

AGENDA ITEM 8.

**PARTIAL SALE OF THE
FEDERAL FAMILY EDUCATION LOAN PROGRAM (IDAPP)
STUDENT LOAN PORTFOLIO**

Submitted for: Action

Summary: At the June 25, 2012 Commission meeting, the Commission was informed about the partial sale of the student loan portfolio. The portfolios being considered for sale are the Rehabilitation loan portfolio, the UBS loan portfolio and two small IDAPP owned loan portfolios.

The Rehabilitation bonds mature on 5/1/14 and the State guarantee expires on that date as well. If ISAC has not sold the portfolio by December of this year, it will have to request that the State include in its 2014 budget an appropriation for the retirement of the bonds. The goal of this program was to assist Illinois borrowers in clearing up their credit; its intent therefore was not to make a profit. We expect that even after the sale of the loans ISAC will be required to pay \$.5 million to \$2 million toward the retirement of the bonds.

The UBS portfolio is reducing in size month-by-month as loans pay off. ISAC currently makes approximately \$200,000 net per year after costs on the portfolio. This amount will decline as the portfolio declines. Selling the portfolio, while it will reduce income, will also free up approximately \$2 million in cash sitting in the Trust for general ISAC use.

The two small IDAPP owned portfolios total approximately \$725,000. Selling the portfolio will reduce servicing expenses and any cash realized will be available for general ISAC use.

A RFP for an auction agent was issued and awarded to Morgan Stanley based on their extensive knowledge of the student loan industry and due to the depth of their team.

Bid packages were sent to 11 bidders on October 29, 2012 with the bids being submitted on November 9, 2012. The bids were analyzed by Morgan Stanley and discussed with ISAC management.

Action Requested: That the Commission approve the following resolution:

RESOLUTION approving the sale of student loans and the defeasance and redemption of certain revenue bonds; in connection therewith authorizing the execution and delivery of a certain Escrow Agreement, one or more Loan Sale Agreements, and such other documents as may be necessary or desirable in connection therewith; providing that the invalidity of any part of this Resolution shall not affect the remainder; repealing all resolutions or portions thereof in conflict herewith; and providing for the effective date of this Resolution.

WHEREAS, pursuant to the provisions of the Education Loan Purchase Program Law of the State, as amended (the "Act"), the Illinois Student Assistance Commission (the "Commission") has established a secondary market for certain educational loans so as to improve student access to loans; and

WHEREAS, pursuant to and in accordance with the provisions of the Act and the Higher Education Student Assistance Act of the State of Illinois, as amended, the Commission is also authorized to acquire and sell student loans; and

WHEREAS, the Commission has previously issued certain bonds pursuant to certain resolutions and indentures described in Addendum I hereto (the "Authorizing Instruments"); and

WHEREAS, the Commission desires to sell the student loans made under the Higher Education Act of 1965, as amended, and securing the bonds which were issued under the Authorizing Instruments and which are currently outstanding (as identified in Addendum II hereto) (the "Bonds"), and to use the proceeds of the sale of such student loans together with other moneys held under the Authorizing Instruments to redeem in full the Bonds issued under the 2009 Indenture (as defined in Addendum I hereto), to defease and redeem in full the Bonds issued under the 2002 Resolution (as defined in Addendum I hereto) pursuant to the Escrow Agreement as described herein, and to pay related costs and expenses; and

WHEREAS, there have been prepared in connection with the foregoing the following documents:

- (1) the form of Escrow Agreement (the "Escrow Agreement") between the Commission and the escrow agent/trustee as set forth in Addendum III-A hereto; and
- (2) the form or forms of one or more FFELP Loan Sale Agreements (collectively, the "Loan Sale Agreement"), among the Commission, the purchaser and purchaser trustee, as set forth in Addendum III-B hereto.

NOW, THEREFORE, Be It and It is Hereby Resolved by the Commission, as follows:

Section 1. Commission Documents. The Escrow Agreement and the Loan Sale Agreement (collectively, the "Commission Documents") are in all respects hereby authorized and approved, and the Chair, the Vice Chair, the Chief Financial Officer and/or the Executive Director are each authorized and directed to execute and deliver the Commission Documents for and on behalf of the Commission, in substantially the forms as presented to the Commission on this date, but with such changes, modifications, additions and deletions therein as shall be reasonably necessary, desirable or appropriate, the execution thereof to constitute conclusive

evidence of the approval of any and all changes, modifications, additions and deletions from the forms thereof as presented to this meeting.

Section 2. Loan Sale. The Commission authorizes the sale of student loans held under the Authorizing Instruments in the principal amount of approximately \$51,500,000 pursuant to the Loan Sale Agreement, at the price or prices, as applicable, set forth therein.

Section 3. Escrow Agreement. In accordance with the terms the Escrow Agreement, the Commission authorizes the purchase of certain securities and other investments necessary for defeasance of the Bonds issued under the 2002 Resolution pursuant to the Escrow Agreement and authorizes the redemption of such Bonds in accordance with the Escrow Agreement, as well as the redemption of the Bonds issued under the 2009 Indenture.

Section 4. Authorization and Ratification of Subsequent Acts. Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Commission hereby authorizes and directs the Chair, the Vice Chair, the Executive Director and/or the Chief Financial Officer of the Commission to perform or cause to be performed such obligations of the Commission and such other actions as they, in consultation with bond counsel and counsel to the Commission, shall consider necessary or desirable in connection with or in furtherance of this Resolution, and the transactions contemplated by the documents and agreements identified in this Resolution, including, without limitation, the execution and delivery of other ancillary agreements, documents, instruments and certifications, whether or not identified herein, including documents relating to the sale and servicing of loans sold pursuant to the agreements referred to herein and the Commission Documents.

Section 5. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provisions shall not affect any of the remaining provisions of this Resolution.

Section 6. Repeal of Conflicting Resolutions; Effective Date. All resolutions and parts of resolutions in conflict herewith be and the same are hereby repealed, and this Resolution shall be in full force and effect forthwith upon its adoption.

Adopted and Approved this 16th day of November 2012.

Chair, Illinois Student Assistance Commission

Attest:

Executive Director, Illinois
Student Assistance Commission

ADDENDUM I

AUTHORIZING INSTRUMENTS

1. 2002 Resolution Authorizing the Issue of Student Loan Revenue Bonds and Other Obligations of the Illinois Student Assistance Commission, adopted July 29, 2002 (as supplemented and amended, the “2002 Resolution”).
2. Indenture of Trust, dated as of May 15, 2009 (as supplemented and amended, the “2009 Indenture”), by and between the Illinois Student Assistance Commission and Wells Fargo Bank, National Association, as Trustee.

ADDENDUM II

BONDS

1. Taxable Subordinate Series 2002 II issued pursuant to the 2002 Resolution.
2. Taxable Senior Series 2005 VIII-1 issued pursuant to the 2002 Resolution.
3. Taxable Senior Series 2005 VIII-2 issued pursuant to the 2002 Resolution.
4. Taxable Senior Series 2005 VIII-3 issued pursuant to the 2002 Resolution.
5. Taxable Subordinate Series 2005 IX-1 issued pursuant to the 2002 Resolution.
6. Taxable Senior Series 2005 VIII-5 issued pursuant to the 2002 Resolution.
7. Taxable Senior Series 2005 VIII-6 issued pursuant to the 2002 Resolution.
8. Student Loan Revenue Bonds, Series 2009 (State Guaranteed) issued pursuant to the 2009 Indenture.

**ESCROW AGREEMENT
(2002 RESOLUTION)**

THIS ESCROW AGREEMENT (2002 Resolution), dated as of December 3, 2012 (this "Agreement"), is made by and between the **ILLINOIS STUDENT ASSISTANCE COMMISSION** (the "Issuer") and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as successor trustee pursuant to the 2002 Resolution (as defined below) and as escrow agent (the "Trustee" or "Escrow Agent").

W I T N E S S E T H :

WHEREAS, the Issuer has previously issued various series of bonds described in Exhibit A hereto (the "Bonds") pursuant to a Resolution authorizing the issue of Student Loan Revenue Bonds and other obligations of the Issuer adopted by the Issuer on July 29, 2002 (the "General Resolution" and, as supplemented and amended, the "2002 Resolution"); and

WHEREAS, the Trustee acts as trustee and paying agent for the Bonds; and

WHEREAS, the Issuer has determined to provide for the defeasance of the Bonds as set forth herein; and

WHEREAS, to accomplish the same, on December 3, 2012 (the "Defeasance Date"), moneys of the Issuer will be deposited in a special trust fund herein created and held by the Escrow Agent in escrow, and amounts in such fund will be used for payment of the Bonds in the manner hereinafter set forth including redemption of all of the Bonds on December 13, 2012 (the "Redemption Date"); and

WHEREAS, the Trustee shall on the Defeasance Date provide notice of the redemption of the Bonds in the manner required by the 2002 Resolution in order to effect the redemption of the Bonds on Redemption Date;

NOW, THEREFORE, IT IS AGREED that in consideration of the mutual covenants herein contained, the receipt of which is hereby acknowledged, and in order to secure the payment of the interest on and redemption price of the Bonds according to the provisions of this Agreement, the parties hereto mutually undertake, promise and agree for themselves and their respective representatives, successors and assigns, as follows:

Section 1. (a) The Issuer hereby establishes with the Escrow Agent a special fund and trust account designated as the "2002 Escrow Fund" (the "Escrow Fund") to be funded on the Defeasance Date as provided in (b) below in order to defease the Bonds on the Defeasance Date as provided herein.

(b) On the Defeasance date, the Issuer shall deposit \$[_____] with the Escrow Agent for deposit to the Escrow Fund, and the Trustee shall deposit \$[_____] into the Escrow Fund

from amounts on deposit under the 2002 Resolution. Accordingly, the total amount deposited in the Escrow Fund on the Defeasance Date shall be \$[_____]. The Issuer hereby represents that the remaining principal of the Bonds yet to be paid is \$19,450,000.00 and the aggregate accrued interest on the Bonds from the most recent interest payment date with respect to each series of Bonds to the Redemption Date is \$[_____] (which represents a total of \$[_____] to be paid as the redemption price on the Redemption Date). The Trustee concurs in such calculation. Upon deposit of such amounts all assets and other amounts on deposit or held under the 2002 Resolution shall no longer be security for the Bonds and the Trustee shall release all other amounts and assets held under the 2002 Resolution and execute a discharge or defeasance certificate in form and substance satisfactory to the Issuer and the Trustee. Moneys in the Escrow Fund shall be held uninvested as cash by the Escrow Agent.

(c) The amounts on deposit in the Escrow Fund shall be used by the Escrow Agent, without further direction or authorization, solely to pay interest on the Bonds when due and to redeem all of the Bonds on the Redemption Date at a price of par plus accrued interest to the Redemption Date.

Section 2. The Escrow Agent shall hold all of the deposits made pursuant to Section 1 of this Agreement in the Escrow Fund in trust for the sole and exclusive benefit of the Owners of the Bonds, together with the Government Obligations herein authorized and directed to be purchased, at all times in the Escrow Fund, wholly segregated from other funds and securities on deposit with it, shall never commingle such deposit or securities with other funds or securities of the Escrow Agent, shall never at any time use, loan or borrow the same in any way unless said funds are fully secured in the manner required by law for other trust funds. The Escrow Fund shall at all times be maintained on the books of the Escrow Agent together with the Government Obligations so purchased.

Section 3. (a) The Trustee and Escrow Agent shall have no lien whatsoever upon any of the escrowed cash and Government Obligations in the Escrow Fund for the payment of their fees and expenses.

(b) The maturing principal of and interest on the Government Obligations, together with other moneys in the Escrow Fund, shall be held and applied by the Escrow Agent, in its capacity as Trustee, as provided in Section 1(c) hereof.

(c) By its execution hereof, the Issuer and Trustee acknowledge that payment of \$[_____] on the Defeasance Date by the Issuer to the Trustee at all times shall be the only payment of fees due to the Trustee, as Escrow Agent and Trustee under this Agreement and the 2002 Resolution with respect to the Bonds after the date hereof; provided, however, that such payment shall not come from the Escrow Fund.

(d) All amounts remaining in the Escrow Fund after payment and redemption of the Bonds shall be paid to the Issuer.

Section 4. The Escrow Agent shall make no further investment or reinvestment of the Escrow Fund except as specifically provided herein.

Section 5. Neither the Trustee, the Escrow Agent nor the Issuer shall be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof. The Issuer shall not be liable for any acts or failure to act of the Trustee or the Escrow Agent.

Section 6. In the event of the Trustee's or Escrow Agent's failure to account for any funds or Government Obligations, said funds and Government Obligations shall be and remain the property of the Issuer, subject to this Agreement and if for any reason said funds or Government Obligations cannot be identified, all other assets of the Trustee and Escrow Agent shall be impressed with a trust for the amount thereof and the Issuer shall be entitled to the preferred claim upon such assets enjoyed by a trust beneficiary. The funds received by the Trustee and Escrow Agent shall not be considered as a banking deposit by the Issuer, and the Trustee and Escrow Agent shall have no right or title with respect thereto. The funds so received by the Trustee or Escrow Agent shall not be subject to checks drawn by the Issuer.

Section 7. The Issuer irrevocably instructs the Trustee to call for redemption in accordance with the 2002 Resolution the Bonds on the Redemption Date, and the Trustee hereby agrees to provide such notice at such time and in such manner as required by the 2002 Resolution in order to redeem the Bonds on the Redemption Date. The Trustee waives any requirement of advance notice from the Issuer of redemption with respect to Bonds other than the direction given in this Agreement. In addition, the Issuer hereby directs the Escrow Agent, and the Escrow Agent hereby agrees, to give notice to the Electronic Municipal Market Access Facility for municipal securities disclosure of the Municipal Securities Rulemaking Board of the defeasance and redemption of the Bonds for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 8. Within 10 business days following the Redemption Date for the Bonds, the Escrow Agent shall submit to the Issuer a report covering all money it shall have received and all payments it shall have made or caused to be made hereunder as of such date. The Issuer shall have the right, at any time, to examine all the Escrow Agent's records regarding the status of the Escrow Fund, and the details of all income, investments, payments and withdrawals therefrom with respect to the Escrow Fund. Any balance remaining in the Escrow Fund after retirement of all the Bonds shall be paid to the Issuer.

Section 9. The Trustee and Escrow Agent agree to perform the remaining duties specified in the 2002 Resolution and this Escrow Agreement until the Bonds have been retired on the Redemption Date. In the event of the dissolution of the Escrow Agent and Trustee or affairs being placed under the direct control of regulatory authorities, the Issuer may direct that the duties of the Escrow Agent and Trustee hereunder, and the Escrow Fund, be transferred and assigned to another banking institution.

Section 10. The Trustee and Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law or for anything which it may do or refrain from doing, except for their negligence or its default or misconduct in the performance of any obligation imposed upon them hereunder.

Section 11. This Agreement shall be binding upon and shall inure to the benefit of the Issuer and the Trustee and Escrow Agent and their respective successors and assigns; provided, however, that the Trustee and Escrow Agent shall not assign this Agreement without the written consent of the Issuer, which consent shall not be unreasonably withheld.

Section 12. This Agreement may be modified, altered or amended with the consent of the Issuer and the Escrow Agent and Trustee to cure any ambiguity herein, or to make minor corrections not inconsistent with the terms of the 2002 Resolution, or for further assuring the security and rights hereunder of the Owners of the Bonds or to make any other modification acceptable to the parties hereto; provided, however, that this Agreement shall not be modified, altered or amended by the parties hereto, except as provided herein (which shall include modifications of the exhibits attached hereto), in any manner that would materially adversely affect the Owners of the Bonds without the prior written consent of the Owners of the majority of the outstanding Bonds.

Section 13. Until otherwise directed in writing by any person named below, all notices, reports or other communications to the parties hereto shall be mailed, delivered or sent by facsimile transmission, confirmed by telephone (except as otherwise specified herein) to the persons at the addresses specified below:

(a) As to the Issuer:

Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, IL 60015-5279
Attention: Brian Begrowicz, Deputy Chief Financial Officer
Telephone: 847-831-8574
Facsimile: 847-831-8521

(b) As to the Trustee and Escrow Agent:

The Bank of New York Mellon Trust Company, N.A.
919 Congress Avenue, Suite 500
Austin, Texas 78701
Attention: Cherry McCarrell
Telephone: 512-236-6502
E-mail: cherry.mccarrell@bnymellon.com

Section 14. The Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such amendments hereto and such further acts, instruments and transfers as the Escrow Agent reasonably may require to better assure and confirm unto the Escrow Agent all rights and interest granted herein or to clarify, correct or remove any ambiguity with respect to the provisions of this Agreement.

Section 15. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PRINCIPLES.

Section 16. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Trustee or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 17. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 18. Time shall be of the essence in the performance of obligations from time to time imposed upon the Trustee by this Agreement.

Section 19. Terms not otherwise defined herein shall have the meaning set forth in the 2002 Resolution.

Section 20. The effective date of this Agreement shall be December 3, 2012.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be signed in its name by its Executive Director, and the Trustee has caused this Agreement to be signed in its corporate name by its authorized officer, all as of the day and year first above written.

ILLINOIS STUDENT ASSISTANCE
COMMISSION

By _____
Eric Zarnikow, Executive Director

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow Agent
and Trustee

By _____
Name _____
Title _____

EXHIBIT A

Bonds	Principal Amount
Senior Series 2005 VIII-1	\$10,500,000.00
Senior Series 2005 VIII-2	2,300,000.00
Senior Series 2005 VIII-3	1,400,000.00
Senior Series 2005 VIII-5	2,400,000.00
Senior Series 2005 VIII-6	750,000.00
Subordinate Series 2002 II	100,000.00
Subordinate Series 2005 IX-1	2,000,000.00

LOAN SALE AGREEMENT

among

ILLINOIS STUDENT ASSISTANCE COMMISSION,
as Seller

[PURCHASER]
as Purchaser

and

[IF APPLICABLE: PURCHASER ELIGIBLE LENDER TRUSTEE],
as Purchaser Trustee

Dated as of November [__], 2012

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LOAN SALE AGREEMENT

This Loan Sale Agreement (this “Loan Sale Agreement”) is made and entered into as of November [____], 2012, by and among ILLINOIS STUDENT ASSISTANCE COMMISSION, an entity established under the laws of the State of Illinois (the “Seller”) and [PURCHASER], a [_____] organized under the laws of [_____] (the “Purchaser”) [if necessary: acting by and through [PURCHASER TRUSTEE], not individually but solely as eligible lender trustee for the Purchaser (the “Purchaser Trustee”)].

WITNESSETH :

WHEREAS, the Purchaser [by and through the Purchaser Trustee] desires to acquire from the Seller certain FFELP Loans (as defined below), title to which will be held by the [Purchaser] [Purchaser Trustee pursuant to the Purchaser Eligible Lender Trust Agreement], and the Seller desires to sell certain FFELP Loans to the Purchaser, all in accordance with the terms and conditions of this Loan Sale Agreement; and

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Loan Sale Agreement hereby agree as follows:

Section 1. Definitions.

“*Bill of Sale*” has the meaning set forth in Section 5(b) hereof.

“*Blanket Endorsement*” has the meaning set forth in Section 5(b) hereof.

“*Borrower*” means the student or parent obligor under a FFELP Loan.

“*Business Day*” means any day other than a Saturday, Sunday, legal holiday in the State or day on which the Seller is authorized by law to be closed.

“*Consolidation Loan*” means a FFELP Loan made pursuant to Section 428C of the Higher Education Act.

“*Consolidation Loan Rebate Amount*” means the payment due to the Secretary of Education pursuant to Section 428C(f) of the Higher Education Act with respect to any of the FFELP Loans that are Consolidation Loans.

“*Defect*” has the meaning set forth in Section 7 hereof.

“*Disapproved Loan*” has the meaning set forth in Section 6 hereof.

“*Eligible Loan*” means a loan made under the Higher Education Act which (a) has been made to a borrower for post-secondary education; (b) is Guaranteed; (c) qualifies the holder thereof to receive Interest Subsidy Payments and Special Allowance Payments to the extent applicable for the particular type of loan made under the Higher Education Act; (d) complies

with each representation and warranty contained in Section 3(a) hereof as of the Loan Purchase Date; and (e) complies in all respects with the requirements of the Federal Family Education Loan Program under the Higher Education Act.

“*Federal Contracts*” means all agreements between a Guarantee Agency and the Secretary of Education providing for the payment by the Secretary of Education of amounts authorized to be paid pursuant to the Higher Education Act, including, but not limited to, reimbursement of amounts paid or payable upon defaulted Eligible Loans and other student loans insured or guaranteed by any Guarantee Agency and Interest Subsidy Payments and Special Allowance Payments, if applicable, to holders of qualifying student loans guaranteed by any Guarantee Agency.

“*Federal Family Education Loan Program*” means the student loan program established under Part B of the Higher Education Act.

“*FFELP Loans*” means those specific student or parent loans made under the terms of the Higher Education Act acquired by the Purchaser, [acting by and through the Purchaser Trustee], from the Seller pursuant to this Loan Sale Agreement, inclusive of the promissory notes evidencing such loans and the related documentation in connection with each such student loan.

“*Guarantee*” or “*Guaranteed*” means the guarantee by the Guarantee Agency, in accordance with the terms and conditions of the Guarantee Agreement, of the principal of and accrued interest on the FFELP Loan to the maximum extent permitted under the Higher Education Act on FFELP Loans which have been originated, held and serviced in full compliance with the Higher Education Act, and the coverage of the FFELP Loan by the Federal Contracts providing, among other things, for reimbursement to the Guarantee Agency for losses incurred by it on defaulted Eligible Loans guaranteed by it to the extent of the maximum reimbursement allowed by the Federal Contracts.

“*Guarantee Agency*” means a state agency or a private nonprofit institution or organization which administers a Guarantee Program within a state or any successors and assignees thereof administering the Guarantee Program which has entered into a Guarantee Agreement with the Purchaser [or the Purchaser Trustee on behalf of the Purchaser] or the Seller.

“*Guarantee Agreement*” means an agreement between a Guarantee Agency and either the Purchaser [or the Purchaser Trustee on behalf of the Purchaser] or the Seller, providing for the Guarantee by such Guarantee Agency of the principal of and accrued interest on Eligible Loans to Borrowers.

“*Guaranteed Loans*” means FFELP Loans that are Guaranteed.

“*Guarantee Program*” means a Guarantee Agency’s student loan guaranty program pursuant to which such Guarantee Agency guarantees or insures student loans.

“*Higher Education Act*” means Title IV, Parts B, F and G, of the Higher Education Act of 1965, as amended or supplemented and in effect from time to time, or any successor enactment thereto, and all regulations promulgated thereunder and any directives issued by the Secretary of Education.

“*Interest Subsidy Payments*” means interest subsidy payments received from the Secretary of Education pursuant to Section 428 of the Higher Education Act.

“*Loan Purchase Date*” means each date on which the Purchaser [acting by and through the Purchaser Trustee], acquires Eligible Loans from the Seller as described in Section 2 hereof and the Loan Transfer Addendum.

“*Loan Sale Agreement*” means this Loan Sale Agreement, including all exhibits and schedules attached hereto, and any addenda, supplements or amendments hereto.

“*Loan Transfer Addendum*” means the Loan Transfer Addendum, substantially in the form set forth in Exhibit A attached hereto, executed and delivered by the Seller, the Purchaser [and the Purchaser Trustee].

“*Loan Transfer Schedule*” means a written schedule in the form attached to the Loan Transfer Addendum.

“*Note*” means the promissory note of the Borrower and any amendment thereto evidencing the Borrower’s obligation under a FFELP Loan.

“*Person*” means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

“*Purchase Price*” with respect to FFELP Loans purchased hereunder, has the meaning set forth in Section 2 hereof.

“*Purchaser*” has the meaning set forth in the recitals to this Loan Sale Agreement.

[“*Purchaser Eligible Lender Trust Agreement*” means the Eligible Lender Trust Agreement, dated as of _____, between the Purchaser Trustee and the Purchaser.]

[“*Purchaser Trustee*” has the meaning set forth in the recitals to this Loan Sale Agreement.]

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

“*Servicer*” or “*servicer*” shall mean the servicer of any of the FFELP Loans.

“*Seller*” has the meaning set forth in the recitals to this Loan Sale Agreement.

“*Seller’s Closing Certificate*” has the meaning set forth in Section 5(b) hereof.

“*Special Allowance Payments*” means special allowance payments authorized to be made by the Secretary of Education pursuant to Section 438 of the Higher Education Act or similar allowances authorized from time to time by federal law or regulation.

“*State*” means the State of Illinois.

Section 2. Sale of FFELP Loans.

Subject to the terms and conditions of this Loan Sale Agreement and in reliance upon the representations, warranties and agreements set forth herein, the Seller hereby agrees to sell to the Purchaser [acting by and through the Purchaser Trustee], and the Purchaser, [acting by and through the Purchaser Trustee under the Purchaser Eligible Lender Trust Agreement,] hereby agrees to purchase from the Seller, a portfolio of FFELP Loans which are Eligible Loans in the aggregate unpaid principal amount of \$[_____] on December 3, 2012 (the “Loan Purchase Date”), unless otherwise extended by mutual agreement of the Seller and the Purchaser, all as set forth in the Loan Transfer Addendum. The portfolio of FFELP Loans will be sold at a price equal to (i) the principal amount of the FFELP Loans plus interest to be capitalized, (ii) [plus a premium equal to __% of the principal amount thereof plus interest to be capitalized (hereafter the “Purchase Premium”)] [minus a discount equal to __% of the principal amount thereof plus interest to be capitalized (hereafter the “Purchase Discount”)], plus (iii) 100% of the accrued and unpaid interest thereon (other than interest to be capitalized) as of the Loan Purchase Date, minus (iv) 100% of the accrued and unpaid Consolidation Loan Rebate Amount from the beginning of the calendar month in which the Loan Purchase Date occurs to and including the Loan Purchase Date, if any (the “Purchase Price”). Special Allowance Payments under the Higher Education Act with respect to the FFELP Loans shall be billed by the Seller for amounts accrued through the Loan Purchase Date and by the Purchaser for amounts accrued after the Loan Purchase Date.

(a) The parties hereto intend that the transfer of the FFELP Loans hereunder will constitute an absolute sale, assignment and transfer of ownership of all of the Seller’s right, title and interest in and to the FFELP Loans, and not a loan. If any such sale and assignment is deemed to be a loan, (i) the parties hereto intend that the rights and obligations of the parties hereto to such loan shall be established pursuant to the terms of this Loan Sale Agreement and (ii) such conveyance shall constitute the grant of a security interest and the Seller hereby grants to the Purchaser [and the Purchaser Trustee, each as their interests may appear], a security interest in such FFELP Loans and that this Loan Sale Agreement shall constitute a security agreement under applicable law.

(b) Delivery and payment for the FFELP Loans shall take place at a location to be mutually agreed upon by the Seller and Purchaser not later than the Loan Purchase Date.

Section 3. Representations, Warranties, and Covenants of the Seller.

(a) As an inducement to cause the Purchaser [acting by and through the Purchaser Trustee] to purchase the FFELP Loans hereunder from the Seller on the Loan

Purchase Date, the Seller makes the following representations and warranties as of the Loan Purchase Date to the Purchaser [and the Purchaser Trustee] with respect to each FFELP Loans transferred hereunder on the Loan Purchase Date:

(i) Any information furnished by the Seller to the Purchaser, or the Purchaser's agents with respect to the FFELP Loans, including the Loan Transfer Schedule attached to the Loan Transfer Addendum, is true, complete and correct in all material respects. Any payments on the FFELP Loans received by the Seller or its agent which have been allocated to reduction of principal and interest on such FFELP Loans have been allocated in accordance with the requirements of the Higher Education Act.

(ii) The amount of the unpaid principal balance of each FFELP Loan shown on the Loan Transfer Schedule is correct, and the FFELP Loan is not subject to any counterclaim, offset, defense or right to rescission which can be asserted and maintained or which, with notice, lapse of time or the occurrence or failure to occur of any act or event could be asserted and maintained, by the Borrower against the Seller or the Purchaser as assignee thereof. The FFELP Loan does not carry a rate of interest less than, or in excess of, the maximum applicable rate of interest permitted by the Higher Education Act; provided, however, that the Purchaser shall maintain interest or principal reductions and other borrower benefits which are part of a "borrower benefits" program of the Seller, the terms of which are set forth in Exhibit E hereto.

(iii) Immediately prior to the transfer of the FFELP Loan to the Purchaser [and the Purchaser Trustee], the Seller is the sole owner and holder of the FFELP Loan and has good and marketable title to the FFELP Loan, free and clear of all security interests of any description, liens, charges, claims, offsets, defenses, counterclaims or encumbrances of any nature.

(iv) Each FFELP Loan has been duly executed and delivered, is in full force and effect in accordance with its terms, and constitutes the legal, valid and binding obligation of the maker (and the endorser, if any) thereof, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally, by equitable limitations on the availability of specific remedies, and by principles of equity.

(v) Each FFELP Loan is an Eligible Loan, has been properly originated and all servicing set-up and originating lender fees and costs associated with each FFELP Loan as required by the Higher Education Act have been paid by the Seller.

(vi) The Seller has been assigned an "Eligible Lender" number from the Secretary of Education under the Higher Education Act, and the Seller has entered into all agreements required to be entered into for participation under the Higher Education Act.

(vii) To the knowledge of the Seller, each servicer has exercised and shall continue to exercise, until the Loan Purchase Date, due diligence and reasonable care in making, administering, servicing and collecting the FFELP Loan, and all disclosures of information required to be made in connection therewith pursuant to the Higher Education Act have been made.

(viii) Each FFELP Loan has been duly made and to the knowledge of the Seller serviced in accordance with the provisions of the Higher Education Act and all other applicable federal and state laws in all material respects. The Seller hereby acknowledges that all post purchase servicing processes related to the FFELP Loans sold to the Purchaser pursuant to the terms of this Loan Sale Agreement will be under the sole control of the Purchaser.

(ix) Each FFELP Loan is Guaranteed; each Guarantee is in full force and effect, is freely transferable as an incident to the transfer of the related FFELP Loan and is valid and binding upon the parties thereto; all amounts due and payable to the Secretary of Education or a Guarantee Agency, as the case may be, have been paid in full by the Seller.

(x) Each FFELP Loan was made in compliance with all applicable local, state and federal laws, rules and regulations, including, without limitation, all applicable nondiscrimination, truth-in-lending, consumer credit and usury laws.

(xi) Each FFELP Loan is evidenced by an executed Note (which may be in master or electronic form), which Note is a valid and binding obligation of the Borrower, enforceable by or on behalf of the holder thereof in accordance with its terms, subject to bankruptcy, insolvency and other laws relating to or affecting creditors' rights.

(xii) Each FFELP Loan is accruing interest (whether or not such interest is being paid currently, either by the Borrower or the Secretary of Education, or is being capitalized).

(xiii) The FFELP Loans and the other rights and interests transferred to the Purchaser [and the Purchaser Trustee] pursuant to Section 2 hereof and the Loan Transfer Addendum have been conveyed by the Seller to the Purchaser [and the Purchaser Trustee] free and clear of all security interests of any description, liens, charges, claims, offsets, defenses, counterclaims, encumbrances or rights of others of any nature. The Seller has not authorized the filing of and is not aware of any financing statements with the Seller as debtor that include a description of collateral which includes the FFELP Loans other than any financing statement relating to transfer of the FFELP Loans pursuant to this Loan Sale Agreement or other than financing statements with respect thereto which have been terminated. The Seller is not aware of any judgment or tax lien filings against the Seller.

(xiv) The Seller has in its possession a copy of the endorsement and Loan Transfer Schedule (attached as Annex A to the Loan Transfer Addendum attached hereto as Exhibit A) identifying the Note that constitutes or evidences the FFELP Loan.

(b) As an inducement to cause the Purchaser [acting by and through the Purchaser Trustee] to purchase the FFELP Loans hereunder from the Seller on the Loan Purchase Date, the Seller will make the following representations and warranties to the Purchaser and the Purchaser Trustee on the Loan Purchase Date:

(i) The Seller is an agency of the State duly organized and validly existing under the laws and constitution of the State and has the power and authority to own its assets and carry on its business as now being conducted.

(ii) The Seller has, and its officers acting on its behalf have, full legal power and authority to execute and deliver, and to perform in accordance with, this Loan Sale Agreement.

(iii) The execution, delivery and performance of this Loan Sale Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) by the Seller and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary action.

(iv) This Loan Sale Agreement constitutes a valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto, none of which will affect ownership of the FFELP Loans by the Purchaser.

(v) All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights and licenses required of Seller to be taken, given or obtained, as the case may be, by or from any federal, state or other governmental authority or agency, that are necessary or advisable in connection with the sale of the FFELP Loans hereunder and the execution and delivery by the Seller of this Loan Sale Agreement and related documents (i) have been duly taken, given or obtained, as the case may be, (ii) are in full force and effect on the date hereof, (iii) are not subject to any pending proceedings or pending or possible future appeals (administrative, judicial or otherwise) and (iv) are adequate to authorize the consummation and performance of the transactions contemplated by this Loan Sale Agreement and the related documents on the part of the Seller.

(vi) There is no action, suit, proceeding, or investigation pending or, to the best of the Seller's knowledge, threatened against the Seller which, if determined adversely to the Seller, either in any one instance or in the aggregate, (i) may result in any material adverse change in the business, operations, financial

condition, properties or assets of the Seller, or in any material impairment of the right or ability of the Seller to carry on its business substantially as now conducted, or in any material liability on the part of the Seller, or prohibit or prevent any action taken or to be taken by the Seller in connection with its obligations contemplated herein, or which would be likely to impair materially the ability of the Seller to perform under the terms of this Loan Sale Agreement or (ii) would draw into question the validity of this Loan Sale Agreement, the FFELP Loans sold hereunder, or the title or interest of the Seller in the FFELP Loans.

(vii) Seller has taken no action with respect to the transactions to be effected pursuant to this Loan Sale Agreement which would give rise to any claims against Purchaser for any brokerage commission, finder's fee or similar payment.

(viii) The Seller is solvent and will not be rendered insolvent by the sale of the FFELP Loans hereunder.

(ix) Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in this Agreement.

(x) All amounts due to the servicer of the FFELP Loans on behalf of the Seller to the Loan Purchase Date have been paid or will be paid, or caused to be paid when due, by the Seller.

(xi) Any accrued but unpaid interest with respect to the FFELP Loans received by Seller on or after the Loan Purchase Date shall be remitted or caused to be remitted to the Purchaser.

(c) All Consolidation Loan Rebate Amounts with respect to the FFELP Loans constituting Consolidation Loans sold hereunder due through the end of the month preceding the Loan Purchase Date have been or will be paid by the Seller as required by the Higher Education Act on or before the date due.

Section 4. Representations, Warranties, and Covenants of the Purchaser [and the Purchaser Trustee]. [The Purchaser represents, warrants and covenants as follows] [The Purchaser and the Purchaser Trustee each covenant, but only as to itself, as follows]:

(a) It is duly organized, validly existing and in good standing under the laws of its applicable jurisdiction of organization and has the power and authority to own its assets and carry on its business as now being conducted.

(b) It has, and its officers acting on its behalf have, full legal power and authority to execute and deliver, and to perform its obligations in accordance with, this Loan Sale Agreement. This Loan Sale Agreement constitutes a valid and binding obligation of such party enforceable against it in accordance with its terms, and no consent, approval or authorization of any government or governmental body, is required

on its behalf in connection with the consummation of the transaction herein contemplated.

(c) The [Purchaser] [Purchaser Trustee] has been assigned and will maintain throughout the term of this Loan Sale Agreement, an “eligible lender” number from the Secretary of Education, and [the Purchaser][the Purchaser Trustee] has entered into all agreements required to be entered into for participation in and to receive full benefits offered to holders under the Federal Family Education Loan Program of the Higher Education Act.

(d) The [Purchaser] [Purchaser Trustee on behalf of the Purchaser] represents and warrants that it has servicing agreements in place with each party presently servicing the FFELP Loans.

(e) The Purchaser agrees and acknowledges that if any “deconversion” fees and expenses become due and owing with respect to the FFELP Loans under any servicing agreement of the Seller or the Purchaser, Purchaser shall be responsible for payment of all such fees and expenses and all fees and expenses of otherwise arranging for the servicing of FFELP Loans by current servicers under permanent or interim servicing agreements, or otherwise, and Seller shall have no further liability with respect thereto.

(f) The Purchaser agrees that with respect to the FFELP Loans it shall maintain interest or principal reductions and other borrower benefits which are part of a “borrower benefits” program of the Seller with respect to each FFELP Loan, a summary of which is set forth in Exhibit E hereto.

Section 5. Conditions of Purchase. The Purchaser’s obligation to acquire and pay for the FFELP Loans hereunder [by and through the Purchaser Trustee] as of the Loan Purchase Date shall be subject to each of the following conditions precedent:

(a) All representations, warranties and statements by or on behalf of the Seller contained in this Loan Sale Agreement shall be true on the Loan Purchase Date.

(b) Execution (where required) and delivery by the Seller to the Purchaser [and the Purchaser Trustee] on or before the Loan Purchase Date of the following completed documentation: (i) the Loan Transfer Addendum in substantially the form of Exhibit A hereof; (ii) a Seller’s Closing Certificate dated as of the Loan Purchase Date in substantially the form of Exhibit B hereof (and delivery of the documents described in Exhibit B) (a “Seller’s Closing Certificate”); (iii) a Blanket Endorsement dated as of the Loan Purchase Date in substantially the form set forth in Exhibit C hereof (a “Blanket Endorsement”); (iv) a Bill of Sale dated as of the Loan Purchase Date in substantially the form set forth in Exhibit D hereof (a “Bill of Sale”); and (v) UCC-1 Financing Statements evidencing the transfer from the Seller to the Purchaser [or the Purchaser Trustee on behalf of the Purchaser].

(c) The entire interest of the Seller in each FFELP Loan shall have been duly assigned pursuant to a Blanket Endorsement, such endorsement to be without recourse except as provided in Section 7 hereof.

(d) Physical custody and possession of the FFELP Loans (including, without limitation, all information and documentation which is described in a Seller's Closing Certificate) shall be transferred in the manner directed by the Purchaser.

(e) The Purchaser shall receive an opinion of the Seller's counsel dated as of the initial Loan Purchase Date to the effect that (i) this Loan Sale Agreement has been duly authorized, executed and delivered by the Seller and constitutes the legal, valid, binding and enforceable obligation of the Seller, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally, by equitable limitations on the availability of specific remedies, and by principles of equity, and (ii) the Loan Transfer Addendum, Sellers' Closing Certificate, Blanket Endorsement and Bill of Sale as required by this Loan Sale Agreement have been duly authorized, executed and delivered by the Seller (such opinion may be rendered by the Seller's general counsel or if rendered by outside counsel, outside counsel may rely on the opinion of general counsel as to certain matters including without limitation the non-applicability of the Illinois procurement code).

Section 6. Loan Review Prior to Purchase.

(a) With respect to each FFELP Loan offered for sale by the Seller to the Purchaser hereunder, if the Purchaser so elects within one Business Day of the date of this Loan Sale Agreement, the Seller or its agent shall provide statistical data regarding the portfolio and make available to the Purchaser or its agent such documents and information as are reasonably requested by the Purchaser with respect to such FFELP Loan promptly upon request by the Purchaser and at the expense of the Purchaser.

(b) At the request of the Purchaser, the Seller shall allow the Purchaser or its agent to review, between the date of this Loan Sale Agreement and the third Business Day prior to the Loan Purchase Date, and at the expense of the Purchaser, all or any part of the statistical data, documents and other information relating to a loan to be purchased on the Loan Purchase Date and, following such review but no later than the second Business Day preceding the Loan Purchase Date, the Purchaser shall approve or disapprove such loan for purchase hereunder. The Purchaser shall not be obligated to purchase any loan with respect to which the related statistical data, documents or information is deemed reasonably unacceptable by the Purchaser, on or prior to the second Business Day immediately preceding the Loan Purchase Date (a "Disapproved Loan"). The Purchase Price determined as set forth in Section 2 hereof shall be decreased by the amount of the Purchase Price attributable to any Disapproved Loan.

Section 7. Repurchase Obligation.

(a) Following the purchase of a FFELP Loan hereunder, any of the following shall be deemed a “Defect” with respect to such FFELP Loan:

(i) any representation or warranty made or furnished by the Seller pursuant to Section 3 of this Loan Sale Agreement was untrue or incorrect as of the Loan Purchase Date in any material respect, including, without limitation, in any respect that materially and adversely affects the value of, or the interests of the Purchaser [or the Purchaser Trustee] in, one or more of the related FFELP Loans purchased on the Loan Purchase Date;

(ii) the Secretary of Education or a Guarantee Agency, as the case may be, refuses to honor all or part of a claim filed with respect to a FFELP Loan, including any claim for Interest Subsidy Payments, Special Allowance Payments, insurance, reinsurance or Guarantee payments on account of any circumstance or event that occurred prior to the sale of such FFELP Loan to the Purchaser [by and through the Purchaser Trustee] pursuant to this Loan Sale Agreement unless due to servicing error by the Purchaser or an affiliate of Purchaser prior to the Loan Purchase Date; or

(iii) on account of any wrongful or grossly negligent act or omission of the Seller, the originating lender or its or their servicing agents, that occurred prior to the sale of a FFELP Loan to the Purchaser pursuant to this Loan Sale Agreement, a defense that could make such FFELP loan unenforceable is asserted by a Borrower, maker or endorser, if any, of the FFELP Loan with respect to his or her obligation to pay all or any part of the FFELP Loan unless due to servicing error by the Purchaser or an affiliate of Purchaser prior to the Loan Purchase Date.

(b) With respect to a FFELP Loan purchased hereunder having a Defect, the Seller shall:

(i) cure such Defect or cause such Defect to be cured within a period of 90 days from the date that the Seller discovers or receives notice from the Purchaser or its assignee of the existence of such Defect; or

(ii) in the event such Defect is not cured or, in the reasonable judgment of the Purchaser cannot be cured within the period specified in Section 7(b)(i) hereof, within a period of 125 days from the earlier of the date the Seller discovers or receives notice from the Purchaser of such Defect, repurchase the related FFELP Loan from the Purchaser at a price equal to (1) the unpaid principal balance of such FFELP Loan at the date of repurchase, (2) plus the Purchase Premium or minus the Purchase Discount with respect to such FFELP Loan, adjusted to the unpaid principal balance of such FFELP Loan at the date of repurchase, plus (3) any accrued and unpaid interest at the rate of interest borne by such FFELP Loan to the date of the repurchase, plus (4) any amounts owed to

the Secretary of Education by the Purchaser with respect to such FFELP Loan arising as a result of the action or inaction of the Seller, minus (5) any accrued Consolidation Loan Rebate Amount from the beginning of the calendar month of repurchase to and including the date of repurchase. The repurchase proceeds for a FFELP Loan repurchased pursuant to this Section 7 shall be remitted by the Seller on the date of repurchase as instructed by the Purchaser.

(c) Upon repurchase by the Seller of a FFELP Loan in compliance with all of the terms of this Section 7, the Purchaser [and the Purchaser Trustee] agree to and do hereby sell, transfer, assign, and otherwise convey to the Seller, without recourse, all right, title and interest of the Purchaser [and the Purchaser Trustee] in and to such FFELP Loan, represent and warrant that it is conveying such rights, titles, and interests subject to no encumbrances imposed or suffered by Purchaser [or the Purchaser Trustee], represent and warrant that they have full power and authority to so convey such rights, titles, and interests, and the Seller does hereby accept such sale, transfer, assignment and conveyance.

(d) Upon any repurchase of a FFELP Loan (including in connection with a rejection pursuant to this Section 7), the Purchaser [or the Purchaser Trustee if so directed by the Purchaser]: (1) shall remit to the Seller (or as directed by the Seller) all interest payments (including Interest Subsidy Payments and Special Allowance Payments) with respect to the applicable FFELP Loan collected by the Purchaser that are applicable to the period on or after the repurchase date, (2) shall return to the Seller (or as otherwise directed by the Seller) all documents related to the applicable FFELP Loan, including all documents delivered by Seller to Purchaser in accordance with this Loan Sale Agreement, (3) shall transmit to the Seller (or as otherwise directed by the Seller) any written communication (including letters, notices of death or disability, adjudication of bankruptcy and similar documents and forms requesting deferment of repayment or loan cancellations) received by the Purchaser [or the Purchaser Trustee] after the applicable repurchase date with respect to the FFELP Loan or Borrower under such FFELP Loan, and (4) shall execute any documents, instruments, or assignments reasonably necessary to effect the transfer and assignment of all of the [Purchaser Trustee's and] Purchaser's right, title and interest in and to the FFELP Loans or purported FFELP Loans (including any right to accrued interest thereon and any Special Allowance Payments and Interest Subsidy Payments) to the Seller and shall release or terminate any liens in effect with respect to any such FFELP Loans or purported FFELP Loans.

(e) All obligations of the Seller under this Agreement, including without limitation this Section 7, are subject to the survival and termination provisions of Section 11 of this Agreement.

Section 8. Notification to Borrowers. The servicing agent on behalf of the Purchaser and the Seller shall notify Borrowers under the FFELP Loans if and as required by the Higher Education Act of the assignment and transfer to the Purchaser [Purchaser's Trustee] of the Seller's interest in such FFELP Loans and the Seller or its agent shall direct each Borrower to make all payments thereon directly to the Purchaser [Purchaser's Trustee] or as it may otherwise designate.

Section 9. Additional Covenants.

(a) If the Seller shall receive, after the Loan Purchase Date, amounts which constitute payments of principal, interest, Interest Subsidy Payments or Special Allowance Payments accrued after the Loan Purchase Date with respect to any FFELP Loan sold hereunder, the Seller shall promptly remit, or cause to be remitted, to the Purchaser all such amounts; provided, however, that the Seller shall be entitled to retain such Interest Subsidy Payments or Special Allowance Payments to the extent accrued with respect to a repurchased FFELP Loan after the date of repurchase pursuant to Section 7(b)(ii) hereof.

(b) The Seller or its agent shall immediately transmit to the Purchaser any communication received by the Seller after the applicable Loan Purchase Date with respect to a FFELP Loan or the Borrower under such a FFELP Loan. Such communication shall include, but not be limited to, letters, notices of death or disability, adjudication of bankruptcy and similar documents and forms requesting deferment of repayment or loan cancellations.

(c) The Seller and the Purchaser shall pay their own expenses, and the Purchaser shall pay the expenses of the Purchaser Trustee, incurred in connection with the preparation, execution and delivery of this Loan Sale Agreement and the transactions herein contemplated, including, but not limited to, the fees, expenses and disbursements of counsel to the respective parties; provided, however, that Purchaser shall pay any transfer or other taxes (other than Seller's income taxes, if any) and recording or filing fees payable in connection with the sale of the FFELP Loans pursuant to this Loan Sale Agreement.

Section 10. Other Provisions.

(a) At any time, and from time to time hereafter, upon the reasonable request of the Purchaser, but at the expense of the Purchaser, the Seller will do, execute, acknowledge and deliver, and will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney, recordings and assurances as may be required in order to better assign, transfer, grant, convey, assure and confirm to the Purchaser, or to permit the Purchaser to collect and reduce to possession, any or all of the FFELP Loans sold hereunder.

(b) The Seller shall furnish to the Purchaser such information related to the origination and servicing of the FFELP Loans which is reasonably available to the Seller.

(c) This Loan Sale Agreement sets forth the entire understanding among the parties hereto as to the subject matter set forth herein and, upon purchase of the FFELP Loans in accordance with Section 2 hereof, shall supersede all other agreements, written or oral, in connection therewith. In addition, upon purchase of the FFELP Loans in accordance with Section 2 hereof, at which time the FFELP Loans shall be the property of the Purchaser, the provisions of the Confidentiality Agreement entered into between the Seller and the Purchaser shall not relate to use of what is defined therein as

“Confidential Information” with respect to the FFELP Loans after the acquisition of the FFELP Loans pursuant to this Agreement, and the Survival of Obligations provisions of Section 7 and the indemnity provisions of Section 9 thereof shall not relate to the Purchaser’s use of Confidential Information with respect to the FFELP Loans after the purchase thereof pursuant to this Agreement at which time Seller is no longer the owner thereof. Additionally, any release of the parties specified in Section 9 of such Confidentiality Agreement shall not survive the execution of this Loan Sale Agreement to the extent such a release contradicts the covenants, representations, warranties, or liability of any such persons that are set forth in this Loan Sale Agreement. The provisions of this Loan Sale Agreement cannot be waived or modified unless such waiver or modification is in writing and signed by parties hereto. Inaction or failure to demand strict performance shall not be deemed a waiver.

(d) This Loan Sale Agreement shall be governed and construed by the laws and rules of the State of Illinois, without giving effect to principles of conflicts of law.

(e) All covenants and agreements herein contained shall extend to and be obligatory upon all successors of the respective parties hereto.

(f) This Loan Sale Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(g) If any provision of this Loan Sale Agreement shall be held, deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular situation, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other situation or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or paragraphs herein contained shall not affect the remaining portions of this Loan Sale Agreement or any part hereof.

(h) All notices, requests, demands or other instruments which may or are required to be given by either party to the other shall be in writing, and each shall be deemed to have been properly given when served personally on an officer of the party to whom such notice is given or upon expiration of a period of three days from and after the postmark thereof when mailed, postage prepaid, by registered or certified mail, requesting return receipt, by overnight courier, or by email accompanied by a delivery receipt, or by telecopy, addressed as follows:

If to the Purchaser:

[_____]
[_____]
[_____]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]
Email: [_____]

with a copy to the
Purchaser Trustee at: [_____]

[_____]
[_____]

Attention: [_____]

Telephone: [_____]

Facsimile: [_____]

Email: [_____]

If to the Seller: Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, IL 60015
Attention: Brian Begrowicz, Deputy Chief
Financial Officer
Telephone: 847-831-8574
Facsimile: 847-831-8521
Email: brian.begrowicz@isac.illinois.gov

Any party may change the address and name of the addressee to which subsequent notices are to be sent to it by notice to the others given as aforesaid, but any such notice of change, if sent by mail, shall not be effective until the fifth day after it is mailed.

(i) The Seller acknowledges that the Purchaser and, upon request of the Purchaser, the Purchaser Trustee may assign or otherwise transfer any or all of the FFELP Loans at any time without the consent of the Seller. All of the terms and conditions of this Loan Sale Agreement shall be binding upon and inure to the benefit of the Purchaser, [the Purchaser Trustee] and the Seller, and their respective successors and assigns; provided, however, that the Seller shall not assign or delegate any of its respective rights, privileges or duties arising under this Loan Sale Agreement without the prior written consent of the Purchaser.

Section 11. Survival. Following the Loan Purchase Date, each and every representation, warranty and covenant herein and in the Loan Transfer Addendum and the Bill of Sale shall survive and remain continuing, operative and in full force and effect regardless of (a) any investigation made by or on behalf of the Seller, the Purchaser [or the Purchaser Trustee], (b) the observance or performance of any covenant, agreement or obligation hereunder or (c) the conveyance of the FFELP Loans purchased hereunder; provided that all obligations of the Seller hereunder and under the Loan Transfer Addendum and the Bill of Sale shall terminate on the 180th calendar day after the Loan Purchase Date.

Section 12. Consent to Jurisdiction, Venue and Service of Process. To the extent permitted by law, the Seller and the Purchaser [and the Purchaser Trustee] each irrevocably and unconditionally (a) agrees that any claim against the Seller arising out of or in connection with this Loan Sale Agreement shall be subject to the exclusive jurisdiction of the Illinois Court of Claims, any claim arising out of or in connection with this Loan Sale Agreement against an individual employee or officer of the Seller in his or her personal capacity shall be brought

exclusively in the circuit courts of the State of Illinois or in the United States District Court for the Northern District of Illinois, (b) submits, for itself and its property, to the exclusive jurisdiction of any such Illinois state or federal court with respect to disputes arising out of this Loan Sale Agreement, (c) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding in such Illinois state or federal court, and (d) waives to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action, suit or proceeding in any such court. The Seller and the Purchaser [and the Purchaser Trustee] agree that a final judgment in any suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Seller and the Purchaser [and the Purchaser Trustee] also irrevocably consent to the service of any and all process in any such action or proceeding by the service of such process on the applicable party at the respective address set forth for such party in Section 10 hereof.

Section 13. Waiver of Jury trial. To the extent permitted by law, the Seller and the Purchaser [and the Purchaser Trustee] each hereby knowingly, voluntarily and intentionally waive any rights they may have to a trial by jury in respect of any litigation (whether as claim, counter-claim, affirmative defense or otherwise) based hereon, or arising out of, under or in connection with, this Loan Sale Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Loan Sale Agreement to be executed and delivered as of the date first above written by an officer hereunto duly authorized.

ILLINOIS STUDENT ASSISTANCE
COMMISSION

By _____
Name _____
Title _____

[PURCHASER]

By _____
Name _____
Title _____

[_____], not in its
individual capacity but solely as Purchaser
Trustee

By _____
Name _____
Title _____

EXHIBIT A

LOAN TRANSFER ADDENDUM

This Loan Transfer Addendum (the “Addendum”) is made and entered into as of December 3, 2012, by and among Illinois Student Assistance Commission (the “Seller”) and [PURCHASER] (the “Purchaser”) [acting by and through [PURCHASER TRUSTEE], not individually but solely as eligible lender trustee (the “Purchaser Trustee”)].

WHEREAS, the parties hereto entered into the Loan Sale Agreement, dated as of November [___], 2012 (the “Loan Sale Agreement “), and the Seller wishes to sell a portfolio of FFELP Loans (as defined in the Loan Sale Agreement) to the Purchaser, pursuant to and in accordance with the terms and conditions of the Loan Sale Agreement.

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

1. Definitions. All capitalized terms in this Addendum shall have the same meanings given to them in the Loan Sale Agreement, unless otherwise specifically stated herein.

2. Sale of FFELP Loans. Subject to the terms and conditions of the Loan Sale Agreement, as of the Loan Purchase Date, the Seller does hereby sell, transfer, assign, set over, and otherwise convey to the Purchaser [and the Purchaser Trustee], without recourse, except as provided in the Loan Sale Agreement, all of their respective right, title and interest in and to the portfolio of FFELP Loans identified in the Loan Transfer Schedule attached hereto as Annex A to this Addendum, having an aggregate outstanding principal balance of approximately \$[_____] (the “Purchased Portfolio”). Subject to the terms and conditions of the Loan Sale Agreement and in reliance upon the representations, warranties and covenants as set forth in the Loan Sale Agreement, the Purchaser [and the Purchaser Trustee, as trustee under the Eligible Lender Trust Agreement on behalf of the Purchaser, as their respective interest may appear], does [do] hereby purchase the Purchased Portfolio.

3. Purchase Price.

(a) Subject to the terms and conditions of the Loan Sale Agreement, the Purchaser shall pay to the Seller with respect to the purchase of the FFELP Loans in the Purchased Portfolio the Purchase Price set forth in the Loan Purchase Agreement. The Purchase Price for FFELP Loans shall be paid to the Seller on the Loan Purchase Date.

All payments shall be made by wire transfer or as otherwise mutually agreed by the parties, in immediately available funds.

(b) Upon written notice given by one party hereto to the other party hereto no later than ninety (90) calendar days following the Loan Purchase Date, the Purchase Price shall be adjusted to reflect changes resulting from miscalculations or adjustments of interest, principal, or repayment schedules, or other data or reporting errors, with respect to one or more FFELP Loans purchased hereunder that, in the reasonable judgment of the

party receiving the notice, would have changed the original Purchase Price for the related FFELP Loans. The party benefiting from such adjustments (the “Paying Party”) shall pay an amount sufficient to correct and reconcile the Purchase Price (including the Premium related to any principal) and shall provide such documentation as is reasonable and necessary to satisfy the other party that the Purchase Price has been corrected and reconciled. Such payment shall be made by the Paying Party within 30 days following the date on which the written notice required by this Section was first received by the Paying Party. Any such payment shall be made by wire transfer or as otherwise mutually agreed by the parties, in immediately available funds.

4. Loan Purchase Date. The Loan Purchase Date shall be the actual Loan Purchase Date specified in the Sellers Closing Certificate.

5. Representations and Warranties. The Seller hereby makes the representations and warranties to the Purchaser [and the Purchaser Trustee] set forth in Section 3 of the Loan Sale Agreement as of the Loan Purchase Date described in Section 4 hereof.

6. Loan Sale Agreement.

(a) This Addendum sets forth the terms of sale solely with respect to the Purchased Portfolio.

(b) The terms and provisions of the Loan Sale Agreement form a part of, and are incorporated by this reference into, this Loan Transfer Addendum.

IN WITNESS WHEREOF, the undersigned has caused this Loan Transfer Addendum to be executed and delivered as of the date first above written by an officer hereunto duly authorized.

Dated: December 3, 2012

ILLINOIS STUDENT ASSISTANCE
COMMISSION

By _____
Name _____
Title _____

[PURCHASER]

By _____
Name _____
Title _____

[_____], not in its individual
capacity but solely as Purchaser Trustee

By _____
Name _____
Title _____

**ANNEX A TO LOAN TRANSFER ADDENDUM
LOAN TRANSFER SCHEDULE**

EXHIBIT B

SELLER'S CLOSING CERTIFICATE

Illinois Student Assistance Commission (the "Seller") does hereby certify that all representations, warranties and statements by or on behalf of the Seller contained in the Loan Sale Agreement, dated as of November [___], 2012 (the "Loan Sale Agreement"), by and among the Seller and [PURCHASER] (the "Purchaser") [acting by and through _____, not individually but solely as eligible lender trustee (the "Purchaser Trustee")], are true and correct on and as of December 3, 2012, (or such other date as is specifically set forth in such representations, warranties or statements) without exception or qualification whatsoever;

FURTHERMORE, the Seller does hereby certify that the following documents, where applicable to each FFELP Loan (as defined in the Loan Sale Agreement) acquired under the Loan Sale Agreement, have heretofore been furnished to the Purchaser or are simultaneously herewith delivered in accordance with the instructions of the Purchaser, pursuant to Section 5(d) of the Loan Sale Agreement:

- (a) Interim note(s) and Payout note(s) for each Loan;
- (b) Disclosure and Loan information statement;
- (c) Guarantee Agreement, Agreement for Participation in the Guaranteed Loan Program and Notification of Loan Approval by the Guarantee Agency with respect to each Guaranteed Loan (or certified copy thereof);
- (d) Any other documentation held by the Seller relating to the history of such Eligible Loan;
- (e) Secretary of Education and Guarantee Agency Loan Transfer Statements;
- (f) Evidence of Loan disbursement; and
- (g) Any other document required to be submitted with a claim to the Guarantee Agency.

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed and delivered as of December 3, 2012 by an officer hereunto duly authorized.

ILLINOIS STUDENT ASSISTANCE
COMMISSION

By _____
Name _____
Title _____

EXHIBIT C

BLANKET ENDORSEMENT OF STUDENT LOAN PROMISSORY NOTES

Illinois Student Assistance Commission (“Seller”), by execution of this instrument, hereby endorses each promissory note (collectively, the “Promissory Notes”) acquired on the date set forth below by [PURCHASER] (“Purchaser”) [or by _____, as eligible lender trustee (the “Purchaser Trustee”) for the Purchaser] pursuant to the Loan Sale Agreement, dated as of November [___], 2012 (the “Loan Sale Agreement”), by and among the Seller, the Purchaser [and the Purchaser Trustee]. This endorsement is in blank, unrestricted form and is in favor of the Purchaser [the Purchaser Trustee on behalf of the Purchaser]. This endorsement is without recourse, except as provided under the terms of the Loan Sale Agreement. All right, title, and interest of Seller in and to the Promissory Notes and related documentation identified in the attached Loan Transfer Schedule are transferred and assigned to Purchaser [or Purchaser Trustee on behalf of the Purchaser].

This endorsement may be further manifested by attaching this instrument or a facsimile hereof to each or any of the Promissory Notes and related documentation acquired by the Purchaser [or Purchaser Trustee on behalf of the Purchase]r from, or by attaching this instrument to the loan ledger schedule, as the Purchaser may require or deem necessary.

Notwithstanding the foregoing, Seller agrees to individually endorse each Promissory Note in the form provided by Purchaser [or Purchaser Trustee] as Purchaser [or Purchaser Trustee] may from time to time require or if such individual endorsement is required by the guarantor of the Promissory Note.

Dated: December 3, 2012.

ILLINOIS STUDENT ASSISTANCE
COMMISSION

By _____
Name _____
Title _____

EXHIBIT D

BILL OF SALE

FOR VALUE RECEIVED, pursuant to the terms and conditions of the Loan Sale Agreement, dated as of November [___], 2012 (the "Loan Sale Agreement"), by and among Illinois Student Assistance Commission (the "Seller") and [PURCHASER] (the "Purchaser") [acting by and through _____, not individually but solely as eligible lender trustee (the "Purchaser Trustee")], the Seller does hereby grant, sell, assign, transfer and convey to the Purchaser [or the Purchaser Trustee on behalf of the Purchaser solely in its capacity as the Purchaser Trustee] and its successors and assigns, all right, title and interest of the Seller in and to the following:

- (i) The loans described in the Loan Transfer Schedule attached hereto (the "Loans");
- (ii) All promissory notes and related documentation evidencing the indebtedness represented by such Loans; and
- (iii) All proceeds of the foregoing including, without limitation, all payments made by the obligor thereunder or with respect thereto, all guarantee payments made by any Guarantee Agency with respect thereto, and all Interest Subsidy Payments with respect thereto made under the Higher Education Act and received by the Seller after the Loan Purchase Date, and all rights to receive such payments, but excluding any proceeds of the sale made hereby.

TO HAVE AND TO HOLD the same unto the [Purchaser] [Purchaser Trustee on behalf of the Purchaser], its successors and assigns, forever. This Bill of Sale is made pursuant to and is subject to the terms and provisions of the Loan Sale Agreement, and is without recourse, except as provided in the Loan Sale Agreement. Any capitalized term used herein and not defined herein shall have the meaning ascribed to such term in the Loan Sale Agreement.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed by one of its officers duly authorized to be effective as of December 3, 2012.

ILLINOIS STUDENT ASSISTANCE
COMMISSION

By _____
Name _____
Title _____

EXHIBIT E

BORROWER BENEFITS

One or more of the following borrower benefits may apply to a given FFELP Loan:

- Receive 0.25% interest rate reduction for using an automated clearing house (“ACH”) payment system.
- Receive 1% interest rate reduction after 24th on-time payment, then 1% more after 48th on-time payment (lose after 15 days delinquent)
- Receive 1% interest rate reduction after 24th on-time payment (lose after 15 days delinquent). NOTE: Depending upon original servicer, borrower may not be eligible for this benefit. Different servicers utilized different effective dates for assigning this benefit.
- Receive 2% interest rate reduction after 48th on-time payment (lose after 15 days delinquent)
- Receive 1% interest rate reduction after 36th on-time payment (lose after 15 days delinquent)
- Receive 1% interest rate reduction at first disbursement. (lose after 15 days delinquent). Note: The reduction is not effective during deferment/forbearance, regardless of whether or not the previous servicer serviced the loan this way.
- Workaround benefit for IDAPP conversion; 2% interest rate reduction at repayment, can't lose. Borrowers already came into our system with that benefit.
- Receive 1% interest rate reduction after 24th on-time payment, then 1% more after 48th on-time payment (lose after 15 days delinquent)
- Receive 1% rebate at conversion, 1% interest rate reduction after 24 on-time payments, then an additional 1% interest rate reduction after 48 on-time payments. (lose after 15 days delinquent)
- 1% principal reduction at repayment start, 1% interest rate reduction after 24 on-time payments, then an additional 1% interest rate reduction after 48 on-time payments. Each tier is post-monitored and can be lost if the borrower does not continue to make on-time payments (the borrower must satisfy the amount due on the bill within 15 days of the due date).