amount. Subject to the satisfaction of the conditions precedent set forth in Section 4.01, the purchase price payable on the Closing Date for the Class A Note for each Facility Group shall be equal to such Facility Group's Pro Rata Share of the Class A Note Balance as of the Closing Date and the purchase price payable on the Closing Date for the Class B Note for each Facility Group shall be equal to such Facility Group's Pro Rata Share of the Class B Note Balance as of the Closing Date. The payment of such purchase price shall be subject to the same requirements applicable to an Advance under Section 2.01(b). Each Note shall be issued in the name of a Registered Owner.

(b) On the terms and conditions hereinafter set forth, each Alternate Lender, LIBOR Lender and Committed Conduit Lender agrees to make Advances, and each other Conduit Lender may, in its sole discretion, make Advances to the Trust from time to time up to an

aggregate principal amount outstanding at any one time not to exceed the Maximum Financing Amount in effect at the time of such Advance; provided, that: (i) the aggregate Advances made on any date, together with advances made under the other FFELP Loan Facilities on such date, must be in a principal amount equal to \$50,000,000 or integral multiples of \$500,000 in excess thereof (other than (x) Capitalized Interest Advances and (y) Excess Collateral Advances made on a Settlement Date the proceeds of which are used to pay Financing Costs owing under clauses (ii) through (v) of Section 2.05(b), in each case as to which such minimum is not applicable) and (ii) the Requested Advance Amount on any Advance Date for the Class A Advance and Class B Advance shall not, in the aggregate, exceed the Maximum Advance Amount. Within the limits set forth in this Section and the other terms and conditions of this Agreement, during the Revolving Period, the Trust, acting through the Administrator, may request Advances, repay Advances and reborrow Advances under this Section; provided, however, that after the end of the Revolving Period, Capitalized Interest Advances will continue to be made in accordance with Section 4.02(c). In addition, the Administrative Agent may also request Capitalized Interest Advances after the occurrence of a Capitalized Interest Account Funding Event. All Notes issued hereunder shall be denominated in and be payable in United States dollars. Yield on each CP Advance, each Base Rate Advance and each LIBOR Advance shall be due and payable on each Settlement Date. The Aggregate Note Balance and all other Obligations hereunder, if not previously paid pursuant to Section 2.05(b), shall be due and payable on the Termination Date.

(c) Each Lender's obligations under this Section are several and the failure of any Lender to make available its Pro Rata Share of any Requested Advance Amount on an Advance Date shall not relieve any other Note Purchaser of its obligations hereunder or, except as provided in paragraph (d) below, obligate any other Note Purchaser to honor the obligations of any Defaulting Lenders (as defined below). Advances shall be allocated among the Facility Groups in accordance with their respective Pro Rata Shares and shall be further allocated to each Lender within a Facility Group as designated by the applicable Managing Agent. Notwithstanding anything contained in this Agreement to the contrary, (i) no Conduit Lender shall fund any portion of any Advance which would cause the aggregate principal amount of its Advances to exceed the Commitments of its related Alternate Lenders; (ii) no Alternate Lender, LIBOR Lender or Committed Conduit Lender shall be obligated to fund any portion of any Advance which would cause the aggregate principal amount of its Advances to exceed its Commitment; and (iii) no Facility Group shall be obligated to fund any portion of any Advance which would cause the aggregate principal amount of its Advances to exceed its total Commitment. The Commitment of each Lender as of the Closing Date is set forth on Exhibit A.

(d) If by 2:00 p.m. on an Advance Date, whether or not the Administrative Agent has advanced the applicable Requested Advance Amount, one or more Alternate Lenders, LIBOR Lenders or Committed Conduit Lenders fails to make its Pro Rata Share of any Advance required to be made by such Lender (each, a "**Defaulting Lender**") available to the Administrative Agent pursuant to this Agreement (the aggregate amount not so made available to the Administrative Agent being herein called the "**Investment Deficit**"), then the Administrative Agent shall, by no later than 5:00 p.m. on the applicable Advance Date instruct each Alternate Lender, LIBOR Lender and Committed Conduit Lender which is not a Defaulting Lender (each, a "**Non-Defaulting Lender**") to pay, by no later than noon on the next Business Day in immediately available funds, to the account designated by the Administrative Agent, an amount equal to the lesser of (i) such Non-Defaulting Lender's proportionate share (based upon the

relative Commitments of the Non-Defaulting Lenders) of the Investment Deficit and (ii) its unused Commitment. A Defaulting Lender shall forthwith, upon demand, pay to the Administrative Agent for the ratable benefit of the Non-Defaulting Lenders all amounts paid by each Non-Defaulting Lender on behalf of such Defaulting Lender.

Section 2.02. The Initial Advance and Subsequent Advances.

(a) Advances shall be made contemporaneously pursuant to Section 2.01 and this Section such that the amount of the Class A Advance on each Advance Date shall be equal to 97% of all Advances made on such date and the amount of the Class B Advance on each Advance Date shall be equal to 3% of all Advances made on such date.

(b) Subject to the satisfaction of the conditions precedent set forth in this Agreement and in accordance with the terms and conditions of Section 2.01 and this Section, the Trust, acting through the Administrator, may request an Advance hereunder by giving written notice substantially in the form of Exhibit D (each, an “**Advance Request**”) to the Administrative Agent not later than 11:00 a.m. on the second Business Day prior to the proposed Advance Date, which the Administrative Agent shall promptly forward to the Managing Agents not later than 1:00 p.m. on such date. Each such Advance Request shall specify:

- (i) the Requested Advance Amount, which, together with the advances made under the other FFELP Loan Facilities on such date, shall be equal to or greater than \$50,000,000 in the aggregate with respect to all Facility Groups, except as otherwise permitted under Section 2.01(b);
- (ii) the proposed Advance Date;
- (iii) if such Advance is a Purchase Price Advance, the aggregate Collateral Value of the Eligible FFELP Loans to be acquired; and
- (iv) the Asset Coverage Ratio after giving effect to such Advance.

In addition, each Advance Request (other than an Advance Request made during the Transition Period to the extent that there is no Excess Concentration Amount with respect to the Initial Pool) shall include a pro forma calculation and certification establishing (x) with respect to a Purchase Price Advance or an Excess Collateral Advance, that the Minimum Asset Coverage Requirement will be satisfied after giving effect to such Advance and (y) with respect to a Capitalized Interest Advance, the Maximum Advance Amount for such Capitalized Interest Advance and that the proceeds thereof will be deposited into the Capitalized Interest Account.

No later than 2:00 p.m. on the Advance Date, each Conduit Lender (other than a Committed Conduit Lender) may, in its sole discretion, and each Committed Conduit Lender and LIBOR Lender shall, upon satisfaction of the applicable conditions set forth in this Agreement, make available to the Trust in same day funds, its respective Pro Rata Share of the Requested Advance Amount by payment to the Administration Account; provided, that Capitalized Interest Advances made by a Non-Renewing Facility Group may be made on a non-pro rata basis as contemplated in Section 2.21(b). If a Conduit Lender (other than a Committed Conduit Lender) elects not to fund its respective Pro Rata Share of the Requested Advance Amount, such Conduit

Lender's related Alternate Lenders shall, upon satisfaction of the applicable conditions set forth in this Agreement, make available to the Trust in same day funds, their respective Pro Rata Shares of the Requested Advance Amount by payment to the Administration Account and the related Managing Agent shall, no later than 2:00 p.m. on such Advance Date and on each Reset Date, notify the Administrator and the Administrative Agent of the actual Yield Rate applicable to such LIBOR Advance, and the related Tranche Period. Each Advance made by a Conduit Lender shall be a CP Advance unless the applicable Managing Agent otherwise provides notice as provided in the immediately succeeding sentence. To the extent any Conduit Lender is unable or declines to fund a requested Advance by issuing CP or if any Conduit Lender's Alternate Lenders fund any requested Advance in its place, the applicable Conduit Lender's Managing Agent shall promptly advise the Administrative Agent and the Administrator, on behalf of the Trust.

(c) Prior to the commencement of the Amortization Period or the occurrence of a Termination Event, the Administrator, on behalf of the Trust, may request that the Administrative Agent pay any amounts on deposit in the Administration Account as a prepayment on any principal of, and Financing Costs due or accrued on, the Notes in whole or in part on any Business Day by giving written notice two Business Days prior to such date to the Administrative Agent and each Managing Agent indicating the amount of such prepayment and the Business Day on which such prepayment shall be made. The Trust shall pay the applicable Managing Agent for the account of the applicable Lenders in its Facility Group, on demand, such amount or amounts as shall compensate such Lenders for any loss (including loss of profit), cost or expense incurred by such Lenders and including any claims arising under any Program Support Agreement (as reasonably determined by the applicable Managing Agent) and hold such Lenders harmless from any such loss, cost or expenses, incurred by them as a result of payments with respect to the Notes in connection with a prepayment under this Section 2.02(c), a request by the Trust pursuant to Section 2.21, a Permitted Release under Section 2.18 or otherwise, whether voluntary, mandatory, automatic by reason of acceleration or otherwise, such compensation to be (i) limited to an amount equal to any loss or expense suffered by the Lenders during the period from the date of receipt of such repayment to (but excluding) the maturity of the related CP (in the case of a CP Advance by a match-funded Conduit Lender), the maturity of sufficient pool-funded CP (in the case of a CP Advance by a pool-funded Conduit Lender) or the maturity of the related Tranche Period (in the case of a LIBOR Advance by an Alternate Lender or a Conduit Lender), (ii) net of the income, if any, received by the recipient of such reductions from investing the proceeds of such reductions and (iii) inclusive of any loss or expense arising from the liquidation or re-employment of funds obtained by it to maintain such Advance or from fees payable to terminate the deposits from which such funds were obtained; provided, however, that the Trust shall not be obligated to pay such breakage amounts for a period in excess of 60 days under clause (i) above if aggregate discretionary prepayments by the Trust do not exceed 20% of the Aggregate Note Balance per month; provided further, that no such breakage amounts shall be payable by the Trust with respect to the regular distribution of Available Funds (other than proceeds of Permitted Releases) on any Settlement Date pursuant to the priority of payments set forth in Section 2.05(b). The determination by the applicable Managing Agent of the amount of any such loss or expense shall be set forth in a written notice to the Administrator (with a copy to the Administrative Agent), on behalf of the Trust, including a statement as to such loss or expense (including calculation thereof in reasonable detail), and shall be conclusive, absent manifest error.

(d) Each Advance Request shall be irrevocable and binding on the Trust, and the Trust shall indemnify each Lender against any loss or expense incurred by such Lender, either directly or indirectly (including, in the case of a Conduit Lender, through the applicable Program Support Agreement) as a result of any failure by the Trust to complete such Advance, including any loss or expense incurred by such Lender or such Lender's Managing Agent, either directly or indirectly (including, in the case of a Conduit Lender, pursuant to the applicable Program Support Agreement) by reason of the liquidation or reemployment of funds acquired by such Lender (or the applicable Program Support Provider(s)) (including funds obtained by issuing CP or promissory notes or obtaining deposits or loans from third parties) in order to fund such Advance. Any such amounts shall constitute Yield Protection hereunder.

(e) **Prefunding of Advances.** In order to allow the Lenders to raise funds at times and in amounts that are more advantageous to the Lenders than might otherwise be possible, the Trust may, after consultation with the Administrative Agent and in connection with a proposed purchase or series of purchases of Trust Student Loans, request that all or a portion of the related Purchase Price Advance be funded prior to the actual acquisition of the related Trust Student Loans. Each such prefunding shall constitute a separate Purchase Price Advance for purposes of Section 4.02(b)(xiv) and (xv) and shall otherwise be subject to all applicable conditions precedent, measured as of the date such loans are actually purchased, for Purchase Price Advances set forth in Article IV. The proceeds of any such prefunded advance shall be deposited into the Administration Account (or such subaccount thereof as the Administrative Agent may establish for purposes of convenience) and shall not be released to the Trust until the date of purchase of the related Trust Student Loans. So long as the conditions precedent to a new Advance would be satisfied as if the Lenders were making a new Advance, the Trust may draw against such prefunding amount on any Business Day in order to consummate the related purchase of Trust Student Loans on such date. Upon the occurrence of a Termination Event, the Administrative Agent may direct that any such amounts on deposit in the Administration Account or subaccount, as applicable, be transferred to the Collection Account to be distributed in accordance with Section 2.05 and used to reduce the Aggregate Note Balance.

Section 2.03. Reduction, Termination or Increase of the Maximum Financing Amount and Prepayment of the Notes.

(a) The Trust, acting through the Administrator, may, upon at least five Business Days' written notice to the Administrative Agent, (i) terminate the entire facility or (ii) reduce in part the portion of the Maximum Financing Amount that exceeds the sum of the Capitalized Interest Account Specified Balance and the Aggregate Note Balance. Any partial reduction in the Maximum Financing Amount shall be in an amount equal to or greater than \$100,000,000 or any integral multiple of \$10,000,000 in excess thereof. If such reduction is not in connection with an Exiting Facility Group, any such reduction in the Maximum Financing Amount shall be allocated among the Facility Groups in accordance with their Pro Rata Shares, except as otherwise provided under the Syndication Procedures Letter, and shall be allocated within each Facility Group as designated by the applicable Managing Agent. If such reduction is in connection with an Exiting Facility Group, such reduction shall be allocated first to the Commitment of the Exiting Facility Group and then any balance allocated among the remaining Facility Groups as set forth in the preceding sentence. The Trust shall pay, in immediately available funds, all outstanding principal and Financing Costs on the Notes owned by any

Lender, together with any other Obligations owed to such Lender, upon the termination of its Commitment pursuant to this Section 2.03(a).

(b) During any Exiting Group Amortization Period, if there are not sufficient proceeds from Permitted Releases, the Administrative Agent may, in accordance with the procedures set forth in Section 7.03(b), sell or otherwise dispose of a portion of the Pledged Collateral in an amount sufficient to pay the Aggregate Note Balance of the Outstanding Notes owned by each Exiting Facility Group. Amounts received from any such sale or disposition of Pledged Collateral shall be deposited into the Administration Account and, provided no Amortization Event or Termination Event has occurred and is continuing, and the Minimum Asset Coverage Requirement has been satisfied, such amounts shall be distributed to the Exiting Facility Groups, on any Business Day which is not a Settlement Date in accordance with the priority of payments described in Section 2.05(b)(viii). Amounts received from the sale of Pledged Collateral in excess of the amount required to repay in full the Aggregate Note Balance of, and accrued Yield on, the Outstanding Notes owned by the Exiting Facility Groups which are deposited in the Collection Account shall be treated as Available Funds; provided, that any Yield Protection associated with any such prepayment shall be paid to the Administrative Agent for the benefit of the applicable Lender on the next Settlement Date (to the extent of Available Funds) in accordance with the priority of payments described in Section 2.05(b). All reductions to principal owed to an Exiting Facility Group in connection with any such disposition, together with any reductions to principal received by such Exiting Facility Group pursuant to clauses (viii) and (xiii) of Section 2.05(b), shall constitute a permanent reduction in the Commitment of such Exiting Facility Group and the Lenders part of such Exiting Facility Group and their Pro Rata Shares shall be calculated accordingly.

(c) Subject to the terms and conditions herein provided, the parties agree that, concurrently with any assignment of the Notes or addition of additional Facility Groups hereunder during the Syndication Period, the Maximum Financing Amount shall automatically increase by the dollar amount of the Commitments assumed by any assignee Lender under Section 10.04 until such time as the aggregate Commitments of all the Lenders is equal to \$8,666,666,667. Any such increase is subject to the condition that no Termination Event or Amortization Event shall have occurred and be continuing immediately before or after giving effect to such increase in the Commitments and in no event shall any Lender's Commitment be increased without the prior written consent of such Lender. In connection with each such increase, the Pro Rata Shares of the Facility Groups and the Lenders will be recalculated accordingly. Once the aggregate Commitments are equal to \$8,666,666,667, the Maximum Financing Amount shall not thereafter be increased except by amendment in accordance with Section 10.01 and any future assignments of Commitments will reduce the Commitments of the applicable Lenders in accordance with Section 10.04 and, if applicable, the terms of the Syndication Procedures Letter.

Section 2.04. The Accounts.

(a) **Collection Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Collection Account. The Collection Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured

Creditors. The Collection Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Collection Account. Any Collections received by the Trust, the Administrator, the Eligible Lender Trustee, the Sellers, the Depositor, the Servicers, or any agent thereof, as the case may be, are to be transmitted to the Collection Account as soon as practicable, but in any event, within two Business Days of receipt of good funds. The Trust shall direct the Eligible Lender Trustee, each Servicer, each Seller, the Depositor and each agent of any of the foregoing, in writing, to transmit any Collections it receives with respect to the Trust Student Loans directly to the Administrative Agent for deposit to the Collection Account within two Business Days of receipt of good funds. Funds on deposit in the Collection Account may be invested from time to time in Eligible Investments at the direction of the Administrator in accordance with [Section 2.08](#). Upon the payment in full of all Obligations hereunder and the termination of this Agreement, the Administrative Agent agrees to send notice to the Master Servicer that this Agreement has terminated and that Collections no longer are to be forwarded to the Collection Account pursuant to this Agreement. All investment earnings on the funds on deposit in the Collection Account during any Settlement Period shall be applied as Available Funds for the applicable Settlement Period. The Administrative Agent shall apply funds on deposit in the Collection Account as described in [Section 2.05](#). Each of the Trust and the Administrator agree, by executing this Agreement, to hold any Collections received in trust for the Administrative Agent and to comply with the remittance procedures set forth in this [Section 2.04](#).

(b) **Administration Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Administration Account. The Administration Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Administration Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Prior to the commencement of the Amortization Period or the occurrence of a Termination Event, funds in the Administration Account shall be applied to the following (in the order such events occur for so long as funds are available in the Administration Account): (i) to make payments to any Exiting Facility Group pursuant to [Section 2.03\(b\)](#); (ii) to finance the purchase of Eligible FFELP Loans pursuant to [Section 2.05\(c\)](#); (iii) if necessary, to be deposited into the Collection Account on each Settlement Date to cover any shortfall in amounts on deposit in the Collection Account as Available Funds to pay amounts described in clauses (i) through (ix) of [Section 2.05\(b\)](#); (iv) to be released to the Trust to the extent permitted under [Section 2.25\(d\)](#); (v) to be withdrawn for deposit to the extent permitted under [Section 4.03](#); and (vi) if so requested by the Administrator on behalf of the Trust, to be disbursed on any Business Day as a prepayment of principal of the Outstanding Notes pursuant to [Section 2.02\(c\)](#). During the Amortization Period and on and after the Termination Date, funds in the Administration Account shall be released to the Administrative Agent for the account of the applicable Note Purchasers to reduce the Aggregate Note Balance of the Outstanding Notes and to pay accrued Yield thereon. Funds on deposit in the Administration Account may be invested from time to time in Eligible Investments in accordance with [Section 2.08](#) hereof. All investment earnings on the funds on deposit in the Administration Account during any Settlement Period shall be deposited into the Collection Account by the Administrative Agent on or before the second Business Day after the end of that Settlement Period and applied as Available Funds on the Settlement Date for that Settlement

Period. Except for the right of the Administrator to withdraw funds as expressly set forth in this Agreement, neither the Trust nor the Administrator shall have any withdrawal rights from the Administration Account. Any funds remaining in the Administration Account after the payment in full of all Obligations under the Transaction Documents shall be paid to the holder of the Excess Distribution Certificate.

(c) **Floor Income Rebate Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Floor Income Rebate Account. The Floor Income Rebate Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Floor Income Rebate Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Floor Income Rebate Account. On or before each Settlement Date, the Administrator will instruct the Administrative Agent to transfer from the Collection Account to the Floor Income Rebate Account the estimated monthly accrual of Floor Income Rebate Fees for the prior calendar month (the “*Estimated Excess Accrual*”). Funds on deposit in the Floor Income Rebate Account may be invested from time to time in Eligible Investments in accordance with Section 2.08 hereof. All investment earnings on the funds on deposit in the Floor Income Rebate Account during any Settlement Period shall be deposited into the Collection Account by the Administrative Agent on or before the second Business Day after the end of that Settlement Period and applied as Available Funds on the Settlement Date for that Settlement Period. On the Settlement Date following each quarterly date as of which the Servicers notify the Trust of the aggregate amount of Floor Income Rebate Fees, if any, that is due and owing to the Department of Education for the preceding quarterly period, the Administrative Agent shall transfer from the Floor Income Rebate Account to the Collection Account the aggregate Estimated Excess Accrual for the related Settlement Periods to pay any Floor Income Rebate Fees due and owing to the Department of Education pursuant to Section 2.05(e) and apply any excess funds in accordance with Section 2.05(b). Any funds remaining in the Floor Income Rebate Account after the payment in full of all Obligations under the Transaction Documents shall be paid to the holder of the Excess Distribution Certificate.

(d) **Borrower Benefit Account.** On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Borrower Benefit Account. The Borrower Benefit Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Borrower Benefit Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Borrower Benefit Account. In the event that new borrower benefits, which are not required under the Higher Education Act or other applicable laws, rules or regulations, are offered to Obligors, the result of which is to reduce the yield on the related Eligible FFELP Loans, the Borrower Benefit Account will be funded in accordance with Section 6.26 hereof. On or before each Settlement Date, the Administrator will instruct the Administrative Agent to transfer from the Borrower Benefit Account to the Collection Account all amounts on deposit in the Borrower Benefit Account which relate to the related Settlement Period and apply such funds in accordance with Section 2.05(b). Funds on deposit in the Borrower Benefit Account may be invested from time to time in

Eligible Investments in accordance with [Section 2.08](#). All investment earnings on the funds on deposit in the Borrower Benefit Account during any Settlement Period shall be deposited into the Collection Account by the Administrative Agent on or before the second Business Day after the end of that Settlement Period and applied as Available Funds on the Settlement Date for the related Settlement Period. Any funds remaining in the Borrower Benefit Account after the payment in full of all Obligations under the Transaction Documents shall be paid to the holder of the Excess Distribution Certificate.

Section 2.05. Transfers from Collection Account.

(a) On or prior to each Reporting Date, the Trust shall cause the Administrator to prepare the Monthly Report and shall provide or cause to be provided to the Administrator all information necessary or appropriate to accurately prepare such Monthly Report, all calculations, unless otherwise specified, to be made as of the end of the related Settlement Period, and cause the Administrator to forward such Monthly Report to the Administrative Agent and each Rating Agency. The Administrative Agent shall promptly forward the Monthly Report to each Managing Agent. The Administrative Agent shall provide to the Trust and the Administrator the Monthly Administrative Agent's Report in the form attached as [Exhibit E](#) hereto no later than five Business Days prior to each Reporting Date.

(b) The Administrative Agent, on each Settlement Date, shall make the following deposits and distributions from Available Funds in the Collection Account in the amount and in the order of priority set forth below as directed by the Administrator on behalf of the Trust (or if the Administrator fails to provide such direction, as provided by the Administrative Agent) pursuant to the Monthly Report, on which the Administrative Agent may conclusively rely, on such Settlement Date (or as otherwise provided in [Article VII](#)), in the following priority:

(i) pay to the Master Servicer an amount equal to its unreimbursed Servicer Advances due and owing;

(ii) pay to the Lockbox Banks, the Eligible Lender Trustee and the Administrator, as appropriate and on a pro rata basis, (A) an amount equal to the Lockbox Bank Fees, the Eligible Lender Trustee Fees and the Administrator Fees, which are due and owing as of the close of business on the last day of the immediately preceding calendar month, and (B) the reasonable out-of-pocket costs and expenses of such Persons not to exceed in the aggregate \$100,000 per annum;

(iii) pay to the Master Servicer, for the benefit of the Master Servicer and any Subservicers, an amount equal to the Primary Servicing Fees which are due and owing as of the close of business on the last day of the immediately preceding Settlement Period;

(iv) on a *pro rata* basis, based on the amounts owed, (A) pay to the Administrative Agent, for the benefit of the holders of the Class A Notes (excluding Class A Notes held by any Defaulting Lenders), Yield on such Class A Notes (excluding, for the avoidance of doubt, any Step-Up Fees) for the previous Yield Period and (B) pay to the Administrative Agent and each Managing Agent as Registered Owner of its Note, as appropriate, an amount equal to all other Financing Costs related to such Class A

Notes (other than amounts owed with respect to Step-Up Fees or with respect to Financing Costs of a type described in clause (a)(iii) or (a)(iv) of the definition thereof);

(v) on a *pro rata* basis, based on the amounts owed, (A) pay to the Administrative Agent, for the benefit of the holders of the Class B Notes (excluding Class B Notes held by any Defaulting Lenders), Yield on such Class B Notes (excluding, for the avoidance of doubt, any Step-Up Fees) for the previous Yield Period and (B) pay to the Administrative Agent and each Managing Agent as Registered Owner of its Note, as appropriate, an amount equal to all other Financing Costs related to such Class B Notes (other than amounts owed with respect to Step-Up Fees or with respect to Financing Costs of a type described in clause (b) (iii) or (b)(iv) of the definition thereof);

(vi) during the Revolving Period: *first*, pay to the Capitalized Interest Account, any amount required to cause the amount on deposit in the Capitalized Interest Account to equal the Required Capitalized Interest Account Balance and *second*, to the Reserve Account, any amount required to cause the amount on deposit in the Reserve Account to equal the Reserve Account Specified Balance;

(vii) following the replacement of the Master Servicer, pay to the replacement Master Servicer the reasonable expenses and charges resulting from the transition in servicing, to the extent such costs have not been paid by the predecessor Master Servicer; provided, that amounts paid under this clause (vii) shall not exceed \$300,000;

(viii) provided no Amortization Event or Termination Event has occurred and the Minimum Asset Coverage Requirement is satisfied before and after giving effect to such payment, pay to the Administrative Agent for the benefit of each Exiting Facility Group its ratable share of the Principal Distribution Amount, as follows: *first*, the Class A Principal Distribution Amount with respect to its Class A Note and *second*, the Class B Principal Distribution Amount with respect to its Class B Note until each Note of each Exiting Facility Group has been paid in full;

(ix) pay to the Administrative Agent for the benefit of the Note Purchasers, the Principal Distribution Amount (to the extent not distributed pursuant to clause (viii) above) as follows: *first*, the Class A Principal Distribution Amount for the benefit of the holders of the Class A Notes in accordance with their Pro Rata Shares and *second*, the Class B Principal Distribution Amount for the benefit of the holders of the Class B Notes in accordance with their Pro Rata Shares;

(x) *first*, pay to the replacement Master Servicer any amounts described in clause (vii) above which were not previously paid due to the limitation specified in the proviso to such clause (vii) and *second*, pay to the Administrative Agent, for the benefit of the Note Purchasers (excluding Notes held by Defaulting Lenders), on a pro rata basis if necessary, any Step-Up Fees and any Yield Protection due and owing pursuant to this Agreement as of the close of business on the last day of the immediately preceding Settlement Period;

(xi) pay to the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Co-Valuation Agents, the Conduit Lenders, the LIBOR Lenders, the Managing Agents, the Alternate Lenders, the Program Support Providers and any Affected Party, on a pro rata basis if necessary, any amounts due and owing and not previously paid pursuant to clause (ii) above and any Trust Indemnified Amounts due and owing pursuant to this Agreement or any other Transaction Document as of such Settlement Date;

(xii) pay to the Administrative Agent (i) for the benefit of the Defaulting Lenders any Yield, Step-Up Fees, principal or Yield Protection due and owing and not paid above and (ii) for the benefit of all the Note Purchasers, the Administrative Agent, the Managing Agents and the Program Support Providers, an amount equal to any other Obligations (other than principal, Yield or Step-Up Fees of any Notes) which are accrued and owing as of the close of business on the last day of the immediately preceding Settlement Period;

(xiii) pay to the Administrative Agent for the benefit of each Exiting Facility Group, to the extent not paid in clause (viii) or (ix) above, *pro rata*, an amount up to its remaining Outstanding Notes: *first*, with respect to its Class A Note and *second*, with respect to its Class B Note until each Note of each Exiting Facility Group has been paid in full;

(xiv) pay to the Administrator, reimbursements of any out-of-pocket costs and expenses relating to the administration of the Trust or paid on behalf of the Trust, including fees paid to the Rating Agencies on behalf of the Trust, to the extent not previously paid;

(xv) *pro rata*, pay to SLM Corporation in repayment of any SLM Indemnified Amounts paid by it pursuant to Section 8.02(b) and pay to the Administrator in repayment of any amounts paid by it pursuant to Section 10.08;

(xvi) pay to the Master Servicer, for the benefit of the Master Servicer and any Subservicers, an amount equal to any other amounts due and payable to them including Carryover Servicing Fees, if any, which are accrued and unpaid as of the close of business on the last day of the immediately preceding Settlement Period;

(xvii) prior to the commencement of the Amortization Period or the occurrence of a Termination Event, pay to the Administrative Agent for deposit into the Administration Account to fund new purchases of Eligible FFELP Loans;

(xviii) prior to the commencement of the Amortization Period, solely to the extent requested by the Administrator as a prepayment of the Notes in an amount up to the Aggregate Note Balance, on a *pro rata* basis, (A) pay to the Administrative Agent for the account of the applicable Note Purchasers with respect to their Class A Notes in accordance with their Pro Rata Shares until such class has been paid in full, and (B) pay to the Administrative Agent for the account of the applicable Note Purchasers with

respect to their Class B Notes in accordance with their Pro Rata Shares, until such class has been paid in full;

(xix) pay to SLM Corporation in repayment of accrued interest on and the unpaid principal balance borrowed under the Revolving Credit Agreement;

(xx) if the Administrative Agent has received written notice that any amounts are owed to a former Facility Group under the Guaranty and Pledge Agreement, to pay to the Managing Agent for such former Facility Group any remaining funds up to the amounts then owed under the Guaranty and Pledge Agreement; and

(xxi) if so requested by the Administrator (and so long as (A) no Amortization Event or Termination Event has occurred and is continuing and no Potential Termination Event described in [Section 7.02\(f\)](#) or (g) has occurred and is continuing and (B) there is no unresolved dispute as described in [Section 2.25\(e\)](#) as to the Applicable Percentage to be applied with respect to such Settlement Period, to pay to the holder of the Excess Distribution Certificate, any Available Funds remaining after the payment in full of each of the foregoing items.

(c) Any funds deposited into the Administration Account for the purpose of purchasing or financing Eligible FFELP Loans or prepayment of the Notes shall be disbursed pursuant to a written direction of the Administrator, on behalf of the Trust, or to the Administrative Agent, as applicable.

(d) In the event that there are insufficient Available Funds to pay the amounts set forth in clauses (ii) through (v) of [Section 2.05\(b\)](#) due and payable on such date and if no Servicer Advance has been made and no funds withdrawn from the Reserve Account or the Capitalized Interest Account to pay such amounts, and an Excess Collateral Advance could be made in accordance with the terms hereof, then the Trust shall request an Excess Collateral Advance in the amount necessary to pay such amounts.

(e) On each Settlement Date, prior to making the deposits and distributions specified in [Section 2.05\(b\)](#), the Administrative Agent shall pay, from funds on deposit in the Collection Account, any accrued and unpaid amounts due and owing to the Department or any Guarantor, including, without limitation, any Floor Income Rebate Fees and Monthly Rebate Fees, as directed by the Administrator on behalf of the Trust (or if the Administrator fails to provide such direction, as provided by the Administrative Agent) pursuant to the Monthly Report, on which the Administrative Agent may conclusively rely.

Section 2.06. Capitalized Interest Account and Reserve Account.

(a) On or prior to the date hereof, the Trust shall establish and maintain, or cause to be established and maintained, the Capitalized Interest Account. The Capitalized Interest Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Capitalized Interest Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Capitalized Interest Account. If at any

time a Capitalized Interest Account Funding Event occurs, the Trust shall request a Capitalized Interest Advance in an amount equal to the applicable Maximum Advance Amount for such Advance and deposit the proceeds thereof into the Capitalized Interest Account. In the event that a Capitalized Interest Account Funding Event occurs solely with respect to one or more Non-Renewing Facility Groups, such Advance shall be requested solely from such Non-Renewing Facility Groups. Thereafter, until the commencement of the Amortization Period or the occurrence of a Termination Event, on each Settlement Date, the Administrator shall cause to be deposited into the Capitalized Interest Account from Available Funds pursuant to Section 2.05(b)(vii) such additional amounts as are necessary to cause the amount on deposit in the Capitalized Interest Account to be equal to the Required Capitalized Interest Account Balance calculated as of the last day of the related Settlement Period. Funds on deposit in the Capitalized Interest Account may be invested from time to time in Eligible Investments in accordance with Section 2.08. The Administrative Agent shall apply funds on deposit in the Capitalized Interest Account as described in Section 2.07(a).

(b) On or prior to the date hereof, the Administrator shall establish and maintain, or cause to be established and maintained, the Reserve Account by depositing into the Reserve Account cash or Eligible Investments equal to the Reserve Account Specified Balance as of the date of the initial Advance hereunder. The Reserve Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the Secured Creditors. The Reserve Account shall be in the name of the Trust for the benefit of the Administrative Agent, on behalf of the Secured Creditors. Neither the Trust nor the Administrator shall have any withdrawal rights from the Reserve Account. On each Advance Date, the Trust shall deposit into the Reserve Account from proceeds of each Advance the amount, if any, necessary to bring the balance in such account up to the Reserve Account Specified Balance. Thereafter, until the commencement of the Amortization Period or the occurrence of a Termination Event, on each Settlement Date, the Administrator shall cause to be deposited into the Reserve Account from Available Funds pursuant to Section 2.05(b)(vii) such additional amounts as are necessary to cause the amount on deposit in the Reserve Account to be equal to the Reserve Account Specified Balance calculated as of the last day of the related Settlement Period. Funds on deposit in the Reserve Account may be invested from time to time in Eligible Investments in accordance with Section 2.08. The Administrative Agent shall apply funds on deposit in the Reserve Account as described in Section 2.07(b).

Section 2.07. Transfers from the Capitalized Interest Account and Reserve Account.

(a) To the extent there are insufficient Available Funds in the Collection Account to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b) in accordance with the provisions of Section 2.05 on any Settlement Date, the Administrative Agent shall transfer to the Collection Account moneys held by the Administrative Agent in the Capitalized Interest Account, to the extent available for distribution on the specified day, to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b) in the priority set forth in Section 2.05.

(b) To the extent there are insufficient Available Funds in the Collection Account to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b), in accordance with the

provisions of Section 2.05 on any Settlement Date (after taking into account any amounts transferred to the Collection Account pursuant to Section 2.07(a)), the Administrative Agent shall transfer to the Collection Account moneys held by the Administrative Agent in the Reserve Account, to the extent available for distribution on the specified day, to pay the amounts set forth in clauses (ii) through (v) of Section 2.05(b) in the priority set forth in Section 2.05; provided, that upon the commencement of the Amortization Period or on the occurrence of a Termination Event, all amounts on deposit in the Reserve Account shall immediately be transferred to the Collection Account and shall be part of Available Funds on the next Settlement Date.

(c) To the extent, as of the end of any Settlement Period, there are on deposit in the Reserve Account funds in excess of the Reserve Account Specified Balance calculated as of the end of such Settlement Period (giving effect to any purchase of additional Trust Student Loans between the end of such Settlement Period and the related Settlement Date) or there are on deposit in the Capitalized Interest Account funds in excess of the Required Capitalized Interest Account Balance calculated as of the end of such Settlement Period, then the Administrative Agent shall withdraw such excess from the relevant account and deposit it into the Collection Account to be used as Available Funds on the related Settlement Date. In addition, (i) if a Capitalized Interest Account Funding Event has occurred solely because of the expiration of the Revolving Period pursuant to clause (ii) of the definition thereof and the Revolving Period is subsequently reinstated, then the Administrative Agent shall withdraw all funds from the Capitalized Interest Account on such date and apply such amounts to repay the Notes on a pro rata basis and (ii) the Administrative Agent shall withdraw and apply funds from the Capitalized Interest Account as and when required in accordance with Section 2.21(b).

Section 2.08. Management of Trust Accounts.

(a) All funds held in the Trust Accounts, including investment earnings thereon, shall be invested at the direction of the Administrator in Eligible Investments having a maturity date not later than the next date on which any distributions are to be made from funds on deposit in such Trust Accounts; provided, however, that from and after the Termination Date, the Administrative Agent shall have the sole right to restrict the maturities of any investments held in the Trust Accounts and to direct the withdrawal of any such investments for the purposes of paying the amounts described in Section 2.05(b), including, without limitation, any unpaid principal and Financing Costs on the Notes. All investment earnings (net of losses) on such Eligible Investments shall be credited to the applicable Trust Accounts. In the event that the Administrator shall have failed to give investment directions to the Administrative Agent by 11:00 a.m. on any Business Day on which there may be uninvested cash deposited in any Trust Account, the Administrative Agent shall have no obligation to invest such funds and shall not be liable for any lost potential investment earnings.

(b) Bank of America, N.A. ("**Bank of America**"), in its capacity as Securities Intermediary or depository bank with respect to each Trust Account, hereby agrees with the Trust and the Administrative Agent that (i) each of the Trust Accounts shall be either securities accounts or deposit accounts maintained at Bank of America; provided, however, that if, at any time, the rating assigned to Bank of America is downgraded below "A-1" by S&P, the Administrative Agent shall, in cooperation with the Administrator, promptly (but in no event longer than 60 days from the time of such downgrade), at no cost to the Trust, transfer each of the

Trust Accounts to another financial institution which has either a long-term senior unsecured debt rating of “A+” or better or a short-term senior unsecured debt or certificate of deposit rating of “A-1” or better by S&P, (ii) each item of property (whether investment property, financial asset, security, cash or instrument) credited to any Trust Account shall be treated as a “financial asset” within the meaning of Section 8-102(a)(9) of the UCC to the extent any such Trust Account is a securities account, (iii) Bank of America shall treat the Administrative Agent as entitled to exercise the rights that comprise each financial asset credited to the Trust Accounts, (iv) Bank of America shall comply with entitlement orders originated by the Administrative Agent with respect to any of the foregoing accounts that is a securities account and shall comply with instructions directing the disposition of funds originated by the Administrative Agent with respect to any of the foregoing accounts that is a deposit account, in each case without the further consent of any other person or entity, (v) except as otherwise provided in subsection (a) of this Section, Bank of America shall not agree to comply with entitlement orders or instructions directing the disposition of funds originated by any person or entity other than the Administrative Agent, (vi) the Trust Accounts, and all property credited to such accounts shall not be subject to any lien, security interest, right of set-off or encumbrance in favor of Bank of America in its capacity as Securities Intermediary or depository bank or anyone claiming through Bank of America as Securities Intermediary or depository bank (other than the Administrative Agent), and (vii) the agreement herein between Bank of America and the Administrative Agent shall be governed by the laws of the State of New York and the jurisdiction of Bank of America, in its capacity as Securities Intermediary or depository bank with respect to each Trust Account, shall be the State of New York for purposes of the UCC. Each term used in this Section 2.08(b) and in Section 2.08(c) and defined in the New York UCC shall have the meaning set forth in the New York UCC.

(c) No Eligible Investment held in the Trust Accounts in the form of an instrument or certificated security as defined in the New York UCC in the possession of the Securities Intermediary (i) shall be subject to any other security interest or (ii) shall constitute proceeds of any property subject to such third party’s security interest.

(d) The Trust agrees to report as its income for financial reporting and tax purposes (to the extent reportable) all investment earnings on amounts in the Trust Accounts.

(e) Any investment of any funds in the Trust Accounts shall be made under the following terms and conditions:

(i) any such investment of funds shall be made in Eligible Investments which will mature no later than the next Settlement Date (or such shorter periods as the Administrative Agent may direct); and

(ii) with respect to each of the investments credited to any of the Trust Accounts, the Administrative Agent for the benefit of the Secured Creditors shall have a first priority perfected security interest in such investment, perfected by control to the extent permitted under Article 9 of the UCC.

(f) The Administrative Agent shall not in any way be held liable by reason of any insufficiency in the Trust Accounts resulting from losses on investments made in accordance

with the provisions of this Agreement (but the institution serving as Administrative Agent shall at all times remain liable for its own debt obligations, if any, constituting part of such investments).

(g) With respect to each of the Trust Accounts that is a “securities account” (each, a “**Securities Account**”), the Securities Intermediary hereby confirms and agrees that:

(i) all securities, financial assets or other property credited to the Securities Accounts shall be registered in the name of the Securities Intermediary by a clearing corporation or other securities intermediary and as to which the Securities Intermediary is entitled to exercise the rights that comprise any financial assets credited to such Securities Account, indorsed to the Securities Intermediary in blank or credited to another Securities Account maintained in the name of the Securities Intermediary, and in no case shall any financial asset credited to any Securities Account be registered in the name of the Trust, payable to the order of the Trust or specially indorsed to the Trust;

(ii) all securities and other property delivered to the Securities Intermediary pursuant to this Agreement shall be promptly credited to the appropriate Securities Account;

(iii) each Securities Account is an account to which financial assets are or may be credited;

(iv) except for the claims and interest of the Administrative Agent and of the Trust in the Securities Accounts and without independent investigation of any kind, the Securities Intermediary does not know of any claim to, or interest in, any Securities Account or in any “financial asset” (as defined in Section 8-102(a)(9) of the UCC) credited thereto; if any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against any Securities Account or in any financial asset carried therein, the Securities Intermediary will promptly notify the Administrative Agent and the Trust thereof upon receiving notice or other actual knowledge thereof.

(h) Each party hereto acknowledges that the Securities Intermediary constitutes a “securities intermediary” within the meaning of Section 8-102(a)(14) of the UCC with respect to each Securities Account and constitutes a “bank” within the meaning of Section 9-102(a)(8) of the New York UCC with respect to each Trust Account that is a “deposit account.”

Section 2.09. [RESERVED].

Section 2.10. Grant of a Security Interest. To secure the prompt and complete payment when due of the Obligations and the performance by the Trust of all of the covenants and obligations to be performed by it pursuant to this Agreement and each other Transaction Document, the Trust (and the Eligible Lender Trustee, in its capacity as titleholder to the Trust Student Loans) hereby (i) assigns to the Administrative Agent, and grants to the Administrative Agent a security interest in, all of its right, title and interest in (but none of its obligations under),

each of the Transaction Documents, including all rights and remedies thereunder (excluding any rights and remedies of the Trust under the Revolving Credit Agreement); and (ii) hereby further Grants to the Administrative Agent on behalf of the Secured Creditors (and their respective successors and assigns), a security interest in all of the Trust's and the Eligible Lender Trustee's, on behalf of the Trust, right, title and interest in the following property, whether now owned or existing or hereafter arising or acquired and wheresoever located:

- (a) all Trust Student Loans;
- (b) all Collections from Trust Student Loans, including, without limitation, all Interest Subsidy Payments, Special Allowance Payments, borrower payments and reimbursements of principal and accrued interest on default claims received and to be received from any Guarantor;
- (c) all Eligible Investments, funds and accrued earnings thereon held in the Trust Accounts;
- (d) all Records relating to any of the foregoing items;
- (e) all supporting obligations, liens securing any of the foregoing, money and claims and other rights under insurance policies relating to any of the foregoing;
- (f) all accounts, general intangibles, payment intangibles, instruments, investment property, documents, chattel paper, goods, moneys, letters of credit, letter of credit rights, certificates of deposit, deposit accounts and all other property and interests in property of the Trust or the Eligible Lender Trustee, on behalf of the Trust, whether tangible or intangible; and
- (g) all proceeds of any of the foregoing (collectively, along with the right and title to and interest of the Trust (and the Eligible Lender Trustee, in its capacity as titleholder to the Trust Student Loans) in the Transaction Documents pursuant to Section 2.09 and all proceeds thereof, the "**Pledged Collateral**").

The Trust and the Eligible Lender Trustee agree that the foregoing sentence is intended to grant in favor of the Administrative Agent, on behalf of the Secured Creditors, a first priority continuing lien and security interest in all of the Trust's (and the Eligible Lender Trustee's in its capacity as titleholder to the Trust Student Loans) personal property. Each of the Trust and the Eligible Lender Trustee authorizes the Administrative Agent and its counsel to file UCC financing statements in form and substance satisfactory to the Eligible Lender Trustee, describing the collateral as all personal property of the Trust. In addition, at the request of the Administrative Agent, the Trust shall file or cause to be filed, and authorizes the Administrative Agent to file, UCC financing statement assignments assigning to the Administrative Agent any financing statement showing the Trust as secured party with respect to the Pledged Collateral. The Trust further confirms and agrees that the Administrative Agent shall have, following the occurrence or declaration of the Termination Date, the sole right to enforce the Trust's rights and remedies under the Transaction Documents with respect to the Pledged Collateral for the benefit of the Secured Creditors, but without any obligation on the part of the Administrative Agent or any other Secured Creditor or any of their respective Affiliates, to perform any of the obligations of the Trust under the Transaction Documents.

Section 2.11. Evidence of Debt. Each Managing Agent shall maintain a Note Account (the “*Note Account*”) on its books in which shall be recorded (a) all Class A Advances and Class B Advances owed to each related Lender in its related Facility Group by the Trust pursuant to this Agreement, (b) the Class A Note Balance of the Class A Note and the Class B Note Balance of the Class B Note held by or on behalf of its related Facility Group, (c) all payments of principal and Financing Costs made by the Trust on such Class A Note and Class B Note, and (d) all appropriate debits and credits with respect to its related Facility Group as provided in this Agreement including, without limitation, all fees, charges, expenses and interest. All entries in each Managing Agent’s Note Account shall be made in accordance with such Managing Agent’s customary accounting practices as in effect from time to time. The entries in the Note Account shall be conclusive and binding for all purposes, absent manifest error. Any failure to so record or any errors in doing so shall not, however, limit or otherwise affect the obligation of the Trust to pay any amount owing with respect to the Notes or any of the other Obligations.

Section 2.12. Payments by the Trust. All payments to be made by the Trust shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by, or on behalf of, the Trust for the account of a Conduit Lender, a LIBOR Lender, an Alternate Lender or a Program Support Provider, as the case may be, shall be made to the Administrative Agent, for further credit to an account designated by such Conduit Lender, LIBOR Lender, Alternate Lender or Program Support Provider or its related Managing Agent, in United States dollars. Such payments (other than amounts already on deposit in the Collection Account) shall be made in immediately available funds to the Administrative Agent no later than 12:00 noon on the date specified herein and the Administrative Agent shall forward such amounts to such Conduit Lender, LIBOR Lender, Alternate Lender or Program Support Provider no later than 1:00 p.m. on the date specified herein. Payments shall be applied in the order of priority specified in Section 2.05(b). Any payment which is received later than 1:00 p.m. (other than payments from amounts already on deposit in the Collection Account) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

Section 2.13. Payment of Stamp Taxes, Etc. Subject to any limitations set forth in Section 2.20, the Trust agrees to pay any present or future stamp, mortgage, value-added, court or documentary taxes or any other excise or property taxes, charges or similar levies imposed by any federal, state or local governmental body, agency or instrumentality (hereinafter referred to as “*Other Applicable Taxes*”) relating to this Agreement, any of the other Transaction Documents or any recordings or filings made pursuant hereto and thereto.

Section 2.14. Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Note Purchaser shall obtain on account of the Notes owned by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share (or other share contemplated hereunder), such Note Purchaser shall immediately (a) notify the Administrative Agent of such fact and (b) purchase from the other Note Purchasers such participations made by them as shall be necessary to cause such purchasing Note Purchaser to share the excess payment pro rata (based on the Pro Rata Share of each Note Purchaser) with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Note Purchaser, such purchase shall to that extent be rescinded and each other Note Purchaser shall repay to the purchasing Note Purchaser

the purchase price paid therefor, together with an amount equal to such paying Note Purchaser's ratable share (according to the proportion of (i) the amount of such paying Note Purchaser's required repayment to (ii) the total amount so recovered from the purchasing Note Purchaser) of any interest or other amount paid or payable by the purchasing Note Purchaser in respect of the total amount so recovered. The Trust agrees that any Note Purchaser so purchasing a participation from another Note Purchaser may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Note Purchaser was the direct creditor of the Trust in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify each Managing Agent following any such purchases or repayments.

Section 2.15. Yield Protection.

(a) If any Regulatory Change (including a change to Regulation D under the Securities Act):

(i) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Federal Reserve Board), special deposit, insurance assessment, or similar requirement against assets of any Affected Party, deposits or obligations with or for the account of any Affected Party or with or for the account of any Affiliate (or entity deemed by the Federal Reserve Board to be an affiliate) of an Affected Party, or credit extended to or participated in by any Affected Party;

(ii) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Party;

(iii) shall impose any other condition, cost or expense affecting this Agreement or any portion of the Obligations owed or funded in whole or in part by any Affected Party, or its obligations or rights, if any, to pay any portion of its unused Commitment or to provide funding therefor (other than any condition or expense resulting from the gross negligence or willful misconduct of such Affected Party);

(iv) shall change the rate for, or the manner in which the Federal Deposit Insurance Corporation (or any successor thereto) assesses deposit insurance premiums or similar charges; or

(v) subject any Affected Party to any tax of any kind whatsoever with respect to this Agreement, any Obligations or any LIBOR Advance made by it, or change the basis of taxation of payments to such Affected Party in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 2.20 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Affected Party, and the result of any of the foregoing is or would be:

(A) to increase the cost to or to impose a cost in any material amount on an Affected Party funding or making or maintaining any portion of the

Obligations, or any purchases, reinvestments or loans or other extensions of credit under the Program Support Agreement or any Transaction Document or any commitment of such Affected Party with respect to the foregoing;

(B) to reduce the amount of any sum received or receivable by an Affected Party under this Agreement, or under any Program Support Agreement or any Transaction Document with respect thereto; or

(C) in the sole determination of such Affected Party, to reduce the rate of return on the capital of an Affected Party as a consequence of its obligations hereunder or under any Program Support Agreement or arising in connection herewith to a level below that which the Affected Party could otherwise have achieved;

then on or before the 30th day following the date of demand by such Affected Party (which demand shall be accompanied by a statement setting forth in reasonable detail the basis of such demand), the Trust shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such additional or increased cost or such reduction; provided, that such additional amount or amounts shall not be payable with respect to any period in excess of 90 days prior to the date of demand by the Affected Party unless (1) the effect of the Regulatory Change is retroactive by its terms to a period prior to the date of the Regulatory Change, in which case any additional amount or amounts shall be payable for the retroactive period but only if the Affected Party provides its written demand not later than 90 days after the Regulatory Change; or (2) the Affected Party reasonably and in good faith did not believe the Regulatory Change resulted in such an additional or increased cost or such a reduction during such prior period. Each Affected Party agrees that the Trust shall not be asked to pay amounts which the Affected Party's similarly situated customers are not being requested to pay.

(b) Each Affected Party will promptly notify the Administrator and the Administrative Agent of any event of which it has actual knowledge which will entitle such Affected Party to any compensation pursuant to this Section; provided, however, no failure or delay in giving such notification shall adversely affect the rights of any Affected Party to such compensation.

(c) In determining any amount provided for or referred to in this Section, an Affected Party may use any reasonable averaging or attribution methods that it (in its sole discretion exercised in good faith) shall deem applicable and which it applies on a consistent basis. Any Affected Party when making a claim under this Section shall submit to the Administrator and the Administrative Agent a statement as to such increased cost or reduced return (including calculation thereof in reasonable detail), which statement shall, in the absence of manifest error, be conclusive and binding upon the Trust and the Administrative Agent.

Section 2.16. Extension of Scheduled Maturity Date. Provided that no Amortization Event or Termination Event shall have occurred and be continuing, the Trust, acting through the Administrator, may, at any time during the period which is no more than 90 days or less than 45 days immediately preceding the Scheduled Maturity Date (as such date may have been previously extended pursuant to this Section 2.16), request that the then applicable Scheduled

Maturity Date be extended for an additional period of up to 364 days. Any such request shall be in writing and delivered to each Managing Agent and the Administrative Agent. None of the Lenders, Managing Agents or Facility Groups shall have any obligation to extend the Scheduled Maturity Date at any time. Any such extension of the Scheduled Maturity Date with respect to a Lender shall be effective only upon the written agreement of the Trust, the Managing Agent for such Lender's Facility Group, such Lender and, if applicable, the related Conduit Lender. Each Managing Agent will (on behalf of its related Note Purchasers) respond to any such request by providing a response to the Trust and the Administrative Agent within the later of (i) 30 days of its receipt of such request and (ii) 30 days prior to the then-effective Scheduled Maturity Date; provided, however, that if any Facility Group determines that it will not renew its Commitment prior to the response date set forth above, the related Managing Agent shall notify the Administrator as soon as practicable after such determination has been made. Any failure by a Managing Agent to respond by the later of the dates set forth in clause (i) and (ii) of the preceding sentence shall be deemed to be a rejection of the requested extension by such Managing Agent and the related Lenders in its Facility Group. If one or more Managing Agents (but less than all) does not extend the Scheduled Maturity Date, the provisions of Section 2.21(b) shall apply with respect to its Facility Group and the Scheduled Maturity Date shall be extended with respect to the remaining Facility Groups.

Section 2.17. Servicer Advances. In the event that, on the Settlement Date relating to any Settlement Period, the amount on deposit in the Collection Account which is allocable to the payment of amounts described in Sections 2.05(b)(ii) through (v) due and payable on such Settlement Date is not sufficient to pay such amounts, the Master Servicer may, if permitted pursuant to its Servicing Agreement, make an advance in an amount equal to such insufficiency to the extent it believes such Servicer Advance will be recoverable.

Section 2.18. Release and Transfer of Pledged Collateral.

(a) The Administrative Agent hereby agrees to release its lien on that portion of the Pledged Collateral transferred from the Trust to the Depositor or the Servicer as a result of purchases or repurchases (including substitutions) of Trust Student Loans pursuant to the Sale Agreement, the Conveyance Agreement, the Tri-Party Transfer Agreement, any Purchase Agreement or any Servicing Agreement; provided, however, that with respect to a repurchase of a Student Loan pursuant to the Sale Agreement, the Conveyance Agreement, the Tri-Party Transfer Agreement or a Purchase Agreement that is not a Permitted Release covered by clause (b) below, it shall be a condition to such release that the Administrative Agent shall have received cash into the Administration Account in an amount equal to the sum of (i) the product of the Applicable Percentage (determined as if each Student Loan were an Eligible FFELP Loan) multiplied by the Principal Balance of such Student Loan and (ii) any amount previously drawn under the Revolving Credit Agreement to purchase such Student Loan (as reduced by any payments of principal received on such Student Loan, proportionately, based on the portion of the purchase price of such Student Loan financed under the Revolving Credit Agreement) or, in the case of any substitution, the Trust shall have received new Eligible FFELP Loans with a Principal Balance equal to or greater than the Principal Balance of the Student Loans being released and the tests set forth in Section 2.18(b)(ii)(B) and (C) shall be satisfied; and provided further, that with respect to purchases of Student Loans by a Servicer required or expressly permitted as a result of the related Servicing Agreement that is not a Permitted Release covered

by clause (b) below, the Administrative Agent has received cash into the Administration Account in an amount equal to that set forth in Section 3.05(a) of the Servicing Agreement or, in the case of any substitution, the Trust shall have received new Eligible FFELP Loans with a Principal Balance equal to or greater than the Principal Balance of the Student Loans being released and the tests set forth in Section 2.18(b)(ii)(B) and (C) shall be satisfied.

(b) In addition, the Administrative Agent hereby further agrees to release its lien on that portion of the Pledged Collateral transferred from the Trust to the Depositor or an Affiliate thereof in connection with a Permitted Release. The release of the Administrative Agent's security interest in any Released Collateral pursuant to this Section 2.18(b) shall be subject to the following conditions precedent unless the Required Managing Agents (or following a Termination Event or Amortization Event or with respect to a failure to satisfy condition (ii)(B) below, all of the Managing Agents) have waived such condition (and by transferring the Pledged Collateral the Trust shall be deemed to have certified that all such conditions precedent are satisfied):

(i) such release shall be a Permitted Release,

(ii) before and after giving effect to such release and to any simultaneous acquisition of Trust Student Loans at such time,

(A) there shall not exist any Amortization Event, Servicer Default, Termination Event or Potential Termination Event;

(B) the Minimum Asset Coverage Requirement is met; and

(C) the Weighted Average Remaining Term in School shall be less than 24 months,

(iii) three Business Days prior to any such release that is a Take Out Securitization, a Fair Market Auction, Whole Loan Sale, a Permitted SPE Transfer, a Permitted Seller Buy-Back or a Servicer Buy-Out, the Trust, acting through the Administrator, shall have delivered a notice describing the Trust Student Loans proposed to be released substantially in the form and substance of Exhibit F attached hereto (a "**Notice of Release**") to the Administrative Agent, certifying that the foregoing conditions described in clause (ii) above shall have been satisfied in connection therewith, together with a pro forma report in the form attached as Exhibit G demonstrating compliance with the conditions described in clause (ii) above, and

(iv) on or prior to such Permitted Release, the Trust shall have deposited into the Administration Account cash in an amount equal to the sum of (A) the product of the Applicable Percentage (determined as if each Student Loan were an Eligible FFELP Loan) multiplied by the Principal Balance of such Student Loan and (B) any amount previously drawn under the Revolving Credit Agreement to purchase such Student Loan (as reduced by any payments of principal received on such Student Loan, proportionately, based on the portion of the purchase price of such Student Loan financed under the Revolving Credit Agreement).

(c) Within five Business Days after each release of collateral hereunder in connection with a Take Out Securitization, the Trust, acting through the Administrator, shall deliver to the Administrative Agent a reconciliation statement (the “**Release Reconciliation Statement**”) which shall include an updated calculation, based on actual figures, in the form attached as **Exhibit H**, confirming that the Minimum Asset Coverage Requirement was satisfied before and after giving effect to the related release. If the Release Reconciliation Statement shows that the value of the released Trust Student Loans was greater than the value provided on the Notice of Release, then the Trust shall deposit such difference into the Administration Account.

Section 2.19. Effect of Release. Upon the satisfaction of the conditions in **Section 2.18**, all right, title and interest of the Administrative Agent in, to and under such Released Collateral shall terminate and revert to the Trust, its successors and assigns, and the right, title and interest of the Administrative Agent in such Released Collateral shall thereupon cease, terminate and become void; and, upon the written request of the Trust, acting through its Administrator, its successors or assigns, and at the cost and expense of the Trust, the Administrative Agent, acting through the Administrator, shall deliver and, if necessary, execute such UCC-3 financing statements and releases prepared by and submitted to the Administrative Agent for authorization as are necessary or reasonably requested in writing by the Trust, acting through the Administrator, to terminate and remove of record any documents constituting public notice of the security interest in such Released Collateral granted hereunder being released.

Section 2.20. Taxes.

(a) All payments made by the Trust under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding any U.S. federal taxes (other than federal withholding taxes on interest), net income taxes and franchise taxes or branch profit taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent, any Managing Agent, any Lender or any Program Support Provider as a result of a present or former connection between the Administrative Agent, the Syndication Agent, each Co-Valuation Agent, any Managing Agent, such Lender or any Program Support Provider and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent, any Managing Agent, such Lender or any Program Support Provider having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Transaction Document) (collectively, the “**Excluded Taxes**”). If any non-Excluded Taxes, levies, imposts, duties, charges, fees of any kind, deductions, withholdings or assessments (including, but not limited to any current or future stamp as documentary taxes or any other excise or property taxes, charges or similar levies, but excluding Excluded Taxes) (“**Other Taxes**”) are required to be withheld from any amounts payable to the Administrative Agent, the Syndication Agent, each Co-Valuation Agent, any Managing Agent, any Lender or any Program Support Provider hereunder, the amounts so payable to the Administrative Agent, any Managing Agent, such Lender or any Program Support Provider shall be increased to the extent necessary to yield to the Administrative Agent, the Syndication Agent, each Co-Valuation Agent, any Managing Agent, such Lender or any Program Support Provider (after payment of all Other Taxes) interest or any such other amounts

payable hereunder at the rates or in the amounts specified in this Agreement; provided, however, that the Trust shall not be required to increase any such amounts payable to any Lender with respect to (i) any Other Taxes that are United States withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of the assignment, to receive additional amounts from the Trust with respect to such Other Taxes pursuant to this paragraph or (ii) Other Taxes to the extent the Administrative Agent, Managing Agent or Lender will receive a refund or realize the benefit of a credit or reduction in taxes or amount owed to any taxing jurisdiction. To be entitled to receive additional amounts for Other Taxes, the Administrative Agent, Managing Agent or Lender must certify to the Trust that, based upon advice from one of its inside or outside tax advisors, such Administrative Agent, Managing Agent or Lender does not reasonably expect to receive a refund or realize the benefit of a credit or reduction in taxes or amount owed to any taxing jurisdiction as a result of such Other Taxes.

(b) In addition, the Trust shall pay to the relevant Governmental Authority in accordance with applicable law all Other Taxes imposed upon the Administrative Agent, any Managing Agent, such Lender or any Program Support Provider that arise from any payment made hereunder or from the execution, delivery, or registration of or otherwise similarly with respect to, this Agreement.

(c) Whenever any Other Taxes are payable by the Trust, the Administrative Agent or the applicable Managing Agent shall promptly notify the Trust in writing and as soon as practicable, but no later than 30 days thereafter the Trust shall send to the Administrative Agent for its own account or for the account of the Syndication Agent, any Co-Valuation Agent, any Managing Agent, any Program Support Provider or relevant Lender, as the case may be, a certified copy of an original official receipt received by the Trust showing payment thereof. The Trust agrees to indemnify the Administrative Agent, any Managing Agent, any Program Support Provider and each Lender within 10 days after demand therefor from and against the full amount of the Other Taxes arising out of this Agreement (whether directly or indirectly) imposed upon or paid by the Administrative Agent, any Managing Agent, any Program Support Provider or such Lender and any liability (including penalties, interest, and expenses arising with respect thereto), regardless of whether such Other Taxes were correctly or legally asserted by the relevant Governmental Authority; provided, that such Lender shall have provided the Trust with evidence, setting forth in reasonable detail, of payment of such Other Taxes, and the certification required in clause (a) above.

(d) Each Lender (or transferee) that is not a "U.S. Person" as defined in section 7701(a)(30) of the Code (a "**Non-U.S. Lender**") shall deliver to the Trust and the Administrative Agent and its Managing Agent two copies of either U.S. Internal Revenue Service form W-8BEN or form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from the withholding of U.S. federal income tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest," both a form W-8BEN and a certificate substantially in the form of Exhibit I (a "**2.20(d) Certificate**") or any subsequent versions thereof or successors thereto, in all cases properly completed and duly executed by such Non-U.S. Lender, claiming complete exemption from withholding of U.S. federal income tax on all payments by the Trust under this Agreement. Such forms shall be delivered by each Non-U.S. Lender at least five Business Days before the date of the initial payment to be made pursuant to this Agreement by

the Trust to such Lender. In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Trust at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Trust (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision in this paragraph, a Non-U.S. Lender shall not be required to deliver any subsequent form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) For any period with respect to which a Lender has failed to provide the Trust, the Administrative Agent or its Managing Agent with the appropriate form, certificate or other document described in Section 2.20(d) (unless such failure is due to a change in treaty, law or regulation, or any interpretation or administration thereof by any Governmental Authority, occurring after the date on which a form, certificate or other document originally was required to be provided), such Lender shall not be entitled to indemnification of additional amounts under Section 2.20 with respect to Other Taxes by reason of such failure; provided, however, that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Other Taxes because of its failure to deliver a form required hereunder, the Trust shall take such steps as such Lender shall reasonably request to recover such Other Taxes.

(f) A Lender which is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Trust is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Trust (with a copy to the Administrative Agent), at the time or times prescribed by the applicable law or reasonably requested by the Trust, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate; provided, that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(g) In cases in which the Trust makes a payment under this Agreement to a U.S. Person with knowledge that such U.S. Person is acting as an agent for a foreign person, the Trust will not treat such payment as being made to a U.S. Person for purposes of Treas. Reg. § 1.1441-1(b)(2)(ii) (or a successor provision) without the express written consent of such U.S. Person.

(h) Each Lender hereby agrees that, upon the occurrence of any circumstances entitling such Lender to indemnification or additional amounts pursuant to this Section 2.20, such Lender shall use reasonable efforts to designate a different lending office if the making of such a change would avoid the need for, or materially reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be materially disadvantageous to such Lender.

(i) If a Lender receives a refund or realizes the benefit of a credit or reduction in respect of any Other Taxes as to which the Lender has been indemnified by the Trust, or with respect to which the Trust has paid an additional amount hereunder, the Lender shall, within 30 days after the date of such receipt or realization, pay over the amount of such refund or credit (to the extent so attributable, but only to the extent of indemnity payments made, or additional

amounts paid, by the Trust under this Section with respect to the taxes or Other Taxes giving rise to such refund or credit) to the Trust, net of all out-of-pocket expenses of such Lender related to claiming such refund or credit, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit); provided, however, that (i) the Lender, acting in good faith, will be the sole judge of the amount of any such refund, credit or reduction and of the date on which such refund, credit or reduction is received, (ii) the Lender, acting in good faith, shall have absolute discretion as to the order and manner in which it employs or claims tax refunds, credits, reductions and allowances available to it and (iii) the Trust agrees to repay the Lender, upon written request from the Lender, as the case may be, the amount of such refund, credit or reduction received by the Trust, plus any penalties, interest or other charges imposed by the relevant Governmental Authority, in the event and to the extent, the Lender is required to repay such refund, credit or reduction to any relevant Governmental Authority.

(j) Notwithstanding any other provision of this Agreement, in the event that a Lender is party to a merger or consolidation pursuant to which such Lender no longer exists or is not the surviving entity (but excluding any change in the ownership of such Lender), any taxes payable under applicable law as a result of such change shall be considered Excluded Taxes to the extent such taxes are in excess of the taxes that would have been payable had such change not occurred.

(k) Within 30 days of the written request of the Trust therefor, the applicable Lender shall execute and deliver to the Trust such certificates, forms or other documents which can be furnished consistent with the facts and which are reasonably necessary to assist the Trust in applying for refunds of taxes remitted hereunder; provided that nothing in this Section 2.20 shall be construed to require any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Trust or any other Person.

(l) The Trust and each Lender will treat the Notes as debt for U.S. federal income tax purposes.

(m) The agreements in this Section shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

Section 2.21. Replacement or Repayment of Facility Group.

(a) ***Departing Facility Group.*** In the event that (i) the Trust is required to pay amounts under Section 2.15, 2.20 or 10.08 or Article VIII of this Agreement that are particular to an individual Lender, a Program Support Provider or its Managing Agent, (ii) the Administrator reasonably determines that, as a result of a Conduit Lender issuing CP outside the United States commercial paper market, the funding costs for such Conduit Lender are materially higher than for other Lenders or (iii) a Program Support Termination Event occurs with respect to a Program Support Provider, then the Trust may require, at its sole expense and effort, upon notice to such Lender or Program Support Provider or to the applicable Managing Agent, that the Managing Agent for such Lender or Program Support Provider assign, without recourse, to one or more financial institutions designated by the Administrator, on behalf of the Trust, all of the rights and obligations hereunder of all, or with the consent of the related Managing Agent, the applicable, Lenders or Program Support Providers within such Facility Group in accordance with Section 10.04;

provided, that in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.20, such assignment will result in a reduction in such compensation or payments thereafter.

A Managing Agent shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by the affected Lender, Program Support Provider, or Managing Agent or otherwise, the circumstances entitling the Trust to require such assignment and delegation cease to apply. Each member of the Departing Facility Group shall cooperate fully with the Trust in effecting any such assignment. If the Trust is unable to effect such an assignment, the Trust may terminate the Commitment of the Departing Facility Group. Upon receipt by the Departing Facility Group of a notice of termination hereunder, the obligation of the Departing Facility Group to make additional Advances shall cease and the Exiting Facility Group Amortization Period for such Departing Facility Group shall begin.

(b) **Non-Renewing Facility Group.** In the event that one or more Managing Agents (but less than all) gives notice that its Facility Group will not extend the Scheduled Maturity Date pursuant to Section 2.16, then the Trust, acting through the Administrator, may request that the Managing Agent for such Facility Group arrange for an assignment to one or more entities and financial institutions designated by the Administrator, acting on behalf of the Trust, of all of the rights and obligations hereunder of such Non-Renewing Facility Group. If the Managing Agent does not comply with such request within ten Business Days of such request, then the Administrator, on behalf of the Trust, may arrange for an assignment to one or more existing Facility Groups or replacement Facility Groups of all of the rights and obligations hereunder of the Non-Renewing Facility Group in accordance with Section 10.04. Each member of the Non-Renewing Facility Group shall cooperate fully with the Administrator in effecting any such assignment. If the Administrator is unable to arrange such an assignment within an additional 15 Business Days, then the Commitment of the Non-Renewing Facility Group to make new Advances hereunder shall terminate on the relevant Scheduled Maturity Date; provided, that the Non-Renewing Facility Group shall make a Capitalized Interest Advance in an amount equal to the lesser of (i) its Pro Rata Share of the Capitalized Interest Account Specified Balance and (ii) such Non-Renewing Facility Group's unused Commitment on the Business Day prior to its Scheduled Maturity Date for deposit into the Capitalized Interest Account; provided further, that the Non-Renewing Facility Group will continue to make Advances in an amount not to exceed the amount of such Non-Renewing Facility Group's unused Commitment until its Scheduled Maturity Date. The Exiting Facility Group Amortization Period for the Non-Renewing Facility Group shall begin on its Scheduled Maturity Date. So long as the Exiting Facility Group Amortization Period for such Non-Renewing Facility Group has not terminated pursuant to clause (i) or (ii) of the definition thereof, at such time as all other Advances made by such Non-Renewing Facility Group have been paid in full, the aggregate amount of all Capitalized Interest Advances made by the Non-Renewing Facility Group shall be repaid to such Non-Renewing Facility Group to reduce its portion of the Aggregate Note Balance to zero.

(c) **Withdrawing Facility Group.** In the event a Managing Agent gives notice to the Administrator of the desire of its Facility Group to terminate its Commitment prior to the end of the Revolving Period in order to participate in one or more different financing facilities sponsored by SLM Corporation or an Affiliate of SLM Corporation, including any determination to participate in a Competing Financing Transaction as described in Section 6.28(y), such

Withdrawing Facility Group may, with the prior written consent of the Administrator, terminate its Commitment upon a mutually agreeable date. The Exiting Facility Group Amortization Period with respect to a Withdrawing Facility Group shall begin on such mutually agreeable termination date.

(d) **Termination of the Exiting Facility Group Amortization Period.** The Exiting Facility Group Amortization Period with respect to any Exiting Facility Group shall terminate upon the occurrence of an Amortization Event or Termination Event. After the occurrence of either such event, the Exiting Facility Group shall be entitled to payment with respect to the Aggregate Note Balance pro rata with other Note Purchasers in accordance with Section 2.05(b) or Section 7.03 as applicable.

Section 2.22. Notice of Amendments to Program Support Agreements. Each Managing Agent shall provide the Trust and the Administrator with written notice of any amendment to the Program Support Agreements executed in connection with this Agreement if such amendment is reasonably expected by such Managing Agent to result in any material increase in costs or expenses for the Trust or otherwise materially impact the Trust.

Section 2.23. Lender Holding Account.

(a) Each Non-Rated Lender must, at the time such Lender becomes a party hereto (or, if a Lender hereunder subsequently becomes a Non-Rated Lender, within ten Business Days of the time it becomes a Non-Rated Lender), and any other Lender may, in its sole discretion at any time, make an advance (such advance, the “**Lender Holding Deposit**”) to the Administrative Agent in an amount equal to its Pro Rata Share of the Capitalized Interest Account Specified Balance (such amount, the “**Required Holding Deposit Amount**”). Upon receipt of any such Lender Holding Deposit, the Administrative Agent shall deposit such funds into a trust account maintained at a Qualified Institution (each such account, a “**Lender Holding Account**”), in the name of such Holding Account Lender and referencing the name of the Trust. The Lender Holding Account shall be maintained as a segregated account at the Administrative Agent, and shall be under the sole dominion and control of the Administrative Agent, on behalf of the applicable Holding Account Lender and the Trust. The Lender Holding Account shall not be deemed to be a Trust Account for purposes of this Agreement, but shall be deemed to be property of the Holding Account Lender held for the benefit of the Trust as described herein, and neither the Administrator nor the Trust shall have any rights to withdraw funds from such Lender Holding Account or any interest in or rights to the earnings thereon. Thereafter, until the release and termination of such Lender Holding Account under clause (b) below, any Capitalized Interest Advance to be made by such Holding Account Lender shall be made by withdrawing funds from such Lender Holding Account. Each of the applicable Holding Account Lender and the Trust hereby grants to the Administrative Agent full power and authority, on behalf of the Trust and the applicable Holding Account Lender, to withdraw funds from the applicable Lender Holding Account in order to honor such Holding Account Lender’s obligations to fund any Capitalized Interest Advance.

(b) Each Lender Holding Account with respect to any Holding Account Lender, once established, shall continue to be maintained until the earliest of (i) the assignment by such Lender of all of its rights pursuant to Section 10.04 hereof, (ii) such Lender receiving a short-

term unsecured indebtedness rating of at least A-1 by S&P and P-1 by Moody's, (iii) such Lender obtaining a guarantee or letter of credit that causes it to cease to be a Holding Account Lender, (iv) the funding of a Capitalized Interest Advance through a withdrawal of funds from such Lender Holding Account that satisfies in full such Holding Account Lender's obligation to fund further Capitalized Interest Advances and (v) the payment in full of the Aggregate Note Balance and the termination of the Commitments hereunder. Upon any of the events described in clauses (i) through (v) of the immediately preceding sentence, the Administrative Agent, at the times and in the manner requested by the Holding Account Lender, shall sell, liquidate or otherwise transfer the investments on deposit in the applicable Lender Holding Account to such accounts as the Holding Account Lender may request, and release to the Holding Account Lender any remaining funds on deposit in such Lender Holding Account. If, due to a reduction in or partial assignment of Commitments of the Holding Account Lender, the amounts on deposit in its Lender Holding Account exceed the applicable Required Holding Deposit Amount, the Administrative Agent shall, at the request of such Holding Account Lender, release such excess to such Holding Account Lender.

(c) From and after the establishment of a Lender Holding Account until one of the events described in clauses (i) through (v) of the first sentence of Section 2.23(b), the Administrative Agent shall continue to maintain such Lender Holding Account and shall, at the direction of the applicable Holding Account Lender, from time to time invest and reinvest the funds on deposit in such Lender Holding Account in Eligible Investments having a maturity not greater than those permitted for funds in the Trust Accounts under Section 2.08(a). The funding of a Lender Holding Deposit shall not be considered an Advance or part of the Aggregate Note Balance for any purpose under this Agreement, including for purposes of calculating any Yield or Non-Use Fees owed to the Lenders hereunder. The Administrative Agent shall remit or cause to be remitted to the Managing Agent for each relevant Holding Account Lender, on each Settlement Date or on such other dates on which the Administrative Agent and such Managing Agent mutually agree, all realized investment earnings earned or received in connection with the investment of such funds on deposit in the Lender Holding Account of such Holding Account Lender so long as the release of such earnings would not cause the amount on deposit in the Lender Holding Account to be less than the Required Holding Deposit Amount. Notwithstanding anything contained herein to the contrary, neither the Administrative Agent nor the Trust shall have any liability for any loss arising from any investment or reinvestment made by it in accordance with, and pursuant to, the provisions hereof.

Section 2.24. Deliveries by Administrative Agent. The Administrative Agent agrees that it will forward to the Managing Agents each of the following, promptly after receipt thereof: (a) the annual Administrator's statement delivered to the Administrative Agent pursuant to Section 3.02(a) of the Administration Agreement and (b) any notice of a change in the location of the records of a Servicer delivered to the Administrative Agent pursuant to Section 2.03 of the Servicing Agreement.

Section 2.25. Mark-to-Market Valuation.

(a) In accordance with the Valuation Agent Agreement, the Administrator shall provide to the Co-Valuation Agents and, upon request, to each Managing Agent, no later than (i) the fifth calendar day of each month, a collateral tape reflecting the portfolio of Trust Student

Loans as of the end of the immediately preceding calendar month and (ii) if required under the Valuation Agent Agreement, the fifth calendar day after each Valuation Date, a collateral tape reflecting the portfolio of Trust Student Loans as of such Valuation Date (provided that portfolio information from subservicers may not be available). Pursuant to the Valuation Agent Agreement, on or before the fifth Business Day after receipt of such collateral tape, each Co-Valuation Agent will deliver to the Administrative Agent two mark-to-market valuations of the Trust Student Loans based on such collateral tape. The Administrative Agent shall deliver to the Administrator, each Managing Agent and the Co-Valuation Agents on or before the Business Day following receipt of the mark-to-market valuations from the Co-Valuation Agents, a Valuation Report setting forth (i) the mark-to-market valuations submitted by the Co-Valuation Agents and (ii) the resulting Applicable Percentage determined in accordance with the Valuation Agent Agreement. The Managing Agents may request, within reason, that such mark-to-market valuations occur more frequently in accordance with and subject to the terms of the Valuation Agent Agreement.

(b) If any Managing Agent disagrees at any time with the mark-to-market valuation stated in the Valuation Report by more than 0.25% (e.g., such Managing Agent believes that a different percentage, which is at least 0.25% less than the mark-to-market valuation set forth in such Valuation Report, should be used to reflect the market value of the Trust Student Loans), such Managing Agent shall submit a notice of such dispute in writing together with such Managing Agent's own good faith valuation to each Co-Valuation Agent, the Administrative Agent and the Administrator within two Business Days after receipt of the related Valuation Report. In such event, the Co-Valuation Agents shall be required to negotiate with such Managing Agent in good faith to determine an agreed upon mark-to-market valuation within three Business Days after receipt of such notice. If the Co-Valuation Agents do not reach an agreement with the Managing Agent within such three Business Day period, the mark-to-market valuation to be used for determining the new Applicable Percentage shall be the average of the mark-to-market valuations submitted by the Co-Valuation Agents and such Managing Agent.

(c) If the Administrator disagrees at any time with the mark-to-market valuation stated in the Valuation Report by more than 0.25% (e.g., the Administrator believes that a different percentage, which is at least 0.25% greater than the mark-to-market valuation set forth in such Valuation Report, should be used to reflect the market value of the Trust Student Loans), the Administrator shall submit a notice of such dispute in writing to the Administrative Agent and each Co-Valuation Agent within two Business Days after receipt of the related Valuation Report. The Co-Valuation Agents shall be required to negotiate with the Administrator in good faith to determine an agreed upon mark-to-market valuation within three Business Days after receipt of such notice. At the end of such period, each Co-Valuation Agent shall resubmit its good faith valuation (adjusted, to the extent applicable, following such negotiation) to the Administrative Agent and the mark-to-market valuation to be used for determining the new Applicable Percentage shall be the average of the mark-to-market valuations submitted by the Co-Valuation Agents.

(d) During the pendency of any dispute described in clause (b) or (c) above, the Applicable Percentage to be applied shall be the disputed Applicable Percentage set forth in the Valuation Report; provided, however, that to the extent the Administrator has disputed the Applicable Percentage, the Administrator, on behalf of the Trust, shall cause to be transferred

into the Administration Account amounts required to cure any breach of the Minimum Asset Coverage Requirement based on the disputed Applicable Percentage, which amounts shall be maintained therein until such dispute is resolved, at which time the Administrator, on behalf of the Trust, may, if the dispute is resolved at a higher valuation, withdraw the portion of such payment that is no longer required to satisfy the Minimum Asset Coverage Requirement and release such amount to the Trust. To the extent an Applicable Percentage changes due to either a mark-to-market valuation or as a result of the process required to obtain a periodic ratings confirmation letter, all new Eligible FFELP Loans shall thereafter be sold to the Trust using such revised Applicable Percentages, and with respect to all Eligible FFELP Loans then owned by the Trust, the Administrator, on behalf of the Trust, shall cure any Minimum Asset Coverage Requirement deficiency by causing cash to be contributed, or by causing Eligible FFELP Loans to be transferred, to the Trust by the Business Day following the date of adjustment of the Applicable Percentage.

(e) No amounts shall be paid to the holder of the Excess Distribution Certificate pursuant to Section 2.05(b)(xxi) until any dispute as to the Applicable Percentage is resolved and, if applicable, any additional amounts required to be deposited into the Administration Account to satisfy the Minimum Asset Coverage Requirement shall have been deposited therein.

(f) In connection with any Permitted Release under Section 2.18 involving a release of Trust Student Loans with an aggregate Principal Balance of more than \$500,000,000, the Trust, acting through the Administrator, shall deliver to each Co-Valuation Agent, within five Business Days of request therefor, at the Administrator's option, either (i) summary statistics of the Pledged Collateral being released, together with a copy of a collateral tape describing the released assets, to the extent such a tape has been prepared and delivered to any third parties in connection with such release, or (ii) an updated collateral tape reflecting the portfolio of Trust Student Loans after giving effect to such release. The Trust, acting through the Administrator, shall also use commercially reasonable efforts to provide, with reasonable promptness, such other information as may be reasonably requested by any Managing Agent in connection with such release.

(g) The parties agree that, for purposes of this Agreement and the Valuation Agent Agreement, delivery of any collateral tape shall be effective if (i) the same is posted through the Administrator's customary file transfer protocols as in effect on the Closing Date (as such protocols may be modified in a manner mutually acceptable to the Administrator and the Co-Valuation Agents), and (ii) notice of such posting is given to the applicable recipient in accordance with Section 10.02.

Section 2.26. Inability to Determine Rates. If the Required Managing Agents determine, for any reason in connection with any request for a LIBOR Advance, that (a) dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Tranche Period of such LIBOR Advance, (b) adequate and reasonable means do not exist for determining the LIBOR Base Rate for any requested Tranche Period with respect to a proposed LIBOR Advance, or (c) the LIBOR Base Rate for any requested Tranche Period with respect to a proposed LIBOR Advance does not adequately and fairly reflect the cost to such Lenders of funding such Advance, the Administrative Agent will promptly so notify the Trust and each Lender. Thereafter, the obligation of the Lenders to make or maintain a LIBOR

Advance shall be suspended until the Administrative Agent (upon the instruction of the Required Managing Agents) revokes such notice. Upon receipt of such notice, the Trust may revoke any pending request for a LIBOR Advance, or failing that, will be deemed to have converted such request into a request for Base Rate Advances in the amount specified therein.

Section 2.27. Calculation of Monthly Yield. On or before the fifth calendar day after the last day of any Settlement Period, each Managing Agent shall notify the Administrator and the Administrative Agent of the Yield payable to its Facility Group on the succeeding Settlement Date together with, (i) if interest for any portion of any Note for any portion of such Settlement Period is determined by reference to the CP Rate, the applicable CP Rate for such Settlement Period for the applicable Conduit Lender; (ii) if interest for any portion of any Note for any portion of such Settlement Period is determined by reference to the LIBOR Rate, such Managing Agent's calculation of the applicable LIBOR Rate for such Settlement Period (which rate may be based on such Managing Agent's good faith estimates of the LIBOR Rates to be in effect during the remainder of such Interest Accrual Period) and (iii) any Estimated Interest Adjustments owing in respect of the previous Settlement Date.

ARTICLE III.

THE NOTES

Section 3.01. Form of Notes Generally.

(a) The Class A Notes shall be in substantially the form set forth in Exhibit J and the Class B Notes shall be in substantially the form set forth in Exhibit K, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes.

(b) The Notes shall be typewritten or printed.

(c) The Class A Notes shall be issuable only in registered form and with a maximum aggregate principal amount that, when aggregated with the maximum aggregate principal amounts of each other Outstanding Class A Note, will equal the Class A Maximum Financing Amount. The Class B Notes shall be issuable only in registered form and with a maximum aggregate principal amount that, when aggregated with the maximum aggregate principal amounts of each other Outstanding Class B Note, will equal the Class B Maximum Financing Amount. One Class A Note in the maximum aggregate principal amount equal to the Pro Rata Share of the Class A Maximum Financing Amount of each Facility Group shall be registered in the name of the Managing Agent for such Facility Group. One Class B Note in the maximum aggregate principal amount equal to the Pro Rata Share of the Class B Maximum Financing Amount of each Facility Group shall be registered in the name of the Managing Agent for such Facility Group.

(d) All Class A Notes shall be substantially identical and all Class B Notes shall be substantially identical except as to maximum denomination and except as may otherwise be provided in or pursuant to this Section.

Section 3.02. Securities Legend. Each Note issued hereunder will contain the following legend:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR REGULATORY AUTHORITY OF ANY STATE. THIS NOTE HAS BEEN OFFERED AND SOLD PRIVATELY. THE REGISTERED OWNER HEREOF ACKNOWLEDGES THAT THESE SECURITIES ARE “RESTRICTED SECURITIES” THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREES FOR THE BENEFIT OF THE TRUST AND ITS AFFILIATES THAT THESE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (I) TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES IS AN INSTITUTIONAL ACCREDITED INVESTOR TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR TRANSFER IS BEING MADE IN RELIANCE ON REGULATION D, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION OR (II) TO A PERSON IN A TRANSACTION THAT IS REGISTERED UNDER THE SECURITIES ACT OR THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE DEPOSITOR, THE ADMINISTRATOR, THE ADMINISTRATIVE AGENT AND THE ELIGIBLE LENDER TRUSTEE THAT: IT IS AN INSTITUTIONAL ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1)-(3) AND (7) OF REGULATION D UNDER THE SECURITIES ACT) OR AN ENTITY IN WHICH ALL THE EQUITY OWNERS COME WITHIN SUCH PARAGRAPHS; ITS ACQUISITION OF THIS NOTE IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS AND IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION.

Section 3.03. Priority. Except as permitted by Section 2.05(b), Section 2.21 or Section 7.03(b), all Notes issued under this Agreement shall be in all respects equally and ratably entitled to the benefits hereof and secured by the Pledged Collateral without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Agreement. Except as provided in Section 2.05(b), payments of Financing Costs on the Notes shall be made pro rata among all Outstanding Notes based on the amount of Financing Costs owed on such Notes, without preference or priority of any kind. Except as provided in Sections 2.05(b) and 2.21, payments of principal on the Notes shall be made pro rata among all Outstanding Notes, without preference or priority of any kind.

Section 3.04. Execution and Dating. The Notes shall be executed on behalf of the Trust by any of the Authorized Officers of the Eligible Lender Trustee. The signature of any of these officers on the Notes may be manual or facsimile. Each Note shall be dated the date of its execution.

Section 3.05. Registration, Registration of Transfer and Exchange, Transfer Restrictions.

(a) The Trust shall cause to be kept a register (the “**Note Register**”) in which, subject to such reasonable regulations as it may prescribe, the Trust shall provide for the registration of the Notes and for transfers of the Notes. The Administrative Agent, acting solely for this purpose as agent for the Trust, shall serve as “**Note Registrar**” for the purpose of registering the Notes and transfers of the Notes as herein provided.

(b) Upon surrender for registration of transfer of any Note at the address of the Trust referred to in Exhibit M, the Trust shall execute and deliver in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like tenor and aggregate principal amount.

(c) At the option of the Registered Owner, Notes may be exchanged for other Notes of the same series and of like tenor in a maximum principal amount consistent with Section 3.01(c), upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Trust shall execute and deliver the Notes, which the Registered Owner making the exchange is entitled to receive.

(d) All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Trust, evidencing the same debt, and entitled to the same benefits under this Agreement, as the Notes surrendered upon such registration of transfer or exchange.

(e) Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Trust or the Administrative Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trust and the Note Registrar duly executed, by the Registered Owner thereof or his attorney duly authorized in writing with such signature guaranteed by a commercial bank or trust company, or by a member firm of a national securities exchange, and such other documents as the Administrative Agent may require. The Trust shall notify the Administrative Agent, as the Note Registrar, of each transfer or exchange of Notes.

(f) No service charge shall be made for any registration of transfer or exchange of Notes, but the Trust or the Administrative Agent may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes.

Section 3.06. Mutilated, Destroyed, Lost and Stolen Notes.

(a) If any mutilated Note is surrendered to the Administrative Agent, the Trust shall execute and deliver in exchange therefor a new Note of the same series and of like tenor and maximum principal amount and bearing a number not contemporaneously outstanding. If there

shall be delivered to the Trust (i) evidence to the Trust's satisfaction of the destruction, loss or theft of any Note and (ii) such security or indemnity as may be required by them to hold the Trust and any of its agents, including the Administrative Agent and the Eligible Lender Trustee, harmless, then, in the absence of notice to the Trust that such Note has been acquired by a bona fide purchaser, the Trust shall execute and deliver, in lieu of any such destroyed, lost or stolen Note, a new Note of the same series and of like tenor and principal amount and maximum principal amount and bearing a number not contemporaneously outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Trust in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section, the Trust may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Note Registrar) connected therewith.

(d) Every new Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Trust, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Notes duly issued hereunder.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 3.07. Persons Deemed Owners. Prior to due presentment of a Note for registration of transfer, the Trust, the Administrative Agent and any agent of the Trust or the Administrative Agent may treat the Person in whose name such Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and Financing Costs on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Trust, the Administrative Agent or any agent of the Trust or the Administrative Agent shall be affected by notice to the contrary.

Section 3.08. Cancellation. Subject to Section 3.05(b), all Notes surrendered for payment, prepayment in whole, registration of transfer or exchange shall, if surrendered to any Person other than the Trust, be delivered to the Trust and shall be promptly cancelled by the Trust. The Trust may at any time cancel any Notes previously delivered hereunder which the Trust may have acquired in any manner whatsoever, and may cancel any Notes previously executed hereunder which the Trust has not issued and sold. No Notes shall be executed and delivered in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Agreement. All cancelled Notes held by the Trust shall be held or destroyed by the Trust in accordance with its standard retention or disposal policy as in effect at the time.

Section 3.09. CUSIP/DTC Listing. Each of the Administrator, SLM Corporation and the Trust hereby covenants and agrees, at the request of any Lender, to take any actions reasonably requested by any such requesting Lender in order to obtain a CUSIP number for such Lender's Notes or to list such Lender's Notes on The Depository Trust Company ("*DTC*"); provided, however, that the Trust shall not be required to pay amounts under Section 2.15, 2.20 or 10.08 as a result of such action. The requesting Lender agrees to pay all costs and expenses (other than legal expenses) associated with obtaining any such CUSIP number or making such listing on DTC, and the Administrator agrees to pay all costs and expenses associated with any amendments to be made to this Agreement as determined to be reasonably necessary to accomplish the foregoing; provided further, that the parties hereto agree that no amendment fee in connection therewith will apply.

Section 3.10. Legal Final Maturity Date. The Notes shall be due and payable in full on the Legal Final Maturity Date.

ARTICLE IV.

CONDITIONS TO CLOSING DATE AND ADVANCES

Section 4.01. Conditions Precedent to Closing Date. The purchase of the Notes on the Closing Date are subject to the condition precedents, unless waived by the Required Managing Agents (and the Trust, by executing this Agreement, shall be deemed to have certified that all such conditions precedent unless waived are satisfied on the Closing Date), that:

(a) the Administrative Agent shall have received on or before the Closing Date the following documents and opinions, in form and substance satisfactory to each Managing Agent:

(i) executed copies of the Transaction Documents and each Note,

(ii) UCC-1 Financing Statements;

(iii) Officer's Certificates of the Trust, the Eligible Lender Trustee, the Administrator, the Master Servicer, SLM Corporation, each Seller, the Master Depositor, and the Depositor certifying, in each case the articles of incorporation or equivalent organization document, certificate of formation, by-laws or the equivalent, board resolutions, good standing certificates and the incumbency and specimen signature of each officer authorized to execute the Transaction Documents (on which certificates the Administrative Agent, Managing Agents and Note Purchasers may conclusively rely until such time as the Administrative Agent and the Managing Agents shall receive from the applicable Person a revised certificate meeting the requirements of this clause);

(iv) Officer's Certificates of the Trust certifying that each of the Guarantee Agreements that have been provided to the Administrative Agent are true and correct copies thereof and remain in full force and effect;

(v) Opinions of Counsel to the Trust, the Depositor, the Master Depositor, each Seller, the Administrator, the Master Servicer, SLM Corporation, and the Eligible Lender Trustee in form and substance acceptable to the Administrative Agent; with

respect to, among other things: (A) the due organization, good standing and power and authority of each of the Transaction Parties; (B) the due authorization, execution and delivery of each of the Transaction Documents by the Transaction Parties party thereto; (C) the enforceability of each of the transaction documents against each of the Transaction Parties party thereto; (D) that all governmental consents or filings required under New York or federal law or applicable corporate law in connection with the execution, delivery and performance of the Transaction Documents have been made; (E) the absence of conflicts with organizational documents, laws, regulations, court orders or contracts arising from the execution, delivery and performance by the Transaction Parties of the Transaction Documents; (F) the exemption from registration of the Notes under the Securities Act; (G) the exemption of the Trust and the Depositor from registration under the Investment Company Act; (H) the validity and perfection of the security interests created under the Transaction Documents; (I) that each transfer of assets under the Purchase Agreements, the Conveyance Agreement and the Tri-Party Transfer Agreement constitutes a “true sale” in the event of the bankruptcy of the applicable Seller or, in the case of the Conveyance Agreement, the Master Depositor; (J) the priority of any security interests created under the Transaction Documents; (K) the non-consolidation of the assets and liabilities of the Depositor and the Trust with the Sellers, the Master Depositor, Sallie Mae, Inc. and SLM Corporation in the event of the bankruptcy of any such entity; and (L) the treatment of the Notes as debt for federal income tax purposes and the classification of the Trust not as an association or otherwise taxable as a corporation for federal income tax purposes;

(vi) a schedule of all Trust Student Loans as of the Closing Date;

(vii) UCC search report results dated a date reasonably near the Closing Date listing all effective financing statements which name the Trust, any Seller, the Master Depositor, the Depositor or the Eligible Lender Trustee (under its present name or any previous names) in any jurisdictions where filings are to be made under clause (ii) above (or similar filings would have been made in the past five years);

(viii) financing statement terminations on Form UCC-3, if necessary, to release any liens;

(ix) evidence of establishment of the Trust Accounts;

(x) evidence of any required certification from S&P and Moody’s with respect to pre-review Conduit Lenders;

(xi) such powers of attorney as the Administrative Agent or any Managing Agent shall reasonably request to enable the Administrative Agent to collect all amounts due under any and all of the Pledged Collateral;

(xii) a list of any pre-approved Lockbox Bank arrangements and copies of all related documentation; and

(xiii) a letter from Moody's stating that the Class A Notes have received a long term definitive rating of "Aaa" and the Class B Notes have received a long term definitive rating of "A2", in each case subject to customary surveillance procedures;

(b) all fees due and payable to the Arrangers, the Co-Valuation Agents, the Lenders, the Managing Agents, the Administrative Agent, the Syndication Agent and the Eligible Lender Trustee on the Closing Date shall have been paid;

(c) a review of the portfolio and servicing operations has been conducted by Protiviti Inc. based on procedures agreed upon among the Managing Agents, the Administrative Agent, the Administrator and the Master Servicer;

(d) the Managing Agents shall have completed satisfactory due diligence on the status of SLM Corporation's current class action litigation and legal compliance issues;

(e) the Private Credit Loan Facility and the other FFELP Loan Facilities shall have closed contemporaneously;

(f) the senior unsecured debt rating of SLM Corporation shall not have been downgraded by Moody's or S&P below investment grade;

(g) there shall not have occurred since December 31, 2007, any event which could reasonably be expected to have a material adverse effect on the business, assets or condition of SLM Corporation and its Affiliates taken as a whole, other than as disclosed to each of the Administrative Agent, the Lead Arrangers, the Managing Agents and the Lenders prior to January 25, 2008;

(h) there are no Competing Financing Transactions outstanding or being offered, placed or arranged, other than the other FFELP Loan Facilities, the Private Credit Loan Facility, the VG Funding Facility, the Mustang Funding I Facility, the Mustang Funding II Facility and the Phoenix Fundings Facility;

(i) the Administrator shall have delivered to the Administrative Agent evidence of (i) notification to the administrative agents under the VG Funding Facility, the Mustang Funding I Facility and the Mustang Funding II Facility that no further advances shall be made thereunder after the Closing Date; (ii) an irrevocable written request from or on behalf of VG Funding I to terminate the VG Funding Facility in full on the date of the initial Advance; (iii) written agreement from VG Funding I and Sallie Mae, Inc., in its capacity as administrator under the VG Funding Facility to waive any waiting period or extension period during which the lenders under the VG Funding Facility are stayed from exercising remedies; (iv) an irrevocable written request from or on behalf of each of Mustang Funding I, LLC and Mustang Funding II, LLC providing for the termination of the Mustang Funding I Facility and the Mustang Funding II Facility, on or prior to the 15th Business Day after the date the initial Advance has been made under this Agreement and (v) written agreement from Mustang Funding I, LLC, Mustang Funding II, LLC and Sallie Mae, Inc., in its capacity as administrator under the Mustang Funding I Facility and Mustang Funding II Facility to waive any waiting period or extension period during which the lenders under the Mustang Funding I Facility and Mustang Funding II Facility are stayed from exercising remedies;

(j) the aggregate amount of (i) Commitments under this Agreement, (ii) commitments under the other FFELP Loan Facilities, (iii) commitments under the Private Credit Loan Facility, (iv) commitments under any Competing Financing Transactions with a commitment maturity of not less than 364 days, and (v) funds received from any term securitizations or whole loan sales consummated after January 25, 2008, the proceeds of which have been or will be used to repay outstanding amounts under the VG Funding Facility, the Mustang Funding I Facility or the Mustang Funding II Facility and which financings of the type described in this clause (v) are in excess of any financings projected by SLM Corporation on or prior to January 25, 2008 and which do not involve a material portion of the unencumbered assets of SLM Corporation or its Affiliates, equals or exceeds \$30,000,000,000; and

(k) such other information, certificates, documents and actions as the Required Managing Agents and the Administrative Agent may reasonably request has been received or performed.

Section 4.02. Conditions Precedent to Advances.

(a) **Conditions Precedent to the Initial Advance.** The initial Advance hereunder shall be subject to the condition precedents, unless waived by each of the Managing Agents, that on or prior to the date of such Advance (and the Trust, by accepting the proceeds of such initial Advance, shall be deemed to have certified that all such conditions unless waived are satisfied on the date of such Advance):

(i) (A) from and after the Closing Date, no additional advances shall have been made under the VG Funding Facility and (B) after giving effect to the initial Advance, the VG Funding Facility shall have been repaid in full and terminated; and

(ii) the aggregate amount of (A) Commitments under this Agreement (including for this purpose executed letters from additional lenders committing to become a new Facility Group under this Agreement), (B) commitments under the other FFELP Loan Facilities, (C) commitments under the Private Credit Loan Facility, (D) commitments under any Competing Financing Transactions with a commitment maturity of not less than 364 days, and (E) funds received from any term securitizations or whole loan sales consummated after January 25, 2008, the proceeds of which have been used to repay outstanding amounts under the VG Funding Facility, the Mustang Funding I Facility or the Mustang Funding II Facility and which financings of the type described in this clause (E) are in excess of any financings projected by SLM Corporation on or prior to January 25, 2008 and which do not involve a material portion of the unencumbered assets of SLM Corporation or its Affiliates, equals or exceeds \$35,000,000,000. The parties hereby agree that the condition set forth in this clause (ii) has been satisfied on the Closing Date and therefore do not need be retested on the date of the initial Advance.

(b) **Conditions Precedent to All Advances.** Each Advance (including the initial Advance but excluding any Capitalized Interest Advances) shall be subject to the further conditions precedent, unless waived by the Required Managing Agents (or, in the case of clauses (iv)(B)(1), (iv)(B)(2), (iv)(B)(4), (iv)(C), (iv)(D), (iv)(F), (v), (x) and (xi) below, waived by all of the Managing Agents), that on the date of such Advance (and the Trust, by accepting the

proceeds of such Advance, shall be deemed to have certified that all such conditions unless waived are satisfied on the date of such Advance):

(i) with respect to any Purchase Price Advance, the Eligible FFELP Loans are being (A) purchased by the Master Depositor from a Seller pursuant to a Purchase Agreement, (B) then purchased by the Depositor from the Master Depositor pursuant to the Conveyance Agreement and (C) subsequently purchased by the Trust from the Depositor pursuant to the Sale Agreement;

(ii) with respect to any Purchase Price Advance, on or prior to the Advance Date, the Trust shall cause to be delivered to the Administrative Agent copies of the relevant Purchase Agreement (except to the extent previously delivered), Conveyance Agreement (except to the extent previously delivered), Sale Agreement (except to the extent previously delivered), bills of sale and blanket endorsements, together with a Schedule of Trust Student Loans, and copies of all schedules, financing statements and other documents required to be delivered by the applicable Seller, the Master Depositor and the Depositor as a condition of purchase thereunder;

(iii) with respect to any Advance, on or prior to the Advance Date, the Trust shall cause to be delivered to the Administrative Agent an Advance Request at the time required in Section 2.02(b);

(iv) on the Advance Date, the following statements shall be true, and the Trust by accepting the amount of such Advance shall be deemed to have certified that:

(A) the representations and warranties contained in Article V are correct on and as of such day as though made on and as of such date, both before and after giving effect to such Advance (or, to the extent such representations and warranties speak as of a specific date, were true and correct on and as of such date);

(B) no event has occurred and is continuing, or would result from such Advance, which constitutes (1) a Termination Event, (2) a Servicer Default, (3) a Potential Termination Event, or (4) an Amortization Event;

(C) the Requested Advance Amount for the Class A Advance and the Class B Advance does not, in the aggregate, exceed the Maximum Advance Amount;

(D) there has occurred no event which could reasonably be determined to have a Material Adverse Effect with respect to the Trust;

(E) no law or regulation shall prohibit, and no order, judgment or decree of any Official Body shall prohibit or enjoin, the making of such Advances in accordance with the provisions hereof;

(F) the amount of money equal to any shortfall in the Reserve Account Specified Balance on such date is deposited into the Reserve Account on such

date from the proceeds of such Advance; and

(G) all covenants and agreements contained in the Transaction Documents, including the delivery of all reports required to be delivered thereunder, shall have been complied with by the Trust, subject to any applicable grace periods or waivers granted;

(v) the Termination Date shall not have been declared;

(vi) with respect to any Purchase Price Advance, the related Servicer, as bailee for the Administrative Agent for the benefit of the Secured Creditors, shall be in possession of the original Student Loan Notes or certified copies thereof, to the extent more than one loan is evidenced by such Student Loan Note, representing the Student Loans being financed with the proceeds of such Advance;

(vii) with respect to any Purchase Price Advance, all conditions precedent to the Trust's acquisition of the Student Loans to be financed with the proceeds of such Advance (other than the payment of the purchase price therefor) shall have been satisfied;

(viii) no suit, action or other proceeding, investigation or injunction, or final judgment relating thereto, shall be pending or threatened before any court or governmental agency, seeking to restrain or prohibit or to obtain damages or other relief in connection with any of the Transaction Documents or the consummation of the transactions contemplated hereby;

(ix) no statute, rule, regulation or order shall have been enacted, entered or deemed applicable by any government or governmental or administrative agency or court that would make the transactions contemplated by any of the Transaction Documents illegal or otherwise prevent the consummation thereof;

(x) after giving effect to such Advance, the Asset Coverage Ratio shall be greater than or equal to the Minimum Asset Coverage Requirement;

(xi) the ratings for the Notes shall not have been reduced below the applicable Required Ratings on such Advance Date;

(xii) the amount of such Advance, together with any amounts drawn under the Revolving Credit Agreement in connection with the purchase of the related Student Loans, shall, in the aggregate, be reasonably equal to the fair market value of such Student Loans;

(xiii) with respect to any Purchase Price Advance, after giving effect to the purchase by the Trust of the related additional Eligible FFELP Loans, the Weighted Average Remaining Term in School shall not be more than 24 months;

(xiv) the Requested Advance Amount for such Advance Date, together with the aggregate amount of all advances to be made under the other FFELP Loan Facilities and the Private Credit Loan Facility on such Advance Date, shall not exceed (x)

\$2,000,000,000 if such Advance Date is on or prior to the end of the Transition Period and (y) \$1,500,000,000 on any date thereafter (it being understood that Advances made with proceeds of any prefunding arrangements agreed to by the Managing Agents (including amounts allocated to the Lenders that are also Lenders in the Mustang I Facility and the Mustang II Facility) shall not be counted towards such numbers in clauses (x) and (y)); and

(xv) the sum of (A) the Requested Advance Amount on such Advance Date, (B) the aggregate amount of all advances to be made under the other FFELP Loan Facilities and the Private Credit Loan Facility on such Advance Date, (C) the amount of all Advances already made during such calendar week and (D) the aggregate amount of all advances already made under the other FFELP Loan Facilities and the Private Credit Loan Facility during such calendar week, shall not exceed (x) \$10,000,000,000 if such Advance Date is on or prior to the end of the Transition Period and (y) \$5,000,000,000 on any date thereafter (it being understood that Advances made with proceeds of any prefunding arrangements agreed to by the Managing Agents (including amounts allocated to the Lenders that are also Lenders in the Mustang I Facility and the Mustang II Facility) shall not be counted towards such numbers in clauses (x) and (y)).

(c) **Conditions Precedent to Capitalized Interest Advances.** Each Capitalized Interest Advance shall be subject to the following conditions precedent, unless waived by each of the Managing Agents, that on the date of such Advance (and the Trust, by accepting the proceeds of such Advance, shall be deemed to have certified that all such conditions unless waived are satisfied on the date of such Advance):

(i) the Trust shall cause to be delivered to the Administrative Agent an Advance Request (and, if the Trust fails to deliver such Advance Request, the Administrative Agent shall prepare and deliver to the Managing Agents on the Trust's behalf) at the time required in Section 2.02(b); and

(ii) on the Advance Date, the following statements shall be true, and the Trust by accepting the amount of such Advance shall be deemed to have certified that:

- (A) the Requested Advance Amount for the Capitalized Interest Advance does not, in the aggregate, exceed the Maximum Advance Amount;
- (B) no law or regulation shall prohibit, and no order, judgment or decree of any Official Body shall prohibit or enjoin, the making of such Advances in accordance with the provisions hereof;
- (C) no Event of Bankruptcy shall have occurred with respect to the Trust; and
- (D) the Scheduled Maturity Date shall not have occurred.

(d) **Additional Condition Precedent to Initial Advance for the Purchase of Student Loans from Phoenix Fundings LLC.** With respect to the initial Purchase Price Advance the proceeds of which will be used to purchase Eligible Student Loans from Phoenix Fundings LLC,

such Purchase Price Advance shall be subject to the further conditions precedent, unless waived by the Required Managing Agents, that the Administrative Agent shall have received (i) a copy of each purchase agreement pursuant to which Phoenix Fundings LLC purchased such Student Loans and (ii) a reliance letter permitting the parties hereto to rely on the true sale opinion of counsel delivered in connection with such purchase of Student Loans by Phoenix Fundings LLC.

Section 4.03. Condition Subsequent to Advances (other than the Initial Advance). Within five Business Days after each Advance other than the initial Advance, the Trust shall cause to be delivered to the Administrative Agent a reconciliation statement (the “**Advance Reconciliation Statement**”) which shall include an updated calculation, based on actual figures, and certification in the form attached as Exhibit L confirming that the Minimum Asset Coverage Requirement was satisfied after giving effect to the related Advance. The foregoing notwithstanding, so long as the Trust has not acquired any Student Loans other than those in the Initial Pool, the Trust shall not be required to deliver any Reconciliation Statements or to comply with the next sentence until the end of the Transition Period. If the Advance Reconciliation Statement shows that the actual value of the Trust Student Loans was less than the value provided on the pro forma certification or that the Minimum Asset Coverage Requirement was not satisfied as of the Advance Date, then the Trust shall deposit into the Administration Account an amount for each Trust Student Loan equal to the product of (a) the Applicable Percentage for such Trust Student Loan multiplied by (b) such difference in value. If the Advance Reconciliation Statement shows that the value of the Trust Student Loans was greater than the value provided on the pro forma certification, then the Administrative Agent shall release funds to the Depositor in an amount, for each Trust Student Loan, equal to the product of (x) the Applicable Percentage for such Trust Student Loan multiplied by (y) such difference in value from the following accounts in order and to the extent available: *first*, from the Administration Account and *second*, from the Collection Account. Before funds from the Collection Account may be used for this purpose, the Administrator must determine that the amounts on deposit in the Collection Account as of the date of payment (excluding any Special Allowance Payments or Interest Subsidy Payments received during the current Settlement Period) after any withdrawal for this purpose are sufficient to pay items (i) through (v) in Section 2.05(b) of this Agreement due and payable on the next Settlement Date.

Section 4.04. Conditions Precedent to Addition of New Seller. The addition of any new Seller to a Purchase Agreement shall be subject to the prior written consent of the Administrative Agent and the further conditions precedent that (a) at least five Business Days prior to the first transfer of Eligible FFELP Loans from such Seller, the Trust or the Administrator shall have delivered copies of the following documents to the Administrative Agent and the Managing Agents in form acceptable to the Administrative Agent and the Required Managing Agents and (b) at least three Business Days prior to the first transfer of Eligible FFELP Loans from such Seller, the Administrative Agent shall have delivered notice of the proposed addition of such new Seller to the Rating Agencies:

- (i) Executed agreements adding the Seller (and, if applicable, the eligible lender trustee for such Seller) to the Purchase Agreement;
- (ii) If applicable, an executed trust agreement with respect to the Seller and the Seller’s “Eligible Lender Trustee” (as defined in such trust agreement), to the extent

the Seller will be transferring Student Loans with respect to which legal title is held by such trustee;

(iii) UCC, tax lien, pending suit and judgment searches against the Seller in the appropriate jurisdictions;

(iv) A good standing certificate and organizational documents certified by the Secretary of State of such Seller's jurisdiction of organization, together with an officer's certificate with respect to such Seller's organizational documents and incumbency of officers in the form prepared for the initial Sellers;

(v) Evidence of filing of UCC financing statements reflecting the Seller and, to the extent applicable, its eligible lender trustee, in the form prepared for the initial Sellers in the appropriate jurisdiction; and

(vi) To the extent not already covered by a legal opinion of outside legal counsel given to the Administrative Agent, a legal opinion in form reasonably acceptable to the Administrative Agent with respect to true sale, non-consolidation, enforceability and security interest issues.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

Section 5.01. General Representations and Warranties of the Trust. The Administrator (on behalf of the Trust) represents and warrants for the benefit of the Secured Creditors as follows on the Closing Date, on the date of each Advance and on each Reporting Date:

(a) The Trust is a statutory trust duly organized, validly existing and in good standing solely under the laws of the State of Delaware and is duly qualified to do business, and is in good standing, in every jurisdiction in which the nature of its business requires it to be so qualified.

(b) The execution, delivery and performance by the Trust of this Agreement and all Transaction Documents to be delivered by it in connection herewith or therewith, including the Trust's use of the proceeds of Advances,

(i) are within the Trust's organizational powers,

(ii) have been duly authorized by all necessary organizational action,

(iii) do not contravene (A) the Trust's organizational documents; (B) any law, rule or regulation applicable to the Trust; (C) any contractual restriction binding on or affecting the Trust or its property; or (D) any order, writ, judgment, award, injunction or decree binding on or affecting the Trust or its property,

(iv) do not result in a breach of or constitute a default under any indenture, agreement, lease or other instrument to which the Trust is a party,

(v) do not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties (other than in favor of the Administrative Agent, for the benefit of the Secured Creditors, with respect to the Pledged Collateral), and

(vi) no transaction contemplated hereby or by the other Transaction Documents to which it is a party requires compliance with any bulk sales act or similar law.

(c) This Agreement and the other Transaction Documents to which it is named as a party have each been duly executed and delivered by the Eligible Lender Trustee, on behalf of the Trust. The Notes have been duly and validly authorized and, when executed and paid for in accordance with the terms of this Agreement, will be duly and validly issued and Outstanding, and will be entitled to the benefits of this Agreement.

(d) No permit, authorization, consent, license or approval or other action by, and no notice to or filing with, any Official Body is required for the due execution, delivery and performance by the Trust of this Agreement or any other Transaction Document to which it is a party, except for the filing of UCC financing statements which shall have been filed on or prior to the date of the initial Advance and except as may be required under non-U.S. law in connection with any future transfer of the Notes.

(e) This Agreement and each other Transaction Document to which the Trust is a party constitute the legal, valid and binding obligations of the Trust, enforceable against the Trust in accordance with their respective terms, subject to (i) applicable bankruptcy, insolvency, moratorium, or other similar laws affecting the rights of creditors and (ii) general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

(f) No Amortization Event, Termination Event, Servicer Default, or, to the best of the Trust's knowledge, Potential Termination Event has occurred and is continuing.

(g) No Monthly Report, Valuation Report (but only to the extent that information contained therein is supplied by the Administrator on behalf of the Trust or by the Trust), information, exhibit, financial statement, document, book, record or report furnished or to be furnished by or on behalf of the Trust to the Affected Parties in connection with this Agreement is or will be incorrect in any material respect as of the date it is or shall be dated.

(h) The Notes will be characterized as debt for federal income tax purposes. The Trust has or has caused to be (i) timely filed all tax returns (federal, state and local) required to be filed, (ii) paid or made adequate provision for the payment of all taxes, assessments and other governmental charges and (iii) accounted for the sale and pledge of the Trust Student Loans in its books consistent with GAAP.

(i) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Trust, overtly threatened in writing against or affecting the Trust (x) asserting the invalidity of this Agreement or any other Transaction Document, (y) seeking to prevent the consummation of any of the transactions contemplated by this Agreement and the other Transaction Documents, or

(z) wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect on the Trust or which affects, or purports to affect, the validity or enforceability against the Trust of any Transaction Document.

(j) The Trust is not required to register as an “investment company” or a company controlled by an “investment company” under the Investment Company Act.

(k) The Trust is Solvent at the time of (and immediately after) each Advance and each purchase of Eligible FFELP Loans made by the Trust. The Trust has given reasonably equivalent value to the Depositor in consideration for the transfer to it of the Trust Student Loans from the Depositor and each such transfer shall not have been made for or on account of an antecedent debt owed by the Depositor to it. No Event of Bankruptcy has occurred with respect to the Trust.

(l) The principal place of business and chief executive office of the Trust and the office where the Trust keeps any Records in its possession are located at the addresses of the Trust referred to in Section 10.02 or such other location as the Trust shall have given notice of to the Administrative Agent pursuant to this Agreement.

(m) The Trust has no trade names, fictitious names, assumed names or “doing business as” names or other names under which it has done or is doing business.

(n) All representations and warranties of the Trust set forth in the Transaction Documents to which it is a party are true and correct in all material respects as of the date made the Trust is hereby deemed to have made each such representation and warranty, as of the date made, to, and for the benefit of, the Secured Creditors as if the same were set forth in full herein.

(o) The Trust is not in violation of, or default under, any material law, rule, regulation, order, writ, judgment, award, injunction or decree binding upon it or affecting the Trust or its property or any indenture, agreement, lease or instrument.

(p) The Trust has incurred no Debt and has no other obligation or liability, other than normal trade payables and the Liabilities.

(q) The sale of the Notes to the initial Note Purchasers pursuant to this Agreement will not require the registration of the Notes under the Securities Act.

(r) (i) No Reportable Event has occurred during the six year period prior to the date on which this representation is made or deemed made with respect to any Benefit Plan; (ii) no steps have been taken by any Person to terminate any Benefit Plan subject to Title IV of ERISA; (iii) no contribution failure or other event has occurred with respect to any Benefit Plan which is sufficient to give rise to a lien on the assets of the Trust or any ERISA Affiliate in favor of the PBGC, during such six-year period; (iv) each Benefit Plan has been administered in all material respects in compliance with its terms and the applicable provisions of ERISA and the Code; (v) neither the Trust nor any ERISA Affiliate maintains or contributes to any employee welfare benefit plan within the meaning of Section 3(1) of ERISA which provides benefits to employees after termination of employment and which is unfunded by a material amount, except as specifically required by the continuation requirements of Part 6 of Title I of ERISA; (vi) the

present value of all accrued benefits under each Benefit Plan subject to Title IV of ERISA (based on those assumptions used to fund such Benefit Plans) did not, as of the last valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Benefit Plan allocable to such accrued benefits; (vii) neither the Trust nor any ERISA Affiliate has had a complete or partial withdrawal from any Multiemployer Plan and neither the Trust nor any ERISA Affiliate would become subject to any liability under ERISA if the Trust or any such ERISA Affiliate were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made; and (viii) no such Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA or in reorganization within the meaning of Section 4241 of ERISA; provided that this subsection (r) shall not apply to events which could not reasonably be expected to have a Material Adverse Effect on the Trust or on SLM Corporation.

(s) No proceeds of any Advances will be used by the Trust for any purpose that violates applicable law, including Regulation U of the Federal Reserve Board. The Trust does not own any “margin stock” within the meaning of Regulation T, U and X of the Federal Reserve Board.

(t) Each Student Loan to be financed with the proceeds of any Advance constitutes an Eligible FFELP Loan as of the date of such Advance and is purchased, or was previously purchased by the Trust, from the Depositor pursuant to the Sale Agreement. Each Trust Student Loan represented as an Eligible FFELP Loan in a Monthly Report, in fact satisfied as of the last day of the related Settlement Period the definition of “Eligible FFELP Loan.” Each Trust Student Loan represented to be an Eligible FFELP Loan on any other date or included in the calculation of Asset Coverage Ratio on any other date in fact satisfied as of such date the definition of “Eligible FFELP Loan.”

(u) Since the date of its formation, no event has occurred which has had a Material Adverse Effect on the Trust.

(v) The information provided to the Administrative Agent and the Managing Agents with respect to the Trust Student Loans is accurate in all material respects.

(w) Each payment of interest on and principal of the Notes will have been (i) in payment of a debt incurred in the ordinary course of business or financial affairs on the part of the Trust and (ii) made in the ordinary course of business or financial affairs of the Trust.

Section 5.02. Representations and Warranties of the Trust Regarding the Administrative Agent’s Security Interest. The Administrator (on behalf of the Trust) hereby represents and warrants for the benefit of the Secured Creditors as follows:

(a) This Agreement creates a valid and continuing security interest (as defined in the New York UCC) in the Pledged Collateral in favor of the Administrative Agent, which security interest is both perfected and prior to all other liens, charges, security interests, mortgages or other encumbrances, and is enforceable as such as against creditors of and purchasers from the Trust.

- (b) The Trust, by and through the Eligible Lender Trustee as its Eligible Lender, owns and has good and marketable title to the Trust Student Loans and other Pledged Collateral free and clear of any Adverse Claim.
- (c) The Trust has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Pledged Collateral granted to the Administrative Agent hereunder.
- (d) All executed originals (or certified copies thereof to the extent more than one loan is evidenced by such Student Loan Note) of each Student Loan Note that constitute or evidence the Trust Student Loans have been delivered to the applicable Servicer, as bailee for the Administrative Agent for the benefit of the Secured Creditors.
- (e) Other than the security interest granted to the Administrative Agent pursuant to this Agreement, the Trust has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Pledged Collateral. The Trust has not authorized the filing of and is not aware of any financing statements against the Trust that include a description of collateral covering the Pledged Collateral other than any financing statement relating to the security interest granted to the Administrative Agent hereunder or any financing statement that has been terminated. There are no judgments or tax lien filings against the Trust.
- (f) The Trust is a "registered organization" (as defined in §9-102(a)(70) of the UCC) organized exclusively under the laws of the State of Delaware and, for purposes of Article 9 of the UCC, the Trust is located in the State of Delaware.
- (g) The Trust's exact legal name is the name set forth for it on the signature page hereto.

Section 5.03. Particular Representations and Warranties of the Trust. The Administrator (on behalf of the Trust) further represents and warrants to each of the parties hereto with respect to each of the Trust Student Loans included in the Pledged Collateral:

- (a) Such Trust Student Loans constitute "accounts," "promissory notes" or "payment intangibles" within the meaning of the applicable UCC and are within the coverage of Sections 432(m)(1)(E) and 439(d)(3) of the Higher Education Act;
- (b) Such Trust Student Loans are Eligible FFELP Loans as of the date they become Pledged Collateral and as of any other date upon which they are declared by the Trust or the Administrator to be Eligible FFELP Loans and the description of such Eligible FFELP Loans set forth in the Transaction Documents or the Schedule of Trust Student Loans and in any other documents or written information provided to any of the parties hereunder (other than documents or information stated to be preliminary which have subsequently been replaced by definitive documents or information), as applicable, is true and correct in all material respects;
- (c) The Trust is authorized to pledge such Trust Student Loans and the other Pledged Collateral; and the sale, assignment and transfer of such Trust Student Loans has been made pursuant to and consistent with the laws and regulations under which the Trust operates, and will not violate any decree, judgment or order of any court or agency, or conflict with or result in a

breach of any of the terms, conditions or provisions of any agreement or instrument to which the Trust is a party or by which the Trust or its property is bound, or constitute a default (or an event which could constitute a default with the passage of time or notice or both) thereunder;

(d) No consents or approvals are required for the consummation of the pledge of the Pledged Collateral hereunder to the Administrative Agent for the benefit of the Secured Creditors;

(e) Any payments on such Trust Student Loans received by the Trust which have been allocated to the reduction of principal and interest on such Trust Student Loans have been allocated on a simple interest basis;

(f) Due diligence and reasonable care have been exercised in making, administering, servicing and collecting the Trust Student Loans and, with respect to any Trust Student Loan for which repayment terms have been established, all disclosures of information required to be made pursuant to the Higher Education Act have been made;

(g) Except for Trust Student Loans executed electronically or Trust Student Loans evidenced by a master promissory note, there is only one original executed copy of the Student Loan Note evidencing each such Trust Student Loan. For such Trust Student Loans that were executed electronically, the Master Servicer has possession of the electronic records evidencing the Student Loan Note. Each applicable Servicer has in its possession a copy of the endorsement and each Loan Transmittal Summary Form identifying the Student Loan Notes that constitute or evidence the Trust Student Loans. The Student Loan Notes that constitute or evidence the Trust Student Loans do not have any marks or notations indicating that they are currently pledged, assigned or otherwise conveyed to any Person other than the Administrative Agent. All financing statements filed or to be filed against the Eligible Lender Trustee and the Trust in favor of the Administrative Agent in connection herewith describing the Pledged Collateral contain a statement to the following effect: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of the Secured Party"; and

(h) The applicable parties shall have performed, satisfied and complied with the conditions set forth in Section 3 of the Purchase Agreement, the Conveyance Agreement (or the Tri-Party Transfer Agreement, as applicable) and the Sale Agreement as of the date of the related bill of sale.

Section 5.04. Repurchase of Student Loans; Reimbursement. The Trust shall cause the obligations of the Depositor, the Master Depositor, the Master Servicer and the Sellers to purchase, repurchase, make reimbursement or substitute Trust Student Loans to be enforced to the extent such obligations are set forth in the Sale Agreement, the Conveyance Agreement, the Tri-Party Transfer Agreement, the applicable Purchase Agreement and the Servicing Agreement. The Trust shall cause any such repurchase amount or reimbursement to be remitted to the Collection Account. Any substitute Trust Student Loan obtained by the Trust from the Master Depositor, Depositor, any Servicer or Seller shall constitute Pledged Collateral hereunder.

Section 5.05. Administrator Actions Attributable to the Trust. Any action required to be taken by the Trust hereunder may be taken by the Administrator on behalf of the Trust, to

the extent permitted under the Administration Agreement. The Trust shall be fully responsible for each of the representations, warranties, certifications and other statements made herein, in any other Transaction Document, any Advance Request, any Notice of Release or any other communication hereunder or thereunder by the Administrator on its behalf as if such representations, warranties, certifications or statements had been made directly by the Trust. In addition, the Trust shall be fully responsible for all actions of the Administrator taken on its behalf under this Agreement or any other Transaction Document as if such actions had been taken directly by the Trust. Nothing in this Section shall limit the responsibility of the Administrator, or relieve the Administrator from any liability for exceeding its authority under the Administration Agreement.

ARTICLE VI.
COVENANTS OF THE TRUST

From the date hereof until all of the Obligations hereunder and under the other Transaction Documents have been satisfied in full:

Section 6.01. Preservation of Separate Existence.

(a) **Nature of Business.** The Trust will engage in no business other than (i) purchases, sales and financings of Trust Student Loans, (ii) the other transactions permitted or contemplated by this Agreement and the other Transaction Documents, and (iii) any other transactions permitted or contemplated by its organizational documents as they exist on the Closing Date, or as amended as such amendments may be permitted pursuant to the terms of this Agreement. The Trust will incur no other Debt except as expressly contemplated by the Transaction Documents.

(b) **Maintenance of Separate Existence.** The Trust will do all things necessary to maintain its existence as a Delaware statutory trust separate and apart from all Affiliates of the Trust, including complying with the provisions described in Section 9j(iv) of the Limited Liability Company Agreement of the Depositor.

(c) **Transactions with Affiliates.** The Trust will not enter into, or be a party to, any transaction with any of its respective Affiliates, except (i) the transactions permitted or contemplated by this Agreement (including the sale and purchase of Eligible FFELP Loans to or from Affiliates) or the other Transaction Documents; and (ii) other transactions (including, without limitation, the lease of office space or computer equipment or software by the Trust to or from an Affiliate) (A) in the ordinary course of business, (B) pursuant to the reasonable requirements of the Trust's business, (C) upon fair and reasonable terms that are no less favorable to the Trust than could be obtained in a comparable arm's-length transaction with a Person not an Affiliate of the Trust, and (D) not inconsistent with the factual assumptions set forth in the opinion letter issued as of the Closing Date by McKee Nelson LLP to the Secured Creditors relating to the issues of substantive consolidation.

Section 6.02. Notice of Termination Event, Potential Termination Event or Amortization Event. As soon as possible and in any event within three Business Days after the

occurrence of each Termination Event, each Potential Termination Event, each Amortization Event and each Potential Amortization Event (or, to the extent the Trust does not have knowledge of a Termination Event, Potential Termination Event, Amortization Event or Potential Amortization Event, promptly upon obtaining such knowledge), the Trust will provide (or shall cause the Administrator to provide) to the Administrative Agent a statement setting forth details of such Termination Event, Potential Termination Event, Amortization Event or Potential Amortization Event and the action which the Trust has taken or proposes to take with respect thereto. The Administrative Agent shall promptly forward such notice to the Managing Agents. The Administrative Agent shall promptly provide written notice of any Termination Event, Potential Termination Event, Amortization Event or Potential Amortization Event of which it has knowledge to the applicable Rating Agencies.

Section 6.03. Notice of Material Adverse Change. As soon as possible and in any event within three Business Days after becoming aware of an event which could reasonably be expected to have a Material Adverse Effect on the Trust, the Trust will provide to the Administrative Agent written notice thereof. The Administrative Agent shall promptly forward such notice to the Managing Agents.

Section 6.04. Compliance with Laws; Preservation of Corporate Existence; Code of Conduct.

(a) The Trust will comply in all material respects with all applicable laws, rules, regulations and orders and preserve and maintain its legal existence, and will preserve and maintain its rights, franchises, qualifications and privileges in all material respects.

(b) Sallie Mae, Inc. agrees to comply in all material respects with the Student Loan Code of Conduct that it entered into with the New York Attorney General on April 11, 2007 and agrees to comply in all material respects with any other similar codes of conduct that it may expressly agree to after the date hereof.

Section 6.05. Enforcement of Obligations.

(a) **Enforcement of Trust Student Loans.** The Trust shall cause to be diligently enforced and taken all steps, actions and proceedings reasonably necessary for the enforcement of all terms, covenants and conditions of all Trust Student Loans and agreements in connection therewith (except as otherwise permitted pursuant to the Transaction Documents), including the prompt payment of all principal and interest payments and all other amounts due the Trust or the Eligible Lender Trustee, as applicable thereunder.

(b) **Enforcement of Servicing Agreements and Administration Agreement.** The Trust shall cause to be diligently enforced and taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Servicing Agreements and the Administration Agreement, including all Interest Subsidy Payments, Special Allowance Payments and all defaulted payments Guaranteed by any Guarantor and/or by the Department of Education which relate to any Trust Student Loans. Except as otherwise permitted under any Transaction Document, the Trust shall not permit the release of the obligations of any Servicer under any Servicing Agreement or of the Administrator under the

Administration Agreement and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust, the Eligible Lender Trustee and the Secured Creditors under or with respect to each Servicing Agreement and the Administration Agreement. The Trust shall not consent or agree to or permit any amendment or modification of any Servicing Agreement or of the Administration Agreement, except (i) as required by the Higher Education Act; (ii) solely for the purpose of extending the term thereof; or (iii) in any other manner, if such modification, amendment or supplement is made pursuant to the terms of that agreement. Upon the occurrence of a Servicer Default and during the continuation thereof, the Trust shall replace the Servicer subject to such Servicer Default if instructed to do so by the Administrative Agent. Upon the occurrence of an Administrator Default and during the continuation thereof, the Trust shall replace the Administrator if instructed to do so by the Administrative Agent.

(c) **Enforcement of Purchase Agreements, Conveyance Agreement and Sale Agreement.** The Trust shall cause to be diligently enforced and taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of each Purchase Agreement, the Conveyance Agreement, the Tri-Party Transfer Agreement and the Sale Agreement. Except as otherwise permitted under any Transaction Document, the Trust shall not permit the release of the obligations of any Seller under any Purchase Agreement, of the Master Depositor under the Conveyance Agreement, of any Related SPE Seller under the Tri-Party Transfer Agreement or of the Depositor under the Sale Agreement and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust, the Depositor, the Master Depositor, the Eligible Lender Trustee and the Secured Creditors under or with respect to each Purchase Agreement, the Conveyance Agreement, the Tri-Party Transfer Agreement and the Sale Agreement. Except as otherwise permitted under any Transaction Document, the Trust shall not consent or agree to or permit any amendment or modification of any Purchase Agreement, the Conveyance Agreement, the Tri-Party Transfer Agreement or the Sale Agreement which will in any manner materially adversely affect the rights or security of the Administrative Agent, the Eligible Lender Trustee or the Secured Creditors. To the extent such action is required under the terms of the Sale Agreement, upon a determination that a Trust Student Loan sold pursuant to a Purchase Agreement was not an Eligible FFELP Loan at the time it was represented to be as such, the Trust shall require the Depositor to repurchase such Trust Student Loan from the Trust pursuant to the Sale Agreement.

(d) **Enforcement and Amendment of Guarantee Agreements.** So long as any Notes are Outstanding and each Trust Student Loan is guaranteed by a Guarantee, the Administrator on behalf of the Trust shall (i) from and after the date on which the Eligible Lender Trustee on its behalf shall have entered into any Guarantee Agreement covering Trust Student Loans, cause the Eligible Lender Trustee to maintain such Guarantee Agreement and diligently enforce the Eligible Lender Trustee's rights thereunder; (ii) cause the Eligible Lender Trustee to enter into such other similar or supplemental agreements as shall be required to maintain benefits for all Trust Student Loans covered thereby; and (iii) not voluntarily consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection with any such Guarantee Agreement or any similar or supplemental agreement in any manner which would materially and adversely affect the ability of the Trust to perform its obligations under this Agreement or cause a Material Adverse Effect with respect to the Trust without the prior written consent of the Administrative Agent.

Section 6.06. Maintenance of Books and Records. The Administrator on behalf of the Trust shall maintain and implement or cause to be maintained and implemented administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Pledged Collateral in the event of the destruction of the originals thereof), and keep and maintain, or cause to be kept and maintained, all documents, books, records and other information reasonably necessary or advisable for the collection of all the Pledged Collateral.

Section 6.07. Fulfillment of Obligations. The Trust shall fulfill its obligations pursuant to the Transaction Documents. The Trust shall cause each of its Affiliates to fulfill its respective obligations pursuant to the Transaction Documents.

Section 6.08. Notice of Material Litigation. As soon as possible and in any event within three Business Days of the Trust's actual knowledge thereof, the Trust shall cause the Administrative Agent to be provided with written notice of (a) any litigation, investigation or proceeding which may exist at any time which could be reasonably likely to have a Material Adverse Effect on the Trust; and (b) to the extent reasonably requested by the Administrative Agent in connection with the delivery of each Monthly Report, a monthly update of material adverse developments in previously disclosed litigation, including in each case, if known to the Trust, including any of the same against a Servicer.

Section 6.09. Notice of Relocation. The Administrator on behalf of the Trust shall cause the Administrative Agent to be provided notice of any change in the location of the Trust's principal offices or any change in the location of the Trust's books and records within thirty days before any such change.

Section 6.10. Rescission or Modification of Trust Student Loans and Transaction Documents.

(a) Except as expressly permitted in the Servicing Agreement, the Trust shall not permit the release of the obligations of any Obligor under any Trust Student Loan and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Trust and the Secured Creditors under or with respect to each Trust Student Loan and each agreement in connection therewith. The Trust shall not consent or agree to or permit any modification, extension or renegotiation in any way of any Trust Student Loan or agreement in connection therewith unless such modification, extension or renegotiation is (i) required under the Higher Education Act or other applicable laws, rules and regulations and the applicable Guarantee Agreement, (ii) provided for in the applicable underwriting guidelines or Servicing Policies, if such modification, extension or renegotiation does not materially adversely affect the value or collectability thereof or (iii) expressly provided for or permitted in the Transaction Documents. Nothing in this Agreement shall be construed to prevent the Trust, the Eligible Lender Trustee or the Administrative Agent, as applicable, from offering any Obligor any borrower benefit to the extent permissible by this Agreement or the Servicing Agreement or settling a default or curing a delinquency on any Trust Student Loan on such terms as shall be permitted by law and shall be consistent with the applicable underwriting guidelines or Servicing Policies.

(b) Unless otherwise specified pursuant to clause (a) above or in any Transaction Document, without the written consent of the Required Managing Agents (and the written consent of the Administrative Agent or the Syndication Agent to the extent any of the following would require the Administrative Agent or the Syndication Agent to take any action or amend, modify or waive the duties or responsibilities of the Administrative Agent or the Syndication Agent hereunder), the Trust will not (nor will it permit any of its agents to):

(i) cancel, terminate, extend, amend, modify or waive (or consent to or approve any of the foregoing) any provision of any Transaction Document (other than any cancellation or termination of a Guarantee Agreement that does not apply at such time to any Trust Student Loans or any extension, amendment, modification or waiver of a Guarantee Agreement that would not have a Material Adverse Effect on the Trust); or

(ii) take or consent to any other action that may impair the rights of any Secured Creditor to any Pledged Collateral or modify, in a manner adverse to any Secured Creditor, the right of such Secured Creditor to demand or receive payment under any of the Transaction Documents (other than any action with regard to a Guarantee Agreement that does not apply at such time to any Trust Student Loans or any extension, amendment, modification or waiver of a Guarantee Agreement that would not have a Material Adverse Effect on the Trust).

Section 6.11. Liens.

(a) **Transaction Documents.** The Trust (i) will cause to be taken all action necessary to perfect, protect and more fully evidence the ownership interest of the Trust (or of the Eligible Lender Trustee, acting on behalf of the Trust) and the first priority perfected security interest of the Administrative Agent in favor of the Secured Creditors in the Trust Student Loans, Collections with respect thereto and in the other Pledged Collateral and the Transaction Documents including, without limitation, (A) filing and maintaining effective financing statements (Form UCC-1) in all necessary or appropriate filing offices; (B) filing continuation statements, amendments or assignments with respect thereto in such filing offices; (C) filing amendments, releases and terminations with respect to filed financing statements, as necessary; and (D) executing or causing to be executed such other instruments or notices as may be necessary or appropriate; and (ii) will cause to be taken all additional actions to perfect, protect and fully evidence the first priority security interest of the Administrative Agent, for the benefit of the Secured Creditors, in the Trust Student Loans and other Pledged Collateral related thereto reasonably requested by the Administrative Agent.

(b) **UCC Matters; Protection and Perfection of Pledged Collateral; Delivery of Documents.** Unless the Trust has complied with Section 6.09, the Trust will keep its principal place of business and chief executive office, and the office where it keeps any Records in its possession, at the address of the Trust referred to in Exhibit M. The Trust will not make any change to its name unless prior to the effective date of any such name change or use, the Trust delivers to the Administrative Agent such financing statements necessary, or as the Administrative Agent may request, to reflect such name change, together with such other documents and instruments as the Administrative Agent may request in connection therewith. The Trust will not change its jurisdiction of formation or its corporate structure.

The Trust agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action necessary, or that the Administrative Agent may reasonably request, in order to maintain the Administrative Agent's first priority perfected security interest in the Pledged Collateral for the benefit of the Secured Creditors, or to enable the Administrative Agent or the Secured Creditors to exercise or enforce any of their respective rights hereunder (provided, however, that the foregoing sentence shall not be deemed to require the Trust or the Master Servicer to relocate or deliver any Student Loan Notes to or at the direction of the Administrative Agent prior to the Termination Date). Without limiting the generality of the foregoing, the Trust will: (i) authorize and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate (or as the Administrative Agent may request); and (ii) mark their master data processing records evidencing such Pledged Collateral with a legend or numeric code acceptable to the Administrative Agent, evidencing that the Administrative Agent, for the benefit of the Secured Creditors, has acquired an interest therein as provided in this Agreement. The Trust hereby authorizes the Administrative Agent, or any Secured Creditor on behalf of the Trust, to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Pledged Collateral now existing or hereafter arising without the signature of the Trust where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Pledged Collateral, or any part thereof, shall be sufficient as a financing statement. If the Trust fails to perform any of its agreements or obligations under this Section, the Administrative Agent or any Secured Creditor may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the expenses of the Administrative Agent or such Secured Creditor incurred in connection therewith shall be payable by the Trust upon the Administrative Agent's or such Secured Creditor's demand therefor.

For purposes of enabling the Administrative Agent or any such Secured Creditor to exercise their respective rights described in the preceding sentence and elsewhere in this Agreement, the Trust and the Eligible Lender Trustee hereby authorize, and irrevocably grant a Power of Attorney, exercisable only after the occurrence and during the continuation of a Termination Event, to the Administrative Agent and its respective successors and assigns to take any and all steps in the Trust's and the Eligible Lender Trustee's name and on behalf of the Trust and/or the Eligible Lender Trustee necessary or desirable, in the determination of the Administrative Agent, as the case may be, to collect all amounts due under any and all Trust Student Loans and other Pledged Collateral, including, without limitation, (i) endorsing the promissory notes to the Administrative Agent or its designee, such that the Administrative Agent or such designee becomes the holder of the promissory notes and has the rights and powers of a holder under applicable law, (ii) endorsing the Trust's and/or the Eligible Lender Trustee's name on checks and other instruments representing Collections and (iii) enforcing such Trust Student Loans and other Pledged Collateral.

Section 6.12. Sales of Assets; Consolidation/Merger.

(a) ***Sales, Liens, Etc.*** Except as otherwise provided herein or in any other Transaction Document, the Trust will not (nor will it permit the Eligible Lender Trustee to) sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, any Pledged Collateral.

(b) **Merger, Etc.** The Trust will not merge or consolidate with any other entity. The Trust will not convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions), all or substantially all of its assets (whether now owned or hereafter acquired), or acquire all or substantially all of the assets or capital stock or other ownership interest of any Person, other than with respect to asset acquisitions or dispositions permitted under the Transaction Documents. The Trust shall not form or create any subsidiary without the consent of each Managing Agent.

Section 6.13. Change in Business. The Trust will not make any change in the character of its business, which change could reasonably be expected to impair the collectability of any Pledged Collateral or otherwise materially adversely affect the interests or remedies of the Administrative Agent or the Note Purchasers under this Agreement or any other Transaction Document.

Section 6.14. Residual Interest. The Trust will not issue any Excess Distribution Certificates (other than replacement Excess Distribution Certificates) to any Person other than the Depositor; provided, however, that the Excess Distribution Certificate may be transferred to and owned by an Affiliate of the Depositor and the Depositor or such Affiliate may pledge the Excess Distribution Certificate to the Administrative Agent for the benefit of the Secured Creditors to secure the obligations under the Transaction Documents.

Section 6.15. General Reporting Requirements. The Trust shall provide to the Administrative Agent (and, as applicable, will cause the Master Servicer to provide) the following:

(a) as soon as available and in any event within 120 days after the end of each fiscal year of the Trust, the Depositor and the Master Servicer, an annual statement of compliance with the Transaction Documents and applicable law together with an agreed upon procedures letter delivered by an independent public accountant with respect to the Transaction Documents, all in form acceptable to the Administrative Agent;

(b) as soon as available and in any event within 90 days after the end of each fiscal year of SLM Corporation, a copy of the balance sheet of SLM Corporation and its consolidated subsidiaries and the related statements of income, stockholders' equity and cash flows for such year, each prepared in accordance with GAAP consistently applied and duly certified by nationally recognized independent certified public accountants selected by SLM Corporation, together with a certificate of an officer certifying that such financial statements fairly present in all material respects the financial condition of SLM Corporation and its consolidated subsidiaries;

(c) as soon as available and in any event within 60 days after the end of each fiscal quarter of SLM Corporation, a copy of an unaudited balance sheet of SLM Corporation and its consolidated subsidiaries and the related statements of income, stockholders' equity and cash flows for such fiscal quarter, each prepared in accordance with GAAP consistently applied, together with a certificate of an officer certifying that such financial statements fairly present in all material respects the financial condition of SLM Corporation and its consolidated subsidiaries;

(d) promptly following the Administrative Agent's or any Managing Agent's request therefor, copies of all financial statements, settlement statements, portfolio and other material reports, notices, disclosures, certificates and other written material delivered or made available to the Trust by any Person pursuant to the terms of any Transaction Document;

(e) promptly following the Administrative Agent's or any Managing Agent's request therefor, such other information respecting the Trust Student Loans and the other Pledged Collateral or the conditions or operations, financial or otherwise, of the Trust as the Administrative Agent or any Managing Agent may from time to time reasonably request;

(f) with respect to each Guarantor, promptly after receipt thereof as made available to the Trust after request therefor, copies of any audited financial statements of such Guarantor certified by an independent certified public accounting firm;

(g) with respect to each Servicer and promptly after receipt thereof after a good faith effort to obtain such material is made by the Trust, (i) copies of any annual audited financial statements of such Servicer other than the Master Servicer for so long as the Master Servicer is a consolidated subsidiary of SLM Corporation, to the extent available, certified by an independent certified public accounting firm, (ii) on an annual basis within 30 days after receipt thereof, copies of SAS 70 reports for such Servicer, or, if not available, the annual compliance audit for each Servicer required by Section 428(b)(1)(U) of the Higher Education Act and (iii) to the extent not included in the financial information provided pursuant to clauses (i) and (ii) above and to the extent available, such Servicer's net dollar loss for the year due to servicing errors;

(h) promptly following the Administrative Agent's or any Managing Agent's request therefor, a Schedule of Trust Student Loans;

(i) promptly and in any event within 45 days after the filing or receiving thereof, copies of all reports and notices with respect to (A) any "Reportable Event," relating to a Benefit Plan (B) the institution of proceedings or the taking of any other action regarding the termination of, withdrawal from, reorganization within the meaning of Section 4241 of ERISA or insolvency within the meaning of Section 4245 of ERISA, any Benefit Plan subject to Title IV of ERISA which the Trust or any of its ERISA Affiliates files under ERISA with the Internal Revenue Service, the PBGC or the U.S. Department of Labor or which the Trust or any of its ERISA Affiliates receives from the PBGC, (C) a failure to make any required contribution to a Benefit Plan or (D) the creation of any lien against the assets of the Trust or an ERISA Affiliate in favor of the PBGC or a Benefit Plan under ERISA;

(j) promptly after the occurrence thereof, written notice of changes in the Higher Education Act or any other law of the United States that could reasonably have a probability of having a Material Adverse Effect on the Trust or could materially and adversely affect (i) the ability of a Servicer to perform its obligations under its Servicing Agreement, (ii) the ability of a Subservicer to perform its obligations under its Servicing Agreement, or (iii) the collectability or enforceability of a material amount of the Trust Student Loans, or any Guarantee Agreement or Federal Reimbursement Contract with respect to a material amount of Trust Student Loans;

(k) promptly, notice of any change in the accountants of the Trust or SLM Corporation; and

(l) promptly, after the occurrence thereof or if sooner upon any executive officer of the Administrator having direct or primary responsibility for ABS trust administration obtaining knowledge of any pending change, notice of any change in the accounting policy of the Trust or SLM Corporation to the extent such change could reasonably be seen to have a material and adverse impact on the transactions contemplated herein.

Section 6.16. Inspections. The Administrative Agent and the Managing Agents may, upon reasonable notice and from time to time during regular business hours, once per calendar year (or, after the occurrence and during the continuation of an Amortization Event or a Termination Event, as frequently as requested by the Administrative Agent on behalf of any Managing Agent) (i) examine and make copies of and take abstracts from all books, records and documents (including computer tapes and disks) relating to the Pledged Collateral and (ii) visit the offices and properties of the Trust (or the Master Servicer or Subservicer, as applicable) for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to the Pledged Collateral or the Trust's (or the Master Servicer's or Subservicer's) performance hereunder and under the other Transaction Documents with any of the officers, directors, employees or independent public accountants of the Trust (to the extent available), the Master Servicer or Subservicer having knowledge of such matters. Any reasonable expenses related to such inspections shall be reimbursable directly by the Master Servicer. In addition, from time to time during the year, the Administrative Agent and the Managing Agents may, at their own expense, conduct any other inspections as they may deem necessary or appropriate, provided such inspections occur upon reasonable notice and during regular business hours.

Section 6.17. ERISA. The Trust will not adopt, maintain, contribute to or incur by any of its own actions or assume any legal obligation with respect to any Benefit Plan or Multiemployer Plan.

Section 6.18. Servicers. Except as permitted by any Servicing Agreement, the Trust will not permit any Person other than the Master Servicer or a Subservicer to collect, service or administer the Trust Student Loans. The Trust will promptly provide, or cause to be provided, to the Rating Agencies notice of any resignation, replacement, merger or consolidation of the Servicer and of any amendments or other modifications made to the Servicing Agreement.

Section 6.19. Acquisition, Financing, Collection and Assignment of Student Loans. The Trust shall acquire or finance only Eligible FFELP Loans with proceeds of the Advances and shall cause to be collected all principal and interest payments on all the Trust Student Loans and all sums to which the Trust or Administrative Agent is entitled pursuant to the Sale Agreement, and all Interest Subsidy Payments, Special Allowance Payments and all defaulted payments Guaranteed by any Guarantor which relate to such Trust Student Loans as more fully set forth in the Servicing Agreement. The Trust shall assign or direct the assignment of such Trust Student Loans for payment of guarantee benefits as required by applicable law and regulations. The Trust shall comply in all material respects with any Guarantor's rules and regulations which apply to such Trust Student Loans.

Section 6.20. Administration and Collection of Trust Student Loans. All Trust Student Loans shall be administered and collected either by the Trust or by the Master Servicer or a Subservicer on behalf of the Trust in accordance in all material respects with the Servicing Agreements.

Section 6.21. Obligations of the Trust With Respect to Pledged Collateral. The Trust will (a) at its expense, regardless of any exercise by any Secured Creditor of its rights hereunder, timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the Transaction Documents included in the Pledged Collateral to the same extent as if the Pledged Collateral had not been pledged hereunder; and (b) pay when due any taxes, including without limitation, sales and excise taxes, payable in connection with the Pledged Collateral. In no event shall any Secured Creditor have any obligation or liability with respect to any Trust Student Loans or other instrument document or agreement included in the Pledged Collateral, nor shall any of them be obligated to perform any of the obligations of the Trust or any of its Affiliates thereunder. The Trust will timely and fully comply in all respects with each Transaction Document to which it is a party.

Section 6.22. Asset Coverage Requirement. The Trust shall maintain at all times, to the best of its actual knowledge, the Minimum Asset Coverage Requirement.

Section 6.23. Amendment of Organizational Documents. The Trust shall cause the Administrative Agent to be notified in writing of any proposed amendments to the Trust's organizational documents. No such amendment shall become effective unless and until the Required Managing Agents have consented in writing thereto, which consent shall not be unreasonably withheld or delayed.

Section 6.24. Amendment of Underwriting Guidelines or Servicing Policies. Promptly after the occurrence thereof, the Trust shall cause the Administrative Agent to be notified of any material changes to the underwriting guidelines or Servicing Policies. The Trust shall not permit or implement any change in the underwriting guidelines or Servicing Policies applicable to any Trust Student Loan which would materially and adversely affect the collectability of any Trust Student Loan, the performance of the portfolio of Trust Student Loans or the Administrative Agent's security interest in such Trust Student Loans without the prior written consent of the Required Managing Agents, and unless such changes are made with respect to all FFELP Loans serviced by the Servicer for its own portfolio and for securitization trusts sponsored by SLM Corporation.

Section 6.25. No Payments on Excess Distribution Certificate. Except as expressly permitted by Section 2.05(b) of this Agreement, the Trust shall not make any payments or distributions with respect to the Excess Distribution Certificate without the prior written consent of the Required Managing Agents.

Section 6.26. Borrower Benefit Programs. The Trust shall cause the Servicer to maintain any rate reduction programs or other borrower benefit programs in effect at the time the Trust purchased such Trust Student Loan. The Trust shall not permit any Servicer to apply any rate reduction programs with respect to the Trust Student Loans unless (i) such borrower benefit program is required under the Higher Education Act, (ii) the Master Servicer, the Depositor or

the applicable Seller has deposited funds into the Borrower Benefit Account in an amount sufficient to offset any effective yield reductions in accordance with [Section 3.12](#) of the Servicing Agreement and the Rating Agency Condition has been satisfied with respect to such program or (iii) the Administrative Agent has consented to the Trust's participation in that borrower benefit program or other rate reduction program and the Rating Agency Condition has been satisfied with respect to such program.

Section 6.27. Required Ratings. Within 60 days following the Closing Date, with the cooperation of the Lead Arrangers, the Trust shall obtain a rating letter from S&P stating that the Class A Notes have received a long term definitive rating of "AAA" and the Class B Notes have received a long term definitive rating of "A", in each case subject to customary surveillance procedures, and deliver it to the Administrative Agent. The Lead Arrangers are expected to assist the Trust in securing the Required Ratings, which effort may include preparing statistical and other reports required by the Rating Agencies, participating in teleconferences and/or meetings as needed and otherwise providing information to the Rating Agencies to the extent requested as a condition to obtaining the Required Ratings.

Section 6.28. Competing Financing Transactions. During the Syndication Period, SLM Corporation hereby agrees that neither it nor any of its Affiliates will negotiate or solicit offers, bids or engagements, or otherwise seek to obtain commitments, or to assign, participate or transfer any interest in the commitments, advances, notes, collateral or any other right or interest in respect of, the FFELP Loan Facilities or any Competing Financing Transactions, except in cooperation and consultation with the Arrangers. If SLM Corporation or any of its Affiliates enters into, or commits to enter into any financing transaction on or before the end of the Syndication Period, and such financing transaction is a (i) conduit securitization of student loans, (ii) student loan warehouse financing transaction, or (iii) secured financing with a commitment maturity of 364 days or less that is secured by student loans that would otherwise have been Eligible FFELP Loans (any of (i), (ii) or (iii) being a "**Competing Financing Transaction**"), which the Required Managing Agents reasonably determine contains terms or conditions (including pricing) which are materially more favorable than substantially analogous terms set forth herein, then upon reasonable written notice by the Administrative Agent to the Administrator, (x) the Administrative Agent on behalf of the Note Purchasers, may elect to amend this Agreement in accordance with [Section 10.01](#) to the extent required to conform its terms to the substantially analogous terms set forth in the transaction documents related to such Competing Financing Transaction, or (y) to the extent such participation is feasible under the terms of such Competing Financing Transaction, the Note Purchasers shall be permitted to participate in such Competing Financing Transaction. In the event a Lender determines to participate in a Competing Financing Transaction and to terminate its Commitment under this Agreement, such Lender's Facility Group shall be treated as a Withdrawing Facility Group and shall terminate its Commitment hereunder in accordance with [Section 2.21\(c\)](#) to the extent it participates in such Competing Financing Transaction. In addition, if, at any time while the Notes are Outstanding, SLM Corporation or any of its Affiliates enters into, or commits to enter into, any financing transaction (whether or not such financing transaction is a Competing Financing Transaction), which contains financial covenants substantially similar or in addition to those set forth in [Section 7.02\(q\)](#), [7.02\(p\)](#) or [7.02\(q\)](#) herein, the Administrator must, prior to the time SLM Corporation or any of its Affiliates enters into such transaction, certify to the Administrative Agent and the Managing Agents a true and correct copy of all financial covenants

contained in any such financing transaction. If, in the reasonable determination of the Required Managing Agents, such financial covenants are materially more favorable to the lenders under such financing transaction than the corresponding covenants set forth herein, then, at the request of the Administrative Agent, this Agreement shall be amended in accordance with Section 10.01 to conform to the more restrictive (or more expansive, as applicable) financial covenants set forth in the related transaction documents.

Section 6.29. Initial Advances. After or concurrently with the termination and payment of all outstanding amounts under the VG Funding Facility and until the termination and payment in full of the Mustang Funding I Facility and Mustang Funding II Facility, the Trust will, subject to limitations on the ability of the Conduit Lenders to raise CP, request the Lenders to make Purchase Price Advances to acquire Eligible FFELP Loans from, and repay outstanding amounts (and permanently reduce commitments to the extent of such repayment) under, the Mustang Funding I Facility and Mustang Funding II Facility, together with all advances made under the other FFELP Loan Facilities and the Private Credit Loan Facility, in an aggregate minimum amount of not less than \$9,000,000,000 per calendar week (or if less, the amount necessary to reduce the outstanding amounts under the Mustang Funding I Facility and the Mustang Funding II Facility to zero) and will not use any proceeds from any Advance for any other purpose until such facilities are paid in full; provided, that until all non-FFELP Loans owned by the Mustang Funding I Facility and Mustang Funding II Facility are financed under the Private Credit Loan Facility, at least 25% of all such aggregate advances shall relate to the re-financing of such non-FFELP Loans.

ARTICLE VII.

AMORTIZATION EVENTS AND TERMINATION EVENTS

Section 7.01. Amortization Events.

Each of the following events (each, an “*Amortization Event*”) shall be an Amortization Event under this Agreement:

- (a) the Aggregate Note Balance and all other Obligations due under the Transaction Documents are not repaid in full on the Scheduled Maturity Date (as such date may be extended from time to time); or
- (b) any settlement or one or more judgments or orders for the payment of money or adverse rulings shall be rendered against any Seller, the Depositor, the Master Depositor, any Related SPE Seller, the Administrator or the Master Servicer in excess of \$50,000,000 on an individual basis or on an aggregate basis that relates to the student loan origination or servicing practices of such Person and such settlement, judgment or ruling shall remain unsatisfied or unstayed for a period in excess of 30 days; or
- (c) the filing of any judgment or adverse ruling against any Seller, the Depositor, the Master Depositor, the Master Servicer, the Administrator, any Related SPE Seller or SLM Corporation that could reasonably be expected to have, individually or in the aggregate, a

Material Adverse Effect on such Person and such judgment or ruling shall remain unsatisfied or unstayed for a period in excess of 30 days; or

(d) any material adverse development in any federal or state litigation, investigation or proceeding against the Trust, the Depositor, the Administrator, any Seller, the Master Servicer, the Master Depositor, any Related SPE Seller, or SLM Corporation shall occur that could reasonably be expected to have a Material Adverse Effect on such Person or on the Pledged Collateral which continues for 30 days after the earlier to occur of knowledge thereof or written notice thereof shall have been received by the Trust; or

(e) the filing of any actions or proceedings against the Trust, the Depositor, the Administrator, any Seller, the Master Servicer, any Related SPE Seller, the Master Depositor or SLM Corporation that involves the Transaction Documents or any material portion of the Pledged Collateral as to which the Administrative Agent reasonably believes there is likely to result a materially adverse determination which remains unsettled, unsatisfied or unstayed for a period in excess of 30 days; or

(f) (i) the Internal Revenue Service shall file notice of a lien involving a sum in excess of \$50,000,000 pursuant to Section 6323 of the Code with regard to any assets of the Trust and such lien shall not have been released within two Business Days, (ii) any Person shall institute steps to terminate any Benefit Plan if the assets of such Benefit Plan are insufficient to satisfy all of its benefit liabilities in excess of \$50,000,000 (as determined under Title IV of ERISA), or a contribution failure in excess of \$50,000,000 occurs with respect to any Benefit Plan, which is sufficient to give rise to a lien under Section 302(f) or 303(k), as applicable, of ERISA or where the PBGC shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Trust and in each case such lien shall not have been released within two Business Days, or (iii) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving a Benefit Plan; or any Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, a Benefit Plan subject to Title IV of ERISA, which Reportable Event is likely to result in termination of such Benefit Plan; or the Trust or any ERISA Affiliate is likely to incur any liability in connection with the withdrawal from, or the insolvency within the meaning of Section 4245 of ERISA or reorganization within the meaning of Section 4241 of ERISA of, a Multiemployer Plan; provided, that an event described in this subsection (f) shall not be an Amortization Event unless such event could reasonably be expected to have a Material Adverse Effect on the Trust or on SLM Corporation; or

(g) any material provision of this Agreement or any other Transaction Document (other than a Guarantee Agreement that does not apply at such time to any Trust Student Loans) to which the Trust, the Administrator, any Seller, the Depositor, the Master Depositor or the Master Servicer is a party shall cease to be in full force and effect for a period of 30 days subject to any other applicable cure period under this Agreement or any other Transaction Documents; or

(h) any amendment to the Higher Education Act or any other federal law becomes effective that materially adversely affects the interests of the Administrative Agent or the Note Purchasers in the Pledged Collateral; or

(i) the failure to obtain from S&P within 60 days of the Closing Date its explicit and published Required Ratings for the Notes; provided, that this Amortization Event shall terminate and the Revolving Period shall be reinstated if such Required Ratings are subsequently obtained prior to the occurrence of the Termination Date.

Section 7.02. Termination Events.

Each of the following events (each, a “**Termination Event**”) shall be a Termination Event under this Agreement:

(a) (i) the Trust shall fail to pay the Aggregate Note Balance or any other Obligations in full on the last day of the Amortization Period, (ii) the Trust shall fail to make any payment under Sections 2.05(b)(i), through 2.05(b)(v), within five Business Days of the due date thereof, or (iii) the Trust, the Depositor, the Master Servicer, the Master Depositor, any Material Subservicer or the Eligible Lender Trustee shall fail to make any other payment, transfer or deposit (unless waived by the payee or in the case of a failure to make a payment by a Material Subservicer, such failure was cured by the Master Servicer within the permissible grace period) on the date first required of such party under the Transaction Documents and such failure shall remain uncured following the expiration of any applicable payment or grace period provided for in the Transaction Documents (including the Amortization Period, if applicable); provided, however, that failure by the Trust to make a required payment on a Settlement Date under Sections 2.05(b)(vi) through (xx), solely due to insufficient Available Funds on such Settlement Date shall not by itself constitute a Termination Event (other than with respect to all amounts due and owing on the Termination Date or as expressly specified below); or

(b) any material representation, warranty, certification or statement made or deemed to be made by the Trust, the Administrator, the Eligible Lender Trustee, any Seller, the Depositor, the Master Depositor, the Master Servicer or any Material Subservicer (to the extent such entity remains a Subservicer after the 30-day cure period noted below) under or in connection with this Agreement or any other Transaction Document, or other information, report or document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made, deemed made or delivered (except for representations and warranties concerning Eligible FFELP Loans with respect to which the applicable Seller, the Depositor, the Master Depositor or the Servicer has repurchased the related Student Loans) and shall remain unremedied (if such default can be remedied) for the greater of (i) 30 days or (ii) the time period expressly provided for the cure of such representation or warranty in the related Transaction Document, in each case after written notice thereof shall have been received by the Trust; or

(c) the Trust, the Administrator, the Eligible Lender Trustee, any Seller, the Depositor, the Master Depositor, the Master Servicer or any Material Subservicer shall materially default in the performance or observance of any term, covenant or undertaking to be performed or observed herein or in any other Transaction Document on its part and any such

failure shall remain unremedied (if such default can be remedied) for 30 days after the earlier of actual knowledge by an Authorized Officer of the Trust, the Administrator or the Master Servicer and written notice thereof shall have been received by the Trust (or, if the obligation in question arises under another Transaction Document, within the cure period, if any, provided in such Transaction Document); provided, however, such 30-day cure period shall not apply to defaults under Section 6.01, 6.11, 6.12, 6.25 or 6.29; or

(d) a Servicer Default shall have occurred with respect to the Master Servicer or the Servicing Agreement of the Master Servicer shall not be in full force and effect for any reason and the Master Servicer shall not have been replaced within 30 days after notification from the Administrative Agent; or

(e) an Event of Bankruptcy shall have occurred with respect to the Trust, the Eligible Lender Trustee, the Depositor, the Master Depositor, any Seller, the Administrator, the Master Servicer, SLM Corporation or any Material Subservicer (to the extent such entity remains a Subservicer after the 30-day period provided in the definition of an Event of Bankruptcy); or

(f) [reserved]; or

(g) the Trust shall fail to deposit, (i) for two consecutive Settlement Periods, into the Reserve Account, such additional amounts, if any, as are necessary to cause the amount on deposit in the Reserve Account to be at least equal to the Reserve Account Specified Balance, (ii) into the Borrower Benefit Account, any amount required to be deposited therein under the Transaction Documents on or prior to the first Settlement Date for such deposit as described in the Transaction Documents or (iii) into the Floor Income Rebate Account, amounts required to be deposited therein when and as such amounts are required to be deposited pursuant to the Transaction Documents; or

(h) the filing of any judgment or adverse ruling against the Trust that could reasonably be expected to have a Material Adverse Effect on the Trust and such judgment or ruling shall continue unsatisfied or unstayed for a period in excess of 30 days; or

(i) the Administrative Agent, for the benefit of the Secured Creditors, shall, for any reason, cease to have a valid and perfected first priority security interest in the Pledged Collateral, or the Trust shall, for any reason, cease to have a valid and perfected first priority ownership interest in any of the Pledged Collateral, in each case for a period of two Business Days following the date the Administrator acquired such knowledge or its receipt of such notice; or

(j) a Change of Control has occurred with respect to the Trust, the Administrator, any Seller, the Depositor, the Master Depositor or the Master Servicer; or

(k) the Depositor shall fail to maintain its status as a limited purpose bankruptcy remote limited liability company or the Trust shall fail to maintain its status as a single purpose bankruptcy remote Delaware statutory trust; or

(l) the Excess Spread Test is not satisfied; or

(m) the Trust shall be required to register as an “investment company” or a company controlled by an “investment company” under the Investment Company Act; or

(n) any Seller, the Depositor, the Master Depositor, the Master Servicer, any Material Subservicer (to the extent such Material Subservicer has not been removed as a Subservicer prior to the expiration of any related cure period), the Administrator or any Affiliate thereof (other than the Trust) shall default with respect to any outstanding financing arrangement (other than in connection with this Agreement and the Transaction Documents) representing indebtedness in excess of \$50,000,000 and either (i) such indebtedness is incurred with respect to any other financing comprising part of the FFELP Loan Facilities or (ii) the result of such default is to cause the acceleration of such indebtedness; or

(o) the Asset Coverage Ratio shall be less than the Minimum Asset Coverage Requirement and such deficiency shall not have been cured within one Business Day; or

(p) the Consolidated Tangible Net Worth of SLM Corporation shall be less than \$1,380,000,000; or

(q) at the last day of each fiscal quarter of SLM Corporation, either (i) the Interest Coverage Ratio shall be less than 1.15:1.00 or (ii) the Net Adjusted Revenue shall be less than \$400,000,000, in each case for the period of four consecutive fiscal quarters then ended; or

(r) the Trust shall fail to pay to any Exiting Facility Group its Pro Rata Share of the Class A Note Balance and Class B Note Balance within 90 days of the commencement of the Exiting Facility Group Amortization Period with respect to such Exiting Facility Group; or

(s) any Rating Agency shall withdraw or downgrade its rating of the Notes below the Required Ratings; or

(t) any failure by the Trust to pay amounts required to be paid under Section 2.15, 8.01 or 10.08 on or before the 30th day following the date of demand for payment thereof; or

(u) the failure to pay in full all amounts outstanding under the Mustang Funding I Facility and Mustang Funding II Facility and to terminate each such facility on or prior to the 15th Business Day after the date the initial Advance has been made under this Agreement.

Section 7.03. Remedies.

(a) ***Amortization Event.*** After the occurrence of an Amortization Event, the Yield Rate shall be increased to the Amortization Period Rate until the expiration of the Amortization Period and any increase in amounts owed shall be payable as Step-Up Fees subject to the priority of payments set forth in Section 2.05(b). In addition, following the occurrence of an Amortization Event, no further Advances (other than Capitalized Interest Advances) shall be made and all amounts on deposit in the Reserve Account will be transferred to the Collection Account and will become part of Available Funds on the next Settlement Date. During the Amortization Period, the Administrative Agent or any party acting on its behalf shall not have the right to seize or sell the Pledged Collateral. Upon the expiration of the Amortization Period, the Administrative Agent may, by notice to the Trust, declare that the Termination Date has

occurred and may sell the Pledged Collateral to the extent required in order to repay in full all outstanding Advances and all other amounts due and owing under this Agreement and the other Transaction Documents in accordance with the procedures set forth in subsection (b) below.

(b) **Termination Event.** After the occurrence of a Termination Event, the Yield Rate shall be increased as set forth in clause (c) of the definition thereof and any increase in amounts owed shall be payable as Step-Up Fees subject to the priority of payments set forth in Section 2.05(b). In addition, after the occurrence of a Termination Event, the Administrative Agent may, and shall, at the direction of the Required Managing Agents, by notice to the Trust, declare that a Termination Date shall have occurred (except that, in the case of any event described in Section 7.02(e) above, the Termination Date shall be deemed to have occurred automatically). Upon the declaration of the Termination Date or the automatic occurrence thereof, no further Advances will be made and all of the Obligations due and owing to the Affected Party shall become immediately due and payable. Upon any such declaration or automatic occurrence, the Administrative Agent (for the benefit of the Secured Creditors) shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided to a secured party under the UCC of the applicable jurisdiction and other applicable laws, which rights shall be cumulative. The rights and remedies of a secured party which may be exercised by the Administrative Agent pursuant to this Article shall include, without limitation, the right, without notice except as specified below, to solicit and accept bids for and sell the Pledged Collateral or any part thereof in one or more parcels at a public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable, including selling Trust Student Loans on a servicing released basis; provided, that the Administrative Agent may not, without the prior written consent of the Required Managing Agents, sell the entire corpus of the Trust Student Loans unless the net proceeds of such sale will be sufficient to pay in full all interest and principal owing on the Notes. Any sale or transfer by the Administrative Agent of Trust Student Loans shall only be made to an Eligible Lender. The Trust agrees that, to the extent notice of sale shall be required by law, ten Business Days' notice to the Trust and the Administrator of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification and that it shall be commercially reasonable for the Administrative Agent to sell the Pledged Collateral to an Eligible Lender on an "as is" basis, without representation or warranty of any kind. The proceeds of any such sale shall be deposited into the Collection Account and shall be distributed pursuant to Section 2.05(b). The Administrative Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given and may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

Section 7.04. Setoff. Each of the Secured Creditors and the Administrative Agent on behalf of all the Secured Creditors is hereby authorized (in addition to any other rights it may have) at any time after the occurrence of the Termination Date due to the occurrence of a Termination Event or during the continuation of a Potential Termination Event to set off, appropriate and apply (without presentment, demand, protest or other notice which are hereby expressly waived) any deposits and any other indebtedness held or owing by such Secured Creditor or all the Secured Creditors, as applicable, to, or for the account of, the Trust against the

amount of the Outstanding Notes owing by the Trust to such Secured Creditor or to the Administrative Agent on behalf of such Secured Creditor (even if contingent or unmatured).

ARTICLE VIII. INDEMNIFICATION

Section 8.01. Indemnification by the Trust.

(a) Without limiting any other rights which the Affected Parties or any of their respective Affiliates may have hereunder or under applicable law, the Trust hereby agrees to indemnify the Affected Parties and each of their respective members, investors, officers, directors, employees, agents, advisors, attorneys-in-fact and Affiliates (each, an “**Indemnified Party**”) from and against any and all damages, losses, claims, liabilities and related costs and expenses, including reasonable attorneys’ fees and disbursements (except as may be expressly limited by Section 10.08) awarded against or incurred by any of the Indemnified Parties arising out of or as a result of the purchase of any Notes, the funding of Advances, this Agreement, the other Transaction Documents or the Pledged Collateral; excluding, however (i) any indemnified amounts to the extent determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Party seeking indemnification and (ii) any recourse for Defaulted Student Loans or Delinquent Student Loans or losses attributable to changes in the market value of the Trust Student Loans because of changes in market interest rates or in rate of prepayment (the foregoing, being collectively referred to as “**Trust Indemnified Amounts**”).

(b) Any amounts subject to the indemnification provisions of this Section 8.01 shall be paid by the Trust, to the extent not already paid by the Seller, the Depositor or the Servicer under any other Transaction Documents, to the related Indemnified Party on or before the 30th day following the date of demand therefor accompanied by reasonable supporting documentation with respect to such amounts.

Section 8.02. Indemnification by SLM Corporation.

(a) Without limiting any other rights that any such Person may have hereunder or under applicable law (including, without limitation, the right to recover damages for breach of contract), SLM Corporation hereby agrees to indemnify each Indemnified Party, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including attorneys’ fees and disbursements awarded against or incurred by any of them arising out of or relating to (i) the Transaction Documents, the transactions contemplated under the Transaction Documents or the Trust Student Loans, or (ii) use of proceeds hereunder, including indemnified amounts arising out of or relating to any Regulatory Change after the date of this Agreement that results in any Other Tax, all interest and penalties thereon or with respect thereto, and all out-of-pocket costs and expenses, including the reasonable fees and expenses of counsel in defending against the same, which may arise by reason of the purchases hereunder, or any security interest in the Trust Student Loans or any item of the Trust Student Loans; excluding, however, (A) indemnified amounts to the extent determined by a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of such Indemnified Party, (B)

any amounts payable as indemnification by the Trust for which the Indemnified Party has a claim against the Depositor, the Master Depositor, a Seller or the Master Servicer under the indemnification provisions in the Sale Agreement, the Conveyance Agreement, the Tri-Party Transfer Agreement, any Purchase Agreement or the Servicing Agreement, unless such claim has not been paid within the applicable timeframe provided therein, (C) recourse for Defaulted Student Loans or Delinquent Student Loans or losses attributable to changes in the market value of the Trust Student Loans because of changes in market interest rates or in rate of prepayment, or (D) indemnified amounts to the extent that such indemnified amounts exceed in the aggregate the lesser of (1) 5% of the highest Aggregate Note Balance at any time during the immediately preceding 12-month period, and (2) \$133,333,334 (the foregoing being collectively referred to as “*SLM Indemnified Amounts*”).

(b) Any Trust Indemnified Amounts which are also SLM Indemnified Amounts and are not paid by the Trust on or before the 30th day following the date of demand pursuant to Section 8.01, shall be paid by SLM Corporation to the related Indemnified Party within five Business Days following demand therefor accompanied by reasonable supporting documentation with respect to such amounts.

ARTICLE IX.

ADMINISTRATIVE AGENT, SYNDICATION AGENT AND MANAGING AGENTS

Section 9.01. Authorization and Action of Administrative Agent and Syndication Agent.

(a) The Conduit Lenders, the LIBOR Lenders, the Managing Agents and the Alternate Lenders hereby accept the appointment of and authorize the Administrative Agent and the Syndication Agent to take such action as agent on their behalf and to exercise such powers as are delegated to the Administrative Agent and the Syndication Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Each of the Administrative Agent and the Syndication Agent reserves the right, in its sole discretion, to take any actions and exercise any rights or remedies under this Agreement and any related agreements and documents. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Transaction Document, the Administrative Agent and the Syndication Agent shall not have any duties or responsibilities, except those expressly set forth in this Agreement, nor shall the Administrative Agent or the Syndication Agent have or be deemed to have any fiduciary relationship with any Lender or Managing Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Transaction Document or otherwise exist against the Administrative Agent and the Syndication Agent. Without limiting the generality of the foregoing sentence, the use of the terms “Administrative Agent” and “Syndication Agent” in this Agreement with reference to the Administrative Agent and the Syndication Agent, respectively, are not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such terms are used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each of the Administrative Agent and the Syndication Agent may execute any of its duties under this Agreement or any other Transaction Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each of the Administrative Agent and the Syndication Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care. The Administrative Agent agrees to give the Managing Agents notice of each notice and determination and a copy of each certificate and report (if such notice, report, determination, or certificate is not given by the applicable Person to such Managing Agent) given to it by the Trust, the Administrator, any Seller, the Master Depositor, the Depositor, any Servicer, any Co-Valuation Agent or the Eligible Lender Trustee pursuant to the terms of the Transaction Documents within five Business Days of receipt thereof. Except for actions which each of the Administrative Agent and the Syndication Agent is expressly required to take pursuant to this Agreement, neither the Administrative Agent nor the Syndication Agent shall be required to take any action which exposes the Administrative Agent or the Syndication Agent to personal liability or which is contrary to applicable law unless the Administrative Agent or the Syndication Agent shall receive further assurances to its satisfaction from the Managing Agents that it will be indemnified against any and all liability and expense which may be incurred in taking or continuing to take such action.

(c) The Syndication Agent shall provide prompt notice to the Administrator of a successful syndication as described under the Syndication Procedures Letter.

Section 9.02. Authorization and Action of Managing Agents.

(a) Each Lender hereby accepts the appointment of and authorize its related Managing Agent to take such action as agent on its behalf and to exercise such powers as are delegated to such Managing Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Each Managing Agent reserves the right, in its sole discretion, to take any actions and exercise any rights or remedies under this Agreement and any related agreements and documents. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Transaction Document, no Managing Agent shall have any duties or responsibilities, except those expressly set forth in this Agreement, nor shall any Managing Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Transaction Document or otherwise exist against any Managing Agent. Without limiting the generality of the foregoing sentence, the use of the term "Managing Agent" in this Agreement with reference to any Managing Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each Managing Agent may execute any of its duties under this Agreement or any other Transaction Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Managing Agent shall be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care. Each Managing Agent agrees to give to its related Lenders prompt notice of each notice and determination and a copy of each certificate and report (if such

notice, report, determination, or certificate is not given by the applicable Person to such Lender) given to it by the Administrative Agent, the Syndication Agent, the Trust, the Administrator, any Seller, the Depositor, any Servicer, any Co-Valuation Agent or the Eligible Lender Trustee pursuant to the terms of this Agreement. Except for actions which each Managing Agent is expressly required to take pursuant to this Agreement, such Managing Agent shall not be required to take any action which exposes such Managing Agent to personal liability or which is contrary to applicable law unless such Managing Agent shall receive further assurances to its satisfaction from its related Lenders that it will be indemnified against any and all liability and expense which may be incurred in taking or continuing to take such action.

Section 9.03. Agency Termination. The appointment and authority of the Administrative Agent, the Syndication Agent and the Managing Agents hereunder shall terminate upon the payment by the Trust of all Obligations hereunder unless sooner terminated pursuant to Sections 9.07 and 9.08, as applicable.

Section 9.04. Administrative Agent's, Syndication Agent's and Managing Agent's Reliance, Etc. None of the Administrative Agent, the Syndication Agent, any Managing Agent or any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it as Administrative Agent, the Syndication Agent, or Managing Agent, as applicable, under or in connection with this Agreement or any related agreement or document, except for its own gross negligence or willful misconduct. Without limiting the foregoing, each of the Administrative Agent, the Syndication Agent and each Managing Agent:

- (a) may consult with legal counsel (including counsel for the Trust or any Affiliate of the Trust), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;
- (b) makes no warranty or representation to any Lender, any Managing Agent or any Program Support Provider and shall not be responsible to any Lender, any Managing Agent or any Program Support Provider for any statements, warranties or representations made by the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Seller, the Depositor, any Servicer, any Guarantor or any Co-Valuation Agent in connection with this Agreement or any other Transaction Document;
- (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Transaction Document on the part of the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Servicer, any Seller, the Depositor, any Guarantor or any Co-Valuation Agent or to inspect the property (including the books and records) of the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Servicer, any Seller, the Depositor, any Guarantor or any Co-Valuation Agent;
- (d) shall not be responsible to any Lender, any Managing Agent, or any Program Support Provider, as the case may be, for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any Transaction Document or any other instrument or document furnished pursuant hereto; and

(e) shall incur no liability under or in respect of this Agreement by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile or other electronic means) believed by it in good faith to be genuine and signed or sent by the proper party or parties.

Section 9.05. Administrative Agent, Syndication Agent, Managing Agents and Affiliates. The Administrative Agent, the Syndication Agent, the Managing Agents and their Affiliates may generally engage in any kind of business with the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Servicer, any Guarantor, any Seller, the Depositor, any of their respective Affiliates and any Person who may do business with or own securities of the Trust, the Administrator, SLM Corporation, the Eligible Lender Trustee, any Servicer, any Guarantor, any Seller, the Depositor, or any of their respective Affiliates, all as if such entities were not the Administrative Agent, the Syndication Agent or a Managing Agent and without any duty to account therefor to any Lender, any Managing Agent or any Program Support Provider.

Section 9.06. Decision to Purchase Notes and Make Advances. The Lenders acknowledge that each has, independently and without reliance upon the Administrative Agent or any Managing Agent, and based on such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement and to make Advances hereunder. The Lenders also acknowledge that each will, independently and without reliance upon the Administrative Agent, any Managing Agent or any of their Affiliates, and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement or any related agreement, instrument or other document. Furthermore, each of the Lenders and Managing Agents acknowledges and agrees that although it may have received modeling and other structural information (including cash flow analysis) from the Administrative Agent or a Managing Agent, neither the Administrative Agent nor any Managing Agent assumes any responsibility for the accuracy or completeness of such information and such information is not intended to be relied upon as a prediction of performance or for any other reason.

Section 9.07. Successor Administrative Agent or Syndication Agent.

(a) The Administrative Agent or the Syndication Agent may resign at any time by giving five days' written notice thereof to the Syndication Agent or the Administrative Agent, as applicable, each Conduit Lender, each Managing Agent, each LIBOR Lender, each Alternate Lender, the Trust, the Administrator and the Eligible Lender Trustee. Upon any such resignation, the Conduit Lenders, the Managing Agents, the LIBOR Lenders and the Alternate Lenders shall have the right to appoint a successor Administrative Agent or Syndication Agent approved by the Administrator (which approval will not be unreasonably withheld or delayed and will not be required after the occurrence and during the continuation of a Termination Event). If no successor Administrative Agent or Syndication Agent shall have been so appointed and shall have accepted such appointment within sixty days after the retiring Administrative Agent's or Syndication Agent's giving of notice of resignation, then the retiring Administrative Agent or Syndication Agent may, on behalf of the Conduit Lenders, the Managing Agents, the LIBOR Lenders and the Alternate Lenders, appoint a successor Administrative Agent or Syndication Agent. If the successor Administrative Agent or Syndication Agent is not an Affiliate of the resigning Administrative Agent or Syndication Agent, a LIBOR Lender or an

Alternate Lender, such successor Administrative Agent or Syndication Agent shall be subject to the Administrator's prior written approval (which approval will not be unreasonably withheld or delayed). Upon the acceptance of any appointment as Administrative Agent or Syndication Agent hereunder by a successor Administrative Agent or Syndication Agent, such successor Administrative Agent or Syndication Agent shall thereupon succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Administrative Agent or Syndication Agent, and the retiring Administrative Agent or Syndication Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's or Syndication Agent's resignation hereunder as Administrative Agent or Syndication Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Administrative Agent or Syndication Agent under this Agreement.

(b) The "Administrative Agent" and "Syndication Agent" shall include any successors to the Administrative Agent or Syndication Agent as a result of a merger, consolidation, combination, conversion, reorganization or any other transaction (or series of related transactions) in which shares of the Administrative Agent's or the Syndication Agent's capital stock are sold or exchanged for or converted or otherwise changed into other stock or securities, cash and/or any other property, or the sale, lease, assignment, transfer or other conveyance of a majority of the assets of the Administrative Agent or the Syndication Agent in any transaction (or series of related transactions). Notwithstanding anything to the contrary in this Agreement, no consent of the Lenders, the Managing Agents or the Trust shall be required in connection with the succession of the Administrative Agent or the Syndication Agent as a result of any of the foregoing transactions.

Section 9.08. Successor Managing Agents. Any Managing Agent may resign at any time by giving five days' written notice thereof to its related Lenders, the Trust, the Administrator, the Administrative Agent and the Eligible Lender Trustee. Upon any such resignation, the applicable Lenders shall have the right to appoint a successor Managing Agent approved by the Administrator (which approval will not be unreasonably withheld or delayed and will not be required after the occurrence and during the continuation of a Termination Event). If no successor Managing Agent shall have been so appointed and shall have accepted such appointment, within sixty days after the retiring Managing Agent's giving of notice of resignation, then the retiring Managing Agent may, on behalf of its related Lenders, appoint a successor Managing Agent. If the successor Managing Agent is not an Affiliate of the resigning Managing Agent, such successor Managing Agent shall be subject to the Administrator's prior written approval (which approval will not be unreasonably withheld or delayed and will not be required after the occurrence and during the continuation of a Termination Event). Upon the acceptance of any appointment as a Managing Agent hereunder by a successor Managing Agent, such successor Managing Agent shall thereupon succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Managing Agent, and the retiring Managing Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Managing Agent's resignation hereunder as a Managing Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was a Managing Agent under this Agreement.

Section 9.09. Reimbursement. Each Managing Agent, Alternate Lender, LIBOR Lender and Committed Conduit Lender agrees to reimburse and indemnify the Administrative Agent, the Syndication Agent and its officers, directors, employees, representatives, counsel and agents (to the extent the Administrative Agent or the Syndication Agent is not paid or reimbursed by the Trust, the Administrator, SLM Corporation, the Master Servicer, the Sellers or the Depositor), ratably according to the amounts owed to each such Person hereunder, from and against such Lender's ratable share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent or the Syndication Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent or the Syndication Agent under this Agreement or any Transaction Document; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's or the Syndication Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Alternate Lender, LIBOR Lender and Committed Conduit Lender agrees to reimburse the Administrative Agent and the Syndication Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent and the Syndication Agent in connection with the due diligence, negotiation, preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any other Transaction Document and in connection with the initial syndication of the Commitments as described in the Syndication Procedures Letter, in each case to the extent that the Administrative Agent or the Syndication Agent is not reimbursed for such expenses by the Trust, the Administrator, SLM Corporation, the Master Servicer, the Sellers, the Master Depositor or the Depositor.

Section 9.10. Notice of Amortization Events, Termination Events, Potential Amortization Events, Potential Termination Events or Servicer Defaults. Neither the Administrative Agent nor the Syndication Agent shall be deemed to have knowledge or notice of the occurrence of an Amortization Event, a Termination Event, a Potential Amortization Event, a Potential Termination Event or a Servicer Default, unless the Administrative Agent or the Syndication Agent has received written notice from a Note Purchaser, a Managing Agent or the Trust referring to this Agreement, describing such Amortization Event, Termination Event, Potential Amortization Event, Potential Termination Event or Servicer Default and stating that such notice is a "Notice of Termination Event or Potential Termination Event," "Notice of Amortization Event or Potential Amortization Event" or "Notice of Servicer Default," as applicable. The Administrative Agent or the Syndication Agent will notify the Managing Agents of its receipt of any such notice.

ARTICLE X.
MISCELLANEOUS

Section 10.01. Amendments, Etc.

(a) Unless otherwise specified herein, no amendment to or waiver of any provision of this Agreement or the Side Letter nor consent to any departure by the Trust or any other Person therefrom shall in any event be effective unless the same shall be in writing and signed by the Trust, the Eligible Lender Trustee and the Required Managing Agents and the Rating Agency Condition has been satisfied; provided, however, that (u) SLM Education Credit Finance Corporation agrees that it shall notify the Administrative Agent in writing of any proposed amendments or other modifications to the organizational documents of any Seller, any Related SPE Seller, the Master Depositor or the Depositor and will not effect any such amendment or other modification without the prior written consent of the Required Managing Agents, not to be unreasonably withheld; (v) any waiver of the Termination Event set forth in Section 7.02(t) shall also require the consent of the applicable Exiting Facility Group; (w) each of the Trust, the Eligible Lender Trustee, SLM Corporation and SLM Education Credit Finance Corporation agrees that it will execute any amendment to this Agreement or any other Transaction Document (the form and substance of which shall be reasonably acceptable to the Eligible Lender Trustee) requested by the Lead Arrangers to effect changes expressly permitted under the Commitment Fee Letter dated as of January 25, 2008 among certain of the Alternate Lenders and their Affiliates and SLM Corporation; (x) no such amendment, waiver or consent shall, without the consent of the Administrative Agent or the Syndication Agent, require the Administrative Agent or the Syndication Agent, as applicable, to take any action or amend, modify or waive the duties, responsibilities or rights of the Administrative Agent or the Syndication Agent, as applicable, hereunder or under any other Transaction Document; (y) the consent of the applicable Alternate Lender, LIBOR Lender or Committed Conduit Lender, shall be required to increase the amount of its Commitment or extend the Scheduled Maturity Date; and (z) no such amendment, waiver or consent shall, without the consent of each affected Managing Agent (unless such amendment, waiver or consent is (A) necessary to correct a mistake or cure any ambiguity or (B) made solely to satisfy the Rating Agency Condition, in each case as reasonably determined by the Required Managing Agents):

(i) amend Section 7.01, Section 7.02 or Article VIII or the definitions of Adjusted Pool Balance, Amortization Period, Applicable Percentage (including as set forth in the Side Letter), Asset Coverage Ratio, Defaulted Student Loan, Eligible FFELP Loan, Excess Concentration Amount (including as set forth in the Side Letter), Excess Spread, Excess Spread Test, Maximum Advance Amount, Minimum Asset Coverage Ratio, or Required Managing Agents or any other provision hereof specifying the percentage of Managing Agents required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder contained in this Agreement or modify the then existing Excess Concentration Amount;

(ii) amend, modify or waive any provision of this Agreement in any way which would (A) reduce the amount of principal or Financing Costs payable on account of any Note or delay any scheduled date for payment thereof, (B) reduce fees payable by

the Trust to the Administrative Agent, the Managing Agents or the Lenders or delay the dates on which such fees are payable or (C) modify any provisions relating to the Asset Coverage Ratio or any required reserves so as to reduce such reserves;

(iii) agree to the payment of a different rate of interest on the Notes pursuant to this Agreement;

(iv) waive the Termination Events set forth in Section 7.02(e) (with respect to the Trust, the Administrator, the Master Servicer or SLM Corporation), Section 7.02(j), Section 7.02(q), Section 7.02(s) and Section 7.02(u);

(v) amend this Section 10.01 in any way other than expanding the list of amendments, waivers or consents that require the consent of each Managing Agent;

(vi) release all or substantially all of the Pledged Collateral except as expressly permitted by this Agreement;

(vii) amend Section 2.14 in a manner that would alter the pro rata sharing of payments required thereby;

(viii) amend or waive the provisions of Section 6.27; or

(ix) amend, modify or waive any provision of the Side Letter.

(b) Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. To the extent the consent of any of the parties hereto (other than the Trust) is required under any of the Transaction Documents, the determination as to whether to grant or withhold such consent shall be made by such party in its sole discretion without any implied duty toward any other Person, except as otherwise expressly provided herein or therein. The parties acknowledge that, before entering into such an amendment or granting such a waiver or consent, Lenders may be entitled to receive an amount as may be mutually agreed upon between the Trust and the Managing Agents and, in addition, may be required to obtain the approval of some or all of the Program Support Providers. If any Conduit Lender is required pursuant to its program documents to provide notice of an amendment to the Transaction Documents to any Rating Agency rating the CP of such Conduit Lender, such Conduit Lender's related Managing Agent shall provide such Rating Agency with notice of such amendment to the Transaction Documents.

(c) The Administrative Agent covenants and agrees not to consent to any amendment or waiver to the Administration Agent or the Servicing Agreement without receiving the consent of the Required Managing Agents (or, in the case of any amendment to Section 5.01 of the Servicing Agreement in clause (a) of the definition of Servicing Agreement, all of the Managing Agents).

Section 10.02. Notices; Non-Public Information, Etc.

(a) **Notices.** All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including communication by facsimile copy or

other electronic means) and mailed, delivered by nationally recognized overnight courier service, transmitted or delivered by hand, as to each party hereto, at its address set forth on Exhibit M hereto or at such other address as shall be designated by such party in a written notice to the other parties hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the specified facsimile number and an appropriate confirmation is received, (ii) if given by e-mail, when sent to the specified e-mail address and an appropriate confirmation is received, (iii) if given by mail, five days after being deposited in the United States mails, first class postage prepaid (except that notices and communications pursuant to Article II shall not be effective until received), (iv) if given by nationally recognized courier guaranteeing overnight delivery, the Business Day following such day after such communication is delivered to such courier or (v) if given by any other means, when delivered at the address (electronic or otherwise) specified in this Section. Notwithstanding the foregoing, with respect to any Transaction Document, any recipient may designate what it deems to be appropriate confirmation and that notification by e-mail to it shall not be effective without such confirmation.

(b) **MNPI.** The Trust hereby acknowledges that (i) the Administrative Agent and/or the Syndication Agent will make available to the Lenders materials and/or information provided by or on behalf of the Trust hereunder (collectively, “**Trust Materials**”) by posting the Trust Materials on IntraLinks or another similar electronic system (the “**Platform**”) and (ii) certain of the Lenders may be “public-side” Lenders (each, a “**Public Lender**”) which may have personnel who do not wish to receive material non-public information (within the meaning of the United States federal securities laws) with respect to the Trust or its Affiliates, or the respective securities of any of the foregoing (“**MNPI**”), and who may be engaged in investment and other market-related activities with respect to the Trust’s or its Affiliate’s securities or debt. The Trust hereby agrees that (w) all Trust Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Trust Materials “PUBLIC,” the Trust shall be deemed to have authorized the Administrative Agent, the Syndication Agent and the Lenders to treat such Trust Materials as not containing any MNPI with respect to the Trust, its Affiliates or their respective securities for purposes of United States federal and state securities laws (provided, however, that to the extent such Trust Materials constitute confidential information, they shall be treated as set forth in Section 10.12); (y) all Trust Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (z) the Administrative Agent and the Syndication Agent shall be entitled to treat any Trust Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.”

(c) **The Platform.** THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE.” THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE TRUST MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE TRUST MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE TRUST

MATERIALS OR THE PLATFORM. In no event shall any of the Administrative Agent, the Syndication Agent or any of its Related Parties (collectively, the “**Agent Parties**”) have any liability to the Trust, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Trust’s, the Administrative Agent’s or the Syndication Agent’s transmission of Trust Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party.

(d) **Private Side Information.** Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender at all times to have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable law, including United States federal and state securities laws, to make reference to Trust Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain MNPI with respect to the Trust or its securities for purposes of United States federal or state securities laws.

Section 10.03. No Waiver; Remedies; Limitation of Liability. No failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. No claim may be made by any Transaction Party or any other Person against any Lender, Managing Agent, the Administrative Agent, the Syndication Agent or any of their Related Parties for any indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any act, omission or event occurring in connection therewith; and each party hereto hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. No claim may be made by any Lender, Managing Agent, the Administrative Agent, the Syndication Agent or any other Person against any Transaction Party or any of their Related Parties for any indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any act, omission or event occurring in connection therewith; and each party hereto hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 10.04. Successors and Assigns; Binding Effect.

(a) This Agreement shall be binding on the parties hereto and their respective successors and permitted assigns; provided, however, that neither the Trust nor the Administrator may assign or otherwise transfer any of its rights or obligations or delegate any of its duties hereunder or under any of the other Transaction Documents to which it is a party without the prior written consent of the Administrative Agent. Except as provided in clauses (b), (d), (f) and (g) below and except as provided in Article III, no provision of this Agreement shall in any

manner restrict the ability of any Lender to assign, participate, grant security interests in, or otherwise transfer any portion of its Note.

(b) **Committed Lenders.** Any Alternate Lender, LIBOR Lender or Committed Conduit Lender may assign all or any portion of its Commitment and its interest in its Facility Group's Notes, the Pledged Collateral and its other rights and obligations hereunder to any Person with the prior written approval of the Administrator and the Administrative Agent (which approvals shall not be unreasonably withheld or delayed and shall not be required after the occurrence and during the continuation of a Termination Event) and the approval of the Managing Agent of such Lender's Facility Group; provided, however, such consent of the Administrator or the Administrative Agent shall not be required in the case of an assignment to a Lender, an Affiliate of an existing Lender or any Approved Fund or in the case of a Committed Conduit Lender, to a commercial paper conduit managed by an Affiliate of an existing Lender or Managing Agent; provided further, that (x) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and interest in its Facility Group's Notes at the time owing to it or in the case of any assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and (y) in any case not described in clause (x) of this proviso, the aggregate minimum amount of the Commitment or interest in a Facility Group's Notes to be assigned determined as of the date of the assignment and assumption agreement shall not be less than \$10,000,000, unless each of the Administrative Agent and, so long as no Amortization Event or Termination Event has occurred and is continuing, the Administrator otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignment from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

In connection with any such assignment, the assignor shall deliver to the assignee(s) an assignment and assumption agreement, duly executed, assigning to such assignee a pro rata interest in such assignor's Commitment and other obligations hereunder and in its interest in its Facility Group's Notes and the Pledged Collateral and other rights hereunder, and such assignor shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to protect, or more fully evidence the assignee's right, title and interest in and to such interest and to enable the Administrative Agent, on behalf of such assignee, to exercise or enforce any rights hereunder and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party. Upon any such assignment, (i) the assignee shall have all of the rights and obligations of the assignor hereunder and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party with respect to such assignor's Commitment and interest in its Facility Group's Notes and the Pledged Collateral for all purposes of this Agreement and under the other Transaction Documents to which such assignor is or, immediately prior to such assignment, was a party and (ii) except as otherwise contemplated in Section 2.03(c) for assignments during the Syndication Period, the assignor shall have no further obligations with respect to the portion of its Commitment which has been assigned and shall relinquish its rights with respect to the portion of its interest in its Facility Group's Notes and Pledged Collateral which has been assigned for all purposes of this Agreement and under the other Transaction Documents to which such assignor is or, immediately prior to such

assignment, was a party. No such assignment shall be effective until a fully executed copy of the related assignment and assumption agreement has been delivered to the Administrative Agent, the applicable Managing Agent and the Administrator, together with an assignment processing and recordation fee in the amount of \$3,500.00 (which fee includes all costs and expenses of the Administrative Agent, assignor and assignee for which the Trust is responsible in connection with such assignment); provided, however, that the Administrative Agent may, in its sole discretion elect to waive such processing recordation fee in the case of any assignment.

(c) The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. No such assignment shall be made to the Trust or any of the Trust's Affiliates, except as otherwise explicitly permitted by this Agreement.

(d) **Conduit Lenders.** Without limiting the foregoing, each Conduit Lender may, from time to time, with prior or concurrent notice to the Trust, the Administrator, the Managing Agent for such Conduit Lender's Facility Group, and the Administrative Agent, in one transaction or a series of transactions, assign all or a portion of its interest in its Facility Group's Notes and its rights and obligations under this Agreement and any other Transaction Documents to which it is a party to a Conduit Assignee. Upon and to the extent of such assignment by a Conduit Lender to a Conduit Assignee:

(i) such Conduit Assignee shall be the owner of the assigned portion of the related Facility Group's Notes and the right to make Advances;

(ii) unless otherwise provided for in an agreement among the Conduit Assignee, the Administrative Agent and the Trust, the Managing Agent for the Conduit Lender assignor will act as the Managing Agent for such Conduit Assignee, with all corresponding rights and powers, express or implied, granted to the Managing Agent hereunder or under the other Transaction Documents;

(iii) such Conduit Assignee (and any related commercial paper issuer, if such Conduit Assignee does not itself issue commercial paper) and their respective Program Support Providers and other Related Parties shall have the benefit of all the rights and protections provided to the Conduit Lender and its Program Support Provider(s) herein and in the other Transaction Documents (including any limitation on recourse against such Conduit Assignee or Related Parties, any agreement not to file or join in the filing of a petition to commence an insolvency proceeding against such Conduit Assignee, and the right to assign to another Conduit Assignee as provided in this paragraph);

(iv) such Conduit Assignee shall assume all (or the assigned or assumed portion) of the Conduit Lender's obligations, if any, hereunder or any other Transaction Document, and the Conduit Lender shall be released from such obligations, in each case to the extent of such assignment, and the obligations of the Conduit Lender and such Conduit Assignee shall be several and not joint;

(v) all distributions in respect of the Notes shall be made to the applicable agent or Managing Agent, as applicable, on behalf of the Conduit Lender and such Conduit Assignee on a pro rata basis according to their respective interests;

(vi) the defined terms and other terms and provisions of this Agreement and the other Transaction Documents shall be interpreted in accordance with the foregoing; and

(vii) if requested by the Administrative Agent or the Managing Agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such Managing Agent may reasonably request to evidence and give effect to the foregoing.

No assignment by a Conduit Lender to a Conduit Assignee of all or any portion of its interest in its Facility Group's Notes shall in any way diminish its related Alternate Lenders' obligation under this Agreement to fund any Advances not previously funded by the Conduit Lender or such Conduit Assignee.

(e) In the event that a Conduit Lender makes an assignment to a Conduit Assignee in accordance with clause (d) above, the Alternate Lenders in such Conduit Lender's Facility Group:

(i) if requested by the related Managing Agent, shall terminate their participation in the applicable Program Support Agreement related to the assigning Conduit Lender to the extent of such assignment;

(ii) if requested by the related Managing Agent, shall execute (either directly or through a participation agreement, as determined by such Managing Agent) the program support agreement related to such Conduit Assignee, to the extent of such assignment, the terms of which shall be substantially similar to those of the participation or other agreement entered into by such Alternate Lender with respect to the applicable Program Support Agreement (or which shall be otherwise reasonably satisfactory to the related Managing Agent and the Alternate Lenders);

(iii) if requested by the Conduit Assignee, shall enter into such agreements as requested by the Conduit Assignee pursuant to which they shall be obligated to provide funding to the Conduit Assignee on substantially the same terms and conditions as is provided for in this Agreement in respect of the Conduit Lender (or which agreements shall be otherwise reasonably satisfactory to the Conduit Assignee and the Alternate Lenders); and

(iv) shall take such actions as the Administrative Agent shall reasonably request in connection therewith.

(f) Notwithstanding the foregoing, each of the Administrator and the Trust hereby agrees and consents to the assignment by any Conduit Lender from time to time of all or any part of its rights under, interest in and title to the Advances, the Pledged Collateral, this Agreement, and the other Transaction Documents to any Program Support Provider.

(g) If its related Managing Agent so elects, a Conduit Lender shall assign (and each of the Administrator and the Trust consents to such assignment), effective on the Assignment

Date referred to below, all or such portions as may be elected by the Conduit Lender of its interest in its Facility Group's Note, at such time to its related Alternate Lender(s); ~~provided, however,~~ that no such assignment shall take place pursuant to this paragraph at a time when an Event of Bankruptcy with respect to such Conduit Lender exists. No further documentation or action on the part of the Conduit Lender shall be required to exercise the rights set forth in the immediately preceding sentence, other than the giving of notice by its related Managing Agent on behalf of the Conduit Lender referred to above and the delivery by such related Managing Agent of a copy of such notice to each related Alternate Lender (the date of the receipt by the applicable Managing Agent of any such notice being the "**Assignment Date**"). Each related Alternate Lender hereby agrees, unconditionally and irrevocably and under all circumstances, without setoff, counterclaim or defense of any kind, to pay the full amount of its Assignment Amount on such Assignment Date to its related Conduit Lender or Conduit Lenders in immediately available funds to an account designated by the related Managing Agent. Upon payment of its Assignment Amount, each such Alternate Lender shall acquire an interest in such Facility Group's Notes equal to that transferred by the Conduit Lender. In the event that the aggregate of the Assignment Amounts paid by any Facility Group's Alternate Lenders pursuant to this paragraph on any Assignment Date occurring is less than the principal balance of the Notes of the applicable Conduit Lender on such Assignment Date, then to the extent payments are therefore received by the applicable Managing Agent hereunder in respect of such Notes in excess of the aggregate of the unrecovered Assignment Amounts funded by the related Alternate Lenders, such excess shall be remitted by the applicable Managing Agent to the applicable Conduit Lenders.

(h) By executing and delivering an assignment and assumption agreement, the assignor and assignee thereunder confirm to and agree with each other and the other parties hereto as follows:

(i) other than as provided in such assignment and assumption agreement, the assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, the other Transaction Documents or any other instrument or document furnished pursuant hereto or thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Transaction Documents or any such other instrument or document;

(ii) the assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Administrator, SLM Corporation, the Trust or any Affiliate thereof or the performance or observance by the Administrator, SLM Corporation, the Trust or any Affiliate thereof of any of their respective obligations under this Agreement or the other Transaction Documents or any other instrument or document furnished pursuant hereto;

(iii) such assignee confirms that it has received a copy of this Agreement and each other Transaction Document and such other instruments, documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such assignment and assumption agreement and to purchase such interest;

(iv) such assignee will, independently and without reliance upon the Administrative Agent, any Managing Agent, any other Lender, or any of their respective Affiliates, or the assignor and based on such agreements, documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Transaction Documents;

(v) such assignee appoints and authorizes the Administrative Agent and its applicable Managing Agent to take such action as agent on its behalf and to exercise such powers under this Agreement, the other Transaction Documents and any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent or its applicable Managing Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto and to enforce its respective rights and interests in and under this Agreement, the other Transaction Documents and the Pledged Collateral;

(vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Transaction Documents are required to be performed by it as the assignee of the assignor; and

(vii) such assignee agrees that it will not institute against the Conduit Lenders any proceeding of the type referred to in Section 10.15 prior to the date which is one year and one day (or, if longer, any applicable preference period plus one day) after the payment in full of all CP issued by the Conduit Lender (or any related commercial paper issuer, if the Conduit Lender does not itself issue CP).

(i) From and after the effective date specified in each assignment and acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such assignment and acceptance, have the rights and obligations of the assigning Lender under this Agreement, (ii) the assigning Lender shall, to the extent of the interest so assigned, be relieved from its obligations hereunder and (iii) in the case of an assignment of all of a Lender's rights and obligations hereunder, such Lender shall cease to be a party hereto; provided, that such Lender shall continue to be entitled to the benefits of Sections 2.02(c), 2.15, 2.20 and 10.08 and Article VIII, in each case solely with respect to facts and circumstances occurring prior to the effective date of such assignment.

(j) The Administrative Agent shall, acting solely for this purpose as an agent of the Trust, maintain a register (the "**Register**") on which it will record the Lenders' rights hereunder, and each assignment and acceptance and participation. The Register shall include the names and addresses of the Lenders (including all assignees, successors and participants). Failure to make any such recordation, or any error in such recordation, shall not affect the Lenders' obligations in respect of such rights. If a Lender assigns or sells a participation in its rights hereunder, it shall provide the Trust and the Administrative Agent with the information described in this paragraph and permit the Trust to review such information as reasonably needed for the Trust and the Administrative Agent to comply with its obligations under this Agreement or to maintain the Obligations at all times in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations. The entries in the Register shall be conclusive, and the Trust, the Administrative Agent and the Lenders may treat each Person

whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Trust and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(k) Each Lender may at any time pledge or Grant a security interest in all or any portion of its rights under this Agreement (including, without limitation, rights to payment of principal and Yield) to secure its obligations, including without limitation any pledge, grant, or assignment to secure obligations to a Federal Reserve Bank, without notice to or consent of SLM Corporation, the Administrator, the Trust or the Administrative Agent; provided, that no such pledge or Grant of a security interest shall release a Lender from any of its obligations under this Agreement, or substitute any such pledgee or grantee for such Lender as a party to this Agreement.

(l) Each initial Alternate Lender, LIBOR Lender and Committed Conduit Lender hereto agrees that notwithstanding anything to the contrary set forth herein, each such party may, in accordance with the terms of that certain side letter dated the date hereof (the “**Syndication Procedures Letter**”), assign a portion of its Commitment hereunder in accordance with the provisions of the Syndication Procedures Letter.

(m) Any Lender may, at any time after the termination of the Syndication Period and subject to any restrictions set forth therein, without the consent of, or notice to, the Trust or the Administrative Agent, sell participations to any Person (other than a natural person or the Trust or any of the Trust's Affiliates) (each, a “**Participant**”) in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or its interest in its Facility Group's Notes owing to it); provided, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; (iii) the Trust and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement; and (iv) such Lender shall obtain from the Participant, on behalf of the Administrator, a confidentiality agreement consistent with the restrictions set forth in Section 10.12 or a written agreement to comply with the provisions of Section 10.12.

Section 10.05. Survival. The rights and remedies with respect to any breach of a representation and warranty made by or on behalf of the Trust pursuant to Article V and the indemnification and payment provisions of Articles VIII and IX and Sections 2.14, 2.15, 2.20, 10.06, 10.07, 10.08, 10.09, 10.10, 10.12, 10.14, 10.15, 10.16 and 10.17 shall be continuing and shall survive the termination of this Agreement and, with respect to the Administrative Agent's, the Syndication Agent's, each Managing Agent's and the Eligible Lender Trustee's rights under Articles VIII, IX and X, the removal or resignation of the Administrative Agent, the Syndication Agent, such Managing Agent or the Eligible Lender Trustee.

Section 10.06. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF

(OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 10.07. Submission to Jurisdiction; Waiver of Jury Trial; Appointment of Service Agent.

(a) EACH OF THE PARTIES HERETO HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE CITY OF NEW YORK FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING IN THIS SECTION 10.07 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, THE MANAGING AGENTS OR THE NOTE PURCHASERS TO BRING ANY ACTION OR PROCEEDING AGAINST THE TRUST OR THE ADMINISTRATOR OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS.

(b) 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, AMONG ANY OF THEM ARISING OUT OF, CONNECTED WITH, RELATING TO OR INCIDENTAL TO THE RELATIONSHIP BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS.

(c) The Trust and the Administrator each hereby appoint CT Corporation located at 111 Eighth Avenue, New York, New York 10011 as the authorized agent upon whom process may be served in any action arising out of or based upon this Agreement, the other Transaction Documents to which such Person is a party or the transactions contemplated hereby or thereby that may be instituted in the United States District Court for the Southern District of New York and of any New York State court sitting in The City of New York by the Administrative Agent or the Note Purchasers or any successor or assignee of any of them.

Section 10.08. Costs and Expenses. The Trust agrees to pay, on or before the 30th day following the date of demand, all reasonable and customary costs, fees and expenses of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Lead Arrangers, the Managing Agents, the Lenders or the Program Support Providers incurred in connection with the due diligence, negotiation, preparation, execution, delivery, renewal or any amendment or modification of, or any waiver or consent issued in connection with, this Agreement, any Program Support Agreement or any other Transaction Document, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Lead Arrangers, the Managing Agents, the

Lenders or the Program Support Providers with respect thereto and all costs, fees and expenses, if any (including the applicable Rating Agency fees and reasonable auditors' and counsel fees and expenses), incurred by the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Lead Arrangers, the Managing Agents, the Lenders or the Program Support Providers in connection with the enforcement of this Agreement and the other Transaction Documents. Notwithstanding the foregoing, each of the Managing Agents, the Lenders and the Program Support Providers agrees that the Trust shall only be required to pay amounts for legal fees and expenses of not more than two law firms engaged by the Administrative Agent or the Syndication Agent, as applicable, on behalf of the Secured Creditors, unless otherwise agreed to by the Trust in its sole discretion. Each of SLM Education Credit Finance Corporation and the Administrator agrees to pay such required payments on behalf of the Trust on the Closing Date to the extent such expenses are properly invoiced prior to the Closing Date.

Section 10.09. Bankruptcy Non-Petition and Limited Recourse. Notwithstanding any other provision of this Agreement, each party hereto (other than the Trust) covenants and agrees that it shall not, prior to the date which is one year and one day (or, if longer, any applicable preference period plus one day) after payment in full of the Notes, institute against, or join any other Person in instituting against, the Trust, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or any similar proceeding under any federal or state bankruptcy or similar law; provided, that nothing in this provision shall preclude or be deemed to stop any party hereto (a) from taking any action prior to the expiration of the aforementioned one year and one day period in (i) any case or proceeding voluntarily filed or commenced by the Trust or (ii) any involuntary insolvency proceeding filed or commenced against the Trust by any Person other than a party hereto or (b) from commencing against the Trust or the Pledged Collateral any legal action which is not a bankruptcy, reorganization, arrangement, insolvency or a liquidation proceeding. The obligations of the Trust under this Agreement are limited recourse obligations payable solely from the Pledged Collateral and, following realization of the Pledged Collateral and its application in accordance with the terms hereof, any outstanding obligations of the Trust hereunder shall be extinguished and shall not thereafter revive. In addition, no recourse shall be had for any amounts payable or any other obligations arising under this Agreement against any officer, member, director, employee, partner or security holder of the Trust or any of its successors or assigns. The provisions of this Section shall survive the termination of this Agreement.

Section 10.10. Recourse Against Certain Parties. No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers as contained in this Agreement or any other agreement, instrument or document entered into by it pursuant hereto or in connection herewith shall be had against any administrator of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers or any incorporator, Affiliate, stockholder, officer, employee or director of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers or of any such administrator, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the agreements of the Eligible Lender

Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders and the Program Support Providers contained in this Agreement and all of the other agreements, instruments and documents entered into by the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers, as applicable. No personal liability whatsoever shall attach to or be incurred by any administrator of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers or any incorporator, stockholder, Affiliate, officer, employee or director thereof or any such administrator, as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers contained in this Agreement or in any other such instruments, documents or agreements, or which are implied therefrom, and any and all personal liability of every such administrator and each incorporator, stockholder, Affiliate, officer, employee or director of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers or of any such administrator, or any of them, for breaches by the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent, the Managing Agents, the Lenders or the Program Support Providers of any such obligations, covenants or agreements, which liability may arise either at common law or at equity, by statute or constitution, or otherwise, is hereby expressly waived as a condition of and in consideration for the execution of this Agreement. The provisions of this Section shall survive the termination of this Agreement and, with respect to the rights of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent or the Managing Agents, the resignation or removal of the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent or the Managing Agents.

Section 10.11. Execution in Counterparts; Severability. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery by facsimile or electronic mail of an executed signature page of this Agreement or any other Transaction Document shall be effective as delivery of an executed counterpart hereof. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 10.12. Confidentiality.

(a) Each of the Administrative Agent, the Syndication Agent, the Managing Agents and the Lenders agrees to keep confidential and not disclose any non-public information or documents related to the Trust or any Affiliate of the Trust delivered or provided to such Person in connection with this Agreement, any other Transaction Document or the transactions contemplated hereby or thereby and which are clearly identified in writing by the Trust or such Affiliate as being confidential; provided, however, that each of the foregoing may disclose such information:

- (i) to the extent required or deemed necessary and/or advisable by such Person's counsel in any judicial, regulatory, arbitration or governmental proceeding or under any law, regulation, order, subpoena or decree;
- (ii) to its officers, directors, employees, accountants, auditors and outside counsel, in each case, provided they are informed of the confidentiality thereof and agree to maintain such confidentiality;
- (iii) to any Program Support Provider, any potential Program Support Provider, or any assignee or participant or potential assignee or participant of any Program Support Provider, provided they are informed of the confidentiality thereof and agree to maintain such confidentiality;
- (iv) to any assignee, participant or potential assignee or participant of or with any of the foregoing;
- (v) in connection with the enforcement hereof or of any of the other Transaction Documents or any Program Support Agreement;
- (vi) to any Rating Agency rating the Notes, the CP of the Conduit Lenders or rating SLM Corporation; and
- (vii) to such other Persons as may be approved by the Trust.

Notwithstanding the foregoing, the foregoing obligations shall not apply to any such information, documents or portions thereof that (x) were of public knowledge or literature generally available to the public at the time of such disclosure; or (y) have become part of the public domain by publication or otherwise, other than as a result of the failure of such party or any of its respective employees, directors, officers, advisors, accountants, auditors, or legal counsel to preserve the confidentiality thereof.

(b) Each of the Trust and the Administrator hereby agrees that it will not disclose the contents of this Agreement or any other Transaction Document or any other proprietary or confidential information of or with respect to any Note Purchaser, any Managing Agent, the Administrative Agent, the Syndication Agent or any Program Support Provider to any other Person except (i) its auditors and attorneys, employees or financial advisors (other than any commercial bank) and any nationally recognized statistical rating organization, provided such auditors, attorneys, employees, financial advisors or rating agencies are informed of the highly confidential nature of such information or (ii) as otherwise required by applicable law or order of a court of competent jurisdiction.

(c) Notwithstanding any other provision herein to the contrary, each of the parties hereto (and each employee, representative or other agent of each such party) may disclose to any and all persons, without limitation of any kind, any information with respect to the United States federal, state and local "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated by the Transaction Documents and all materials of any kind (including opinions or other tax analyses) that are provided to such party or its representatives relating to such tax treatment and tax structure;

~~provided~~, that no person may disclose the name of or identifying information with respect to any party identified in the Transaction Documents or any pricing terms or other nonpublic business or financial information that is unrelated to the United States federal, state and local tax treatment of the transaction and is not relevant to understanding the United States federal, state and local tax treatment of the transaction, without complying with the provisions of Section 10.12(a); ~~provided further~~, that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the United States federal, state and local tax treatment or tax structure of the transactions contemplated hereby.

Section 10.13. Section Titles. The section titles contained in this Agreement shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties.

Section 10.14. Entire Agreement. This Agreement, including all Exhibits, Schedules and Appendices and other documents attached hereto or incorporated by reference herein, together with the other Transaction Documents constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other negotiations, understandings and representations, oral or written, with respect to the subject matter hereof.

Section 10.15. No Petition. Each of the Trust, the Administrator, the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent and the Managing Agents hereby covenants and agrees with respect to each Conduit Lender that, prior to the date which is one year and one day (or, if longer, any applicable preference period plus one day) after the payment in full of all outstanding indebtedness of such Conduit Lender (or its related commercial paper issuer), it will not institute against or join any other person or entity in instituting against such Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. The foregoing shall not limit the rights of the Trust, the Administrator, the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent or the Managing Agents to file any claim in, or otherwise take any action with respect to, any insolvency proceeding instituted against any Conduit Lender by a Person other than the Trust, the Administrator, the Eligible Lender Trustee, the Administrative Agent, the Syndication Agent or the Managing Agents, as applicable. The provisions of this Section shall survive the termination of this Agreement.

Section 10.16. Excess Funds. Notwithstanding any provisions contained in this Agreement to the contrary, no Conduit Lender shall, nor shall be obligated to, pay any amount pursuant to this Agreement unless (i) such Conduit Lender has received funds which may be used to make such payment and which funds are not required to repay its CP when due and (ii) after giving effect to such payment, either (x) such Conduit Lender could issue CP to refinance all of its outstanding CP (assuming such outstanding CP matured at such time) in accordance with the program documents governing such Conduit Lender's securitization program or (y) all of such Conduit Lender's CP are paid in full. Any amount which a Conduit Lender does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in §101 of the Bankruptcy Code) against or corporate obligation of such Conduit Lender for any

such insufficiency unless and until such Conduit Lender satisfies the provisions of clauses (i) and (ii) above.

Section 10.17. Eligible Lender Trustee.

(a) The parties hereto agree that the Eligible Lender Trustee shall be afforded all of the rights, immunities and privileges afforded to the Eligible Lender Trustee under the Trust Agreement in connection with its execution of this Agreement.

(b) Notwithstanding the foregoing, none of the Secured Parties shall have recourse to the assets of the Eligible Lender Trustee in its individual capacity in respect of the obligations of the Trust. The parties hereto acknowledge and agree that The Bank of New York Trust Company N.A. and any successor eligible lender trustee is entering into this Agreement solely in its capacity as Eligible Lender Trustee, and not in its individual capacity, and in no case shall The Bank of New York Trust Company N.A. (or any person acting as successor eligible lender trustee) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Trust, all such liability, if any, being expressly waived by the parties hereto, any person claiming by, through, or under any such party.

Section 10.18. USA PATRIOT Act Notice. Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Trust that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “*Patriot Act*”), it is required to obtain, verify and record information that identifies the Trust, which information includes the name and address of the Trust and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Trust in accordance with the Patriot Act.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE TRUST:

BLUEMONT FUNDING I

By: THE BANK OF NEW YORK TRUST COMPANY, N.A., not in its individual capacity but solely in its capacity as Eligible Lender Trustee under the Amended and Restated Trust Agreement dated as of the Closing Date by and among the Depositor, the Delaware Trustee and the Eligible Lender Trustee

By: /s/ Michael G. Ruppel
Name: Michael G. Ruppel
Title: Vice President

THE ELIGIBLE LENDER TRUSTEE:

THE BANK OF NEW YORK TRUST COMPANY, N.A., not in its individual capacity but solely in its capacity as Eligible Lender Trustee under the Amended and Restated Trust Agreement dated as of the Closing Date by and among the Depositor, the Delaware Trustee and the Eligible Lender Trustee

By: /s/ Michael G. Ruppel
Name: Michael G. Ruppel
Title: Vice President

THE ADMINISTRATOR:

SALLIE MAE, INC.

By: /s/ Mark W. Daly

Name: Mark W. Daly

Title: Senior Vice President

THE ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By: /s/ Maureen L. Macan

Name: Maureen L. Macan

Title: Managing Director

BANK OF AMERICA, N.A., as securities
intermediary and depository bank with respect to
the Trust Accounts

By: /s/ Maureen L. Macan

Name: Maureen L. Macan

Title: Managing Director

LEAD ARRANGER:

BANC OF AMERICA SECURITIES LLC

By: /s/ Maureen L. Macan

Name: Maureen L. Macan

Title: Managing Director

BANK OF AMERICA FACILITY GROUP:

CONDUIT LENDERS:

RANGER FUNDING COMPANY LLC

By: /s/ Dorris J. Hearn

Name: Dorris J. Hearn

Title: Vice President

YC SUSI TRUST

By: BANK OF AMERICA, NATIONAL ASSOCIATION, as Administrative Trustee

By: /s/ Maureen L. Macan

Name: Maureen L. Macan

Title: Managing Director

MANAGING AGENT:

BANK OF AMERICA, N.A.

By: /s/ Maureen L. Macan

Name: Maureen L. Macan

Title: Managing Director

ALTERNATE LENDER:

BANK OF AMERICA, N.A.

By: /s/ Maureen L. Macan

Name: Maureen L. Macan

Title: Managing Director

LIBOR LENDER:

BANK OF AMERICA, N.A.

By: /s/ Maureen L. Macan

Name: Maureen L. Macan

Title: Managing Director

THE SYNDICATION AGENT:

JPMORGAN CHASE BANK, N.A.

By: /s/ George S. Wilkins

Name: George S. Wilkins

Title: Executive Director

LEAD ARRANGER:

J.P. MORGAN SECURITIES INC.

By: /s/ George S. Wilkins

Name: George S. Wilkins

Title: Executive Director

JPMORGAN FACILITY GROUP:

CONDUIT LENDERS:

CHARIOT FUNDING LLC

By: JPMORGAN CHASE BANK, N.A., its
attorney-in-fact

By: /s/ George S. Wilkins

Name: George S. Wilkins

Title: Executive Director

FALCON ASSET SECURITIZATION COMPANY LLC

By: JPMORGAN CHASE BANK, N.A., its
attorney-in-fact

By: /s/ George S. Wilkins

Name: George S. Wilkins

Title: Executive Director

JS SILOED TRUST

By: JPMORGAN CHASE BANK, N.A., as Administrative
Trustee

By: /s/ George S. Wilkins

Name: George S. Wilkins

Title: Executive Director

PARK AVENUE RECEIVABLES COMPANY, LLC

By: JPMORGAN CHASE BANK, N.A., its
attorney-in-fact

By: /s/ George S. Wilkins

Name: George S. Wilkins

Title: Executive Director

MANAGING AGENT:

JPMORGAN CHASE BANK, N.A.

By: /s/ George S. Wilkins

Name: George S. Wilkins

Title: Executive Director

ALTERNATE LENDER:

JPMORGAN CHASE BANK, N.A.

By: /s/ George S. Wilkins

Name: George S. Wilkins

Title: Executive Director

CO-LEAD ARRANGER:

BARCLAYS BANK PLC

By: /s/ Jeffrey Goldberg
Name: Jeffrey Goldberg
Title: Associate Director

BARCLAYS FACILITY GROUP:

COMMITTED CONDUIT LENDER:

SHEFFIELD RECEIVABLES CORPORATION

By: BARCLAYS BANK PLC, as attorney-in-fact

By: /s/ Janette Lieu
Name: Janette Lieu
Title: Director

MANAGING AGENT:

BARCLAYS BANK PLC

By: /s/ Jeffrey Goldberg
Name: Jeffrey Goldberg
Title: Associate Director

CO-LEAD ARRANGER:

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ David Viney

Name: David Viney

Title: Managing Director

RBS GREENWICH FACILITY GROUP:

CONDUIT LENDER:

THAMES ASSET GLOBAL SECURITIZATION NO. 1, INC.

By: /s/ R. Douglas Donaldson

Name: R. Douglas Donaldson

Title: Treasurer

MANAGING AGENT:

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ David Viney

Name: David Viney

Title: Managing Director

ALTERNATE LENDER:

**THE ROYAL BANK OF SCOTLAND PLC,
NEW YORK BRANCH**

By: GREENWICH CAPITAL MARKETS, INC.,
as agent

By: /s/ Fergus Small

Name: Fergus Small

Title: Senior Vice President

CO-LEAD ARRANGER:

DEUTSCHE BANK SECURITIES INC.

By: /s/ Sumeet Wadhera

Name: Sumeet Wadhera

Title: Director

By: /s/ Peter Kim

Name: Peter Kim

Title: Vice President

DEUTSCHE BANK FACILITY GROUP:

CONDUIT LENDER:

GEMINI SECURITIZATION CORP., LLC

By: /s/ R. Douglas Donaldson
Name: R. Douglas Donaldson
Title: Treasurer

MANAGING AGENT:

DEUTSCHE BANK AG, NEW YORK BRANCH

By: /s/ Sumeet Wadhwa
Name: Sumeet Wadhwa
Title: Director

By: /s/ Peter Kim
Name: Peter Kim
Title: Vice President

ALTERNATE LENDER:

DEUTSCHE BANK AG, NEW YORK BRANCH

By: /s/ Sumeet Wadhwa
Name: Sumeet Wadhwa
Title: Director

By: /s/ Peter Kim
Name: Peter Kim
Title: Vice President

ARRANGER:

CREDIT SUISSE, NEW YORK BRANCH

By: /s/ Josh Borg

Name: Josh Borg

Title: Director

By: /s/ Mark Golombeck

Name: Mark Golombeck

Title: Director

CREDIT SUISSE FACILITY GROUP:

CONDUIT LENDER:

ALPINE SECURITIZATION CORPORATION

By: /s/ Mark Lengel

Name: Mark Lengel

Title: Attorney-In-Fact

By: /s/ Alex Smith

Name: Alex Smith

Title: Attorney-In-Fact

MANAGING AGENT:

CREDIT SUISSE, NEW YORK BRANCH

By: /s/ Josh Borg

Name: Josh Borg

Title: Director

By: /s/ Mark Golombeck

Name: Mark Golombeck

Title: Director

ALTERNATE LENDER:

CREDIT SUISSE, NEW YORK BRANCH

By: /s/ Josh Borg

Name: Josh Borg

Title: Director

By: /s/ Mark Golombeck

Name: Mark Golombeck

Title: Director

Agreed and acknowledged
with respect to Section 3.09, the first sentence of Section 6.28, Section 8.02 and Section 10.01(a):

SLM CORPORATION

By: /s/ J. Lance Franke
Name: J. Lance Franke
Title: Executive Vice President

Agreed and acknowledged
with respect to Section 10.01(a) and the last sentence of Section 10.08:

SLM EDUCATION CREDIT FINANCE CORPORATION

By: /s/ Mark L. Heleen
Name: Mark L. Heleen
Title: Senior Vice President

Schedule of Contracts Substantially Identical to EXHIBIT 10.34 in all Material Respects

The following contracts are substantially identical in all material respects to the contract filed herewith as EXHIBIT 10.34, except as to the identity of the Trust that is the issuer of the variable funding notes that are to be sold pursuant to each such contract, as set forth below:

1. Note Purchase and Security Agreement dated February 29, 2008, where **TOWN CENTER FUNDING I**, a statutory trust duly organized under the laws of the State of Delaware, is the “Trust” thereunder (instead of Bluemont Funding I, which is the Trust under EXHIBIT 10.34); and
2. Note Purchase and Security Agreement dated February 29, 2008, where **TOWN HALL FUNDING I**, a statutory trust duly organized under the laws of the State of Delaware, is the “Trust” thereunder (instead of Bluemont Funding I, which is the Trust under EXHIBIT 10.34).

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Albert L. Lord, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SLM Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Albert L. Lord

Albert L. Lord
Vice Chairman and Chief Executive Officer
(Principal Executive Officer)
May 9, 2008

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John F. Remondi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SLM Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John F. Remondi

 John F. Remondi
 Vice Chairman and Chief Financial Officer
 (Principal Financial and Accounting Officer)
 May 9, 2008

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SLM Corporation (the “Company”) on Form 10-Q for the quarter ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Albert L. Lord, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Albert L. Lord

Albert L. Lord
Vice Chairman and
Chief Executive Officer
(Principal Executive Officer)
May 9, 2008

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SLM Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John F. Remondi, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ John F. Remondi

John F. Remondi

Vice Chairman and

Chief Financial Officer

(Principal Financial and Accounting Officer)

May 9, 2008